

coolpad 酷派

COOLPAD GROUP LIMITED

酷派集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(stock code : 2369)



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CORPORATE PROFILE

Coolpad Group Limited (the “Company”), formerly known as China Wireless Technologies Limited, was incorporated in the Cayman Islands as an exempted company with limited liability on 11 June 2002. The shares of the Company (the “Shares”) were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9 December 2004 (Stock Code: 2369).

Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd. (“Yulong Shenzhen”) is an indirect wholly owned subsidiary of the Company. It was founded by Mr. GUO Deying (the Company’s former chairman, former executive director and former chief executive officer) in April 1993. Yulong Shenzhen is a leading developer and provider of integrated solutions for Coolpad 酷派 smartphone sets, mobile data platform system, and value-added business operations in the People’s Republic of China (the “PRC” or the “Mainland China”). Yulong Shenzhen mainly provides its Coolpad products for enterprises, government and mobile operators as well as individual consumers in the PRC.

In the last decade, capitalizing on the development of wireless telecommunications technological know-how in wireless telecommunications across multiple wireless telecommunications network standards including TD-LTE, FDD-LTE, TD-SCDMA, CDMA-EVDO, WCDMA, GSM, and CDMA1X networks, the Company and its subsidiaries (collectively, the “Group”) have developed a large number of proprietary technologies and patents in mobile operating systems, radio frequency, protocols and wireless data decomposed transmission technology, etc. The Group has developed advanced research and development capabilities in mobile communications and gradually becomes a leader of 4G and 3G smartphone in the Mainland China’s telecommunications market. The Group never stops enhancing its R&D ability and is striving to be an important participant and a leader in the latest field of 5G and Artificial Intelligence.

The Group has succeeded in breaking into the global telecommunications market in respect of Coolpad brand, the Group has established strong and close strategic cooperation relationships with certain global telecommunication operators and is striving to further develop its business in the global telecommunication markets.

The Group is committed to providing every individual with the privilege to enjoy the extravagant experience of using integrated terminal of wireless data solutions. To achieve this goal, the Group is striving to realize its dream by providing customized products and services based on its differentiated mobile operating systems and applications.

REGISTERED OFFICE

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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Nanshan District
Shenzhen

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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38 Gloucester Road
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Hong Kong

JOINT COMPANY SECRETARIES

Mr. MA Fei
Mr. TSANG Hing Bun

AUDIT COMMITTEE & REMUNERATION COMMITTEE

Mr. CHAN King Chung (*Chairperson*)
Dr. HUANG Dazhan
Mr. XIE Weixin

NOMINATION COMMITTEE

Mr. CHAN King Chung (*Chairperson*)
Mr. CHEN Jiajun
Mr. XIE Weixin

AUTHORISED REPRESENTATIVES

Mr. MA Fei
Mr. TSANG Hing Bun

CONTACT INFORMATION FOR INVESTOR RELATIONS

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AUDITORS

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Quarry Bay
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LEGAL ADVISERS TO THE COMPANY AS TO CAYMAN ISLANDS LAW

Conyers Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central
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CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
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Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
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PRINCIPAL BANKERS

DBS Bank (Hong Kong) Ltd.
Bank of China Limited
China Construction Bank (Asia) Corporation Limited

COMPANY WEBSITE

www.coolpad.com.hk

STOCK CODE

2369

FINANCIAL HIGHLIGHTS

The financial data below are extracted from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2020 prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June		
	2020 (HK\$' 000) (Unaudited)	2019 (HK\$' 000) (Unaudited)	Change (%)
Revenue	385,920	657,494	-41.3
Loss before tax	(28,767)	(26,474)	8.7
Income tax expense	(40,103)	(400)	9925.8
Net loss attributable to owners of the Company	(65,927)	(26,828)	145.7
Basic and diluted loss per share	(HK1.13 cents)	(HK0.53 cents)	113.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 June 2020 (HK\$' 000) (Unaudited)	At 31 December 2019 (HK\$' 000) (Audited)
Non-current assets	1,929,592	1,720,375
Current assets	1,573,222	1,639,603
Non-current liabilities	95,299	328,057
Current liabilities	2,724,263	2,323,697
Net assets	683,252	708,224
Cash and cash equivalents	228,465	297,420

MANAGEMENT DISCUSSION & ANALYSIS

TOTAL REVENUE HK\$385.9 MILLION

The financial data below are extracted from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2020 prepared under HKFRSs. The following discussion and analysis should be read in conjunction with the Group's condensed consolidated financial statements and its notes.

	Six months ended 30 June	
	2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
CONTINUING OPERATIONS		
REVENUE		
Sale of mobile phones and related accessories	385,413	656,169
Wireless application service income	507	1,325
Total revenue	385,920	657,494
Cost of sales	(301,841)	(551,601)
Gross profit	84,079	105,893
Other income and gains	202,229	163,013
Selling and distribution expenses	(99,444)	(126,655)
Administrative expenses	(98,175)	(110,731)
Other expenses	(69,602)	(10,409)
Finance costs	(18,102)	(22,132)
Share of losses of		
A joint venture	(451)	(1,702)
Associates	(29,301)	(23,751)
Loss before tax from continuing operations	(28,767)	(26,474)
Income tax expense	(40,103)	(400)
Loss for the period from continuing operations	(68,870)	(26,874)
DISCONTINUED OPERATION		
Profit for the period from a discontinued operation	2,943	46
Loss for the period	(65,927)	(26,828)
Basic and diluted loss per share for the period	(HK1.13 cents)	(HK0.53 cents)
Basic and diluted loss per share for continuing operations	(HK1.18 cents)	(HK0.53 cents)

MANAGEMENT DISCUSSION & ANALYSIS

REVENUE ANALYSED BY PRODUCT TYPE

A comparative breakdown of the consolidated revenue streams into the product type are set forth in the following table for the periods indicated:

Revenues	Six months ended 30 June			
	2020		2019	
	Revenue HK\$ million (Unaudited)	% of total revenue	Revenue HK\$ million (Unaudited)	% of total revenue
Sale of mobile phones and related accessories	385.4	99.9	656.2	99.8
Wireless application service income	0.5	0.1	1.3	0.2
Total	385.9	100	657.5	100

The Group's unaudited revenue for the six months ended 30 June 2020 amounted to HK\$385.9 million, representing a decline of 41.3% as compared with HK\$657.5 million for the six months ended 30 June 2019. The decrease in revenue during the reporting period was mostly because the Group postponed the launch of new products originally scheduled in the second quarter of 2020 in the United States due to the continuing impact of the COVID-19.

GROSS PROFIT

Gross profit	Six months ended 30 June			
	2020		2019	
	Gross profit HK\$ million (Unaudited)	Gross profit margin	Gross profit HK\$ million (Unaudited)	Gross profit margin
Total	84.1	21.8%	105.9	16.1%

The Group's overall gross profit for the six months ended 30 June 2020 decreased by HK\$21.8 million, representing a decrease of 20.6% as compared with a gross profit of HK\$105.9 million for the corresponding period in 2019. Its overall gross profit margin increased by 5.7% to 21.8% in the reporting period as compared with a gross profit margin of 16.1% in the corresponding period of 2019. The achievement of the gross profit margin was primarily due to the Group's active and effective improvement of operational efficiency and cost control in the six months ended 30 June 2020.

MANAGEMENT DISCUSSION & ANALYSIS

SELLING AND DISTRIBUTION EXPENSES

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Selling and distribution expenses (HK\$ million)	99.4	126.7
As a percentage of total revenue	25.8%	19.3%

Selling and distribution expenses of the Group for the six months ended 30 June 2020 decreased by HK\$27.3 million to HK\$99.4 million from HK\$126.7 million for the corresponding period in 2019. The selling and distribution expenses as percentage of revenue for the six months ended 30 June 2020 was 25.8%, increasing by 6.5% compared with 19.3% for the corresponding period in 2019. The increase of selling and distribution expense as percentage of revenue was primarily because that the Group increased the marketing and promotion efforts in the U.S. market during the COVID-19 to promote product sales.

ADMINISTRATIVE EXPENSES

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Administrative expenses (HK\$ million)	98.2	110.7
As a percentage of total revenue	25.4%	16.8%

Administrative expenses decreased by HK\$12.5 million to HK\$98.2 million for the six months ended 30 June 2020 from HK\$110.7 million for the corresponding period in 2019. The administrative expenses as percentage of revenue for the six months ended 30 June 2020 was 25.4%, increasing by 8.6% compared with 16.8% for the corresponding period in 2019. The increase of administrative expenses as percentage of revenue was primarily due to the Group's enrichment of product categories boosting the R&D expenses.

INCOME TAX EXPENSE

For the six months ended 30 June 2020, the Group's income tax expenses for the period from continuing operations were HK\$40.1 million which was primarily due to the deferred tax expense recognised for the fair value gains on investment properties.

NET LOSS BEFORE TAX FROM CONTINUING OPERATIONS

For the six months ended 30 June 2020, the Group recorded a net loss before tax of HK\$28.8 million, compared with the net loss before tax of HK\$26.5 million for the six months ended 30 June 2019.

LIQUIDITY, FINANCIAL RESOURCE AND CAPITAL STRUCTURE

For the six months ended 30 June 2020, operating capital was mainly generated from cash from its daily operation and borrowings. The Group's cash requirements related primarily to production and operating activities, repayment of due liabilities, capital expenditure, interest and dividend payments and other unforeseeable cash requirements. The Group had a gearing ratio of 78% as at 30 June 2020 (31 December 2019: 76%).

Cash and cash equivalents of the Group as at 30 June 2020 amounted to HK\$228.5 million, while it was HK\$297.4 million as at 31 December 2019.

As at 30 June 2020, the Group had total debts (i.e. total borrowings) of approximately HK\$491.1 million, which was all denominated in RMB. The Group's borrowings are subject to floating rates ranging from 5% to 6.5% per annum with maturity periods within one year.

As at 30 June 2020, the Company had 6,033,407,480 ordinary shares of par value HK\$0.01 each in issue.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any significant contingent liabilities.

INVENTORY

For the reporting period, the Group's inventory turnover period was 126.3 days (year ended 31 December 2019: 56.7 days).

TRADE RECEIVABLES

The trade receivable turnover period was 152.2 days for the reporting period (year ended 31 December 2019: 58.4 days).

TRADE PAYABLES

The trade payable turnover period was 251.5 days for the reporting period (year ended 31 December 2019: 95.7 days).

MANAGEMENT DISCUSSION & ANALYSIS

PLEGGED OF ASSETS

As at 30 June 2020, time deposits of approximately HK\$68.0 million were used as a security for bank to provide a performance guarantee (31 December 2019: HK\$66.9 million).

As at 30 June 2020, the Group's investment in 20% of the shares of an associate, Nanjing Yulong Weixin Information Scientific Limited, with a carrying value of HK\$25,556,000 were pledged as security for a shareholder loan of this associate.

BUSINESS REVIEW

Looking back on the first half of 2020, in the face of unexpected pandemic, the Group, on one hand, has actively participating in the fight against the pandemic; on the other hand, the Group has sought for breakthrough during such difficult time.

The Group's unaudited revenue for the six months ended 30 June 2020 amounted to HK\$385.9 million, representing a decline of 41.3% as compared with HK\$657.5 million for the six months ended 30 June 2019. The revenue saw a decrease primarily because no new product was launched in the United States, the main sales target region, in the first half of the year, which resulted from the Group's postponed original plan to launch new products in the United States in the second quarter of 2020 owing to the continuing impacts of the pandemic. The Group's gross profit for the six months ended 30 June 2020 amounted to HK\$84.1 million, representing a decline of 20.6% as compared with the gross profit in the corresponding period of 2019. The gross profit margin increased by 5.7 percentage points to 21.8% as compared with that in the corresponding period of 2019. The increase in the gross profit margin was primarily due to the Group's proactive and effective increase in operation efficiency and cost control in the first half of 2020. The Group's selling and distribution expenses as a percentage of total revenue was 25.8%, representing an increase of 6.5 percentage points over the corresponding period in 2019, mainly due to the Group's enhanced promotional efforts in the United States market during the pandemic in order to promote product sales. Administrative and research and development expenses as a percentage of revenue was 25.4%, representing an increase of 8.6 percentage points over the corresponding period in 2019, mainly due to the Group's diversified product categories that resulted in higher research and development expenses and the limited reduction in fixed administrative expenses with the decrease in revenue during the pandemic. The Group's loss before tax was HK\$28.8 million in the first half of 2020, and the net loss before tax in the corresponding period in 2019 was HK\$26.5 million. The Group's net loss amounted to HK\$65.9 million in the first half of 2020, representing an increase of HK\$39.1 million as compared with the net loss of HK\$26.8 million in the corresponding period in 2019, mainly due to the Group's provision for income tax growing HK\$39.7 million in the first half of 2020.

PROGRESS IN LONG-TERM STRATEGY

In 2020, the Group's long-term strategy has made progress: 1) In respect of overseas markets, overseas market successfully expanded from North America to Japan, Latin America, etc., and the Group launched tablets, smart watches, trackers, MBB and other product categories; and 2) In respect of the PRC market, the Group has made milestone progress in smart cities, industrial Internet and smart AR glasses, and launched products successfully in areas such as 5G terminals, 5G industrial modules, AR glasses and 5G small cell base stations.

5G INDUSTRIAL INTERNET PRODUCTS

In the first half of 2020, Coolpad launched its first industrial internet product – 5G industrial routing module, realizing “plug and play” based on the needs of practical industrial scenarios. The module is compatible to various interface needs, which cuts down the costs of secondary development of customers and shortens the time for product launch, and can be applied to multiple industrial application terminals such as drone, robotic arm, VR terminal, camera and robot.

CAPITAL SUPPORT

The Company issued 800,000,000 new ordinary shares at a subscription price of HK\$0.215 per share on 19 December 2019 and successfully financed HK\$171 million, after deducting the share issue expenses. The Company issued 200,000,000 new ordinary shares at a subscription price of HK\$0.130 per share on 30 June 2020 and successfully financed HK\$26.0 million. With the safeguard of such capital support, the Group is confident to provide more competitive products and better services to the market.

PATENTED INVENTION

Intellectual property right media IPRdaily and incoPat Innovation Index Research Centre jointly published “Top 100 PRC Corporation in Granted Invention Patents in the First Half of 2020”, in which Yulong Telecommunication, a domestic entity of Coolpad Group, ranked 35th with 224 patents among all the PRC corporations.

PANDEMIC PREVENTION SUPPLY PRODUCTION

Facing the pandemic and in response to the urgent demand for medical-use disease prevention materials and equipment, the Group has never forgotten its corporate social responsibility. Based on the production conditions of automated hardware, the Group has opened up the whole industry chain including raw material procurement, equipment manufacturing and product production by leveraging on its own capabilities and advantages in supply chain management, market synergy and technology output. In February 2020, the Group renovated and set up a production line for civil surgical masks, which not only meets the needs of the Group’s employees for pandemic prevention, but also provides timely supply of pandemic prevention materials in response to the needs of relevant government departments and the business partners.

BUSINESS OUTLOOK

In the future, the Group will adhere to its long-term strategies which put emphasis on both overseas markets and the PRC markets. In respect of overseas markets, the Group will proactively stabilize and maintain the relationships with overseas customers, enrich product categories and provide products with more competitiveness; in respect of the PRC markets, the Group will continue to expand its research and development in 5G areas. With successive launches of various mobiles and brand new smart hardware, the Group will also contribute to the rising intellectual terminals and system applications including products and applications of industrial internet, smart city and the modernization of social governance. Coolpad will return to the PRC markets with brand new product features.

MANAGEMENT DISCUSSION & ANALYSIS

5G LAYOUT

As one of the participants in setting 5G standards, Coolpad continued to invest in research and development in 5G. With efforts over the years, 5G application of Coolpad will see a promising future in Shenzhen, the first city in the world to realize full coverage of 5G independent networks. In the first half of 2020, Coolpad successively launched products in areas including 5G smartphone terminal, 5G industrial module, AR glasses and 5G small cell base station, and has accumulated over 900 patents regarding 5G. With the accumulated efforts in 5G technology, Coolpad commenced its comprehensive layout in respect of the rising intellectual terminals and system applications including IOT, products and applications of industrial internet, smart city and modernization of social governance.

LAUNCHING HIGH VALUE-ADDED 5G MOBILE PHONES IN THE PRC MARKET

On 12 August 2020, Coolpad returned to the domestic market as an operator by launching Coolpad X10, the first one-thousand yuan 5G mobile phone jointly released with eSurfing Telecom, which is the most value-added 5G mobile phone in the current market. Coolpad is committed to creating the most value-added 5G mobile phone to achieve the goal of 5G for all, providing faster and cooler experience.

AR GLASSES

On 28 July 2020, Coolpad launched Xview, the first ultra-light wireless AR glasses. Weighing only 78g, with its thickest part less than 7mm, which is 1/4 of the same type of products, the product delivers extremely thin and light user experience. It is also equipped with the world-leading optical waveguide display technology, with its light transmittance reaching 83%, realizing unobstructed, high-contrast and completely frameless display, thus providing an ultimately immersed experience.

SMART CITY

On 29 July, Yulong Computer Telecommunication Scientific (Shenzhen) Co., Ltd. under Coolpad Group entered into an ecosystem partner strategic collaboration agreement with Shenzhen GenJoy Technology Co., Ltd. (深圳市景悦科技有限公司) in respect of the Baishizhou smart city project (白石洲智慧城區項目). Both parties will leverage on the technologies of their respective business areas to fully cooperate in multiple modules of the Baishizhou smart city project, jointly explore relevant smart city technologies to provide solutions for GenJoy Technology.

COOLPAD BUILDING

Situated at the prime location in the north area of Nanshan Science and Technology Park and boasting high-quality software and hardware equipment, Coolpad office building has entered the pre-leasing stage and will soon be put into use.

FOREIGN EXCHANGE EXPOSURE

The Group has transactional foreign currency exchange risks. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies, where the revenue, cost of sales are denominated in USD. Exchange rate fluctuations between RMB and USD may affect the Group's performance and asset value. The depreciation of RMB will increase the purchasing cost of certain raw materials of the Group in the future. The Group had not entered into any derivative contracts to hedge against the risk for the six months ended 30 June 2020.

CREDIT RISK

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

INTEREST RATE RISK

The risk in interest rate concerning the Group primarily related to its short-term and long-term bank loans and other borrowings. The interests are calculated at fixed and floating rates. Any rise in the current interest rate will increase the interest cost. As at the end of the reporting period, the Group had not executed any form of interest rate agreement or derivative to hedge against the fluctuation in interest rate.

EMPLOYEES AND REMUNERATION POLICY

The total staff costs for the six months ended 30 June 2020 amounted to approximately HK\$96.7 million (six months ended 30 June 2019: HK\$58.1 million). The remunerations of the Group's employees commensurate with their responsibilities and market rates, with discretionary bonuses given on a merit basis. The Group also provides on-the-job training to its employees from time to time. As at 30 June 2020, the Group had 684 employees (31 December 2019: 668 employees).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2020.

EVENTS AFTER THE REPORTING PERIOD

The Group had no significant event after the reporting period.

MANAGEMENT DISCUSSION & ANALYSIS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2020, the interests and short positions of the Directors, the chief executive or their respective associates in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions in Shares:

Name of director	Notes	Directly Beneficially Owned	Through spouse or child	Through controlled corporation	Beneficiary of a trust	Founder of a trust	Share Option	Total	Approximate percentage of the Company's issued share capital
Mr. CHEN Jiajun	1	-	-	897,437,000	-	-	-	897,437,000	14.87
Mr. Liang Rui		-	-	-	-	-	30,000,000	30,000,000	0.50
Mr. Xu Yibo		3,000,000	-	-	-	-	24,000,000	27,000,000	0.45
Mr. Ma Fei		-	-	-	-	-	8,592,000	8,592,000	0.14
Mr. Lam Ting Fung Freeman		-	-	-	-	-	2,800,000	2,800,000	0.05
Mr. Ng Wai Hung		-	-	-	-	-	2,800,000	2,800,000	0.05
Mr. CHAN King Chung		441,600	-	-	-	-	1,800,000	2,241,600	0.04
Mr. HUANG Dazhan		288,000	-	-	-	-	1,800,000	2,088,000	0.03
Mr. XIE Weixin		384,000	-	-	-	-	1,800,000	2,184,000	0.04
Mr. Guo Jinghui		-	-	-	-	-	1,800,000	1,800,000	0.03

Notes:

- 1 Mr. CHEN Jiajun, an executive Director, was interested in the 897,437,000 shares held by Great Shine Investment Limited (formerly known as Kingkey Financial Holdings (Asia) Limited) which is ultimately owned by him.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 June 2020, the following interests and short positions of 5% or more in the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in Shares:

Name	Notes	Number of shares in which interested	Nature of Interest	Total number of shares	Percentage of the Company's issued share capital
Mr. CHEN Jiajun	1	897,437,000	Interest of controlled corporation	897,437,000	14.87
Mr. TU Erfan	2	740,684,000	Interest of controlled corporation	740,684,000	12.28
Mr. GUO Deying	3	462,889,484	Founder of a discretionary trust	463,372,484	7.68
		483,000	Through controlled corporation		
Data Dreamland Holding Limited ("Data Dreamland")	3	462,889,484	Beneficial owner	462,889,484	7.67
HSBC International Trustee Limited ("HSBC Trustee")	4	463,889,484	Trustee	463,889,484	7.69
Great Shine Investment Limited (formerly known as Kingkey Financial Holdings (Asia) Limited)	1	897,437,000	Beneficial owner	897,437,000	14.87
New Prestige Developments Limited	2	740,684,000	Beneficial owner	740,684,000	12.28
Zeal Limited	5	551,367,386	Beneficial owner	551,367,386	9.14

MANAGEMENT DISCUSSION & ANALYSIS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

(Continued)

Notes:

1. The 897,437,000 shares were directly held by Great Shine Investment Limited (formerly known as Kingkey Financial Holdings (Asia) Limited), and Great Shine Investment Limited (formerly known as Kingkey Financial Holdings (Asia) Limited) is ultimately owned by Mr. Chen Jiajun. Therefore, Mr. Chen Jiajun is indirectly interested in the 897,437,000 shares of the Company.
2. The 740,684,000 Shares were directly held by New Prestige Developments Limited and New Prestige Developments Limited is ultimately owned by Mr. Tu Erfan. Therefore, Mr. Tu Erfan is indirectly interested in the 740,684,000 shares of the Company.
3. The entire issued share capital of Data Dreamland is held by Barrie Bay (PTC) Limited. Barrie Bay (PTC) Limited is acting as the trustee of the Barrie Bay Unit Trust. The Barrie Bay Unit Trust is a unit trust held by HSBC Trustee, which is acting as the trustee of the Barrie Bay Trust. The Barrie Bay Trust is a discretionary trust set up by Mr. Guo Deying and Ms. Yang Xiao (the spouse of Mr. Guo Deying) and the beneficiary objects of which include the children of Mr. Guo Deying and Ms. Yang Xiao. Mr. Guo Deying is taken to be interested in the 483,000 shares held by Wintech Consultants Limited as he is one out of the three directors of Wintech Consultants Limited and the other two directors are accustomed to act in accordance with Mr. Guo Deying's direction.
4. The 462,889,484 shares were held by Data Dreamland, the entire share capital of which is held by Barrie Bay (PTC) Limited, which is acting as the trustee of the Barrie Bay Unit Trust and the entire issued share capital of which is held by HSBC Trustee. The rest 1,000,000 shares were held by HSBC Trustee privately as the trustee.
5. On 11 January 2018, all of the 551,367,386 shares held by Leview Mobile Limited, which was held by a wholly-owned group of corporations namely (from bottom to top) Leview Mobile Ltd., Le Ltd., LeEco Global Holding Ltd. and Lele Holding Ltd., and is ultimately wholly-owned by Mr. Jia Yueting, were sold to Zeal Limited, which is wholly-owned by Shenzhen LETV Bridge Merger Acquisition Fund Investment Management Enterprise (Limited Partnership) (深圳市樂視鑫根併購基金投資管理企業(有限合夥)).

Save as disclosed above, as at 30 June 2020, so far as the Directors are aware, there are no other persons, other than the Directors and chief executive of the Company, who had interests or short positions in the shares, underlying shares or debentures of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and are required to be recorded in the register required to be kept pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, at no time for the six months ended 30 June 2020 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

MANAGEMENT DISCUSSION & ANALYSIS

SHARE OPTION SCHEME

Name or category of participant	Number of share options					At 30 June 2020	Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options (Note 5) HK\$ per share	Price of the Company's listed shares immediately before the grant date of options HK\$ per Share	The weighted average closing price of the Company's listed shares for the five business days immediately preceding the date of grant HK\$ per Share
	At 1 January 2020	Grant during the period	Exercised during the period	Expired during the period	Forfeited during the period						
Employees											
In aggregate – granted on 22 Jan 2015	6,744,000	-	-	6,744,000	-	-	22-1-15	22-1-16 to 22-1-20 (Note 2)	1.492	1.490	1.492
In aggregate – granted on 22 Jan 2015	200,000	-	-	-	-	200,000	22-1-15	22-1-17 to 22-1-21 (Note 4)	1.492	1.490	1.492
In aggregate – granted on 16 Oct 2015	6,496,000	-	-	-	-	6,496,000	16-10-15	16-10-16 to 16-10-20 (Note 2)	1.620	1.600	1.576
In aggregate – granted on 13 Nov 2019	150,000,000	-	-	-	-	150,000,000	13-11-19	14-05-20 to 13-05-24 (Note 3)	0.2242	0.218	0.2242
In aggregate – granted on 13 Nov 2019	257,000,000	-	-	-	-	257,000,000	13-11-19	14-11-20 to 13-11-24 (Note 2)	0.2242	0.218	0.2242
Subtotal	420,440,000	-	-	6,744,000	-	413,696,000					

MANAGEMENT DISCUSSION & ANALYSIS

SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options						Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options (Note 5) HK\$ per share	Price of the Company's listed shares immediately before the grant date of options HK\$ per Share	The weighted average closing price of the Company's listed shares for the five business days immediately preceding the date of grant HK\$ per Share
	At 1 January 2020	Grant during the period	Exercised during the period	Expired during the period	Forfeited during the period	At 30 June 2020					
Director											
In aggregate – granted on 22 Jan 2015											
Mr. MA Fei	256,000	-	-	256,000	-	-	22-1-15	22-1-16 to 22-1-20 (Note 2)	1.492	1.490	1.492
In aggregate – granted on 22 Jan 2015											
Mr. XU Yibo	2,000,000	-	-	-	-	2,000,000	22-1-15	22-1-17 to 22-1-21 (Note 4)	1.492	1.490	1.492
In aggregate – granted on 16 Oct 2015											
Mr. MA Fei	592,000	-	-	-	-	592,000	16-10-15	16-10-16 to 16-10-20 (Note 2)	1.620	1.600	1.576
In aggregate – granted on 16 Oct 2015											
Mr. XU Yibo	10,000,000	-	-	-	-	10,000,000	16-10-15	16-10-17 to 16-10-21 (Note 4)	1.620	1.600	1.576
In aggregate – granted on 13 Nov 2019											
Mr. Liang Rui	30,000,000	-	-	-	-	30,000,000	13-11-19	14-05-20 to 13-05-24 (Note 3)	0.2242	0.218	0.2242
Mr. Xu Yibo	12,000,000	-	-	-	-	12,000,000	13-11-19	14-05-20 to 13-05-24 (Note 3)	0.2242	0.218	0.2242

MANAGEMENT DISCUSSION & ANALYSIS

SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options					At 30 June 2020	Date of grant of share options (Note 1)	Exercise period of share options	Exercise price of share options (Note 5) HK\$ per share	Price of the Company's listed shares immediately before the grant date of options HK\$ per Share	The weighted average closing price of the Company's listed shares for the five business days immediately preceding the date of grant HK\$ per Share
	At 1 January 2020	Grant during the period	Exercised during the period	Expired during the period	Forfeited during the period						
Mr. Ma Fei	8,000,000	-	-	-	-	8,000,000	13-11-19	14-05-20 to 13-05-24 (Note 3)	0.2242	0.218	0.2242
Mr. Lam Ting Fung Freeman	2,800,000	-	-	-	-	2,800,000	13-11-19	14-05-20 to 13-05-24 (Note 3)	0.2242	0.218	0.2242
Mr. Ng Wai Hung	2,800,000	-	-	-	-	2,800,000	13-11-19	14-05-20 to 13-05-24 (Note 3)	0.2242	0.218	0.2242
Mr. CHAN King Chung	1,800,000	-	-	-	-	1,800,000	13-11-19	14-05-20 to 13-05-24 (Note 3)	0.2242	0.218	0.2242
Mr. HUANG Dazhan	1,800,000	-	-	-	-	1,800,000	13-11-19	14-05-20 to 13-05-24 (Note 3)	0.2242	0.218	0.2242
Mr. XIE Weixin	1,800,000	-	-	-	-	1,800,000	13-11-19	14-05-20 to 13-05-24 (Note 3)	0.2242	0.218	0.2242
Mr. GUO Jinghui	1,800,000	-	-	-	-	1,800,000	13-11-19	14-05-20 to 13-05-24 (Note 3)	0.2242	0.218	0.2242
Subtotal	75,648,000	-	-	256,000	-	75,392,000					
Total	496,088,000	-	-	7,000,000	-	489,088,000					

MANAGEMENT DISCUSSION & ANALYSIS

SHARE OPTION SCHEME (Continued)

Notes:

- 1 *The vesting period of the share options is from the date of grant until the commencement of the exercise period.*
- 2 *For options granted with exercisable date determined based on the grant date of options, the first 25% of the total options can be exercised a year after the grant date, and each 25% of the total options will become exercisable in each subsequent year.*
- 3 *For options granted with exercisable date determined based on the grant date of options, the first 25% of the total options can be exercised half a year after the grant date, and each 25% of the total options will become exercisable in each subsequent year.*
- 4 *For options granted with exercisable date determined based on the grant date of options, the first 25% of the total options can be exercised two years after the grant date, and each 25% of the total options will become exercisable in each subsequent year.*
- 5 *The exercise price of a share option is the amount that the employee is required to pay to obtain each share under the option.*

CHANGES OF INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF LISTING RULES

There is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code for securities transactions. All the Directors have confirmed, following specific enquiry by the Company with all the Directors, that they have fully complied with the required standard as set out in the Model Code for the period under review.

AUDIT COMMITTEE

The audit committee ("Audit Committee") of the Company, which currently comprises three independent non-executive Directors, has reviewed the accounting principles and practices adopted by the Company, and has discussed auditing, internal control and financial reporting matters. The Audit Committee has reviewed the Group's interim results for the six months ended 30 June 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Good corporate governance is conducive to enhancing overall performance and accountability and is essential in modern corporate governance. The Board continuously observes the principles of good corporate governance in the interests of Shareholders and devotes considerable effort identifying and formalizing the best practice. During the Reporting Period, the Company had reviewed its corporate governance documents and the Board is of the view that the Company had fully complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

FORWARD LOOKING STATEMENTS

This report contains forward looking statements that are based on the current beliefs, assumptions and expectations of the Board regarding the industry and markets in which the Group operates. These forward statements are subject to risks, uncertainties and other factors beyond the Group's control which may cause actual results or performance to differ materially from those expressed or implied in such forward looking statements. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place undue reliance on the information disclosed herein. Any holder of securities or potential investor of the Company who is in doubt is advised to seek advice from professional advisors.

For and on behalf of
Coolpad Group Limited
CHEN Jiajun
Chairman

Hong Kong, 26 August 2020

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
CONTINUING OPERATIONS			
REVENUE	4	385,920	657,494
Cost of sales		(301,841)	(551,601)
Gross profit		84,079	105,893
Other income and gains	4	202,229	163,013
Selling and distribution expenses		(99,444)	(126,655)
Administrative expenses		(98,175)	(110,731)
Other expenses		(69,602)	(10,409)
Finance costs		(18,102)	(22,132)
Share of losses of:			
A joint venture		(451)	(1,702)
Associates		(29,301)	(23,751)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	5	(28,767)	(26,474)
Income tax expense	6	(40,103)	(400)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(68,870)	(26,874)
DISCONTINUING OPERATION			
Profit for the period from a discontinued operation	7	2,943	46
LOSS FOR THE PERIOD		(65,927)	(26,828)
Attributable to:			
Owners of the Company		(65,927)	(26,828)
Non-controlling interests		-	-
LOSS FOR THE PERIOD		(65,927)	(26,828)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
LOSS FOR THE PERIOD		(65,927)	(26,828)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		9,355	2,318
Reclassification adjustment for foreign operations disposed of during the period		-	29
Share of other comprehensive loss of:			
A joint venture		(3,774)	(337)
Associates		(264)	(649)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		5,317	1,361
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(60,610)	(25,467)
Attributable to:			
Owners of the Company		(60,607)	(25,465)
Non-controlling interests		(3)	(2)
		(60,610)	(25,467)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9	HK cents	HK cents
Basic and diluted for the period		(1.13)	(0.53)
Basic and diluted for continuing operations		(1.18)	(0.53)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	<i>Notes</i>	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	678,513	547,334
Investment properties		537,435	389,118
Right-of-use assets		179,822	164,054
Intangible assets		2,880	3,644
Investment in a joint venture		175,858	180,083
Investments in associates		266,272	304,341
Equity investments at fair value through profit or loss		53,653	94,369
Loans receivable		-	1,098
Other non-current assets		34,676	35,791
Deferred tax assets		483	543
Total non-current assets		1,929,592	1,720,375
CURRENT ASSETS			
Inventories		169,351	254,255
Trade receivables	11	229,891	422,580
Short-term loans receivable		-	2,272
Prepayments, deposits and other receivables		323,085	402,807
Amounts due from associates	16	2,955	7,080
Pledged deposits		67,953	66,866
Cash and cash equivalents		228,465	297,420
		1,021,700	1,453,280
Assets classified as held for sale		183,060	186,323
Assets of a disposal group classified as held for sale	7	368,462	-
Total current assets		1,573,222	1,639,603
CURRENT LIABILITIES			
Trade payables	12	337,683	505,961
Other payables and accruals		1,727,046	1,402,490
Interest-bearing bank and other borrowings	14	218,953	240,439
Amounts due to associates	16	39,200	52,811
Lease liabilities		10,626	9,587
An amount due to a related party	16	272,163	-
Tax payable		109,212	112,409
		2,714,883	2,323,697
Liabilities directly associated with the assets classified as held for sale	7	9,380	-
Total current liabilities		2,724,263	2,323,697

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	<i>Notes</i>	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
NET CURRENT LIABILITIES		(1,151,041)	(684,094)
TOTAL ASSETS LESS CURRENT LIABILITIES		778,551	1,036,281
NON-CURRENT LIABILITIES			
Lease liabilities		3,515	7,733
An amount due to a related party	16	–	269,432
Deferred tax liabilities		86,247	47,424
Other non-current liabilities		5,537	3,468
Total non-current liabilities		95,299	328,057
Net assets		683,252	708,224
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	60,334	58,334
Reserves		622,699	649,668
		683,033	708,002
Non-controlling interests		219	222
Total equity		683,252	708,224

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$' 000	2019 HK\$' 000
At 1 January (audited)	708,002	414,213
Total comprehensive loss for the period attributable to owners of the Company	(60,607)	(25,465)
Issue of shares	26,000	–
Equity-settled share option arrangements	9,638	756
At 30 June – equity attributable to owners of the Company	683,033	389,504
Non-controlling interests	219	452
At 30 June – total equity (unaudited)	683,252	389,956

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax			
From continuing operations		(28,767)	(26,474)
From a discontinued operation		4,989	104
Adjustments for:			
Bank and other interest income		(1,907)	(5,947)
Finance costs		18,102	22,132
Share of loss of a joint venture		451	1,702
Share of losses of associates		29,301	23,751
Depreciation of property, plant and equipment	5	10,015	15,195
Changes in fair value of investment properties	4	(157,244)	–
Amortisation of patents and licenses	5	700	732
Depreciation of right-of-use assets	5	5,926	8,675
Loss on disposal of items of property, plant and equipment	5	110	665
Impairment/(reversal of impairment) of financial assets, net	5	7,305	(16,549)
Fair value losses/(gains) on equity investments at fair value through profit or loss, net	5	38,978	(41,794)
Impairment of investment in an associate	5	–	4,822
Gain on disposal of investments in associates	5	(612)	(2,340)
Write-down of inventories at net realisable value		28,197	65,362
Recognition of equity-settled share option expense	5	9,638	756
Loss recognised on the remeasurement of assets classified as held for sales to fair value	7	3,980	–
Unrealised exchange difference		13,727	1,627
		(17,111)	52,419
Decrease in other non-current assets		329	2,279
Decrease/(Increase) in inventories		45,493	(204,443)
Decrease/(Increase) in trade receivables		182,627	(273,201)
Decrease in bills receivable		–	7,213
(Increase)/decrease in loans receivable		(189,599)	3,583
Decrease in prepayments, deposit and other receivables		71,895	115,526
(Increase)/decrease in amounts due from associates		(1,102)	43,543
(Decrease)/increase in trade payables		(159,341)	310,650
Decrease in other payables and accruals		(52,058)	(174,375)
Decrease in amounts due to associates		–	(183,459)
Increase in amounts due to a joint venture		–	39,427
Increase in other non-current liabilities		2,162	390
Cash used in operations		(116,705)	(260,448)
Income tax paid		(1,586)	(126)
Net cash flows used in operating activities		(118,291)	(260,574)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
Net cash flows used in operating activities		(118,291)	(260,574)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,907	5,947
Purchases of items of property, plant and equipment		(98,285)	(95,336)
Additional payment in respect of premium of a parcel of land		(23,309)	–
Proceeds from disposal of items of property, plant and equipment		145	3,737
Additional investment in an associate		–	(14,096)
Proceeds from disposal of equity investments at fair value through profit or loss		1,368	4,534
Advance received in respect of a disposal of a subsidiary		353,608	–
Advance received in respect of a disposal of a parcel of land and construction in progress		–	136,416
Cash transferred to restricted bank deposits		(13,334)	(14,845)
Cash transferred from restricted bank deposits		10,933	57,920
Net cash flows generated from investing activities		233,033	84,277
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		26,000	–
New bank and other borrowings		299,662	91,539
Repayment of bank and other borrowings		(316,832)	–
Increase in other borrowings from a related party		–	57,790
Principal portion of lease payments		(5,014)	(6,941)
Interest paid		(3,487)	(7,749)
Net cash flows generated from financing activities		329	134,639
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		297,420	168,554
Effect of foreign exchange rate changes, net		(5,184)	(50)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		407,307	126,846
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		228,465	126,846
Cash and cash equivalents as stated in the statement of financial position		228,465	126,846
Cash attributable to a discontinued operation	7	178,842	–
Cash and cash equivalents as stated in the statement of cash flows		407,307	126,846

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

1. CORPORATE AND GROUP INFORMATION

Coolpad Group Limited is a limited liability company incorporated in the Cayman Islands. The registered address of the Company (the “Company”) is Royal Bank House – 3rd Floor, 24 Shedden Road, P.O. Box 1586, Grand Cayman, KY1-1110, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the “Group”) are wireless solution and equipment providers. During the period, the Group continued to focus on the production and sale of mobile phones and accessories, and the provision of wireless application services.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 Changes in accounting policies and disclosures (continued)

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
- (c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The amendments did not have any impact on the financial position and performance of the Group as no lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the Covid-19 pandemic.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.2 Changes in accounting policies and disclosures (continued)

- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

	Mobile phone HK\$' 000 (Unaudited)	Property investment HK\$' 000 (Unaudited)	Total HK\$' 000 (Unaudited)
Six months ended 30 June 2020			
Segment revenue (note 4)			
Sales to external customers	385,920	–	385,920
Other revenue and gains	32,260	167,522	199,782
Total	418,180	167,522	585,702
Segment results	(150,223)	166,289	16,066
<i>Reconciliation:</i>			
Interest income			1,835
Finance costs (other than interest on lease liabilities)			(17,528)
Gain on disposal of an investment in associate			612
Share of loss of a joint venture			(451)
Share of losses of associates			(29,301)
Loss before tax from continuing operations			(28,767)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

3. OPERATING SEGMENT INFORMATION (continued)

	Mobile phone HK\$' 000 (Unaudited)	Property investment HK\$' 000 (Unaudited)	Total HK\$' 000 (Unaudited)
Six months ended 30 June 2019			
Segment revenue (note 4)			
Sales to external customers	657,494	–	657,494
Other revenue and gains	150,655	6,464	157,119
Total	808,149	6,464	814,613
Segment results	14,351	5,688	20,039
<i>Reconciliation:</i>			
Interest income			5,894
Impairment of investment in an associate			(4,822)
Finance costs (other than interest on lease liabilities)			(22,132)
Share of loss of a joint venture			(1,702)
Share of losses of associates			(23,751)
Loss before tax from continuing operations			(26,474)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

3. OPERATING SEGMENT INFORMATION (continued)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2020 and 31 December 2019, respectively.

	Mobile phone HK\$' 000	Property investment HK\$' 000	Financing service (discontinued operation) HK\$' 000	Total HK\$' 000
Segment assets				
At 30 June 2020 (Unaudited)	1,615,878	539,775	-	2,155,653
At 31 December 2019 (Audited)	1,827,483	391,504	3,966	2,222,953
Segment liabilities				
At 30 June 2020 (Unaudited)	2,076,080	3,202	-	2,079,282
At 31 December 2019 (Audited)	1,913,452	3,597	2,335	1,919,384

Geographical information

Non-current assets

	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
Mainland China	1,864,414	1,607,010
Overseas	3,382	9,146
	1,867,796	1,616,156

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
Revenue from contracts with customers		
Sale of mobile phones and related accessories	385,413	656,169
Wireless application service income	507	1,325
	385,920	657,494

Disaggregated revenue information for revenue from contracts with customer

For the six months ended 30 June 2020

Segments	Total HK\$' 000 (Unaudited)
Geographical markets	
Mainland China	30,246
Overseas	355,674
Total revenue from contracts with customers	385,920
Timing of revenue recognition	
Goods and services transferred at a point in time	385,920
Total revenue from contracts with customers	385,920

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

4. REVENUE, OTHER INCOME AND GAINS (continued)

For the six months ended 30 June 2019

Segments	Total HK\$' 000 (Unaudited)
Geographical markets	
Mainland China	67,069
Overseas	590,425
Total revenue from contracts with customers	657,494
Timing of revenue recognition	
Goods and services transferred at a point in time	657,494
Total revenue from contracts with customers	657,494

Other income	Six months ended 30 June	
	2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
Bank interest income	1,835	5,894
Gross rental income	10,278	6,464
Government grants and subsidies*	20,316	69,567
Fair value gains on investment properties	157,244	–
Fair value gains on equity investments at fair value through profit or loss, net	–	41,794
Others	12,556	39,294
	202,229	163,013

* Government grants and subsidies represented refunds of VAT received from a tax bureau and grants received from certain finance bureaus to support certain of the Group's research and development activities. There are no unfulfilled conditions or contingencies relating to these grants and subsidies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

5. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	Six months ended 30 June	
	2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
Cost of inventories sold	273,644	603,480
Depreciation of property, plant and equipment	10,015	15,195
Amortisation of patents and licences*	700	732
Depreciation of right-of-use assets	5,926	8,675
Research and development costs:		
Expenditure for the period*	97,783	64,663
Minimum lease rental expense in respect of short-term leases	901	734
Interest expense recognised related to lease liabilities	574	762
Impairment of investment in an associate	–	4,822
Write-down/(reversal) of inventories at net realisable value	28,197	(51,879)
Recognition of equity-settled share option expense	9,638	756
Gain on disposal of investments in associates	(612)	(2,340)
Loss on disposal of items of property, plant and equipment	110	665
Impairment/(reversal of impairment) of financial assets, net	7,305	(16,549)
Fair value losses/(gains) on equity investments at fair value through profit or loss, net	38,978	(41,794)
Fair value gains on investment properties	(157,244)	–

* The amortisation of patents and licences, amortisation of product development costs and the research and development expenditure for the period are included in "Administrative expenses" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

6. INCOME TAX EXPENSE

The Company is a tax exempted company registered in the Cayman Islands and conducts substantially all of its businesses through its subsidiaries established in Mainland China.

No provision for Hong Kong profits tax has been made (2019: Nil) as the Group did not generate any assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group's subsidiaries operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June	
	2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
Current	151	6
Deferred	39,952	394
Total tax charge for the period from continuing operations	40,103	400
Total tax charge for the period from a discontinued operation	2,046	58
	42,149	458

7. DISCONTINUED OPERATION

On 17 April 2020, the Company announced the decision of its board of directors to dispose of Shenzhen Huiying Finance Co., Ltd. which engages in the financing services. The Group decided to cease its financing service business to focus its resources on its mobile phone products. The disposal of Shenzhen Huiying Finance Co., Ltd. is due to be completed in September 2020. As at 30 June 2020, final negotiations for the sale were in progress and Shenzhen Huiying Finance Co., Ltd. was classified as a disposal group held for sale and as a discontinued operation. With Shenzhen Huiying Finance Co., Ltd. being classified as a discontinued operation, the financing services business was no longer included in the note for operating segment information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

7. DISCONTINUED OPERATION (continued)

The results of Shenzhen Huiying Finance Co., Ltd. for the period are presented below:

	Six months ended 30 June	
	2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
Revenue	15,468	183
Expenses	(6,499)	(79)
Profit from the discontinued operation	8,969	104
Loss recognised on the remeasurement to fair value	(3,980)	–
Profit before tax from the discontinued operation	4,989	104
Income tax:		
Related to pre-tax profit	(2,046)	(58)
Profit for the period from the discontinued operation	2,943	46

The major classes of assets and liabilities of Shenzhen Huiying Finance Co., Ltd. classified as held for sale as at 30 June are as follows:

	Six months ended 30 June 2020 HK\$' 000 (Unaudited)
<i>Assets</i>	
Long-term loans receivable	924
Short-term Loans receivable	188,500
Prepayments, other receivables and other assets	196
Cash and bank balances	178,842
Assets classified as held for sale	368,462
<i>Liabilities</i>	
Other payables and accruals	(7,173)
Tax payable	(2,207)
Liabilities directly associated with the assets classified as held for sale	(9,380)
Net assets directly associated with the disposal group	359,082

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

7. DISCONTINUED OPERATION (continued)

The net cash flows incurred by Shenzhen Huiying Finance Co., Ltd. are as follows:

	Six months ended 30 June 2020 HK\$' 000 (Unaudited)
Operating activities	174,188
Net cash inflow	174,188
Earnings per share:	
Basic and diluted from the discontinued operation	HK 0.05 cents

The calculations of basic and diluted earnings per share from the discontinued operation are based on:

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Profit attributable to ordinary equity holders of the Company from the discontinued operation	HK\$2,943,000	HK\$46,000
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculation	5,834,506,381	5,033,407,480

8. DIVIDEND

The Directors did not recommend the payment of any interim dividends for the six months ended 30 June 2020 (Six months ended 30 June 2019: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the Company of HK\$65,927,000 (six months ended 30 June 2019: a loss of HK\$26,828,000), and the weighted average number of ordinary shares of 5,834,506,381 in issue during the six months ended 30 June 2020 (six months ended 30 June 2019: 5,033,407,480).

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2020 in respect of a dilution as the impact of the share option outstanding had no dilution effect on the basic loss per share amount presented.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired assets with a cost of HK\$153,254,000 (Six months ended 30 June 2019: HK\$34,352,000).

Assets with a net book value of HK\$255,000 were disposed of by the Group during the six months ended 30 June 2020 (30 June 2019: HK\$4,402,000), resulting in a net loss on disposal of HK\$110,000 (Six months ended 30 June 2019: HK\$665,000).

During the six months ended 30 June 2020, no impairment loss (Six months ended 30 June 2019: Nil) was recognised for assets carried at historical cost.

11. TRADE RECEIVABLES

An aging analysis of the trade receivables as at the end of the reporting period, based on the transaction date, is as follows:

	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
Within 3 months	181,212	365,773
4 to 6 months	8,718	23,549
7 to 12 months	27,283	37,907
Over 1 year	326,029	301,326
	543,242	728,555
Less: Impairment	(313,351)	(305,975)
	229,891	422,580

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

12. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the transaction date, is as follows:

	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
Within 3 months	123,638	332,458
4 to 6 months	28,286	46,957
7 to 12 months	97,907	34,629
Over 1 year	87,852	91,917
	337,683	505,961

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

13. SHARE CAPITAL

On 15 June 2020, a total of 200,000,000 shares were allotted and issued by the Group to a subscriber at the subscription price of HK\$0.13 per subscription share, resulting in the issue of 200,000,000 shares for a total consideration, before expenses, of HK\$26,000,000.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
Current		
Other borrowings – secured	–	17,170
Other borrowings – unsecured	218,953	223,269
	218,953	240,439

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

15. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
Contracted, but not provided for construction in progress	1,401,989	1,142,430
Capital contributions payable to certain associates or an unlisted investment measured at fair value	23,535	22,327
	1,425,524	1,164,757

16. RELATED PARTY TRANSACTIONS

(a) Balances with related parties:

	30 June 2020 HK\$' 000 (Unaudited)	31 December 2019 HK\$' 000 (Audited)
Amounts due from associates (i)	2,955	7,080
Amounts due to associates (i)	39,200	52,811
An amount due to a related party (ii)	272,163	269,432
	311,363	322,243

(i) Amounts due from/to associates represented the trade receivables from and the deposits and advances payable to associates which arose from in the course of the Group's operation.

(ii) The balance represented the loan and related interest due to Kingkey Group amounting to HK\$272,163,000 as at 30 June 2020, which is unsecured, with a maturity date of 20 May 2021 at an annual interest rate of 6.5%. Kingkey Group is an associate of Great Shine Investment Limited (formerly known as Kingkey Financial Holdings (Asia) Limited), a substantial shareholder of the Company, and therefore a related party of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

16. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties:

	Six months ended 30 June	
	2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
Associates:		
Sale of products	–	989
Purchase of raw materials	–	3,511
Service income	1,014	9,357
Other related parties:		
Loan arrangement (i)	–	57,790
Interest expense (i)	8,011	7,992

(i) In 2018, Kingkey Group has agreed to provide a loan with a maximum amount of no more than RMB500 million to the Group for corporate operation with a term of 12 months at an annual interest rate of 6.5%. In 2019, the loan arrangement was extended to 20 May 2021. Up to 30 June 2020, the accumulated loan amount drawn down by the Group was HK\$241,614,000 and the associates interest expense recognised for the current year amounted to HK\$8,011,000.

The above transactions with related parties were made based on mutually agreed terms.

(c) Compensation of key management personnel of the Group:

Compensation of the key management personnel of the Group is set out below:

	Six months ended 30 June	
	2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
Salaries, allowances and benefits in kind	9,757	4,497
Pension scheme contributions	909	573
Equity-settled share option expense	1,233	–
Total compensation paid to other key management personnel	11,899	5,070

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF 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	
	As at 30 June 2020 HK\$' 000 (Unaudited)	As at 31 December 2019 HK\$' 000 (Audited)	As at 30 June 2020 HK\$' 000 (Unaudited)	As at 31 December 2019 HK\$' 000 (Audited)
Financial assets				
Financial assets included in prepayments, deposits and other receivables, non-current portion	7,660	8,209	7,660	8,209
Equity investments at fair value through profit or loss	53,653	94,369	53,653	94,369
Financial assets at fair value through other comprehensive income	112,793	322,144	112,793	322,144
	174,106	424,722	174,106	424,722
Financial liabilities				
An amount due to a related party	272,163	269,432	272,163	269,432
Interest-bearing bank and other borrowings	218,953	240,439	218,953	240,439
	491,116	509,871	491,116	509,871

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The valuation process and results are discussed with the chief financial officer twice a year for interim and annual financial reporting.

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 following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of financial assets included in prepayments, deposits and other receivables, interest bearing bank and other borrowings and an amount due to a related party have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings and an amount due to a related party as at 30 June 2020 was assessed to be insignificant.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through profit or loss, have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates, or an asset-based valuation technique.

The fair values of financial assets at fair value through other comprehensive income have been estimated using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

For the fair value of the unlisted equity investments at fair value through profit or loss estimated using market-based valuation technique, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2020 and 31 December 2019:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/S multiple of peers	1.22% to -1.22% (31 December 2019: 1.23% to -1.23%)	1% (31 December 2019: 1%) increase/decrease in multiple would result in increase/decrease in fair value by approximately HK\$29,000 (31 December 2019: HK\$29,000)
		Discount for lack of marketability	1.68% to -1.68% (31 December 2019: 1.68% to -1.68%)	1% (31 December 2019: 1%) increase/decrease in multiple would result in decrease/increase in fair value by approximately HK\$40,000 (31 December 2019: HK\$40,000)
	Asset-based approach	Net assets	N/A	N/A

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2020

	Fair value measurement using			Total HK\$' 000 (Unaudited)
	Quoted prices in active markets (Level 1) HK\$' 000 (Unaudited)	Significant observable inputs (Level 2) HK\$' 000 (Unaudited)	Significant unobservable inputs (Level 3) HK\$' 000 (Unaudited)	
Financial assets at fair value through profit or loss	34,499	–	19,154	53,653
Financial assets at fair value through comprehensive income	–	–	112,793	112,793
	34,499	–	131,947	166,446

As at 31 December 2019

	Fair value measurement using			Total HK\$' 000 (Audited)
	Quoted prices in active markets (Level 1) HK\$' 000 (Audited)	Significant observable inputs (Level 2) HK\$' 000 (Audited)	Significant unobservable inputs (Level 3) HK\$' 000 (Audited)	
Financial assets at fair value through profit or loss	73,983	–	20,386	94,369
Financial assets at fair value through comprehensive income	–	–	322,144	322,144
	73,983	–	342,530	416,513

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The movements in fair value measurements within Level 3 during the period are as follows:

	2020 HK\$' 000 (Unaudited)	2019 HK\$' 000 (Unaudited)
At 1 January	342,530	137,574
Addition	281,709	–
Total gains recognised in the statement of profit or loss, net	–	41,530
Disposal	(491,695)	(4,534)
Transfer to level 1	–	(152,424)
Exchange realignment	(597)	(67)
At 30 June	131,947	22,079

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2019: 152,424).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Liabilities measured at fair values:

As at 30 June 2020

	Fair value measurement using			Total HK\$' 000 (Unaudited)
	Quoted prices in active markets (Level 1) HK\$' 000 (Unaudited)	Significant observable inputs (Level 2) HK\$' 000 (Unaudited)	Significant unobservable inputs (Level 3) HK\$' 000 (Unaudited)	
Interest-bearing bank and other borrowings	-	-	218,953	218,953
An amount due to a related party	-	272,163	-	272,163
	-	272,163	218,953	491,116

As at 31 December 2019

	Fair value measurement using			Total HK\$' 000 (Audited)
	Quoted prices in active markets (Level 1) HK\$' 000 (Audited)	Significant observable inputs (Level 2) HK\$' 000 (Audited)	Significant unobservable inputs (Level 3) HK\$' 000 (Audited)	
Interest-bearing bank and other borrowings	-	17,170	223,269	240,439
An amount due to a related party	-	269,432	-	269,432
	-	286,602	223,269	509,871

18. EVENTS AFTER THE REPORTING PERIOD

The Group had no significant event after the reporting period.