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EXECUTIVE DIRECTORS

Mr. POON Sum (*Chairman*)
Mr. NG Kwok Hung Perry
Mr. HAO Xiangbin
Mr. HUANG Bin

NON-EXECUTIVE DIRECTOR

Mr. SUI Fuxiang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Shu Kin
Dr. TSE Kwok Sang
Mr. CHIU Wai Piu

COMPANY SECRETARY

Mr. CHAN Ching

**MEMBERS OF AUDIT COMMITTEE,
REMUNERATION COMMITTEE,
NOMINATION COMMITTEE AND
CORPORATE GOVERNANCE
COMMITTEE**

Mr. CHAN Shu Kin
Dr. TSE Kwok Sang
Mr. CHIU Wai Piu

AUTHORIZED REPRESENTATIVES

Mr. POON Sum
Mr. CHAN Ching

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PRINCIPAL BANKERS

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Bank of China (Hong Kong) Limited
Shanghai Commercial Bank

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Royal Bank House – 3rd Floor
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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AUDITOR

ZHONGHUI ANDA CPA LIMITED

LEGAL ADVISOR AS TO HONG KONG LAWS

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STOCK CODE

3344

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		For the six months ended 30 June,	
	NOTES	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	5	217,434	331,565
Cost of sales		(209,429)	(344,631)
Gross profit/(loss)		8,005	(13,066)
Interest revenue		1,575	281
Other income	6	1,758	621
Other gains and losses	7	(4,341)	(4,752)
Share of result of associate		–	(2,669)
Selling and distribution expenses		(192)	(11,134)
Administrative expenses		(21,804)	(59,040)
Loss from operations		(14,999)	(89,759)
Finance costs	8	(64,804)	(42,040)
Loss before tax		(79,803)	(131,799)
Income tax	9	(328)	(583)
Loss for the period	10	(80,131)	(132,382)
Other comprehensive (loss)/income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(15,472)	203
Share of foreign currency translation reserve of an associate		(63)	–
		(15,535)	203
Total comprehensive loss for the period		(95,666)	(132,179)
Loss for the period attributable to:			
Owners of the Company		(72,536)	(128,124)
Non-controlling interests		(7,595)	(4,258)
		(80,131)	(132,382)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(88,071)	(127,894)
Non-controlling interests		(7,595)	(4,285)
		(95,666)	(132,179)
Loss per share			
<i>Basic and diluted (HK cents)</i>	12	(1.15)	(2.08)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

	NOTES	As at 30.6.2020 HK\$'000 (Unaudited)	As at 31.12.2019 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	95,108	108,983
Right-of-use assets		12,753	13,031
Deposit paid for acquisition of land use right and property, plant and equipment		12,572	12,572
Goodwill		6	6
Intangible assets		17,592	18,353
Investment in an associate		13,923	13,923
Derivative financial instruments		37,520	37,520
Trade and other receivables, deposits and prepayments		33,366	27,693
		<u>222,840</u>	<u>232,081</u>
Current assets			
Inventories		4,230	3,408
Trade and other receivables, deposits and prepayments	14	305,091	203,395
Bank balances and cash		4,693	3,242
		<u>314,014</u>	<u>210,045</u>
Assets classified as held for sale		6,783	9,054
		<u>320,797</u>	<u>219,099</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

	NOTES	As at 30.6.2020 HK\$'000 (Unaudited)	As at 31.12.2019 HK\$'000 (Audited)
Current liabilities			
Trade and other payables	15	408,522	280,823
Contract liabilities		533	533
Tax liabilities		10,709	9,526
Bank and other borrowings – due within one year	16	535,518	425,414
Lease liabilities		2,295	2,618
Amounts due to related party		–	5,095
		<u>957,577</u>	<u>724,009</u>
Liabilities associated with assets classified as held for sale		<u>23,456</u>	<u>23,456</u>
		<u>981,033</u>	<u>747,465</u>
Net current liabilities		<u>(660,236)</u>	<u>(528,366)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(437,396)</u>	<u>(296,285)</u>
Non-current liabilities			
Bank and other borrowings – due after one year	16	146,371	186,141
Lease liabilities		–	1,285
Deferred tax liabilities		9,345	8,751
		<u>155,716</u>	<u>196,177</u>
NET LIABILITIES		<u>(593,112)</u>	<u>(492,462)</u>
Capital and reserves			
Share capital	17	62,988	62,988
Share premium and reserves		(662,449)	(569,528)
Deficit attributable to owners of the Company		<u>(599,461)</u>	<u>(506,540)</u>
Non-controlling interests		<u>6,349</u>	<u>14,078</u>
TOTAL DEFICIT		<u>(593,112)</u>	<u>(492,462)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000 <i>(Note (a))</i>	Special reserves HK\$'000 <i>(Note (b))</i>	Statutory reserves HK\$'000 <i>(Note (c))</i>	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2020 (Audited)	62,988	1,022,243	73,232	7,953	15,127	(3,119)	88,563	(1,773,527)	(506,540)	14,078	(492,462)
Exchange differences on translating foreign operations (unaudited)	-	-	-	-	-	-	(20,385)	-	(20,385)	(134)	(20,519)
Fair value loss on equity investments at fair value through other comprehensive income (unaudited)	-	-	-	-	-	-	-	-	-	-	-
Loss for the period (unaudited)	-	-	-	-	-	-	-	(72,536)	-	(7,595)	(80,131)
Total comprehensive loss for the period (unaudited)	-	-	-	-	-	-	(20,385)	(72,536)	(92,921)	(7,729)	(100,650)
At 30 June 2020 (unaudited)	62,988	1,022,243	73,232	7,953	15,127	(3,119)	68,178	(1,846,063)	(599,461)	6,349	(593,112)
At 1 January 2019 (Audited)	58,994	953,645	73,232	23,851	15,127	2,014	99,064	(1,187,801)	38,126	26,347	64,473
Exchange differences on translating foreign operations (unaudited)	-	-	-	-	-	-	230	-	230	(27)	203
Loss for the period (unaudited)	-	-	-	-	-	-	-	(128,124)	(128,124)	(4,258)	(132,382)
Total comprehensive loss for the period (unaudited)	-	-	-	-	-	-	230	(128,124)	(127,894)	(4,285)	(132,179)
Ordinary shares issued (unaudited)	3,994	68,598	-	-	-	-	-	-	72,592	-	72,592
Increase in capital contributed by non-controlling shareholder (unaudited)	-	-	-	-	-	-	-	542	542	1,082	1,624
At 30 June 2019 (unaudited)	62,988	1,022,243	73,232	23,851	15,127	2,014	99,294	(1,315,383)	(16,634)	23,144	6,510

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

Notes:

- (a) The contributed surplus of the Group represents (i) the excess of the combined net assets of the subsidiaries acquired and the acquisition of amount due to a shareholder from Interlink Atlantic Limited (being the holding company of companies comprising the group before group reorganisation carried out in 2005), over the nominal value of the share capital of the Company issued in exchange thereof pursuant to the group reorganisation; less (ii) dividend paid approved by shareholders pursuant to the memorandum and articles of association of the Company; and (iii) deemed contributions arising from non-interest bearing advances from a shareholder and a related company held by this shareholder and his spouse.
- (b) Special reserves of the Group represent (i) the difference between the nominal value of share capital issued by Interlink Atlantic Limited, the Company's subsidiary, and the nominal value of the share capital of subsidiaries acquired by Interlink Atlantic Limited on 23 September 2004; (ii) the contribution from non-controlling interests of net assets value shared by them to a former shareholder of Interlink Atlantic Limited; and (iii) the difference between the amount by which the non-controlling interest is adjusted and the consideration paid for the change in the Group's ownership interest in LW Asset Management Advisors Limited, an indirect nonwholly owned subsidiary of the Company, that do not result in changes in control over that subsidiary.
- (c) The Group's statutory reserves represent reserves required to be appropriated from profit after taxation of the Company's subsidiaries established in the People's Republic of China ("PRC") and Macau under PRC or Macau laws and regulations. In accordance with relevant PRC and Macau Company Laws and Regulations, the PRC and Macau companies are required to transfer 10% to 25% of their profits after taxation computed in their statutory financial statements presented under the relevant accounting principles and financial regulations applicable to the enterprises established in the PRC/Macau to the statutory surplus reserves until the reserve balance reaches 50% of their paid-in capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	For the six months ended 30 June,	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash used in operating activities	<u>(64,486)</u>	<u>(71,114)</u>
Cash flows from investing activities		
Interest received	15	281
Purchase of property, plant and equipment	<u>–</u>	<u>(1,941)</u>
Net cash generated from/(used in) investing activities	<u>15</u>	<u>(1,660)</u>
Cash flows from financing activities		
Net proceeds from issue of bonds and other borrowings	159,000	129,296
Redemption of bonds and repayment of bank and other borrowing	(65,571)	(108,583)
New other borrowings raised	–	22,419
Interest paid	(20,804)	(24,365)
Advances from related parties	–	15,355
Repayment to related parties	(5,095)	–
Repayment of lease liabilities	(1,608)	(2,466)
Increase in capital contributed by non-controlling shareholder	–	1,624
Proceeds from issue of shares	<u>–</u>	<u>31,259</u>
Net cash generated from financing activities	<u>65,922</u>	<u>64,539</u>
Net increase/(decrease) in cash and cash equivalents	1,451	(8,235)
Cash and cash equivalents at beginning of period	5,513	14,745
Effect of changes in foreign exchange rate	<u>–</u>	<u>104</u>
Cash and cash equivalents at end of period	<u><u>6,964</u></u>	<u><u>6,614</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	For the six months ended 30 June,	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Analysis of cash and cash equivalents		
Bank and cash balances	4,693	11,155
Bank overdrafts	–	(4,541)
Bank and cash balances included in assets held for sale	2,271	–
	<u>6,964</u>	<u>6,614</u>

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2019 audited annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2019.

2. GOING CONCERN BASIS

Appointment of provisional liquidators

On 26 May 2020, the Company filed a winding up petition (the “Petition”) together with an application for the appointment of joint provisional liquidators (the “JPLs”) of the Company with the Grand Court of the Cayman Islands.

On 28 May 2020 (Cayman time), upon the hearing at the Cayman Court of the JPL Application, an order (the “Order”) in favour of the Company was granted and Mr. Osman Mohammed Arab and Mr. Lai Wing Lun of RSM Corporate Advisory (Hong Kong) Limited, and Ms. Claire Marie Loebell of R&H Restructuring (Cayman) Ltd. were appointed as the JPLs (for restructuring purposes) on a light touch approach for restructuring purposes.

The Order provides that for so long as JPLs are appointed to the Company, no suit, action or other proceeding, including criminal proceedings, shall be proceeded with or commenced against the Company except with the leave of the Cayman Court and subject to such terms as the Cayman Court may impose.

The Order also provides that, for the avoidance of any doubt, no payment or disposition of the Company’s property or any transfer of shares or any alteration in the status of the Company’s members shall be made or effected without the direct or indirect approval of the JPLs but no such payment or other disposition or transfer of shares or alteration in the status of the Company’s members made or effected by or with the authority or approval of the JPLs in carrying out their duties and functions and in the exercise of their powers under the Order shall be avoided by virtue of the provisions of section 99 of the Companies Law of the Cayman Islands.

2. GOING CONCERN BASIS *(Continued)*

Appointment of provisional liquidators *(Continued)*

The Group incurred a loss attributable to owners of the Company of approximately HK\$73 million for the six months ended 30 June 2020 and as at 30 June 2020, the Group had current liabilities and net liabilities of approximately HK\$660 million and HK\$593 million, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities as and when they fall due given that (i) the Group will be able to successfully complete the debt restructuring with the creditors; (ii) the Group will be able to raise fund to meet a level sufficient to finance the working capital requirements of the Group; (iii) the Group is actively implementing cost-control and cost saving measures to improve operating cash flows and its financial position and the directors of the Company believe that the performance of the Group will be significantly improved in the forthcoming year.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated financial statements on the going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements, to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of this unaudited interim condensed financial information are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 December 2019, except for the adoption of the following amendments to a number of International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board for the first time for the current period's financial information.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

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

- (a) Amendments to IFRS 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 interim condensed financial information.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

- (b) Amendments to IFRS 9, IAS 39 and IFRS 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 interim condensed financial information as the Group does not have any interest rate hedge relationships.
- (c) Amendment to IFRS 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 Coronavirus Disease 2019 (“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 interim condensed financial information.
- (d) Amendments to IAS 1 and IAS 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 financial information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

4. FAIR VALUE MEASUREMENTS

(a) Disclosures of level in fair value hierarchy at 30 June 2020:

	Fair value measurements using			
	Level 1: HK\$'000 (Unaudited)	Level 2: HK\$'000 (Unaudited)	Level 3: HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Recurring fair value measurements:				
Equity investments at fair value through other comprehensive income	-	-	-	-
Investment at fair value through profit or loss	-	-	-	-
Derivative financial instruments	-	-	37,520	37,520
Total recurring fair value measurements	-	-	37,520	37,520

Disclosures of level in fair value hierarchy at 31 December 2019:

	Fair value measurements using			
	Level 1: HK\$'000 (Audited)	Level 2: HK\$'000 (Audited)	Level 3: HK\$'000 (Audited)	Total HK\$'000 (Audited)
Recurring fair value measurements:				
Equity investments at fair value through other comprehensive income	-	-	-	-
Investment at fair value through profit or loss	-	-	-	-
Derivative financial instruments	-	-	37,520	37,520
Total recurring fair value measurements	-	-	37,520	9,025

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

4. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Reconciliation of assets measured at fair value based on level 3:

	Equity investments at fair value through other comprehensive income HK\$'000	Derivative financial instruments HK\$'000	Total HK\$'000
At 1 January 2018	85,054	–	85,054
Acquisition of subsidiaries	569	1,412	1,981
Fair value gain recognised in other comprehensive income	1,275	–	1,275
Fair value gain recognised in profit or loss (#)	1,786	–	1,786
Transfer to investment in associates	(83,270)	–	(83,270)
At 31 December 2018 and 1 January 2019	5,414	1,412	6,826
Fair value loss recognised in other comprehensive income	(5,414)	–	(5,414)
Fair value gain recognised in profit or loss (#)	–	36,108	36,108
At 31 December 2019	–	37,520	37,520
(#) Include gains or losses for assets held at 2019	–	36,108	–
(#) Include gains or losses for assets held at 2018	–	–	–

4. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Reconciliation of assets measured at fair value based on level 3: (Continued)

	Equity investments at fair value through other comprehensive income HK\$'000 (Unaudited)	Derivative financial instruments HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At 1 January 2020 (Audited)	-	37,520	37,520
Exchange difference	-	-	-
At 30 June 2020	-	37,520	37,520
(#) Include gains or losses for assets held at 2020	-	-	-

As at 30 June 2020, equity investments at fair value through other comprehensive income was Nil (31 December 2019: Nil) was valued by reference to a Level 3 fair value measurement using discounted cash flows based on unobservable inputs including growth rates, operating margin and discount rate which is a pre-tax rate taking into account the risks specific to the equity investments at fair value through other comprehensive income. Where there was material change in the fair value of equity investments at fair value through other comprehensive income, the cause of the fluctuations would be reported to the management of the Group.

An increase in the growth rates and operating margin used in discounted cash flows would result in increase in the carrying amount of the equity investments at fair value through other comprehensive income, and vice versa. A slight increase in discount rate used in discounted cash flows would result in decrease in the carrying amount of the equity investments at fair value through other comprehensive income, and vice versa.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

4. FAIR VALUE MEASUREMENTS (CONTINUED)

- (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	At 30 June 2020 HK\$'000 (Unaudited)	At 31 December 2019 HK\$'000 (Audited)
Unlisted equity securities, classified as Equity investments at fair value through other comprehensive income	Asset approach	Net assets	N/A	N/A	-	-
Derivative financial instruments, profit guarantee	Income approach	Probabilities	5%	N/A	37,520	37,520

5. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised.

The Group’s operating and reportable segments has been modified as four, namely (i) Production, sale and trading of textile products, (ii) Trading of petroleum and chemical products, (iii) Provision of financial services and others, and (iv) RMB banknotes clearing up services.

Segment profit/loss represents the profit/loss before tax of each segment without allocation of central administration costs, directors’ salaries, finance costs, interest revenue, other income and other gains and losses not attributable to segment profit/loss. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

For the purposes of monitoring segment performances and allocating resources among segments, all assets and liabilities are allocated to operating segments on the basis of the revenue earned by individual reportable segments. Segment assets exclude equity investments at fair value through other comprehensive income, investment at fair value through profit or loss, tax recoverable, deposits and prepayments, assets classified as held for sale, bank balances and cash, and unallocated corporate assets while segment liabilities exclude bank and other borrowings, bank overdrafts, amounts due to former related parties/related parties, current and deferred tax liabilities, obligations under a finance leases, liabilities associated with assets classified as held for sale, and unallocated corporate liabilities. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

5. REVENUE AND SEGMENT INFORMATION (Continued)

Six months ended 30 June 2020

	RMB banknotes clearing up services HK\$'000 (Unaudited)	Production, sale and trading of textile products HK\$'000 (Unaudited)	Trading of petroleum and chemical products HK\$'000 (Unaudited)	Provision of financial services and others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
REVENUE					
Recognised at a point in time	13,271	3,537	200,626	-	217,434
SEGMENT PROFIT/(LOSS)	5,905	(2,549)	(19)	-	3,337
Unallocated expenses					(17,328)
Interest revenue					1,575
Other income					1,758
Other gains and losses					(4,341)
Finance costs					(64,804)
Loss before tax					(79,803)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

5. REVENUE AND SEGMENT INFORMATION (Continued)

Six months ended 30 June 2019

	RMB banknotes clearing up services HK\$'000 (Unaudited)	Production, sale and trading of textile products HK\$'000 (Unaudited)	Trading of petroleum and chemical products HK\$'000 (Unaudited)	Provision of financial services and others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
REVENUE					
Recognised at a point in time	15,863	75,107	235,149	-	326,119
Recognised over time	-	-	-	5,446	5,446
	<u>15,863</u>	<u>75,107</u>	<u>235,149</u>	<u>5,446</u>	<u>331,565</u>
SEGMENT LOSS	<u>(5,659)</u>	<u>(61,794)</u>	<u>(1,393)</u>	<u>(2,381)</u>	<u>(71,227)</u>
Unallocated expenses					(19,064)
Interest revenue					281
Other income					621
Other gains and losses					(370)
Finance costs					<u>(42,040)</u>
Loss before tax					<u>(131,799)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

Disaggregation of revenue from contracts with customers:

	RMB banknotes cleaning up services HK\$'000 (Unaudited)	Production, sale and trading of textile products HK\$'000 (Unaudited)	Trading of petroleum and chemical products HK\$'000 (Unaudited)	Provision of financial services and others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Six months ended 30 June 2020					
Geographical markets					
PRC	13,271	3,537	200,626	-	217,434
Timing of revenue recognition					
At a point in time	13,271	105,008	128,033	-	217,434

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

Disaggregation of revenue from contracts with customers: (Continued)

Six months ended 30 June 2019	RMB banknotes clearing up services HK\$'000 (Unaudited)	Production, sale and trading of textile products HK\$'000 (Unaudited)	Trading of petroleum and chemical products HK\$'000 (Unaudited)	Provision of financial services and others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Geographical markets					
PRC	15,863	4,832	72,884	-	93,579
Hong Kong	-	11,312	162,265	5,446	179,023
Other Asian countries	-	7,521	-	-	7,521
Europe	-	33,048	-	-	33,048
North America	-	18,394	-	-	18,394
	<u>15,863</u>	<u>75,107</u>	<u>235,149</u>	<u>5,446</u>	<u>331,565</u>
Timing of revenue recognition					
At a point in time	15,863	75,107	235,149	-	326,119
Over time	-	-	-	5,446	5,446
	<u>15,863</u>	<u>75,107</u>	<u>235,149</u>	<u>5,446</u>	<u>331,565</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

5. REVENUE AND SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets and liabilities by reportable segments:

As at 30 June 2020

	RMB banknotes clearing up services HK\$'000 (Unaudited)	Production, sale and trading of textile products HK\$'000 (Unaudited)	Trading of petroleum and chemical products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
ASSETS				
Segment assets	341,396	125,721	35,848	502,965
Assets classified as held for sale				6,783
Investment in associates				13,923
Unallocated corporate assets				19,966
CONSOLIDATED TOTAL ASSETS				543,637
Segment liabilities	82,382	127,992	10,181	220,555
Bank and other borrowings				681,889
Current and deferred liabilities				19,465
Liabilities associated with assets classified as held for sale				23,456
Unallocated corporate liabilities				191,384
CONSOLIDATED TOTAL LIABILITIES				1,136,749

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

5. REVENUE AND SEGMENT INFORMATION (Continued)

As at 31 December 2019

	RMB banknotes clearing up services and others HK\$'000	Production, sale and trading of textile products HK\$'000	Trading of petroleum and chemical product HK\$'000	Total HK\$'000
Segment assets	219,454	158,154	28,188	405,796
Assets classified as held for sale				9,054
Investment in associates				13,923
Unallocated corporate assets				22,407
Consolidated total assets				451,180
Segment liabilities	28,109	124,177	1,548	153,834
Bank and other borrowings				611,555
Amounts due to a former related party/related party				26,045
Current and deferred liabilities				18,277
Liabilities associated with assets classified as held for sale				23,456
Unallocated corporate liabilities				110,475
Consolidated total liabilities				943,642

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

6. OTHER INCOME

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Income from sales of scrap materials	–	223
Sundry income	1,758	398
	<u>1,758</u>	<u>621</u>

7. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
(Loss)/gain on fair value changes of investment at fair value through profit or loss	–	(370)
Gain/(loss) on disposal of property, plant and equipment	(4,341)	–
Allowance for impairment loss of trade receivables	–	(9,413)
Gain on fair value changes on modification of other borrowings	–	5,031
	<u>(4,341)</u>	<u>(4,752)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

8. FINANCE COSTS

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on bank and other borrowings	64,804	41,703
Lease interests	–	337
	<u>64,804</u>	<u>42,040</u>

9. INCOME TAX

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax:		
– Hong Kong Profits Tax – underprovision in prior years	–	–
– PRC Enterprise Income Tax	328	583
	<u>328</u>	<u>583</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2020 and 2019. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits for that period.

Under the Law of the PRC Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2018 onwards.

No provision for Cambodia Income Tax has been made as the Group had no assessable profits for the six months ended 30 June 2020 and 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

10. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	For the six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Cost of goods sold	209,429	344,631
Depreciation	5,504	12,506
Depreciation of right-of-use assets	4,365	2,277
Directors' emoluments	2,700	2,096
	<u>222,003</u>	<u>361,510</u>

11. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: HK\$Nil).

12. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$72,536,000 (2019: approximately HK\$128,124,000) and the number of 6,298,816,169 (2019: 6,164,249,000 – weighted average) ordinary shares in issue during the period.

Diluted loss per share

No diluted loss per share is presented as the Company had no potential ordinary shares outstanding during any time in both periods.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the additions of property, plant and equipment is Nil (30 June 2019: HK\$1,941,000) and there was no transfer of the carrying amount (30 June 2019: 11,849,000) to assets classified as held for sale.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group allows an average credit period of 30 to 180 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for trade receivables, presented based on the invoice date at the end of the reporting period.

	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 HK\$'000 (Audited)
Aged:		
0-30 days	5,688	5,295
31-60 days	2,631	2,449
61-90 days	3,563	3,317
91-120 days	1,240	1,156
Over 120 days	41,794	38,899
	<u>54,916</u>	<u>51,116</u>

15. TRADE AND OTHER PAYABLES

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

	30.6.2020 HK\$'000 (Unaudited)	31.12.2019 HK\$'000 (Audited)
Aged:		
0-60 days	9,963	9,133
61-90 days	610	560
Over 90 days	54,136	49,623
	<u>64,709</u>	<u>59,316</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

16. BANK AND OTHER BORROWINGS

During the current period, the Group obtained new bank and other borrowings amounting to HK\$159,000,000 (six months ended 30 June 2019: HK\$151,715,000) as additional working capital and there were repayments of HK\$65,571,000 (six months ended 30 June 2019: HK\$108,583,000). All the new borrowings are bearing fixed interest at the rates ranging from 0.4% to 55% (31 December 2019: 0.1% to 55%) per annum.

17. SHARE CAPITAL

	Number of shares	HK\$'000 (Unaudited)
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 January 2019, 31 December 2019, 1 January 2020 and 30 June 2020	10,000,000,000	100,000
Issued and fully paid of HK\$0.01 each:		
At 1 January 2019 (audited)	5,899,386,169	58,994
Issue of new shares	222,222,000	2,222
Issue of new shares	177,208,000	1,772
At 31 December 2019 and 1 January 2020 and 30 June 2020	6,298,816,169	62,988

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

18. PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged the following assets to banks for the bank borrowings and credit facilities granted to the Group:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Right-of-use assets	5,193	5,471
Property, plant and equipment	<u>20,074</u>	<u>29,333</u>
	<u>25,267</u>	<u>34,804</u>

In addition, the entire shareholdings in a subsidiary of the Company as at 30 June 2020 and 31 December 2019 were pledged to an independent third party for the advances therefrom to the relevant subsidiary.

19. CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (31 December 2019: HK\$Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

20. RELATED PARTY TRANSACTIONS

(a) Related party balances

Details of the outstanding balances with related parties are set out as below. As at 30 June 2020, the amounts due to related parties are unsecured, interest-free and have no fixed repayment term. As at 31 December 2019, the amounts due to related parties are unsecured, interest-free and have no fixed repayment terms.

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Amounts due to:		
– Mr. Poon Sum	–	5,095

- (b) In addition, Mr. Poon Sum, a director of the Company, provided a personal guarantee to an independent third party for the Group's borrowings in the principal amount of HK\$160,000,000 as at 30 June 2020 (31 December 2019: HK\$160,000,000).

21. APPROVAL OF FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 31 August 2020.

BUSINESS REVIEW AND PROSPECTS

Business Review

The Group's consolidated revenue for the six months ended 30 June 2020 decreased by approximately 34.4% from approximately HK\$331,565,000 in the corresponding period last year to HK\$217,434,000 while the net loss for the period reduced to HK\$80,131,000 as compared with HK\$132,382,000 for the corresponding period last year.

Trading of petroleum and chemical products

Trading of chemical products was the major source of the revenue of the Group during the six months ended 30 June 2020. Due to the unfavourable market condition, the Group did not engage in the trading of petroleum for the period under review. The revenue from trading of chemical products was approximately HK\$200,626,000, representing a decrease by approximately 14.7% from approximately HK\$235,149,000 in the first half of 2019, and accounted for approximately 92.2% of the Group's revenue.

Textile business

During the six months ended 30 June 2020, the revenue from the textile business was approximately HK\$3,537,000, which represented approximately 2% of the Group's revenue. Compared to the same period last year, the revenue from the textile business dropped by more than 96%. The overall segment loss from textile business improved from the loss of approximately HK\$61,794,000 in the same period last year to approximately HK\$2,549,000. During the period under review, the production in Cambodia was stopped because the factory was suspended operation under court order. Due to the uncertainty in the economic growth of China during the period under review, the Group placed less emphasis on the production and sale of yarn in the PRC. Accordingly, it resulted in the drop in revenue by more than 90% to approximately HK\$3.6 million.

Although the Group had implemented the restructuring of the textile business and stringent cost control measures for the improvement of performance in textile business, the lack of banking facilities in Hong Kong throughout the six months ended 30 June 2020 affected the flexibility of the operation and ability of the Group to improve the performance in the short run.

RMB banknotes clearing up services business

Our Group's equity interest in Zhongcheng Huiyu Technology Services Company Limited, which, together with its subsidiaries, were principally engaged in the provision of financial outsourcing services of RMB banknotes clearing up services in Mainland China. They offer one-stop professional financial outsourcing services for the branches of the People's Bank of China and its local commercial banks in Mainland China. During the six months ended 30 June 2020, the revenue from RMB banknotes clearing up services business was approximately HK\$13,271,000. Despite the reduction in revenue by 16.3% which was affected by COVID-19 outbreak, the Group had gained approximately HK\$5,905,000 in this business segment.

Prospects

The economic outlook for the remaining half of the year will remain highly uncertain. In light of the current situation of Covid-19 pandemic in the Mainland China, business activities are still subject to additional challenges.

The PRC banknotes clearing service will continue to experience the backlog created by the pandemic and the management will strive to streamline the operation to save costs. In addition, the management of the Company is considering developing a new line of service on digital currency and related services.

The textile business in Anhui can only be improved when the pandemic is lifted and the management of the Company expect severe setback over the next few months. On the other hand, the Group's surgical mask production business since July 2020 will enrich business and bring much prospect for the remainder of the year. Trading in chemicals will remain a challenging area, where the market remains unstable but the management will continuously maintain a steady and cautious approach.

From the financial perspective, the financial restructuring will further proceed subject to the supervision of the provisional liquidators. The management of the Company will minimize all non-core assets and liabilities so that the Group will restore into a healthier financial position.

FINANCIAL REVIEW

Turnover

During the six months ended 30 June 2020, the turnover of the Group decreased by approximately 34.4% from approximately HK\$331,565,000 to HK\$217,434,000.

The trading of chemical products became the major contributor of turnover of the Group and it represented approximately over 92% of the Group's total revenue during the period under review. The trading of chemical products was mainly carried out in the Mainland China.

For the six months ended 30 June 2020, the turnover from the textile business was approximately HK\$3,537,000 which accounted for approximately 2% of the turnover of the Group owing to the fact that textile business had ceased its production of cotton and yarns since the closedown of the factory in Cambodia, and only the Anhui factory remains in operation.

During the period under review, the revenue from RMB banknotes clearing up services business, which was acquired last year, was approximately HK\$13,271,000 and represented approximately 6% of the Group's total revenue.

Cost of sales and gross profit or loss margin

The cost of sales decreased by approximately 39.2% from HK\$344,631,000 in the corresponding period last year to approximately HK\$209,429,000 during the period under review. There had been a gross profit margin of approximately HK\$8 million as compared to gross loss HK\$13 million in the corresponding period, because of the contribution made by mainly the RMB banknote clearing up services.

Other gains and losses

During the period under review, other loss derived from the disposal of plant and machinery.

Selling and distribution costs

Selling and distribution costs mainly included transportation cost, accessories and packing expenses. During the period under review, with the suspended operation in Cambodia, the Group's overall selling and distribution costs decreased significantly to HK\$192,000, representing approximately 0.1% of the Group's revenue.

Administrative expenses

Administrative expenses decreased by approximately 70% to approximately HK\$21,804,000 during the period under review. It mainly consisted of staff costs which covered employees' salaries and welfare and directors' remuneration, depreciation and legal and professional fees. It represented approximately 10% of the Group's revenue.

Finance costs

Finance costs were mainly comprised of interests on bank and other borrowings which increased to approximately HK\$64,804,000 for the period under review. The finance costs increased as compared to HK\$42,040,000 for the corresponding period last year as a result of the issuance of new bonds and other borrowings and the higher borrowing rate for some short-term borrowings raised during the period under review.

Borrowings

As at 30 June 2020, the Group had outstanding bank and other borrowings of approximately HK\$681,889,000, in which approximately HK\$146,371,000 was classified as falling due more than one year and the remaining balance of approximately HK\$535,518,000 was classified as falling due within one year. The total bank and other borrowings increased by approximately HK\$70,334,000 when comparing with the balance as at 31 December 2019 as a result of increase of other borrowings during the period under review in order to support the working capital of the Group.

Liquidity and financial resources

As at 30 June 2020, the Group's bank balances and cash increased from approximately HK\$3,242,000 as at 31 December 2019 to HK\$4,693,000 as at 30 June 2020. The Group's total assets was approximately HK\$543,637,000 as at 30 June 2020.

The Group will continue to focus on improving the net cash from operating activities and asset restructuring and to meet its funding requirements in its usual course of operation by improving profitability, procuring the disposal of non-core or idle assets and implementing tighter control over costs, working capital and capital expenditure.

The sales and purchases of the Group were denominated in Hong Kong dollar, US dollar and Renminbi. The Group will remain concerned about the fluctuations in exchange rate of foreign currencies such as US dollar and Renminbi. To mitigate the foreign currency risk, the Group will consider entering into appropriate hedging arrangements from time to time.

Important Events after the Reporting Period

No important event which materially affected the Group has taken place since 30 June 2020 and up to the date of this report except the followings:

1. The Group has completed the acquisition of the surgical mask production business in July 2020. On 7 July 2020, Profit Earn Development Limited (“Profit Earn”) entered into a conditional acquisition agreement in relation to an acquisition of 6,666 ordinary shares (the “Sale Shares”) in the capital of Titok Investment Limited (大拓投資有限公司) with Yang Laosi *(羊老四), representing 66% of the entire issued share capital in Titok Investment Limited, pursuant to which Profit Earn has agreed to acquire, and Yang Laosi has agreed to sell, the Sale Shares for a consideration of HK\$12,716,559 in accordance with the terms and conditions of the acquisition agreement. Please refer to the announcement of the Company dated 7 July 2020 for further details.
2. The Group has signed a restructuring funding agreement in August 2020. On 19 August 2020, the Company as borrower, Mega Yield Enterprise Development Limited, and the joint provisional liquidators of the Company entered into a funding agreement in relation to the provision of loan by the lender to facilitate the preparation and implementation of the restructuring plan of the Company. Please refer to the announcement of the Company dated 19 August 2020 for further details.

Capital Commitments

The Group did not have any capital commitments as at 30 June 2020.

Dividend Policy

The declaration of dividends is subject to the discretion of the Directors and is expected to take into account various factors such as the Group’s financial results, shareholders’ interests, general business conditions and strategies, the Group’s capital requirements, contractual restrictions on the payment of dividends by the Company to its shareholders or by the Group’s subsidiaries to the Company, taxation considerations, possible effects on the Group’s creditworthiness, statutory and regulatory restrictions and any other factors as the Directors may deem relevant. Taking into account the accumulated losses of the Company, the Board of Directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

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

As at 30 June 2020, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong)), which had been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or 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	Company/Name of associated corporation	Capacity	Numbers of Shares held	Percentage of shareholding
Poon Sum ("Mr. Poon")	The Company	Interest in controlled corporation (<i>Note 1</i>)	3,097,476,000	49.18%

Note:

- These Shares were registered in the name of Gold Train Investments Limited ("Gold Train"), the entire issued capital of which was owned by Mr. Poon. Mr. Poon was also the sole director of Gold Train. Mr. Poon was deemed to be interested in all the Shares in which Gold Train was interested by virtue of the SFO.

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which had been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or 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.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, the following substantial shareholders and other person (other than a director or chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in Shares

Name	Capacity	Numbers of Shares held	Percentage of shareholding
Gold Train	Beneficial owner (<i>Note 1</i>)	3,097,476,000	49.18%
China Great Wall AMC (International) Holdings Company Limited ("China Great")	Security interest (<i>Note 2</i>)	2,752,332,765	43.70%
Wong Wing Sze Tiffany	the Receiver	2,752,332,765	43.70%
Yeung Mei Lee	the Receiver	2,752,332,765	43.70%

Notes:

1. The entire issued capital of Gold Train was owned by Mr. Poon. Mr. Poon was also the sole director of Gold Train. Mr. Poon was deemed to be interested in all the Shares in which Gold Train was interested by virtue of the SFO.
2. China Great, having a security interest in 2,752,332,765 shares, was interested in 2,752,332,765 shares by virtue of the SFO, of which China Great filed a winding-up petition and a bankruptcy petition against Gold Train and Mr. Poon. Details were set out in the announcement of the Company dated 19 January 2020.

Save as disclosed above, as at 30 June 2020, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 23 May 2017 (the “Scheme”) which enables the Company to grant options to eligible persons as incentive or rewards for their contributions to the Group. Pursuant to the Scheme, the Company may grant options to (a) any full time employee or director of any member of the Group; (b) any part time employee of any member of the Group who has spent not less than 10 hours per week in providing services to such member of the Group, determined by averaging out the total number of hours so spent in a period of four weeks immediately preceding the week in which a grant of the option is offered to such part time employee; or (c) any consultant or adviser of or to any member of the Group who has provided technical know-how and consultancy services to such member of the Group in accordance with the terms of a contractual relationship entered into between the consultant or adviser with such member of the Group.

The total number of the Shares which may be issued upon exercise of all options to be granted under the Scheme must not exceed 539,673,090 Shares, representing 10 per cent. of the Shares in issue as at the date of passing the resolutions approving the Scheme. The total number of the Shares issued and to be issued upon exercise of the options granted to a participant under the Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1 per cent. of the Shares in issue from time to time unless approval from the shareholders of the Company in general meeting is obtained with such participant and his/her associates abstaining from voting.

The exercisable period of an option under the Scheme will be notified by the Board to each participant which shall not exceed 10 years from the date upon which the option is deemed to be granted and accepted. The Scheme does not require a minimum period for which an option must be held before an option can be exercised. Upon acceptance of the option, the eligible person shall pay HK\$1.00 to the Company by way of consideration for the grant. The subscription price for the Shares subject to options will be a price determined by the Board and will be at least the highest of (i) the average closing price of the Shares on the Main Board as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant; (ii) the closing price of the Shares on the Main Board as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option, which must be a business day; and (iii) the nominal value of the Share. Subject to the termination provisions, the Scheme will remain valid for a period of 10 years commencing on 23 May 2017 and will expire on 22 May 2027.

No options were granted, exercised, cancelled or lapsed during the six months ended 30 June 2020 nor outstanding as at 30 June 2020.

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

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance to safeguard the interest of its shareholders (the "Shareholders") and enhance its corporate value. The Company has complied with the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance and confirms that it has complied with all code provisions of the CG Code during the period under review.

The Board reviews the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil) to the shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all Directors, and the Directors have confirmed that they have complied with all relevant requirements as set out in the Model Code for the six months ended 30 June 2020.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's unaudited interim results for the six months ended 30 June 2020. The audit committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters and the interim results for the six months ended 30 June 2020.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication and contribution to the Group. In addition, I would like to thank all our Shareholders and Investors for their support and our customers for their patronage.

On behalf of the Board

Poon Sum

Chairman & Executive Director

31 August 2020