財訊傳媒集團有限公司

SEEC MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

（stock code：205）

INTERIM REPORT 2019

The board of directors (the "Board") of SEEC Media Group Limited (the "Company") is pleased to present the interim results of the Company and its subsidiaries (collectively refer to as the "Group") for the six months ended 30 June 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Revenue	2	36,039	82,776
Cost of sales		(11,596)	(28,207)
Gross profit		24,443	54,569
Other income		601	1,568
Unrealised fair value losses on held-for-trading investments		(3,793)	(9,728)
Other gains and losses	3	615	2,820
Selling and distribution costs		(12,901)	(63,424)
Administrative expenses		(40,395)	(47,717)
Finance costs		(1,021)	(883)
Share of (loss)/profit of a joint venture		(4,279)	1,850
Share of loss of an associate		(15,196)	(38,818)
Loss before taxation	4	(51,926)	(99,763)
Taxation	5	1,505	1,433
Loss for the period		(50,421)	(98,330)
Loss for the period attributable to:			
Owners of the Company		(50,981)	(96,773)
Non-controlling interests		560	(1,557)
Loss for the period		(50,421)	(98,330)

	Notes	Six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Other comprehensive expense for the period			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(94)**	(394)
Share of exchange differences of a joint venture		**58**	(452)
Fair value change on investment in equity instrument at fair value through other comprehensive income		**380**	–
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of an associate		**155**	233
		499	(613)
Total comprehensive expense for the period		**(49,922)**	(98,943)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(50,338)**	(97,374)
Non-controlling interests		**416**	(1,569)
		(49,922)	(98,943)
Loss per share (HK cents)			
Basic	7	**(0.80)**	(1.52)
Diluted	7	**(0.80)**	(1.52)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	As at 30 June 2019 HK$'000 (Unaudited)	As at 31 December 2018 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**5,087**	6,208
Intangible assets	8	**39,163**	47,888
Goodwill	9	**22,902**	22,928
Interests in a joint venture		**36,473**	40,810
Investment in equity instrument at fair value through other comprehensive income		**9,880**	9,500
Interests in an associate		**29,999**	45,040
Amount due from a joint venture		**7,800**	8,996
Right-of-use assets		**6,440**	–
Deposits paid		**24,000**	24,000
		181,744	205,370
Current assets			
Accounts receivables	10	**173,867**	198,064
Loan receivables		**178,416**	167,739
Amounts due from related companies		**16,058**	14,645
Other receivables and prepayments		**44,436**	42,046
Held-for-trading investments	11	**22,474**	26,253
Bank balances (trust and segregated accounts)	12	**18,111**	29,485
Bank balances (general accounts), cash and cash equivalents	12	**98,682**	75,765
		552,044	553,997
Current liabilities			
Accounts payables	13	**35,636**	26,432
Other payables and accruals		**119,167**	112,989
Amount due to a joint venture		**6,751**	6,387
Amounts due to related companies		**62,775**	61,653
Borrowings	14	**22,601**	23,710
Lease liabilities		**4,297**	–
Tax payable		**13,394**	14,975
		264,621	246,146
Net current assets		**287,423**	307,851
Total assets less current liabilities		**469,167**	513,221

	Notes	As at 30 June 2019 HK$'000 (Unaudited)	As at 31 December 2018 HK$'000 (Audited)
Non-current liabilities			
Lease liabilities		2,196	–
Deferred tax liabilities		4,201	4,735
		6,397	4,735
Net assets		462,770	508,486
Capital and reserves			
Share capital	15	637,354	637,354
Reserves		(183,902)	(137,770)
Equity attributable to owners of the Company		453,452	499,584
Non-controlling interests		9,318	8,902
Total equity		462,770	508,486

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company											
	Share capital HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Statutory reserve HK$'000 (Note)	Exchange translation reserve HK$'000	Other reserve HK$'000	Fair value through other comprehensive income ("FVTOCI") reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1 January 2019 (audited)	637,354	13,092	429,374	8,407	31,852	17,848	(23,500)	3,058	(617,901)	499,584	8,902	508,486
Loss for the period	–	–	–	–	–	–	–	–	(50,981)	(50,981)	560	(50,421)
Share of other comprehensive income of an associate	–	–	–	–	–	155	–	–	–	155	–	155
Exchange differences arising on translation of foreign operations	–	–	–	–	50	–	–	–	–	50	(144)	(94)
Share of exchange differences of a joint venture	–	–	–	–	58	–	–	–	–	58	–	58
FVTOCI reserve	–	–	–	–	–	–	380	–	–	380	–	380
Total comprehensive expense for the period	–	–	–	–	108	155	380	–	(50,981)	(50,338)	416	(49,922)
Grant of share option	–	–	–	–	–	–	–	4,206	–	4,206	–	4,206
At 30 June 2019 (unaudited)	637,354	13,092	429,374	8,407	31,960	18,003	(23,120)	7,264	(668,882)	453,452	9,318	462,770

For the six months ended 30 June 2018

	Attributable to owners of the Company											
	Share capital HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Statutory reserve HK$'000 (Note)	Exchange translation reserve HK$'000	Other reserve HK$'000	Fair value through other comprehensive income reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1 January 2018 (audited)	637,354	13,092	429,374	8,407	42,700	17,181	–	3,058	(468,564)	682,602	8,505	691,107
Adjustment on initial application of HKFRS 9	–	–	–	–	–	–	(3,350)	–	–	(3,350)	–	(3,350)
Adjusted balance at 1 January 2018	637,354	13,092	429,374	8,407	42,700	17,181	(3,350)	3,058	(468,564)	679,252	8,505	687,757
Loss for the period	–	–	–	–	–	–	–	–	(96,773)	(96,773)	(1,557)	(98,330)
Share of other comprehensive income of an associate	–	–	–	–	–	233	–	–	–	233	–	233
Exchange differences arising on translation of foreign operations	–	–	–	–	(382)	–	–	–	–	(382)	(12)	(394)
Share of exchange differences of a joint venture	–	–	–	–	(452)	–	–	–	–	(452)	–	(452)
Total comprehensive expense for the period	–	–	–	–	(834)	233	–	–	(96,773)	(97,374)	(1,569)	(98,943)
At 30 June 2018 (unaudited)	637,354	13,092	429,374	8,407	41,866	17,414	(3,350)	3,058	(565,337)	581,878	6,936	588,814

Note: According to the relevant laws and regulations in the People's Republic of China (the "PRC") and the Articles of Association of the Company's subsidiaries in the PRC, those subsidiaries are required to set aside 10% of their profit after taxation to the statutory reserve (except where the reserve has reached 50% of the subsidiaries' registered capital). The profit after taxation is determined in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC. This reserve cannot be used for purposes other than those for which it is created and is not distributable as dividends without the prior approval by the owners under certain conditions.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six month ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	**36,669**	(11,203)
Repayment from a joint venture	**1,184**	993
(Payment to)/repayment from related companies	**(1,489)**	703
Purchase of property, plant and equipment	**(24)**	(722)
Proceeds from disposal of property, plant and equipment	**74**	191
Interest received	**84**	126
Decrease in loan receivables	**(10,677)**	(6,909)
NET CASH USED IN INVESTING ACTIVITIES	**(10,848)**	(5,618)
Repayment from/(repayment to) a joint venture	**393**	(892)
Repayment from/(repayment to) related companies	**1,362**	(15,259)
Repayment of borrowings	**(1,109)**	–
Interest paid	**(1,021)**	–
Repayment of lease liabilities	**(1,836)**	–
NET CASH USED IN FINANCING ACTIVITIES	**(2,211)**	(16,151)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**23,610**	(32,972)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**75,765**	131,791
Effect of foreign exchange rate changes	**(693)**	1,151
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**98,682**	99,970
Represented by :		
Bank balances, cash and cash equivalents – general accounts and cash	**98,682**	99,970

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The condensed consolidated financial statements have been prepared on the historical cost basis. Except for the adoption of HKFRS 16, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

Except for HKFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HKFRIC 4, Determining whether an arrangement contains a lease, SIC 15, Operating leases-incentives, and SIC 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment and land use right.

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 3.0%~5.22%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics; and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019.

	1 January 2019 HK$'000
Operating lease commitments at 31 December 2018	9,712
Less: commitments relating to leases exempt from capitalisation:	
– Short-term lease and other leases with remaining lease term ending on or before 31 December 2019	(286)
Less: commitments relating to leases exempt from capitalisation:	
– Short-term lease which is early terminate on or before 31 December 2019	(5,480)
Less: total future interest expenses	(170)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	3,776
Total lease liabilities recognised at 1 January 2019	3,776

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018 HK$'000	Capitalisation of operating lease HK$'000	Reclassification of lease prepayments HK$'000	Carrying amount at 1 January 2019 HK$'000
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:				
Right-of-use assets	–	3,776	–	3,776
Total non-current assets	**205,370**	**3,776**	**–**	**209,146**
Total current assets	**553,997**	**–**	**–**	**553,997**
Lease liabilities (current)	–	2,158	–	2,158
Current liabilities	**246,146**	**2,158**	**–**	**248,304**
Net current assets	**307,851**	**(2,158)**	**–**	**305,693**
Total assets less current liabilities	**513,221**	**1,618**	**–**	**514,839**
Lease liabilities (non-current)	–	1,618	–	1,618
Total non-current liabilities	**4,735**	**1,618**	**–**	**6,353**
Net assets	**508,486**	**–**	**–**	**508,486**

c. Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of comprehensive income, as compared to the results if HKAS 17 had been applied during the period.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result, segment results and cash flows for the six months ended 30 June 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	Six months ended 30 June 2019				
	Amounts reported under HKFRS 16 (A) HK$'000	**Add back: HKFRS 16 depreciation and interest expense (B)** HK$'000	**Deduct: Estimated amounts related to operating lease as if under HKAS 17 (note 1) (C)** HK$'000	**Hypothetical amounts for the six months ended 30 June 2019 as if under HKAS 17 (D=A+B-C)** HK$'000	**Six months ended 30 June 2018 Compared to amounts reported for the six months ended 30 June 2018 as if under HKAS 17** HK$'000
Financial result for six months ended 30 June 2019 impacted by the adoption of HKFRS 16:					
Loss from operations	(50,905)	1,794	(1,998)	(51,109)	(98,880)
Finance costs	(1,021)	129	–	(892)	(883)
Loss before taxation	(51,926)	1,923	(1,998)	(52,001)	(99,763)
Loss for period	(50,421)	1,923	(1,998)	(50,496)	(98,330)
Reportable segment loss for six months ended 30 June 2019 (note 2) impacted by the adoption of HKFRS 16:					
– Provision of advertising services	(8,934)	1,067	(1,115)	(8,982)	(27,844)
– Provision of securities broking services	(3,889)	749	(694)	(3,834)	(3,786)
– Total	(15,250)	1,816	(1,809)	(15,243)	(30,023)

	Six months ended 30 June 2019			
	Amounts reported under HKFRS 16 (A)	**Estimated amounts related to operating leases as if under HKAS 17 (notes 1 & 2) (B)**	**Hypothetical amounts for the six months ended 30 June 2019 as if under HKAS 17 (C=A+B)**	**Six months ended 30 June 2018 Compared to amounts reported for the six months ended 30 June 2018 as if under HKAS 17**
	HK$'000	HK$'000	HK$'000	HK$'000
Line items in the consolidated cash flow statement for six months ended 30 June 2019 impacted by the adoption of HKFRS 16:				
Net cash generated from/(used in) operating activities	36,669	(1,965)	34,704	(11,203)
Capital element of lease rentals paid	(1,836)	1,836	–	–
Interest element of lease rentals	(129)	129	–	–
Net cash (used in)/generated from financing activities	(2,211)	1,965	(246)	(16,151)

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no difference between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

2. REVENUE AND SEGMENT INFORMATION

Information reported to the Company's executive directors, being the chief operating decision makers, for the purpose of allocating resources to segments and assessing their performance are organised on the basis of the revenue streams.

The Group has five operating and reporting segments during the period which are as follows:

(a) advertising services income from provision of advertising services;

(b) sales of books and magazines;

(c) provision of securities broking services including brokerage, financing and underwriting and placement;

(d) provision of e-commerce platform services and sales of related goods; and

(e) money lending.

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

Six months ended 30 June 2019

	Provision of advertising services HK$'000	Sales of books and magazines HK$'000	Provision of securities broking services HK$'000	Provision of e-commerce platform services and sales of related goods HK$'000	Money lending HK$'000	Consolidated HK$'000
REVENUE						
External sales	14,190	170	8,003	7,280	6,396	36,039
RESULT						
Segment (loss)/profit	(8,934)	(536)	(3,889)	(5,160)	3,269	(15,250)
Other income and gains						518
Unallocated administration expenses						(13,028)
Unrealised fair value losses on held-for-trading investments						(3,793)
Finance costs						(898)
Share of loss of a joint venture						(4,279)
Share of loss of an associate						(15,196)
Loss before taxation						(51,926)

Six months ended 30 June 2018

	Provision of advertising services HK$'000	Sales of books and magazines HK$'000	Provision of securities broking services HK$'000	Provision of e-commence platform services and sales of related goods HK$'000	Money lending HK$'000	Consolidated HK$'000
REVENUE						
External sales	54,867	4,979	8,175	7,808	6,947	82,776
RESULT						
Segment (loss) profit	(27,844)	1,029	(3,786)	(5,657)	6,235	(30,023)
Other income and gains						4,388
Unallocated administration expenses						(26,549)
Unrealised fair value losses on held-for-trading investments						(9,728)
Finance costs						(883)
Share of profit of a joint venture						1,850
Share of loss of an associate						(38,818)
Loss before taxation						(99,763)

Segment result represents the profit (loss) from each segment without allocation of unallocated other income, other gains and losses, administration expenses, finance costs, share of profit (loss) of a joint venture and loss of an associate. This is the measure reported to the chief operating decision makers for the purpose of resource allocation and performance assessment.

3. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Reversal of bad and doubtful debts, net	**–**	1,405
Net exchange gain	**615**	1,415
	615	2,820

4. LOSS BEFORE TAXATION

The Group's loss before taxation has been arrived at after charging (crediting):

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	**8,747**	7,784
Depreciation of property, plant and equipment	**2,904**	1,699
Loss on disposal of property, plant and equipment	**47**	3
Bank interest income	**(84)**	(127)

5. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% for both periods on the estimated assessable profits arising in Hong Kong during both periods.

Under the law the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries has been 25% for both periods.

Included in the taxation was deferred tax credit of approximately HK$534,000 during the period ended 30 June 2019 (30 June 2018: HK$5,453,000).

6. DIVIDENDS

No dividends were paid, declared or proposed during the reported period. The Board does not recommend any payment of interim dividend for the six months ended 30 June 2019 (30 June 2018: nil).

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(50,981)**	(96,773)

	2019	2018
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**6,373,546**	6,373,546

The computation of diluted loss per share for both periods do not assume the exercise of outstanding share options of the Company since their assumed exercise would result in a decrease in loss per share.

8. INTANGIBLE ASSETS

	Technical know how HK$'000 (note a)	**Customer relationship** HK$'000 (note a)	**Domain name** HK$'000 (note b)	**Total** HK$'000
Cost:				
At 1 January 2018 (audited)	45,427	1,648	37,899	84,974
Exchange realignment	(1,443)	(76)	(1,743)	(3,262)
At 31 December 2018 and at 1 January 2019 (audited)	43,984	1,572	36,156	81,712
Exchange realignment	(10)	(6)	(128)	(144)
At 30 June 2019 (unaudited)	43,974	1,566	36,028	81,568
Accumulated amortisation and impairment:				
At 1 January 2018 (audited)	6,728	1,030	8,614	16,372
Charge for the year	7,799	610	10,634	19,043
Exchange realignment	(764)	(68)	(759)	(1,591)
At 31 December 2018 and at 1 January 2019 (audited)	13,763	1,572	18,489	33,824
Charge for the period	3,545	–	5,202	8,747
Exchange realignment	(10)	(6)	(150)	(166)
At 30 June 2019 (unaudited)	17,298	1,566	23,541	42,405
Carrying amount at 30 June 2019 (unaudited)	**26,676**	**–**	**12,487**	**39,163**
Carrying amount at 31 December 2018 (audited)	30,221	–	17,667	47,888

Note:

(a) The technical know how relates to platforms for catering business and mobile application integration systems business which were acquired through business combination on 9 September 2016 and 25 May 2017 respectively. The useful lives of the technical know how is 7 years.

The customer relationship represents the contract backlog with customers which were acquired through business combination on 9 September 2016. The useful life of the customer relationship is over its contract term.

(b) The domain name is related to a website for online shopping business which was acquired through business combination in February 2017. The useful life of the domain name is 4 years.

9. GOODWILL

	HK$'000
Cost:	
At 1 January 2018 (audited)	142,977
Exchange realignment	(1,163)
At 31 December 2018 and 1 January 2019 (audited)	141,814
Exchange realignment	(26)
At 30 June 2019 (unaudited)	141,788
Accumulated impairment:	
At 1 January 2018 (audited), 31 December 2018 (audited), 1 January 2019 (audited) and 30 June 2019 (unaudited)	118,886
Carrying amount at 30 June 2019 (unaudited)	**22,902**
Carrying amount at 31 December 2018 (audited)	22,928

Goodwill as at 31 December 2018 and 30 June 2019 are allocated to the Group's cash-generating units identified according to business segment for the provision of e-commerce platform services.

The goodwill relates to the business segment for the provision of e-commerce platform services of certain subsidiaries which share common cost and were resulted from acquisitions of subsidiaries in 2016 and 2017.

10. ACCOUNTS RECEIVABLES

	As at 30 June 2019 HK$'000 (Unaudited)	As at 31 December 2018 HK$'000 (Audited)
Accounts receivables arising from the business of provision of advertising agency services and sales of books and magazines	20,530	33,920
Less: allowance for doubtful debts	(8,248)	(8,847)
	12,282	25,073
Accounts receivables arising from the business of dealing in securities:		
– Cash clients	154,944	174,275
Less: allowance for doubtful debts	(9,838)	(11,065)
	145,106	163,210
Accounts receivables arising from the business of E-commerce platform services and sales of related goods	17,157	10,030
Less: allowance for doubtful debts	(678)	(249)
	16,479	9,781
Total	173,867	198,064

Credit period granted by the Group to customers for both provision of advertising agency services and sales of books and magazines are not more than three months from the date of recognition of the sale.

The ageing analysis of the Group's accounts receivables arising from the provision of advertising agency services and sales of books and magazines net of allowance for doubtful debts, presented based on date of magazines issued, which approximate the date of revenue recognition is as follow:

	As at 30 June 2019		As at 31 December 2018	
	HK$'000	**%**	HK$'000	%
	(Unaudited)		(Audited)	
Less than three months	**4,775**	**39**	14,097	56
Three months to six months	**1,996**	**16**	4,033	16
Over six months to one year	**5,511**	**45**	6,943	28
	12,282	**100**	25,073	100

The credit period for the business of dealing in securities with the settlement terms of cash clients are usually one to two days after the trade date.

The Group seeks to maintain tight control over its outstanding accounts receivable of securities broking business in order to minimize credit risk. Outstanding balances are regularly monitored by management. The management ensures that the listed equity securities belonged to clients in which the Group holds as custodian are sufficient to cover the amounts due to the Group.

The ageing analysis of the Group's accounts receivable arising from the dealing in securities on cash clients, presented based on date of completion, which approximate the date of revenue recognition is as follows:

Ageing of accounts receivable which are past due but not impaired:

	As at 30 June 2019		As at 31 December 2018	
	HK$'000	**%**	HK$'000	%
	(Unaudited)		(Audited)	
Over three months but within one year	**145,106**	**100**	163,210	100
	145,106	**100**	163,210	100

Included in the Group's accounts receivables balance arising from the dealing in securities on cash client are debtors with aggregate carrying amount of approximately HK$145,106,000 (31 December 2018: approximately HK$163,210,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Credit period granted by the Group to customers for both provision of e-commerce platform services and sales of related goods are normally not more than 90 days from the date of recognition of the sale.

The ageing analysis of the Group's accounts receivable arising from the provision of e-commerce platform services and sales of related goods, presented based on date of service provided and the goods sold, which approximate the date of revenue recognition is as follows:

	As at 30 June 2019		As at 31 December 2018	
	HK$'000 (Unaudited)	%	HK$'000 (Audited)	%
Less than three months	5,215	32	3,159	32
Three months to six months	1,807	11	4,212	43
Over six months to one year	4,745	29	2,410	25
Over one year	4,712	28	–	–
	16,479	100	9,781	100

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit ratings attributed to customers are reviewed regularly. Management considers the customers neither past due nor impaired are of good credit quality based on repayment history of respective customers.

11. HELD-FOR-TRADING INVESTMENTS

	As at 30 June 2019 HK$'000 (Unaudited)	As at 31 December 2018 HK$'000 (Audited)
Held-for-trading investments include:		
Listed securities:		
– Equity securities listed in Hong Kong	22,474	26,253

Held-for-trading investments as at 30 June 2019 and 31 December 2018 represent equity securities listed in Hong Kong. The fair values of the investments are determined based on the quoted market bid price available on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The fair value of held-for-trading investments was classified as Level 1 of the fair value hierarchy.

12. BANK BALANCES, CASH AND CASH EQUIVALENTS

Included in the bank balances (general accounts), cash and cash equivalents are short-term deposits of approximately HK$3,685,000 (31 December 2018: approximately HK$3,670,000) placed in various brokers' accounts. There is no restrictions in the use of these balances.

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payables to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

13. ACCOUNTS PAYABLES

	As at 30 June 2019 HK$'000 (Unaudited)	As at 31 December 2018 HK$'000 (Audited)
Accounts payables arising from the provision of advertising agency services and sales of books and magazines	**8,975**	7,844
Accounts payables arising from the securities broking business – Cash clients (Note)	**18,111**	14,452
Accounts payables arising from the business of E-commerce platform services and sales of related goods	**8,550**	4,136
	35,636	26,432

Note: The balance of accounts payables arising from the securities broking business are repayable on demand.

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

The ageing analysis of the Group's accounts payables arising from the provision of advertising agency services and sales of books and magazines presented based on the invoice date at the end of the reporting period is as follows:

	As at 30 June 2019 HK$'000 (Unaudited)	%	As at 31 December 2018 HK$'000 (Audited)	%
Less than three months	1,209	13	3,129	40
Three months to six months	1,233	14	359	5
Over six months to one year	2,502	28	1,270	16
Over one year	4,031	45	3,086	39
	8,975	100	7,844	100

The average credit period of accounts payable is 60 days (31 December 2018: 42 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

The ageing analysis of the Group's accounts payables arising from the provision of e-commerce platform service and sales of related goods presented based on the invoice date at the end of the reporting period is as follows:

	As at 30 June 2019 HK$'000 (Unaudited)	%	As at 31 December 2018 HK$'000 (Audited)	%
Less than three months	3,242	38	1,815	44
Three months to six months	1,186	14	2,321	56
Over six months to one year	1,809	21	–	–
Over one year	2,313	27	–	–
	8,550	100	4,136	100

14. BORROWINGS

As at 30 June 2019, margin financing from a regulated securities broker was granted to the Group which was secured by the Group's held-for-trading investments. Amount of margin payables of approximately HK$22,601,000 as at 30 June 2019 (31 December 2018: approximately HK$23,710,000) had been utilised against these facilities and the total carrying amount of the held-for-trading investments charged to the securities broker was approximately HK$22,474,000 (31 December 2018: approximately HK$25,735,000).

15. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised		
At 1 January 2018, 31 December 2018 and 30 June 2019		
– Ordinary shares of HK$0.1 each	10,000,000	1,000,000
Issued and fully paid		
At 1 January 2018, 31 December 2018 and 30 June 2019	6,373,546	637,354

All the issued shares rank pari passu in all respects including all rights as to dividends, voting rights and return of capital.

16. SHARE OPTIONS

The Company operates a share option scheme (the "Share Option Scheme") adopted on 11 May 2012 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the operations of the Group and to enable the Group to recruit high calibre employees and attract resources that are valuable to the Group.

The following table disclose details of the Company's share options held by employees and consultants of the Group and movement in such holdings during the period:

					Number of share options				
Grantees	Date of grant	Exercise price HK$	Exercisable period	Notes	Outstanding at 01.01.2018	Granted during the year	Outstanding at 31.12.2018	Granted during the period	Outstanding at 30.06.2019
Consultants in aggregate	27.07.2017	0.033	27.07.2017 to 26.07.2022	(1)	637,200,000	–	637,200,000	–	637,200,000
Employees in aggregate	17.04.2019	0.1	17.04.2019 to 16.04.2024	(2)	–	–	–	637,200,000	637,200,000
				(3)	637,200,000	–	637,200,000	637,200,000	1,274,400,000

Notes:

(1) The share options granted under the Share Option Scheme on 27 July 2017 were fully vested immediately on 27 July 2017. No option was exercised during the six months ended 30 June 2019 and 30 June 2018.

(2) The share options granted under the Share Option Scheme on 17 April 2019 were fully rested immediately on 17 April 2019. No option was exercised during the six month ended 30 June 2019.

(3) As at 30 June 2019, the number of shares issuable under the share options granted under the Share Option Scheme was approximately 1,274,400,000 (31 December 2018: 637,200,000).

The Company recognised an expense in relation to share options of approximately HK$4,206,000 during the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

17. RELATED PARTY TRANSACTIONS

Apart from certain balances with related parties as disclosed in the condensed consolidated statement of financial position, during each of the six months ended 30 June 2019 and 2018 the Group had following related party transactions:

	Six months ended 30 June	
	2019 **HK$'000** **(Unaudited)**	2018 HK$'000 (Unaudited)
Compensation to key management personnel		
Fees and salaries and other benefits	**831**	927
Contributions to retirement benefits schemes	**18**	9
	849	936
Office rental expenses paid to a related party	**332**	2,303
Magazine registration number charges received from a joint venture	**–**	738
Disposal of property, plant and equipment to a joint venture	**–**	378

18. COMMITMENTS

Other commitments

(i) Pursuant to several agreements entered into between the Group and magazine publication companies, being independent third parties, the Group at the end of the reporting period had commitments to make payments to certain magazines publication companies for agency rights for advertising in their magazines which fall due as follows:

	As at **30 June** **2019** **HK$'000** **(Unaudited)**	As at 31 December 2018 HK$'000 (Audited)
Within one year	**1,170**	2,340

(ii) During the year ended 31 December 2016, a wholly-owned subsidiary of the Group has entered into agreements with two independent third parties pursuant to which the Group has agreed to acquire the entire equity interest in a company established in the PRC. The PRC company principally engaged in operating an e-commerce platform. As at 30 June 2019, the relating commitments contracted but not yet incurred was HK$6,000,000.

INTERIM DIVIDEND

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

BUSINESS REVIEW

Advertising and Sales of Books and Magazines

Revenue derived from the business of advertising and sales of books and magazines was still one of the major sources of income to the Group. However, due to the rapid development of the internet economy in China over the past few years, the Group's print media advertising business faced ongoing difficult and extremely challenging business environment. Also, the concerns on the trade war between the US and China has affected the willingness of spending of customers. As a result, the Group's revenue derived from the print media advertising business was adversely affected.

The revenue derived from the provision of advertising services for the current period was approximately HK$14.2 million, representing a decrease of approximately 74.1% from approximately HK$54.9 million for the last period. The revenue derived from sales of books and magazines for the current period was approximately HK$0.2 million, representing a decrease of approximately 96.6% from approximately HK$5.0 million for the last period.

Securities Broking

The Group was granted by the Securities and Futures Commission a license to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO"). By carrying out the securities broking business, it is expected that the Group can be benefited from diversifying its business portfolio.

The Group provides brokerage services for clients in respect of securities listed on the Stock Exchange of Hong Kong Limited. For the six months ended 30 June 2019, the commission and brokerage income and the interest income derived from the securities broking business amounted to approximately HK$8.0 million in total, representing approximately 22.2% of the total revenue of the Group. Since the commencement of the securities broking business, the Group endeavored to provide brokerage services for the clients, as well as participate in equity fund raising transactions for Hong Kong listed companies, including placing, underwriting and initial public offering. In addition, to cope with the occasion that the investor sentiment in Hong Kong becoming inactive, the Group has adopted flexible market strategy in order to maintain the appeal of the Group's brokerage services towards clients.

Money Lending

In order to strengthen the flexibility of the Group so that it is able to react to the changing market situation promptly, the Group intends to provide diversified financial services to its clients through developing money lending services. It is believed that the money lending business will be able to leverage other financial business of the Group and broaden the Group's income stream. Therefore, the Group has commenced operation in the money lending business through an indirect non-wholly owned subsidiary of the Company, which is a licensed money lender under the Money Lenders Ordinance (Chapter 163, Laws of Hong Kong). For the six months ended 30 June 2019, the interest income from loan receivables arising from the money lending business amounted to approximately HK$6.4 million, representing approximately 17.7% of the total revenue of the Group.

E-commerce

Since 2016, the Group started engaging in the provision of services and sales of goods in relation to e-commerce platforms. For the six months ended 30 June 2019, the revenue contributed by the provision of e-commerce platform services and sales of related goods was approximately HK$7.3 million, representing approximately 20.2% of the total revenue of the Group.

OUTLOOK AND PROSPECTS

The relevant policies and arrangements under the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area make Hong Kong more competitive in attracting foreign investments. Nevertheless, in past few months, the escalation of tensions between the US and China developed into trade war. Investors' negative sentiment and concerns over the economic outlook had made the global stock market even more volatile. The market is still concerning the uncertainties on whether the two countries can work out an agreement to settle the trade conflicts.

Looking forward, it is expected that the equity fund raising market and the financial activities in Hong Kong will remain stable in long-term. The Group will continue its effort to develop and strengthen its own financial business. Yet, the Group will closely monitor the performance, development and potential business risks of the financial business and identify the most suitable diversification of the Group's portfolio of businesses. On the other hand, the Board expects that the Group's business of advertising and sales of books and magazines may face further shrinkage in their contributions to the Group's future revenue and profitability in view of the extremely difficult and competitive operating environment for the advertising business in China.

The Group will maintain its cautiously optimistic outlook and explore other suitable investment opportunities which are able to bring satisfactory and sustainable returns to the Group and maximize the shareholders' value.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2019, the aggregated revenue of the Group deriving from the provision of advertising agency services and sales of books and magazines was approximately HK$14.4 million, representing a decrease of approximately 76.0% as compared with that of approximately HK$59.8 million for the six months ended 30 June 2018. The decrease in revenue was mainly attributable to the weak performance of the Group's advertising business as a result of the expiry of certain exclusive advertising contracts of magazines since the first half of last year and also the severe industry and operating environment in the print media advertising business in China.

For the six months ended 30 June 2019, the revenue of the Group deriving from the securities broking business, the e-commerce business and the money lending business were approximately HK$8.0 million (six months ended 30 June 2018: approximately HK$8.2 million), approximately HK$7.3 million (six months ended 30 June 2018: approximately HK$7.8 million) and approximately HK$6.4 million (six months ended 30 June 2018: approximately HK$6.9 million) respectively. The securities broking business was commenced during the first half of 2016, while both the e-commerce business and the money lending business were commenced during the second half of 2016.

The overall gross profit margin of the Group for the six months ended 30 June 2019 was approximately 67.8%, which remained stable as compare with that for the six months ended 30 June 2018 of approximately 65.9%.

The Group held certain held-for-trading investments comprising of equity securities listed in Hong Kong. For the six months ended 30 June 2019, there were unrealised fair value losses on held-for-trading investments of approximately HK$3.8 million (six months ended 30 June 2018: losses of approximately HK$9.7 million). The unrealised fair value losses was caused by the decrease in market prices of the equity securities listed in Hong Kong held by the Group.

The selling and distribution costs for the six months ended 30 June 2019 was approximately HK$12.9 million, decreased by approximately 79.7% from approximately HK$63.4 million for the six months ended 30 June 2018. The administrative expenses decreased by approximately 15.3% from approximately HK$47.7 million for the six months ended 30 June 2018 to approximately HK$40.4 million for the six months ended 30 June 2019.

For the six months ended 30 June 2019, a share of loss from Mondadori-SEEC (Beijing) Advertising Co. Ltd., a joint venture of the Group, of approximately HK$4.3 million (six months ended 30 June 2018: share of profit of approximately HK$1.9 million) was recognised.

For the six months ended 30 June 2019, a share of loss from Asia-Pac Financial Investment Company Limited ("Asia-Pac Financial"), an associate of the Group, of approximately HK$15.2 million (six months ended 30 June 2018: approximately HK$38.8 million) was recognised. Asia-Pac Financial is a company listed on the GEM of The Stock Exchange of Hong Kong Limited (stock code: 8193) in which the principal businesses of its subsidiaries were asset advisory services and asset appraisal, corporate services and consultancy, media advertising and financial services.

The loss for the six months ended 30 June 2019 attributable to owners of the Company amounted to approximately HK$51.0 million (six months ended 30 June 2018: approximately HK$96.8 million), representing a decrease of approximately 47.3%. The decrease in loss was mainly attributable to the reduction in selling and distribution costs and share of loss of an associate.

To preserve financial resources for future operation of the Group, the Board did not recommend the payment of a dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

USE OF PROCEEDS

On 9 September 2015, the Company proposed to raise gross proceeds of up to approximately HK$531.13 million, before expenses, by way of an open offer of 5,311,287,930 ordinary shares of HK$0.10 each to the qualifying shareholders at a subscription price of HK$0.10 per offer share, on the basis of five offer shares for every one existing shares held on the record date (the "Open Offer"). On 29 December 2015, 5,311,287,930 offer shares were allotted and issued pursuant to the Open Offer. The net proceeds for the Open Offer were approximately HK$518.27 million.

For the details of the Open Offer, please refer to the announcements of the Company dated 19 August 2015, 9 September 2015, 23 November 2015 and 28 December 2015, the circular of the Company dated 4 November 2015 and the prospectus of the Company dated 4 December 2015 (the "Prospectus").

On 22 June 2016, the Company announced that the use of the unutilized net proceeds of approximately HK$72 million been changed from original allocation as for the operation and development of the e-commerce platform to the revised allocation as for the acquisition of companies engaged in the development and operation of e-commerce platform.

On 8 July 2016, the Company announced that the use of part of the unutilized net proceeds of approximately HK$100 million been changed from original allocation as for the set-up and operation of a company licensed under the SFO (the "Type 1 Company") to conduct Type 1 (dealing in securities) regulated activity under the SFO to the revised allocation as for the operation and development of money lending business.

The Board from time to time reviews the business operation of the Type 1 Company and assesses the existing placements and underwriting activities involved, the potential business opportunities from its clients, and the condition of equity fund raising market in Hong Kong.

The Board noted that the equity fund raising market condition in Hong Kong for the first half of 2016 was less active and far below from the Company's expectation as at the date of the Prospectus. Since the commencement of business, the Group used its best endeavored to look for potential placing and underwriting business opportunities from its clients and potential clients. Nevertheless, in the first half of 2016, the Type 1 Company had only acted as the underwriter/sub-underwriter for two of its clients. During that period of time, apart from the two underwriting activities, no other underwriting activity from the clients or other potential clients could be identified by the Type 1 Company. On the other hand, during the first half of 2016, the liquid capital of the Type 1 Company was sufficient to comply with relevant requirement in accordance with the Securities and Futures (Financial Resources) Rules (Chapter 571N, Laws of Hong Kong) (the "FRR Rules").

In view of these, the Board considered that, after the change in use of proceeds as announced on 8 July 2016, there are still sufficient financial resources for the Type 1 Company to operate and comply with the liquid capital requirement under the FRR Rules in the foreseeable future. Moreover, it was believed that the money lending business will be able to leverage the existing financial business of the Group and broaden the Group's income stream. Accordingly, the Board considers that the change in use of proceeds is fair and reasonable and in the best interests of the Company and its shareholders as a whole.

For the details of the change in use of proceeds from the Open Offer, please refer to the announcements of the Company dated 22 June 2016 and 8 July 2016 (the "Announcements").

The information on the use of proceeds from the Open Offer is tabled as follows:

	Intended use of proceeds as stated in the Prospectus and the Announcements HK$'000	Actual use of proceeds as at the date of this report HK$'000	Unutilised balance HK$'000	Details
Set-up and operation of the Type 1 Company	265,000	265,000	–	Used as capital injection for the Type 1 Company
Set-up and operation of companies licensed under the SFO to conduct Type 4, Type 6 and Type 9 regulated activities under the SFO	30,000	–	30,000	–
Acquisition of companies engaged in the development and operation of e-commerce platform	124,000	119,600	4,400	Used as consideration and refundable deposits for the acquisition of companies engaged in the development and operation of e-commerce platform
Operation and development of money lending business	100,000	100,000	–	Used as intended
	519,000	484,600	34,400	

The Board expected that the unutilised balance will be used as intended.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There was no material acquisitions and disposals of subsidiaries during the six months ended 30 June 2019.

SIGNIFICANT INVESTMENTS

As at 30 June 2019, the Group had held-for-trading investments, representing equity securities listed in Hong Kong, of approximately HK$22.5 million (31 December 2018: approximately HK$26.3 million). The Board considers that investments with market value accounting for more than 5% of the Group's total assets as 30 June 2019 as significant investments.

Details of the top two held-for-trading investments, in terms of market value as at 30 June 2019, are as follows:

	As at 30 June 2019				For the six months ended 30 June 2019	
Company name	**Number of shares held**	**Proportion to the total issued share capital for the stocks**	**Market value**	**Proportion to the total assets of the Group**	**Unrealised fair value losses on the investments**	**Dividends received**
			HK$'000		HK$'000	HK$'000
QPL International Holdings Limited ("QIH")	68,700,000	3.04%	3,504	0.48%	137	–
China e-Wallet Payment Group Limited ("CEPG")	74,000,000	2.70%	11,840	1.61%	2,442	–
			15,344		2,579	–

QIH is principally engaged in the manufacture and sales of integrated circuit leadframes, heatsinks, stiffeners and related products. CEPG is principally engaged in the provision of biometric and Radio Frequency Identification products and solution services, internet and mobile application and related services.

For the six months ended 30 June 2019, the Group recognised unrealised fair value losses on held-for-trading investments of approximately HK$3.8 million (six months ended 30 June 2018: approximately HK$9.7 million), which was mainly attributable to the fair value losses on investments in CEPG of approximately HK$2.4 million.

Looking forward, the Board believes that the future performance of the listed investments held by the Group will be volatile and substantially affected by overall economic environment, equity market conditions, investor sentiment and the business performance and development of the investee companies.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operating activities were mainly financed by internal resources. As at 30 June 2019, the Group's total equity was approximately HK462.8 million (31 December 2018: approximately HK$508.5 million). The decrease was mainly due to the loss for the current period of approximately HK$50.4 million.

The Group had non-current liabilities of approximately HK$6.4 million as at 30 June 2019 (31 December 2018: approximately HK$4.7 million). The non-current liabilities as at 30 June 2019 mainly consisted of deferred tax liabilities. As at 30 June 2019, the Group's gearing ratio was approximately 36.9% representing a percentage of total liabilities over total assets (31 December 2018: approximately 33.0%).

As at 30 June 2019, the Group had borrowings of approximately HK$22.6 million (31 December 2018: approximately HK$23.7 million). The borrowings carried a fixed interest rate of 8% per annum and was repayable on demand.

As at 30 June 2019, the Group had bank and cash balances (other than those in trust and segregated accounts) amounted to approximately HK$98.7 million (31 December 2018: approximately HK$75.8 million).

CHARGE ON ASSETS

As at 30 June 2019, the Group had pledged held-for-trading investments of approximately HK$22.1 million (31 December 2018: HK$25.7 million) to secure the margin payables of approximately HK$22.6 million (31 December 2018: HK$23.7 million), which was included in the borrowings of the Group.

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, United States Dollars or Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. During the period, apart from the borrowings mentioned above, the Group did not have any fixed interest rate borrowings and had not engaged in any financial instruments for hedging or speculative activities.

EMPLOYEES

At as 30 June 2019, the Group had 141 (31 December 2018: 234) employees in Hong Kong and China. Salaries, bonus and benefits were decided in accordance with the market condition and performance of the respective employees.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2019, the interests of the Directors in the shares of the Company, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, were as follows:

Long position in the shares and underlying shares of the Company

Name of Director	**Nature of interest**	**Number of shares held**	**Percentage of number of issued shares of the Company at 30 June 2019 (Note)**
Zhang Zhifang	Beneficial owner	750,000	0.01%

Note: The percentage shareholding is calculated on the basis of the Company's issued share capital of 6,373,545,516 as at 30 June 2019.

All interests stated above represent long positions in the shares of the Company.

Save as disclosed above, as at 30 June 2019, none of the directors had any long or short positions in any shares, underlying shares or debentures of the Company.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2019, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder had notified the Company of the relevant interests and short positions in the shares and underlying shares of the Company:

Long positions in the shares and underlying shares of the Company

Name	**Nature of interest**	**Number of shares held**	**Percentage of number of issued shares of the Company as at 30 June 2019** (Note) (%)
Ni Songhua	Beneficial owner	576,300,000	9.04%

Note: The percentage shareholding is calculated on the basis of the Company's issued share capital of 6,373,545,516 as at 30 June 2019.

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

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

CORPORATE GOVERNANCE

The Company has complied throughout the period with the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Listing Rules except the following major deviations:

Code Provision A.1.3 and A.7.1

Code Provisions A.1.3 and A.7.1 stipulate that 14-day notice should be given for each regular board meeting and that in respect of regular meetings, and so far as practicable in all other cases, an agenda and accompanying board papers should be sent in full to all directors in a timely manner and at least three days before the intended date of a board or board committee meeting (or such other period as agreed).

The Company agrees that sufficient time should be given to the directors in order to make a proper decision. In these respects, the Company adopts a more flexible approach (and yet sufficient time has been given) in convening board meetings to ensure efficient and prompt management decisions could be made.

Code Provision A.2 and E.1.2

The Board currently has not appointed any Director as its Chairman. The Board will review the present situation in the coming regular meetings as appropriate.

Code Provision A.4.1

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

The term of office for non-executive directors are the same as for all directors (i.e. no specific term and subject to retirement from office by rotation and be eligible for re-election in accordance with the provisions of the Company's Bye-laws). At each annual general meeting, one-third of the directors for the time being or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every director shall be subject to retirement by rotation at least once every three years.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three independent non-executive directors, namely Mr. Law Chi Hung being the chairman of the committee, Mr. Leung Tat Yin and Mr. Wong Ching Cheung being the members of the committee.

NOMINATION COMMITTEE

The Nomination Committee comprises three independent non-executive directors, namely Mr. Wong Ching Cheung being the chairman of the committee, Mr. Law Chi Hung and Mr. Leung Tat Yin being the members of the committee.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors. The Audit Committee is chaired by Mr. Law Chi Hung and comprising two other members, namely Mr. Leung Tat Yin and Mr. Wong Ching Cheung. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements for the six months ended 30 June 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company for the six months ended 30 June 2019.

MEMBERS OF THE BOARD OF DIRECTORS

As at the date hereof, the members of the Board are as follows:

Executive Directors:
Mr. Li Leong
Mr. Li Xi
Mr. Li Zhen
Mr. Zhang Zhifang
Mr. Zhou Hongtao

Independent Non-Executive Directors:
Mr. Law Chi Hung
Mr. Leung Tat Yin
Mr. Wong Ching Cheung

By order of the Board
Li Leong
Director

Hong Kong, 30 August 2019