



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
2020



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 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	37,383	36,039
Cost of sales		(10,456)	(11,596)
Gross profit		26,927	24,443
Other income		261	601
Unrealised fair value losses on held-for-trading investments		(5,968)	(3,793)
Realised fair value gains on held-for-trading investments		2	–
Other gains and losses	4	2,014	615
Selling and distribution costs		(6,850)	(12,901)
Administrative expenses		(24,461)	(40,395)
Finance costs		(1,013)	(1,021)
Share of loss of a joint venture		(5,612)	(4,279)
Share of loss of an associate		(19,504)	(15,196)
Loss before taxation	5	(34,204)	(51,926)
Taxation	6	457	1,505
Loss for the period		(33,747)	(50,421)

		Six months ended 30 June	
Notes		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Other comprehensive expense for the period			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
	Exchange differences arising on translation of foreign operations	(4,498)	(94)
	Share of exchange differences of a joint venture	(351)	58
	Fair value change on investment in equity instrument at fair value through other comprehensive income	(570)	380
<i>Items that may be reclassified subsequently to profit or loss:</i>			
	Share of other comprehensive income of an associate	170	155
		(5,249)	499
Total comprehensive expense for the period		(38,996)	(49,922)
Loss for the period attributable to:			
	Owners of the Company	(34,781)	(50,981)
	Non-controlling interests	1,034	560
		(33,747)	(50,421)
Total comprehensive expense for the period attributable to:			
	Owners of the Company	(40,158)	(50,338)
	Non-controlling interests	1,162	416
		(38,996)	(49,922)
Loss per share (HK\$)			(Restated)
	Basic	8	(0.11)
	Diluted	8	(0.16)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		4,598	5,336
Intangible assets	9	18,051	21,910
Goodwill	10	11,327	11,551
Interests in a joint venture		20,190	26,153
Interests in an associate		18,466	37,800
Investment in equity instrument at fair value through other comprehensive income		3,564	4,134
Amount due from a joint venture		3,813	4,941
Right-of-use assets		2,962	4,138
		82,971	115,963
Current assets			
Accounts receivable	11	157,106	150,349
Loan receivables		204,116	197,290
Amounts due from related companies		16,284	18,461
Other receivables, deposits and prepayments		44,329	57,953
Held-for-trading investments	12	11,340	17,307
Bank balances (trust and segregated accounts)	13	5,842	12,508
Bank balances (general accounts) and cash and cash equivalents	13	64,240	73,442
		503,257	527,310
Current liabilities			
Accounts payable	14	23,666	26,287
Other payables and accruals		106,998	122,669
Amount due to a joint venture		8,647	7,359
Amounts due to related companies		35,943	37,984
Borrowings	15	24,490	23,536
Lease liabilities		2,613	3,495
Tax payable		14,180	15,024
		216,537	236,354
Net current assets		286,720	290,956
Total assets less current liabilities		369,691	406,919

	Notes	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		104	401
Deferred tax liabilities		2,955	3,551
		3,059	3,952
Net assets			
		366,632	402,967
Capital and reserves			
Share capital	16	3,187	637,354
Reserves		356,330	(240,340)
Equity attributable to owners of the Company			
Non-controlling interests		359,517	397,014
		7,115	5,953
Total equity			
		366,632	402,967

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company											Total HK\$'000
	Share capital HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Statutory reserve HK\$'000	Exchange translation reserve HK\$'000	Other reserve HK\$'000	Fair value through other comprehensive income ("FVTOCI") HK\$'000	Share options reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Attributable to non- controlling interests HK\$'000	
At 1 January 2020 (audited)	637,354	13,092	429,374	8,407	25,965	17,620	(28,866)	7,263	(713,195)	397,014	5,953	402,967
Loss for the period	-	-	-	-	-	-	-	-	(34,781)	(34,781)	1,034	(33,747)
Exchange differences arising on translation	-	-	-	-	(4,626)	-	-	-	-	(4,626)	128	(4,498)
Share of exchange differences of a joint venture	-	-	-	-	(351)	-	-	-	-	(351)	-	(351)
Share of other comprehensive income of an associate	-	-	-	-	-	170	-	-	-	170	-	170
FVTOCI reserve	-	-	-	-	-	-	(570)	-	-	(570)	-	(570)
Total comprehensive expenses for the period	-	-	-	-	(4,977)	170	(570)	-	(34,781)	(40,158)	1,162	(38,996)
Capital reduction and sub-division of shares	(634,167)	-	-	-	-	-	-	-	634,167	-	-	-
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	2,661	-	2,661	-	2,661
Lapsed of share options	-	-	-	-	-	-	-	(3,580)	3,580	-	-	-
At 30 June 2020 (unaudited)	3,187	13,092	429,374	8,407	20,988	17,790	(29,436)	6,866	(110,751)	359,517	7,115	366,632

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") 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

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 months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(29,351)	26,076
Repayment from a joint venture	1,439	1,184
Repayment from/(payment to) related companies	1,831	(1,489)
Purchase of property, plant and equipment	–	(24)
Proceeds from disposal of property, plant and equipment	–	74
Repayment of deposit paid	24,000	–
NET CASH USED IN INVESTING ACTIVITIES	27,270	(255)
Advance from a joint venture	1,039	393
(Repayment to)/advance from related companies	(1,314)	1,362
Repayment of borrowings	–	(1,109)
Interest paid	(1,013)	(1,021)
Repayment of lease liabilities	(1,142)	(1,836)
NET CASH USED IN FINANCING ACTIVITIES	(2,430)	(2,211)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,511)	23,610
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	73,442	75,765
Effect of foreign exchange rate changes	(4,691)	(693)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	64,240	98,682
Represented by :		
Bank balances, cash and cash equivalents		
– general accounts and cash	64,240	98,682

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”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at revalued amounts or fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statement for the six months ended 30 June 2020 are the same as those presented in the Group’s annual financial statement for the year ended 31 December 2019.

In the current interim period, the Group has applied the amendments to References to the Conceptual Framework in HKFRS and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendment to References to Conceptual Framework in HKFRS standard and the amendments to HKFRSs in the current period had no material impact on the Group’s financial position and performance for the current and prior periods and the disclosures set out in these condensed consolidated financial statements.

3. 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 2020

	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	13,018	2,344	7,764	6,160	8,097	37,383
RESULT						
Segment (loss)/profit	(1,653)	270	(1,659)	2,915	3,798	3,671
Other income and gains						261
Unallocated administration expenses						(6,041)
Unrealised fair value losses on held-for-trading investments						(5,968)
Realised fair value gains on held-for-trading investments						2
Finance costs						(1,013)
Share of loss of a joint venture						(5,612)
Share of loss of an associate						(19,504)
Loss before taxation						(34,204)

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)

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

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Reversal of bad and doubtful debts, net	(2,371)	–
Net exchange gain	4,385	615
	2,014	615

5. LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Amortisation of intangible assets	4,717	8,747
Depreciation of property, plant and equipment	744	2,904
Loss on disposal of property, plant and equipment	–	47
Bank interest income	(46)	(84)

6. 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\$636,000 during the six months ended 30 June 2020 (30 June 2019: HK\$534,000).

7. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period. The Board does not recommend any payment of interim dividend for the six months ended 30 June 2020 (30 June 2019: nil).

8. 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	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(34,781)	(50,981)

	2020 '000	2019 '000 (Restated)
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	318,677	318,677

On 4 May 2020, the Company completed a capital reorganisation which involved the consolidation of every twenty ordinary shares of the Company of HK\$0.1 each into one consolidated share of HK\$2.0 each. For the six months ended 30 June 2020 and 2019, the weighted average number of ordinary shares has been adjusted for the effect of the share consolidation.

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.

9. INTANGIBLE ASSETS

	Technical know how HK\$'000 (note a)	Customer relationship HK\$'000 (note b)	Domain name HK\$'000 (note b)	Total HK\$'000
Cost:				
At 1 January 2019 (audited)	43,984	1,572	36,156	81,712
Disposal	–	–	(35,933)	(35,933)
Exchange realignment	(1,510)	(31)	(223)	(1,764)
At 31 December 2019 and 1 January 2020 (audited)	42,474	1,541	–	44,015
Exchange realignment	(822)	(30)	–	(852)
At 30 June 2020 (unaudited)	41,652	1,511	–	43,163
Accumulated amortisation and impairment:				
At 1 January 2019 (audited)	13,763	1,572	18,489	33,824
Charged for the period	7,182	–	10,208	17,390
Disposal	–	–	(28,583)	(28,583)
Exchange realignment	(381)	(31)	(114)	(526)
At 31 December 2019 and 1 January 2020 (audited)	20,564	1,541	–	22,105
Charged for the period	3,455	–	–	3,455
Exchange realignment	(418)	(30)	–	(448)
At 30 June 2020 (unaudited)	23,601	1,511	–	25,112
Carrying amount:				
At 30 June 2020 (unaudited)	18,051	–	–	18,051
At 31 December 2019 (audited)	21,910	–	–	21,910

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.

10. GOODWILL

	HK\$'000
Cost:	
At 1 January 2019 (audited)	141,814
Exchange realignment	(403)
At 31 December 2019 and 1 January 2020 (audited)	141,411
Exchange realignment	(224)
At 30 June 2020 (unaudited)	141,187
Accumulated impairment	
At 1 January 2019 (audited)	118,886
Impairment	11,128
Exchange realignment	(154)
At 31 December 2019 (audited), 1 January 2020 (audited) and 30 June 2020 (unaudited)	129,860
Carrying amount at 30 June 2020 (unaudited)	11,327
Carrying amount at 31 December 2019 (audited)	11,551

Goodwill as at 31 December 2019 and 30 June 2020 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.

11. ACCOUNTS RECEIVABLE

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Accounts receivable arising from the business of provision of advertising agency services and sales of books and magazines	12,294	14,517
Less: allowance for expected credit loss ("ECL")	(4,911)	(4,171)
	7,383	10,346
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	169,966	161,501
Less: allowance for ECL	(31,420)	(30,158)
	138,546	131,343
Accounts receivable arising from the business of E-commerce platform services and sales of related goods	15,221	11,303
Less: allowance for ECL	(4,044)	(2,643)
	11,177	8,660
Total	157,106	150,349

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 receivable arising from the provision of advertising agency services and sales of books and magazines net of allowance for ECL, presented based on date of magazines issued, which approximate the date of revenue recognition is as follow:

	As at 30 June 2020		As at 31 December 2019	
	HK\$'000 (Unaudited)	%	HK\$'000 (Audited)	%
Less than three months	4,759	64	6,600	64
Three months to six months	805	11	1,902	18
Over six months to one year	1,819	25	1,844	18
	7,383	100	10,346	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 receivables of cash client are repayable on demand subsequent to settlement date and carry interest at Hong Kong Prime rate plus 3% per annum.

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 2020		As at 31 December 2019	
	HK\$'000 (Unaudited)	%	HK\$'000 (Audited)	%
Less than three months	4,461	40	2,969	34
Three months to six months	1,422	13	1,994	23
Over six months to one year	3,563	32	2,500	29
Over one year	1,731	15	1,197	14
	11,177	100	8,660	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.

12. HELD-FOR-TRADING INVESTMENTS

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Held-for-trading investments include:		
Listed securities:		
– Equity securities listed in Hong Kong	11,340	17,307

Held-for-trading investments as at 30 June 2020 and 31 December 2019 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.

13. BANK BALANCES, CASH AND CASH EQUIVALENTS

Included in the bank balances (general accounts), cash and cash equivalents are short-term deposits of approximately HK\$3,686,000 (31 December 2019: approximately HK\$3,685,000) 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.

14. ACCOUNTS PAYABLE

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Accounts payable arising from the provision of advertising agency services and sales of books and magazines	9,053	8,809
Accounts payable arising from the securities broking business – Cash clients (Note)	6,635	12,508
Accounts payable arising from the business of E-commerce platform services and sales of related goods	7,978	4,970
	23,666	26,287

Note: The balance of accounts payable 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 payable 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 2020		As at 31 December 2019	
	HK\$'000 (Unaudited)	%	HK\$'000 (Audited)	%
Less than three months	591	7	1,178	13
Three months to six months	1,136	13	2,084	24
Over six months to one year	1,291	14	540	6
Over one year	6,035	66	5,007	57
	9,053	100	8,809	100

The average credit period of accounts payable is 60 days (31 December 2019: 60 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 payable 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 2020		As at 31 December 2019	
	HK\$'000 (Unaudited)	%	HK\$'000 (Audited)	%
Less than three months	2,878	36	1,363	27
Three months to six months	885	11	3,607	73
Over six months to one year	2,415	30	–	–
Over one year	1,800	23	–	–
	7,978	100	4,970	100

15. BORROWINGS

As at 30 June 2020, 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\$24,490,000 as at 30 June 2020 (31 December 2019: approximately HK\$23,536,000) 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\$10,985,000 (31 December 2019: approximately HK\$16,946,000).

16. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorised		
At 1 January 2019, 31 December 2019 and 1 January 2020 (audited)		
– Ordinary shares of HK\$0.1 each	10,000,000	1,000,000
Share consolidation	(9,500,000)	–
Share sub-division	99,500,000	–
At 30 June 2020, ordinary shares of HK\$0.01 each (unaudited)	100,000,000	1,000,000
Issued and fully paid		
At 1 January 2019, 31 December 2019 and 1 January 2020 (audited)		
Share consolidation	(6,054,869)	–
Capital reduction	–	(634,168)
At 30 June 2020 (unaudited)	318,677	3,186

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

Pursuant to a special resolution passed by the shareholders of the Company at the special general meeting of the Company held on 28 April 2020, a capital reorganisation (“Capital Reorganisation”) was approved with effect from 4 May 2020 which:

(1) Share consolidation (“Share Consolidation”)

Every 20 issued and unissued existing shares of par value of HK\$0.10 each in the share capital of the Company will be consolidated into 1 consolidated share of par value of HK\$2.00 each.

(2) Capital reduction (“Capital Reduction”)

The Capital Reduction will be effected immediately upon the Share Consolidation becoming effective, pursuant to which (i) the total number of consolidated shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation; and (ii) the par value of each of the then issued consolidated shares will be reduced from HK\$2.00 to HK\$0.01 by cancelling the paid-up capital of the Company to the extent of HK\$1.99 on each of the then issued consolidated shares. The credits arising from (a) such reduction of the paid up capital; and (b) the cancellation of any fractional consolidated share in the issued share capital of the Company arising from the Share Consolidation will be applied towards setting off the accumulated losses of the Company as at the effective date of the Capital Reorganisation, the excess of which (if any) will be credited to the contributed surplus account of the Company within the meaning of the the Companies Act 1981 of Bermuda.

(3) Share sub-division

Immediately following the Capital Reduction, each of the authorised but unissued consolidated shares of par value of HK\$2.00 each will be sub-divided into 200 new shares of par value of HK\$0.01 each.

Details of the Capital Reorganisation are disclosed in the announcement of the Company dated 2 March 2020.

17. 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:

Grantees	Date of grant	Exercise price per share HK\$	Exercisable period	Notes	Number of share options						
					Outstanding at 01.01.2019	Granted during the year	Outstanding at 31.12.2019	Lapsed during the period	Granted during the period	Adjustment on the number of share options upon the share consolidation with effect from 4 May 2020	Outstanding at 30.06.2020
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	2	17.04.2019 to 16.04.2024	(2)	-	637,200,000	637,200,000	-	-	(605,340,000)	31,860,000
Employees in aggregate	20.05.2020	0.1764	20.05.2020 to 19.05.2025	(3)	-	-	-	-	19,080,000	-	19,080,000
Director in aggregate	20.05.2020	0.1764	20.05.2020 to 19.05.2025	(3)	-	-	-	-	12,720,000	-	12,720,000
				(4)	637,200,000	637,200,000	1,274,400,000	(637,200,000)	31,800,000	(605,340,000)	63,660,000

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 2020 and 30 June 2019. 637,000,000 options were forfeited during the six months ended 30 June 2020.
- (2) The share options granted under the Share Option Scheme on 17 April 2019 were fully vested immediately on 17 April 2019. No option was exercised during the six months ended 30 June 2020 and 30 June 2019. The exercise price of share option are adjusted after share consolidation of the Company became effective on 4 May 2020.
- (3) The share options granted under the Share Option Scheme on 20 May 2020 were fully vested immediately on 20 May 2020. No option was exercised during the six months ended 30 June 2020.
- (4) As at 30 June 2020, the number of shares issuable under the share options granted under the Share Option Scheme was approximately 63,660,000 (31 December 2019: 1,274,400,000).

The Company recognised an expense in relation to share options of approximately HK\$2,661,000 during the six months ended 30 June 2019 (six months ended 30 June 2018: HK\$4,206,000).

18. 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 2020 and 2019 the Group had following related party transactions:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Compensation to key management personnel		
Fees and salaries and other benefits	588	831
Contributions to retirement benefits schemes	5	18
Office rental expenses paid to a related party	593	849
	106	332

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: 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 negative impact on the global economy caused by the trade war between the US and China and the rapid development of the internet economy in China over the past few years, the Group's print media advertising business was facing difficult and challenging business environment. As a result, the Group's revenue derived from the print media advertising business was adversely affected in recent years.

The revenue derived from the provision of advertising services for the current period was approximately HK\$13.0 million, representing a decrease of approximately 8.3% from approximately HK\$14.2 million for the last period. The revenue derived from sales of books and magazines for the current period was approximately HK\$2.3 million, representing an increase of approximately 12.8 times from approximately HK\$0.2 million for the last period.

Securities Broking

The Group was granted by the Securities and Futures Commission licenses to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO"). By carrying out the securities broking business, the Group is able to 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 2020, the commission and brokerage income and the interest income derived from the securities broking business amounted to approximately HK\$7.8 million in total, representing approximately 20.8% 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.

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 also provide diversified financial services to its clients through developing money lending services. It is believed that the money lending business could leverage other financial business of the Group and broaden the Group's income stream. The Group carries on 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 2020, the interest income from loan receivables arising from the money lending business amounted to approximately HK\$8.1 million, representing approximately 21.7% 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 2020, the revenue contributed by the provision of e-commerce platform services and sales of related goods was approximately HK\$6.2 million, representing approximately 16.5% 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, investors' negative sentiment and concerns over the economic outlook caused by the China-US trade war 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. Moreover, the unstable political environment in Hong Kong and the outbreak and spread of the Coronavirus Disease 2019 ("COVID-19") in early 2020 caused shrinkage to the economic activities and the business environment. These may lead to uncertainties and potential risks to the business operation of the Group in the future.

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.

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 2020, the aggregated revenue of the Group deriving from the provision of advertising agency services and sales of books and magazines was approximately HK\$15.4 million, representing an increase of approximately 7.0% as compared with that of approximately HK\$14.4 million for the six months ended 30 June 2019. The performance of the Group's advertising business was relatively stable during the six months ended 30 June 2020.

For the six months ended 30 June 2020, the revenue of the Group deriving from the securities broking business, the e-commerce business and the money lending business were approximately HK\$7.8 million (six months ended 30 June 2019: approximately HK\$8.0 million), approximately HK\$6.2 million (six months ended 30 June 2019: approximately HK\$7.3 million) and approximately HK\$8.1 million (six months ended 30 June 2019: approximately HK\$6.4 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 2020 was approximately 72.0%, which was higher than that for the six months ended 30 June 2019 of approximately 67.8%. This was mainly due to the increase in proportion of revenue contributed by the business segments with high gross profit margin.

The Group held certain held-for-trading investments comprising of equity securities listed in Hong Kong. For the six months ended 30 June 2020, there were unrealised fair value losses on held-for-trading investments of approximately HK\$6.0 million (six months ended 30 June 2019: losses of approximately HK\$3.8 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 2020 was approximately HK\$6.9 million, decreased by approximately 46.9% from approximately HK\$12.9 million for the six months ended 30 June 2019. The administrative expenses decreased by approximately 39.4% from approximately HK\$40.4 million for the six months ended 30 June 2019 to approximately HK\$24.5 million for the six months ended 30 June 2020.

For the six months ended 30 June 2020, a share of loss from Mondadori-SEEC (Beijing) Advertising Co. Ltd., a joint venture of the Group, of approximately HK\$5.6 million (six months ended 30 June 2019: share of loss of approximately HK\$4.3 million) was recognised.

For the six months ended 30 June 2020, a share of loss from Asia-Pac Financial Investment Company Limited (“Asia-Pac Financial”), an associate of the Group, of approximately HK\$19.5 million (six months ended 30 June 2019: share of loss of approximately HK\$15.2 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 2020 attributable to owners of the Company amounted to approximately HK\$34.8 million (six months ended 30 June 2019: approximately HK\$51.0 million), representing a decrease of approximately 31.8%. The decrease in loss was mainly attributable to the reduction in selling and distribution costs and administrative expenses.

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 2020 (six months ended 30 June 2019: 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 intended
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	124,000	–	Used as intended
Operation and development of money lending business	100,000	100,000	–	Used as intended
	519,000	489,000	30,000	

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 2020.

SIGNIFICANT INVESTMENTS

As at 30 June 2020, the Group had held-for-trading investments, representing equity securities listed in Hong Kong, of approximately HK\$11.3 million (31 December 2019: approximately HK\$17.3 million). The Board considers that investments with market value accounting for more than 5% of the Group's total assets as 30 June 2020 as significant investments.

Details of the top two held-for-trading investments, in terms of market value as at 30 June 2020, are as follows:

Company name	As at 30 June 2020			For the six months ended 30 June 2020		
	Number of shares held	Proportion to the total issued share capital for the stocks	Market value HK\$'000	Proportion to the total assets of the Group	Unrealised fair value gains/ (losses) on the investments HK\$'000	Dividends received HK\$'000
AMCO United Holding Limited ("AUH")	13,000,000	0.63%	1,560	0.27%	390	-
China e-Wallet Payment Group Limited ("CEPG")	74,000,000	2.70%	5,328	0.91%	(3,034)	-
			6,888		(2,644)	-

AUH is principally engaged in medical devices business, plastic moulding business, building contract work business, money lending business and securities investment. 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 2020, the Group recognised unrealised fair value losses on held-for-trading investments of approximately HK\$6.0 million (six months ended 30 June 2019: approximately HK\$3.8 million), which was mainly attributable to the fair value losses on investments in CEPG of approximately HK\$3.0 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 2020, the Group's total equity was approximately HK\$366.6 million (31 December 2019: approximately HK\$403.0 million). The decrease was mainly due to the loss for the current period of approximately HK\$33.7 million.

The Group had non-current liabilities of approximately HK\$3.1 million as at 30 June 2020 (31 December 2019: approximately HK\$4.0 million). The non-current liabilities as at 30 June 2020 mainly consisted of deferred tax liabilities. As at 30 June 2020, the Group's gearing ratio was approximately 37.5% representing a percentage of total liabilities over total assets (31 December 2019: approximately 37.4%).

As at 30 June 2020, the Group had borrowings of approximately HK\$24.5 million (31 December 2019: approximately HK\$23.5 million). The borrowings carried a fixed interest rate of 8% per annum and was repayable on demand.

As at 30 June 2020, the Group had bank and cash balances (other than those in trust and segregated accounts) amounted to approximately HK\$64.2 million (31 December 2019: approximately HK\$73.4 million).

CHARGES ON ASSETS

As at 30 June 2020, the Group had pledged held-for-trading investments of approximately HK\$11.0 million (31 December 2019: HK\$16.9 million) to secure the margin payables of approximately HK\$24.5 million (31 December 2019: HK\$23.5 million), which was included in the borrowings of the Group.

EVENTS AFTER THE REPORTING PERIOD

On 22 June 2020, the Company entered into a placing agreement with the China Prospect Securities Limited, an indirect wholly-owned subsidiary of the Company, as the placing agent pursuant to which the Company has conditionally agreed to place, through the placing agent on a best effort basis, up to 63,730,000 placing shares at the placing price of HK\$0.110 per placing share to not less than six places who are professional, institutional, or other investors that are third parties independent of the Company and its connected persons. The placing was completed on 15 July 2020.

For details of the placing, please refer to the announcements of the Company dated 22 June 2020 and 15 July 2020 respectively.

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 2020, the Group had 116 (31 December 2019: 148) 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 2020, 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	Number of underlying shares held in options granted under the share option scheme of the Company	Percentage of number of issued shares of the Company at 30 June 2020 ^(Note)
Zhang Zhifang	Beneficial owner	37,500	–	0.01%
Li Leong	Beneficial owner	–	3,180,000	1.00%
Li Xi	Beneficial owner	–	3,180,000	1.00%
Li Zhen	Beneficial owner	–	3,180,000	1.00%
Zhou Hongtao	Beneficial owner	–	3,180,000	1.00%

Note: The percentage shareholding is calculated on the basis of the Company's issued share capital of 318,677,275 as at 30 June 2020.

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

Save as disclosed above, as at 30 June 2020, 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 2020, 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 2020 ^(Note)
Ni Songhua	Beneficial owner	28,815,000	9.04%

Note: The percentage shareholding is calculated on the basis of the Company's issued share capital of 318,677,275 as at 30 June 2020.

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 2020.

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 2020.

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, 31 August 2020