Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

NEWAY GROUP HOLDINGS LIMITED
中星集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00055)

GROUP INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Neway Group Holdings Limited (the "**Company**") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2019 (the "**Period**"), together with comparative figures for the corresponding period of the previous year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Re-presented)
Total revenue from continuing operations	**252,883**	272,483
Gross proceeds from sale of held-for-trading investments	**5,983**	35,318
	258,866	307,801

* *For identification purpose only*

	Notes	Six months ended 30.6.2019 HK$'000 (Unaudited)	30.6.2018 HK$'000 (Unaudited) (Re-presented)
Continuing operations			
Revenue			
Revenue from goods and services	*3A*	**245,378**	266,512
Rental income		**3,788**	3,705
Interest income from lending business		**3,717**	2,266
Total revenue from continuing operations		**252,883**	272,483
Cost of sales		**(193,809)**	(213,550)
Gross profit		**59,074**	58,933
Interest income		**675**	1,183
Other income		**3,892**	3,785
Selling and distribution expenses		**(13,322)**	(13,532)
Administrative expenses		**(54,237)**	(49,507)
Other gains and losses	*6*	**1,950**	(11,971)
Net reversal of impairment losses on trade receivables and contract assets		**458**	314
Finance costs	*4*	**(2,806)**	(1,098)
Loss before taxation from continuing operations		**(4,316)**	(11,893)
Taxation credit (charge)	*5*	**1,481**	(3,640)
Loss for the period from continuing operations	*6*	**(2,835)**	(15,533)
Discontinued operation			
Loss for the period from discontinued operation	*8*	**(3,357)**	(7,433)
Loss for the period		**(6,192)**	(22,966)

	Note	Six months ended 30.6.2019 HK$'000 (Unaudited)	30.6.2018 HK$'000 (Unaudited) (Re-presented)
Other comprehensive income (expense):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**116**	(15,938)
Item that will not be reclassified to profit or loss:			
Fair value loss on equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**(1,119)**	(10,517)
Other comprehensive expense for the period		**(1,003)**	(26,455)
Total comprehensive expense for the period		**(7,195)**	(49,421)
Loss for the period attributable to owners of the Company			
– from continuing operations		**(2,726)**	(15,402)
– from discontinued operation		**(3,357)**	(7,433)
		(6,083)	(22,835)
Loss for the period attributable to non-controlling interests			
– from continuing operations		**(109)**	(131)
		(6,192)	(22,966)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(7,073)**	(49,290)
Non-controlling interests		**(122)**	(131)
		(7,195)	(49,421)
Loss per share	*9*		
From continuing and discontinued operations			
Basic *(HK cents)*		**(2.40)**	(9.00)
From continuing operations			
Basic *(HK cents)*		**(1.07)**	(6.07)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

	Notes	**30.6.2019** **HK$'000** **(Unaudited)**	31.12.2018 *HK$'000* (Re-presented)
Non-current assets			
Property, plant and equipment	*10*	**278,925**	149,487
Prepaid lease payments		**–**	59,050
Investment properties	*10*	**239,490**	239,199
Equity instruments at FVTOCI	*11*	**13,588**	11,574
Club membership		**3,404**	3,404
Prepayments and deposits	*12*	**4,167**	4,411
Interests in joint ventures		**414**	414
Deposits paid for acquisition of property, plant and equipment		**23,929**	24,871
		563,917	492,410
Current assets			
Inventories		**24,416**	32,510
Properties under development for sale		**43,350**	43,325
Financial assets at fair value through profit or loss ("**FVTPL**")	*11*	**88,407**	87,895
Equity instruments at FVTOCI	*11*	**14,680**	14,680
Trade and other receivables, prepayments and deposits	*12*	**168,054**	172,848
Contract assets		**11,526**	15,719
Loans to joint ventures		**3,202**	3,215
Loans receivable		**59,589**	80,751
Prepaid lease payments		**–**	1,281
Amounts due from related companies	*12*	**1,736**	2,433
Tax recoverable		**129**	572
Short-term bank deposits		**23,821**	23,683
Cash and cash equivalents		**192,283**	185,786
		631,193	664,698

	Notes	**30.6.2019** *HK$'000* **(Unaudited)**	31.12.2018 *HK$'000* (Re-presented)
Current liabilities			
Trade and other payables and accruals	*13*	**88,307**	108,141
Lease liabilities		**6,645**	–
Contract liabilities		**6,691**	3,330
Tax liabilities		**6,158**	3,402
Amount due to a non-controlling shareholder of a subsidiary	*13*	**17,065**	17,081
Amount due to a related company		**112**	129
Bank borrowings		**92,243**	86,807
		217,221	218,890
Net current assets		**413,972**	445,808
Total assets less current liabilities		**977,889**	938,218
Non-current liabilities			
Lease liabilities		**51,528**	–
Amount due to a related company		**333**	328
Deferred taxation		**5,941**	10,608
		57,802	10,936
Net assets		**920,087**	927,282
Capital and reserves			
Share capital		**2,536**	2,536
Reserves		**920,423**	922,076
Amounts recognised in other comprehensive income and accumulated in equity relating to assets classified as held for sale		**–**	5,420
Total attributable to owners of the Company		**922,959**	930,032
Non-controlling interests		**(2,872)**	(2,750)
Total equity		**920,087**	927,282

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Attributable to owners of the Company											
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Deemed contribution from a shareholder** *HK$'000*	**Capital redemption reserve** *HK$'000*	**Contributed surplus** *HK$'000*	**Properties revaluation reserve** *HK$'000*	**Investment revaluation reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 January 2018 (audited)	2,536	368,949	188,957	63	103,571	63,252	(13,064)	39,791	258,336	1,012,391	(1,711)	1,010,680
Loss for the period	–	–	–	–	–	–	–	–	(22,835)	(22,835)	(131)	(22,966)
Other comprehensive expense:												
Fair value loss on equity instruments at FVTOCI	–	–	–	–	–	–	(10,517)	–	–	(10,517)	–	(10,517)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	(15,938)	–	(15,938)	–	(15,938)
Total comprehensive expense for the period	–	–	–	–	–	–	(10,517)	(15,938)	(22,835)	(49,290)	(131)	(49,421)
At 30 June 2018 (unaudited)	2,536	368,949	188,957	63	103,571	63,252	(23,581)	23,853	235,501	963,101	(1,842)	961,259
At 1 January 2019 (audited)	2,536	368,949	188,957	63	103,571	63,252	(25,770)	8,060	220,414	930,032	(2,750)	927,282
Loss for the period	–	–	–	–	–	–	–	–	(6,083)	(6,083)	(109)	(6,192)
Other comprehensive income (expense):												
Fair value loss on equity instruments at FVTOCI	–	–	–	–	–	–	(1,119)	–	–	(1,119)	–	(1,119)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	129	–	129	(13)	116
Total comprehensive income (expense) for the period	–	–	–	–	–	–	(1,119)	129	(6,083)	(7,073)	(122)	(7,195)
At 30 June 2019 (unaudited)	2,536	368,949	188,957	63	103,571	63,252	(26,889)	8,189	214,331	922,959	(2,872)	920,087

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Neway Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**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 investment properties and certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), 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 presented in the Group's annual financial statements for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of other new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performances for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases" and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment", the same line item as that within which the corresponding underlying assets would be presented if they were owned. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 "Revenue from Contracts with Customers" to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis; and

iv. use hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.59%.

	As at 1 January 2019
	HK$'000
Operating lease commitments disclosed as at 31 December 2018	91,298
Lease liabilities discounted at relevant incremental borrowing rates as at 1 January 2019	61,295
Analysed as:	
Current	6,283
Non-current	55,012
	61,295

The carrying amount of right-of-use assets as at 1 January 2019 comprises the followings:

		Right-of-use assets
	Notes	*HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		61,295
Reclassified from prepaid lease payments	*(a)*	60,331
Adjustments on rental deposits at 1 January 2019	*(b)*	294
		121,920
By class:		
Leasehold land and buildings		121,920

Notes:

(a) Upfront payments for leasehold lands in the People's Republic of China (the "**PRC**") were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to approximately HK$1,281,000 and HK$59,050,000 respectively were reclassified to right-of-use assets.

(b) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, approximately HK$294,000 was adjusted to refundable rental deposits paid and right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. No adjustments have been made to refundable rental deposits received as at 1 January 2019 as the Directors of the Company considered the discounting effect is insignificant.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	**Adjustments**	**Carrying amounts under reported at 1 January 2019**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	149,487*	121,920	271,407
Prepaid lease payments	59,050*	(59,050)	–
Current assets			
Trade and other receivables, prepayments and deposits	172,848*	(294)	172,554
Prepaid lease payments	1,281*	(1,281)	–
Current liabilities			
Lease liabilities	–	6,283	6,283
Non-current liabilities			
Lease liabilities	–	55,012	55,012

* *The amounts included the reclassification as stated in note 14.*

2.2 Significant changes in significant judgements and key sources of estimation uncertainty

Determination on lease term of contracts with renewal options

The Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

3A. REVENUE FROM GOODS AND SERVICES

An analysis of the Group's revenue from goods and services from continuing operations by segment for the period is as follows:

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Re-presented)
Types of goods or services from continuing operations:		
Manufacturing and Sales Business*		
– Income from manufacturing and sales of printing products	**218,419**	241,981
Music and Entertainment Business*		
– Artistes management fee income	**618**	667
– Concerts and shows income	**2,780**	5,360
– Income from the licensing of the musical works	**951**	1,382
– Other music and entertainment services	**124**	167
– Promotion income	**371**	467
– Sales of albums	**1,852**	599
	6,696	8,642
Trading Business*		
– Sales of printing products	**20,263**	15,889
	245,378	266,512

* *The segment names are defined in the section "Segment information" in note 3B.*

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Re-presented)
Continuing operations:		
Geographical markets:		
Hong Kong	**97,691**	110,701
The PRC	**96,897**	91,406
Europe	**19,816**	23,477
United States	**19,815**	24,448
Others	**11,159**	16,480
	245,378	266,512

Information about the Group's revenue from external customers is presented based on the locations of the shipments of goods or the services provided.

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Re-presented)
Continuing operations:		
Timing of revenue recognition:		
Over time	**218,419**	241,981
A point in time	**26,959**	24,531
	245,378	266,512

3B. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's reportable and operating segments are therefore as follows:

(a) Money lending ("**Lending Business**");

(b) Manufacturing and sales of printing products ("**Manufacturing and Sales Business**");

(c) Artistes management, production and distribution of music albums ("**Music and Entertainment Business**");

(d) Property development and investment ("**Property Business**"), including properties development projects and properties leasing and investments in the PRC, mini storage business and office leasing and properties leasing and investments in Hong Kong;

(e) Securities trading ("**Securities Trading Business**"); and

(f) Trading of printing products ("**Trading Business**").

An operating segment regarding the distribution of gaming machines ("**Gaming Distribution Business**") was discontinued in the current period. The segment information reported does not include any amounts for the discontinued operation, which are described in more details in note 8. Accordingly, certain comparative information related to the discontinued operation are re-presented in these condensed consolidated financial statements.

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

	Revenue		Segment profit (loss)	
	Six months ended		Six months ended	
	30.6.2019	30.6.2018	**30.6.2019**	30.6.2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
		(Re-presented)		(Re-presented)
Continuing operations				
Lending Business	**3,717**	2,266	**1,848**	1,189
Manufacturing and Sales Business	**218,419**	241,981	**1,575**	4,348
Music and Entertainment Business	**6,696**	8,642	**(4,669)**	(3,188)
Property Business	**3,788**	3,705	**581**	12,287
Securities Trading Business	**–**	–	**1,168**	(21,898)
Trading Business	**20,263**	15,889	**3,020**	1,031
Total	**252,883**	272,483	**3,523**	(6,231)
Interest income			**675**	1,183
Unallocated other income and other gains and losses			**(36)**	4
Unallocated corporate expenses			**(8,478)**	(6,849)
Loss before taxation from continuing operations			**(4,316)**	(11,893)

All of the segment revenue reported above was from external customers.

Segment profit (loss) represents the loss incurred/profit earned by each segment without allocation of interest income, unallocated other income and other gains and losses and unallocated corporate expenses. This is the measure reported to the Group's management for the purposes of resources allocation and assessment of segment performance.

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

	30.6.2019	31.12.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Re-presented)
Segment assets		
Gaming Distribution Business	**–**	2,250
Lending Business	**61,258**	82,627
Manufacturing and Sales Business	**465,553**	443,611
Music and Entertainment Business	**14,234**	15,384
Property Business	**315,969**	316,382
Securities Trading Business	**81,992**	81,905
Trading Business	**18,201**	16,288
Total segment assets	**957,207**	958,447
Other assets	**237,903**	198,661
Consolidated assets	**1,195,110**	1,157,108

	30.6.2019	31.12.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment liabilities		
Gaming Distribution Business	**–**	537
Lending Business	**850**	962
Manufacturing and Sales Business	**199,424**	159,124
Music and Entertainment Business	**7,333**	4,192
Property Business	**41,562**	42,561
Securities Trading Business	**82**	15
Trading Business	**11,143**	6,397
Total segment liabilities	**260,394**	213,788
Other liabilities	**14,629**	16,038
Consolidated liabilities	**275,023**	229,826

For the purposes of monitoring segment performance and allocating resources among segments:

- all assets are allocated to operating and reportable segments other than certain interest in a joint venture, certain loan to a joint venture, certain equity instruments at FVTOCI, club membership, certain other receivables, prepayments and deposits, tax recoverable, short-term bank deposits and cash and cash equivalents.

- all liabilities are allocated to operating and reportable segments other than certain other payables and accruals, tax liabilities and deferred taxation.

4. FINANCE COSTS

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations:		
Interest on:		
Lease liabilities	**1,355**	–
Bank borrowings	**1,403**	1,050
Amount due to a related company	**48**	46
Obligations under finance leases	**–**	2
	2,806	1,098

5. TAXATION CREDIT (CHARGE)

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations:		
The taxation credit (charge) comprises:		
Current tax for the period:		
Hong Kong	**(819)**	(352)
The PRC	**(2,359)**	(2,557)
	(3,178)	(2,909)
Deferred tax credit (charge)	**4,659**	(731)
Taxation credit (charge)	**1,481**	(3,640)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulations of the EIT Law, the tax rate on the PRC subsidiaries is 25%.

6. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(Re-presented)
Loss for the period from continuing operations has been arrived at after charging (crediting):		
Depreciation of right-of-use assets	**4,916**	–
Depreciation of other property, plant and equipment	**9,078**	7,086
Depreciation of property, plant and equipment	**13,994**	7,086
Amortisation of prepaid lease payments	**–**	687
Included in other gains and losses:		
Net foreign exchange loss (gain)	**329**	(924)
(Increase) decrease in fair value in financial assets at FVTPL	**(1,949)**	22,422
Increase in fair value in investment properties	**(330)**	(10,697)
Gain on disposal of property, plant and equipment	**–**	(248)
Impairment loss recognised in respect of loan to a joint venture	**–**	1,418
	(1,950)	11,971

7. DIVIDENDS

No dividends were paid, declared or proposed during both interim periods. The Directors of the Company did not recommend the payment of an interim dividend in respect of the current interim period.

8. DISCONTINUED OPERATION

Taking into consideration the adverse impact of the Gaming Distribution Business on the Group's overall financial performance and other factors, the Directors determined to terminate this business in June 2019 and thus the operation of the Gaming Distribution Business had been discontinued.

The results of Gaming Distribution Business for the six months ended 30 June 2019 and 2018 respectively are analysed as follows:

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue	**–**	385
Cost of sales	**–**	(535)
Gross loss	**–**	(150)
Other income	**1**	199
Administrative expenses	**(3,358)**	(7,482)
Loss before taxation from discontinued operation	**(3,357)**	(7,433)
Taxation	**–**	–
Loss for the period from discontinued operation	**(3,357)**	(7,433)

Loss for the period from discontinued operation has been arrived at after charging:

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property and equipment	**523**	1,406

9. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic loss per share attributable to the owners of the Company for the current interim period is based on the following data:

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company for the purpose of calculating basic loss per share	**(6,083)**	(22,835)

	30.6.2019	30.6.2018
Number of shares		
Weighted average number of shares in issue for the purpose of basic loss per share	**253,639,456**	253,639,456

No diluted loss per share has been presented as there were no potential ordinary shares outstanding issue for both periods.

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to the owners of the Company for the current interim period is based on the following data:

	Six months ended	
	30.6.2019	30.6.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to owners of the Company	**(6,083)**	(22,835)
Less: loss for the period from discontinued operation	**3,357**	7,433
Loss for the purpose of calculating basic loss per share	**(2,726)**	(15,402)

The denominators used are the same as those detailed above for basic loss per share.

From discontinued operation

Basic loss per share for the discontinued operation is HK1.32 cent per share for the six months ended 30 June 2019 (six months ended 30 June 2018: HK2.93 cent per share) based on the loss for the period from the discontinued operation of approximately HK$3,357,000 (six months ended 30 June 2018: HK$7,433,000). The denominators used are the same as those detailed above for basic loss per share.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT/INVESTMENT PROPERTIES

Property, plant and equipment

During the current interim period, the Group's addition to property, plant and equipment was approximately HK$22,290,000 (six months ended 30 June 2018: approximately HK$21,710,000).

As at 30 June 2019, property, plant and equipment with an aggregate carrying value of approximately HK$10,542,000 (31 December 2018: approximately HK$10,753,000) have been pledged to bank to secure banking facilities granted to the Group and obligations under finance leases.

Investment properties

The increase in fair value of investment properties of approximately HK$330,000 has been recognised directly in profit or loss for the six months ended 30 June 2019 (six months ended 30 June 2018: HK$10,697,000).

The fair value of investment properties as at 30 June 2019 and 31 December 2018 have been arrived at on the basis of valuations carried out by Citiland Surveyors Limited and Peak Vision Appraisals Limited for properties located in Hong Kong and 北京市洪州資產評估有限責任公司 for properties located in the PRC. They are independent qualified professional valuers not related to the Group.

The fair values were determined based on the direct comparison approach assuming sale of each of these properties in existing state and by making reference to comparable sales transactions as available in the relevant market and adjusted for differences in the nature and location or where appropriate by income capitalisation approach deriving from the market rentals of all lettable units of the properties and discounting at the market yield expected by investors.

As at 30 June 2019, investment properties with aggregate carrying value of HK$221,675,000 (31 December 2018: HK$222,710,000) have been pledged to banks to secure bank borrowing and general banking facilities granted to the Group.

11. EQUITY INSTRUMENTS AT FVTOCI/FINANCIAL ASSETS AT FVTPL

Equity instruments at FVTOCI

	30.6.2019	31.12.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Unlisted equity securities established in the PRC *(note i)*	**14,680**	14,680
Unlisted equity securities established in Hong Kong, the PRC and overseas *(note ii)*	**13,588**	11,574
	28,268	26,254
Analysed for reporting purposes as:		
Non-current asset	**13,588**	11,574
Current asset	**14,680**	14,680
	28,268	26,254

Notes:

(i) As at 30 June 2019, the Group has an obligation to dispose of an indirect wholly-owned subsidiary which holds 16.67% equity interest in Sichuan Yinghua Real Estate Co. Ltd.（四川英華房地產有限公司）("**Yinghua**") in cash in the future. The disposal of Yinghua is expected to be completed within one year from the end of the reporting period and thus this equity investment at FVTOCI is classified as current asset as at 30 June 2019.

(ii) During the six months ended 30 June 2019, there was an additional investment of approximately HK$3,143,000 in an unlisted equity security established in overseas. As at 30 June 2019, the Group has investments in three unlisted equity securities established in the PRC, two unlisted equity securities in overseas and one unlisted equity security incorporated in Hong Kong which have held for an identified long term strategic purpose.

Financial assets at FVTPL

	30.6.2019	31.12.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Listed equity investments in Hong Kong	**81,756**	81,244
Derivative financial instrument *(note)*	**6,651**	6,651
	88,407	87,895

Note: As mentioned above, the Group has an obligation to dispose of the indirect wholly-owned subsidiary which holds 16.67% equity interest in Yinghua in cash in the future. Such forward contract is classified as financial asset at FVTPL. Forward contract is calculated on a discounted cash flow approach with discount factor of 24.3% on agreed price of disposal of the indirect wholly-owned subsidiary which holds 16.67% equity interest in Yinghua.

12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS/AMOUNTS DUE FROM RELATED COMPANIES

The Group's credit terms on Manufacturing and Sales Business and Trading Business generally range from 60 to 90 days. A longer period is granted to a few customers with whom the Group has a good business relationship and which are in sound financial condition. The Group allows an average credit period of 60 to 90 days to its customers of the Music and Entertainment Business. The following is an ageing analysis of the trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

	30.6.2019 ***HK$'000*** **(Unaudited)**	31.12.2018 *HK$'000* (Re-presented)
Manufacturing and Sales Business and Trading Business:		
0 – 30 days	**72,841**	76,231
31 – 60 days	**34,358**	36,395
61 – 90 days	**17,985**	24,413
Over 90 days	**12,997**	7,818
	138,181	144,857
Music and Entertainment Business:		
0 – 30 days	**1,533**	1,379
31 – 60 days	**757**	246
61 – 90 days	**255**	24
Over 90 days	**373**	551
	2,918	2,200
Total trade receivables	**141,099**	147,057
Receivables with brokers' houses	**117**	634
Deposits and other receivables	**13,076**	12,720
Other tax recoverable	**4,023**	3,436
Prepayments	**13,906**	13,412
	172,221	177,259
Analysed for reporting purposes as:		
Current assets	**168,054**	172,848
Non-current assets	**4,167**	4,411
	172,221	177,259

Amounts due from related companies are trade nature, unsecured and interest-free. A credit term of 30 days has been granted to the related companies. The following is an ageing analysis of the amounts due from related companies presented based on the invoice date at the end of the reporting period.

	30.6.2019	31.12.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**48**	876
31 – 60 days	**–**	592
61 – 90 days	**8**	150
91 – 180 days	**184**	330
Over 180 days	**1,496**	485
	1,736	2,433

13. TRADE AND OTHER PAYABLES AND ACCRUALS/AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

An aging analysis of the trade payables presented based on the invoice date is as follows:

	30.6.2019	31.12.2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**45,869**	38,981
31 – 60 days	**5,483**	11,879
61 – 90 days	**3,788**	4,100
Over 90 days	**2,266**	4,093
	57,406	59,053
Accrued expenses and other payables	**30,901**	34,088
Refundable deposit received for potential disposal of a subsidiary	**–**	15,000
	88,307	108,141

The amount due to a non-controlling shareholder of a subsidiary is unsecured, interest-free and repayable on demand.

Rental deposit received of HK$1,110,000 (31 December 2018: HK$1,110,000) in respect of the non-cancellable operating leases with a related party is included in other payables as at 30 June 2019.

14. COMPARATIVE FINANCIAL INFORMATION

On 30 April 2019, the wholly-owned subsidiary of the Company entered into a termination agreement with the purchaser which all parties agreed to terminate the disposal of Zen Vantage Limited. Therefore, property, plant and equipment (including right-of-use assets of approximately HK$2,409,000 upon application of HKFRS 16) and other receivables with carrying amount of approximately HK$82,708,000 and HK$5,475,000 previously included in assets classified as held for sale were reclassified to property, plant and equipment and other receivables respectively as at 31 December 2018 based on the requirement of HKFRS 5 paragraph 28.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (six months ended 30 June 2018: Nil).

REVIEW OF OVERALL FINANCIAL RESULTS

For the Period, revenue of the Group from continuing operations amounted to approximately HK$252.9 million (six months ended 30 June 2018: approximately HK$272.5 million), representing a decrease of approximately 7.2% as compared with the six months ended 30 June 2018.

Gross profit from continuing operations for the Period amounted to approximately HK$59.1 million (six months ended 30 June 2018: approximately HK$58.9 million). The gross profit margin slightly improved by approximately 1.8 percentage points to approximately 23.4% for the Period (six months ended 30 June 2018: approximately 21.6%).

Loss for the Period amounted to approximately HK$6.2 million (six months ended 30 June 2018: approximately HK$23.0 million). The loss recorded for the Period was mainly attributable to: (i) a segment loss recorded in the Music and Entertainment Business of approximately HK$4.7 million (six months ended 30 June 2018: approximately HK$3.2 million); (ii) a drop in fair value gain from investment properties to HK$330,000 (six months ended 30 June 2018: approximately HK$10.7 million); and (iii) a drop in segment profit for the Manufacturing and Sales Business by approximately 63.8% to HK$1.6 million (six months ended 30 June 2018: approximately HK$4.3 million). These factors will be further explained below.

An operating segment regarding the Gaming Distribution Business was discontinued in the current year. Accordingly, certain comparative information related to the discontinued operation are re-presented in the condensed consolidated financial statements of the Company for the Period.

REVIEW OF OPERATIONS AND PROSPECTS

Gaming Distribution Business

During the Period, the Group continued to adopt a cost reduction strategy, which significantly decreased the loss incurred in this business by 54.8% to approximately HK$3.4 million (six months ended 30 June 2018: approximately HK$7.4 million). No revenue was recorded from sales of gaming machine during the Period. Also, no provision of technical consultancy service income was generated from the related companies of the Group as the service was no longer required by the related companies during the Period.

After a thorough study on the investment return of this business and the resources allocation among segments in the Group, the Group decided to discontinue the operation of the Gaming Distribution Business in June 2019.

Lending Business

The Lending Business included the financial leasing business in Shanghai, the PRC and the money lending business in Hong Kong. For the financial leasing business in Shanghai, the PRC, no transaction was conducted during the Period, and the Group is still in search for potential deals.

For the money lending business in Hong Kong, the Group continued to step up its efforts to expand its customer base and loan portfolio, and participated in more joint loan arrangements with other licensed money lenders in Hong Kong during the Period. The Group's loan portfolio decreased to approximately HK$59.6 million as at 30 June 2019 (31 December 2018: approximately HK$80.8 million) as a portion of the loan portfolio matured and was repaid prior to 30 June 2019.

The total amount of new loans entered into during the Period was approximately HK$9.3 million and the average loan interest income of the portfolio as a whole was approximately 12.0%. Customers of this business included both individuals and corporate entities and the loans were secured by properties located in Hong Kong. The majority of interest income was received on time and no default was recorded during the Period.

During the Period, the income from loan interest increased by approximately 64.0% to approximately HK$3.7 million (six months ended 30 June 2018: approximately HK$2.3 million). The increase in loan interest income mainly resulted from the enlarged loan portfolio brought forward from year 2018. As all loan receivables were financed by internal resources and low manpower was required for the daily operation of the Lending Business, the Group could maintain a low operating cost and a high profit margin was achieved accordingly.

The Group has engaged an external software engineering company to develop the online money lending platform and targets to launch to the market next year and provide more value-added service to our customers and expand our market segment. The Group will continue to identify new customers and allocate more financial resources to enlarge the loan portfolios and expand the businesses of the Group. Meanwhile, the Group will continue to review our credit system to suit the rapidly changing market.

Manufacturing and Sales Business

The segment profit margin of the Manufacturing and Sales Business for the Period amounted to approximately 0.7% (six months ended 30 June 2018: approximately 1.8%). The drop in segment profit margin was mainly attributable to:

(i) the slight increase in the ratio of total staff costs and expenses related to sales for this segment during the Period of approximately 2.4% as compared with the six months ended 30 June 2018, which was attributable to a drop in the segment revenue;

(ii) the decrease in revenue by approximately 9.7% to HK$218.4 million (six month ended 30 June 2018: approximately HK$242.0 million), which was mainly attributable to the export sales to customers in the United States. The decrease in export sales was partially offset by an increase in domestic sales in the PRC. The negative impact of decreasing revenue was also partially offset by a decreasing material consumption rate recorded during the Period, which was mainly achieved by shifting the product mix to products with lower material consumption rate and using alternative materials, resulting in a slight increase in the gross profit margin of this business by 1.2 percentage points to approximately 21.6% for the Period (six months ended 30 June 2018: approximately 20.4%); and

(iii) the increase in expenses of approximately HK$1.0 million which arose from the newly adopted accounting HKFRS 16 "Leases".

During the Period, the Group continued to acquire certain new manufacturing machineries to increase the production capacity and efficiency of its factories. In addition, the Group continued to renovate its factories in order to satisfy the stringent quality standards required by our customers and the local government.

Quality management and productivity enhancement continue to be the focus of the Manufacturing and Sales Business in the year 2019. The Group has devoted more financial resources and human resources to deliver this important and positive message throughout all levels of its entities, which are led by the key management of the Group.

We anticipate the Manufacturing and Sales Business will experience a more complex and challenging environment in the months to come. These factors include, but are not limited to (i) changing landscape of the commercial printing market; (ii) more stringent environmental requirements in Shenzhen, the PRC; (iii) the economic uncertainty from the trade war between the U.S. and the PRC; (iv) changes in global monetary policies; (v) impact from Brexit; and (vi) the political uncertainty in Hong Kong, which may adversely affect the business environment as a whole for the Group.

To cope with the challenges and to maintain and improve the profitability of this business segment, the Group will adopt total quality management to enhance our production effectiveness, continue to invest in automated machinery and upgrade our production plant and facilities to improve our efficiency. The Group will continue to invest in expanding into higher-value products.

Music and Entertainment Business

The loss from this segment for the Period was approximately HK$4.7 million (six months ended 30 June 2018: approximately HK$3.2 million), which was mainly due to an increase in production costs associated with physical albums by approximately HK$2.6 million.

In year 2018, the Group was licensed for a batch of music labels under the brand of Crown Records from an independent third party, and the Group had the right to use these music labels in new albums and music concerts accordingly. During the Period, the Group released a number of albums under the brand of Crown Records, thus pushing up the overall production costs of this business.

The entertainment landscape has been dramatically affected by the change in consumer behavior. The advancement in technologies has been one of the most significant drivers in such change. On top of that, the influence of foreign pop culture has already affected the local entertainment market drastically.

Despite the change in behavior, the Group continues to believe the need for entertainment remains unchanged, and the desire for more sophisticated entertainment will become a strong force in the market as society continues to advance.

The Group will continue to adopt and experiment with creativity to deliver products that are better suited for the market. At the same time, the Group will engage in cost tightening policy to enhance overall operational efficiency and effectiveness. Meanwhile, the Group will continue to allocate resources to identify potential entertainment projects and partnerships locally, overseas and in the PRC.

Property Business

Property Development Business

The Group had two property development projects as at 30 June 2019. The first one involved 四川英華房地產有限公司 (unofficial English translation: Sichuan Yinghua Real Estate Co. Ltd.) ("**Yinghua**") and was classified as an equity instrument at fair value through other comprehensive income ("**FVTOCI**") of the Group. The second one involved 清遠市中清房地產開發有限公司 (unofficial English translation: Qingyuan Zhongqing Property Development Co., Ltd.) ("**Zhongqing**"), a non-wholly owned subsidiary of the Company.

Yinghua held the land use right of a parcel of commercial land in Chengdu, the PRC. The related property consisted of both residential and commercial units. On 24 July 2017, the Group served an exercise notice to Kwong Da Enterprise Limited ("**Kwong Da**"), a Hong Kong company that indirectly held equity interest in Yinghua, to exercise the put option by which Kwong Da was required to acquire the entire issued share capital of a subsidiary of the Company indirectly owning 16.67% of Yinghua at the put option consideration of RMB30 million (the "**Disposal of Yinghua**"). Such put option consideration was calculated by RMB52 million less the repaid amount of the Group's shareholder's loan to Yinghua in 2013 as 16.67% of the performance target of Yinghua was less than RMB52 million and no dividend was received by the Group from Yinghua. Completion of such disposal was originally agreed to take place on or before 10 January 2018.

On 10 January 2018, the Group agreed with Kwong Da in writing to extend the completion date to a day on or before 31 May 2018 (or such other date agreed by both parties in writing) and Kwong Da agreed and undertook to pay interest on the outstanding put option consideration of RMB22 million at the rate of 10% per annum, calculated from 10 January 2018 until the completion date. On 31 May 2018, the Company announced that the completion of the Disposal of Yinghua had not taken place and the Company was closely following up with Kwong Da. The Group received interest payment and partial payment of the put option consideration subsequent to the end of the Period and the completion date was further extended to a day on or before 31 December 2018 (or such other date as may be agreed by both parties in writing).

Since the completion had not taken place on 31 December 2018, the Group, Kwong Da, Kada Capital Investments Limited ("**Kada**") and the common director of Kwong Da and Kada entered into a confirmation deed on 28 March 2019 to reach a loan agreement and a completion agreement for the Disposal of Yinghua after lengthy negotiation and discussion between related parties. It was conditionally agreed that the Group would provide a loan, through Grand Prospects Finance International Limited, a wholly owned subsidiary of the Group ("**Grand Prospects**"), to Kada in an amount sufficient to settle the outstanding put option consideration and interest accrued payable by Kwong Da to the Group. The Disposal of Yinghua would be completed upon a drawdown of the loan. The confirmation deed was subject to approval by the shareholders of the Company. The shareholder approval was obtained on 12 August 2019 and the loan was drawdown on 13 August 2019.

Zhongqing held the land use rights of two parcels of commercial land in Qingyuan, the PRC. On 18 June 2014, 深圳中星國盛投資發展有限公司 (unofficial English translation: Shenzhen Zhongxing Guosheng Investment Development Co. Ltd.) ("**Zhongxing Guosheng**"), a wholly-owned subsidiary of the Company, initiated civil proceedings against Zhongqing in the People's Court of Baoan District for, among other matters, the repayment of the shareholder's loan contributed by Zhongxing Guosheng in an amount of RMB23,479,330 (the "**Litigation**"). On 19 June 2014, pursuant to an application made by Zhongxing Guosheng to freeze and preserve the assets of Zhongqing in the total value of RMB23,400,000, an order was granted by the People's Court of Baoan District to freeze and preserve the two parcels of land owned by Zhongqing for a period from 24 June 2014 until 23 June 2016 (the "**Freeze Order**"). The Freeze Order aimed to ensure that Zhongqing would have sufficient assets to repay the shareholder's loan to the Group.

Two hearing sessions of the Litigation were held on 18 August 2014 and 25 September 2014 respectively. On 15 October 2014, the Group received a civil mediation document dated 30 September 2014 and issued by the People's Court of Baoan District, acknowledging that: (i) the Group and Zhongqing confirmed that Zhongqing was indebted to Zhongxing Guosheng in the sum of RMB23,479,330; (ii) Zhongqing agreed to repay to Zhongxing Guosheng the sum of RMB23,479,330, together with the interests accrued from 18 June 2014 until the date of repayment which was within 15 days of the effective date of the civil mediation document; and (iii) where Zhongqing failed to repay the agreed amount, Zhongxing Guosheng would be entitled to request Zhongqing to pay default interest calculated at twice the lending rate of the People's Bank of China over the same period.

As advised by the Group's PRC legal advisers, the effective date of the civil mediation document was 15 October 2014 and thus, the deadline for repayment by Zhongqing was 30 October 2014. As at the date of this announcement, Zhongqing had not repaid the outstanding shareholder's loan and accrued interest to Zhongxing Guosheng.

On 27 May 2016, Zhongxing Guosheng submitted an application to the People's Court of Baoan District for the extension of the period covered by the Freeze Order and the application was accepted by the court. The extended period covered by the Freeze Order was from 13 June 2016 until 12 June 2019. In May 2019, Zhongxing Guosheng submitted an application to the People's Court of Baoan District for the further extension of the period covered by the Freeze Order and the application was accepted by the court. The extended period covered by the Freeze Order was from 13 May 2019 until 12 May 2022.

During the Period, the management of the Group continued to pay attention to the demand and supply of the property market and the current development plan of Qingyuan City, and decided that no further action will be taken at the moment. The Group will closely monitor the negotiation progress with its business partner and will take further legal actions to protect the Group's interest when necessary. At the moment, the Group is also seeking out the opportunity to dispose of the land parcels.

Property Investment Business

During the Period, the Property Investment Business included: (i) the Mini Storage Business operated by a wholly-owned subsidiary of the Company; (ii) the Office Leasing Business operated by a joint venture of the Group; and (iii) the leasing of several commercial units in Hong Kong and the PRC.

Mini Storage Business

The Group renovated the ground floor, 1st floor, 2nd floor and half of the floor area of the 4th floor of a self-owned industrial building in Fanling, Hong Kong (the "**Fanling Building**") in 2014 for the operation of the Mini Storage Business. As at 30 June 2019, the occupancy rate of storage units significantly decreased to approximately 66% (31 December 2018: approximately 83%).

During the Period, in order to meet the safety requirements stipulated by relevant government authorities, the Group engaged a contractor to renovate the ground floor and 1st floor of the Fanling Building. As at 30 June 2019, the renovation work of ground floor was completed and was pending a final inspection by relevant government authorities. The renovation work of 1st floor had been commenced and remained in progress as at the date of this announcement and was expected to be completed within year 2019. As there were more storage units on the 1st floor as compared with that on the ground floor, more storage units were not available for leasing to customers during the renovation period and the occupancy rate of the storage units was affected as a result. The Group will closely monitor the progress of the renovation work and minimise the impact on customers. On the other hand, depending on the market condition, the Group may also consider a disposal of the whole or part of the Fanling Building, which may result in a cessation or disposal of the Mini Storage Business.

Office leasing business

The office leasing business, being the operation of a business service centre in Kwun Tong, Hong Kong, was operated by Estate Summit Limited, a joint venture of the Group and an independent third party with extensive management and operating experience, and the brand name of "Prime Business Centres" was established. As disclosed in the annual report for the year 2018, after evaluating the financial performance of the business service centre, the demand and supply condition and the keen market competition from other business service centres in Kwun Tong, all contracts with customers were terminated and the operation was ceased in February 2019.

Properties Leasing and Investment

The Properties Leasing Business involved two properties of the Group. The first one was a commercial property situated in Yuen Long, Hong Kong (the "**Yuen Long Property**"), which was leased to a related company of the Group and was operating as a karaoke outlet as at 30 June 2019. The rental income remained stable as compared with the six months ended 30 June 2018. Approximately 58.6% of the revenue of the Property Business was derived from the Yuen Long Property. During the Period, the Group renewed the tenancy agreement on 16 March 2019 and the monthly rent remained unchanged. The lease will expire on 15 March 2022.

The second one was a commercial property situated in Beijing, the PRC (the "**Beijing Property**"). The Beijing Property was re-classified as an investment property in year 2017 upon the change of property usage. During the Period, the Beijing Property was leased to an independent third party and the rental income was approximately HK$389,000.

According to the Group's accounting policies, the Fanling Building, the Yuen Long Property and the Beijing Property were classified as investment properties and were carried at fair value as at 30 June 2019. A fair value gain of approximately HK$330,000 was recorded in "other gains and losses" during the Period (six months ended 30 June 2018: approximately HK$10.7 million). The decrease in fair value gain was mainly due to the increase in market yield rate of the properties situated in Hong Kong. The Group expects that the Yuen Long Property and the Beijing Property will continue to generate stable rental income in the latter half of year 2019.

Securities Trading and Equity Investments Business

During the Period, the Group recorded a fair value gain from securities trading investments listed in Hong Kong of approximately HK$1.9 million (six months ended 30 June 2018: fair value loss approximately HK$22.4 million), a realised gain of approximately HK$194,000 (six months ended 30 June 2018: realised loss of approximately HK$4.2 million) and a dividend income of approximately HK$50,000 (six months ended 30 June 2018: approximately HK$1.4 million).

Set out below is the breakdown of the Group's equity instruments at FVTOCI and financial assets at FVTPL as at 30 June 2019:

Description of investments	**Form of investment**	**Principal activities of invested companies**	**Percentage of total share capital held by the Group**	**Carrying amount as at 30 June 2019** *HK$'000*	**Percentage to the Group's unaudited net assets as at 30 June 2019** *(approximate)*	**Percentage to the Group's unaudited total assets as at 30 June 2019** *(approximate)*
Top five investments of the Group in terms of value as at 30 June 2019						
Wang On Properties Limited (stock code: 1243)	Financial assets at FVTPL	Property development and property investment in Hong Kong	0.39%	60,944	6.6%	5.1%
Equity investment in Yinghua	Equity instruments at FVTOCI	Property development in the PRC	16.67%	14,680	1.6%	1.2%
Zhong Wei Capital, L.P.	Equity instruments at FVTOCI	Offshore investment fund	1.33%	13,196	1.4%	1.1%
Derivative financial instruments in Yinghua	Financial assets at FVTPL	Property development in the PRC	16.67%	6,651	0.7%	0.6%

Description of investments		Form of investment	Principal activities of invested companies	Percentage of total share capital held by the Group	Carrying amount as at 30 June 2019	Percentage to the Group's unaudited net assets as at 30 June 2019	Percentage to the Group's unaudited total assets as at 30 June 2019
					HK$'000	*(approximate)*	*(approximate)*
Get Holdings Limited (stock code: 8100)		Financial assets at FVTPL	(i) Research, development and distribution of personal computer performance software, anti-virus software, mobile phone applications and toolbar advertisement; (ii) e-commerce, including the operation of a business-to-customer online sales platform, and business-to-business product trading; (iii) investment in securities; and (iv) provision of corporate management solutions and information technology contract services	1.96%	4,263	0.5%	0.4%
Other investments							
Other equity investments, at fair value	*(a)*	Equity instruments at FVTOCI	–n/a–		392	0.0%	0.0%
Other equity securities listed in Hong Kong	*(b)*	Financial assets at FVTPL	–n/a–		16,549	1.8%	1.4%
Total					116,675	12.7%	9.8%

Notes:

(a) Equity investments carried at fair value under this category represented the Group's investment in a company incorporated overseas.

(b) Equity securities listed in Hong Kong under this category represented the Group's investments in 16 listed companies on the Main Board or GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Each of such investments had a carrying amount that accounts for less than 5% of the Group's unaudited net assets as at 30 June 2019.

The Group expects that the fair value of equity securities listed in Hong Kong may keep fluctuating in the foreseeable future due to the volatile global economic environment. The Group will carefully study the market and the information related to the prospective investees before purchasing any securities, and will closely monitor the performance of purchased investments as well as adjust the investment strategy in a cautious manner as and when necessary to minimise the impact of market volatility. The Group will continue to allocate less financial resources to the Securities Trading Business and gradually divert more resources to other business segments to reinforce their development accordingly.

The Group would like to emphasise that the proposals mentioned in this section are in a preliminary stage only and no concrete timetable or concluded agreement or memorandum of understanding has been made or entered into by the Group in connection therewith.

Trading Business

The revenue from the Trading Business increased significantly by approximately 27.5% to approximately HK$20.3 million for the Period (six months ended 30 June 2018: approximately HK$15.9 million). Segment profit margin for the Period also improved to approximately 14.9% (six months ended 30 June 2018: approximately 6.5%). The increase in both revenue and profit margin was mainly attributable to: (i) an increase in sales and profit margin of the trading company in Hong Kong due to the tightened control on sales discount offered to customers and an increase in sales to an individual customer during the Period; and (ii) an increase in sales of a trading company in the PRC brought about by the Group's increased allocation of resources for the expansion of the sales and operation teams in the PRC, which drove the sales up by approximately 141.1% as compared with the six months ended 30 June 2018.

The Group will continue to allocate more resources to expand and develop its sales team in both Hong Kong and the PRC so as to broaden its customer base and optimize its product mix.

LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2019, the Group had cash and cash equivalents and short-term bank deposits of approximately HK$216.1 million (31 December 2018: approximately HK$209.5 million). Current ratio stood at 2.9 (31 December 2018: 3.0) and quick ratio was 2.6 as at 30 June 2019 (31 December 2018: 2.7). These ratios represent an ample cash flow and a stable liquidity position as at 30 June 2019.

Current ratio is calculated by dividing total assets by total current liabilities as at the end of the Period/year.

Quick ratio is calculated by dividing total current assets less inventories and properties under development for sales by total current liabilities as at the end of the Period/year.

As at 30 June 2019, total borrowings of the Group amounted to approximately HK$167.9 million (31 December 2018: approximately HK$104.3 million). Gearing ratio was 18.3% as at 30 June 2019 (31 December 2018: 11.3%), which was calculated by dividing the Group's total borrowings by the Group's total equity of approximately HK$920.1 million as at 30 June 2019 (31 December 2018: approximately HK$927.3 million) then multiplying the value by 100%. The increase in gearing ratio by 7.0% was mainly due to the lease liabilities of approximately HK$58.2 million which arose from the adoption of new accounting standard during the Period. If excluded the lease liabilities, the gearing ratio of the Group remained stable as compared with 31 December 2018.

The current ratio and quick ratio as at 30 June 2019 were lower as compared with the respective figures as at 31 December 2018. Such decrease was mainly attributable to: (i) the lower inventory level maintained by the Group during the Period; (ii) a decrease in loan receivables in the Money Lending Business, which was diverted to the acquisition of machinery and equipment for production activities in the PRC and the renovation works carried out in the factory of the Group situated in Shenzhen, the PRC; and (iii) the refund of the deposit of HK$15 million received in advance in connection with the disposal of a wholly owned subsidiary of the Group which owned the land and building in Shenzhen, the PRC due to the lapse of a disposal transaction during the Period.

The Group's total borrowings included: (i) an amount due to a related company of approximately HK$445,000 (31 December 2018: approximately HK$457,000); (ii) an amount due to a non-controlling shareholder of a subsidiary of approximately HK$17.1 million (31 December 2018: approximately HK$17.1 million); (iii) secured bank borrowings of approximately HK$92.2 million (31 December 2018: approximately HK$86.8 million); and (iv) lease liabilities of approximately HK$58.2 million (31 December 2018: nil). The secured bank borrowings were payable within four years and carried interests at the Hong Kong Inter-bank Offered Rate (the "**HIBOR**") plus 1.85% to 2.5% per annum. The amount due to a related company was unsecured, payable within one year and bore a fixed interest at rates ranging from 18% to 20% per annum. The amount due to a non-controlling shareholder of a subsidiary was unsecured, interest-free and repayable on demand. The weighted average lessee's incremental borrowing rate applied in lease liabilities was 4.59%.

All borrowings were denominated in Hong Kong dollars ("**HK dollars**") and Renminbi and the majority of the cash and cash equivalents was denominated in Renminbi, HK dollars and United States dollars ("**US dollars**").

The Group generally finances its operation with cash flows generated internally and bank facilities obtained in Hong Kong. Taking into account the amount of the anticipated funds generated internally and the available banking facilities, the Group will have adequate resources to meet its future capital expenditure and working capital requirements. The Group will continue to implement a prudent policy in managing its cash balance, thereby maintaining a strong and healthy liquidity level and ensuring that any business opportunity will be promptly seized.

FOREIGN EXCHANGE RISK

The Group's sales and purchases were principally denominated in Renminbi, HK dollars and US dollars. Except for Renminbi, there was no significant fluctuation in the exchange rate between HK dollars and US dollars throughout the Period. The management will closely monitor the foreign exchange risk of Renminbi and identify potential significant adverse impact (if any) that may affect the PRC operations of the Group. If necessary, the Group will consider using appropriate hedging solutions. The Group did not use any financial instrument for hedging purpose during the Period and it did not have any outstanding hedging instrument as at 30 June 2019.

CAPITAL EXPENDITURE

During the Period, capital expenditure of the Group for property, plant and equipment amounted to approximately HK$22.3 million (six months ended 30 June 2018: approximately HK$21.7 million). The increase in capital expenditure was mainly attributable to the acquisitions of machinery for production activities in the PRC, the renovation works carried out in the factory of the Group situated in Shenzhen, the PRC and the construction works carried out on the land situated in Qingyuan City, the PRC.

CAPITAL COMMITMENTS

As at 30 June 2019, the Group had capital commitments of approximately HK$14.0 million (31 December 2018: approximately HK$5.7 million) which had been contracted for but had not been provided for in the financial statements for the acquisition of property, plant and equipment. The Group did not have any capital commitment for the acquisition of property, plant and equipment that had been authorised but not contracted for in both periods. The Group expects to finance its capital commitments by internal resources and/or bank borrowings.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2019 (31 December 2018: Nil).

PLEDGE OF ASSETS

As at 30 June 2019, the Group pledged property, plant and equipment and investment properties with an aggregate carrying value of approximately HK$232.2 million (31 December 2018: approximately HK$233.5 million) to secure the mortgage loan for certain investment properties and the general banking facilities granted to the Group. As at 30 June 2019, the Group has minimum lease payments under lease liabilities of approximately HK$58.2 million of which approximately HK$21.5 million are secured by rental deposit of approximately HK$1.6 million. Save as aforesaid, no other asset was pledged by the Group as at 30 June 2019.

SHARE CAPITAL AND CAPITAL STRUCTURE

There was no change in the share capital or capital structure of the Company during the Period.

HUMAN RESOURCES

As at 30 June 2019, the Group had approximately 1,600 full-time employees (31 December 2018: approximately 1,600). Total staff costs (including Directors' remuneration) was approximately HK$83.1 million for the Period (six months ended 30 June 2018: approximately HK$85.1 million).

The remuneration schemes of the Group are generally structured with reference to market conditions and the qualifications of the employees and reward packages, including discretionary bonus for staff which is generally reviewed on an annual basis, depending on the staff's and the Group's performance. Apart from salary payments and contributions to retirement benefit schemes, other staff benefits include participation in share option scheme and medical insurance for eligible employees. In-house and external training programmes are also provided as and when required.

EVENTS AFTER REPORTING PERIOD

On 12 July 2019, the Group participated in a loan arrangement together with Topgold Universal Limited ("**Topgold**") and 4 other co-lenders in relation to the grant of a loan in the aggregate principal amount of HK$120 million to a company incorporated in British Virgin Islands with limited liability for a term of 6 months at the interest rate of 24.0%. The principal amount contributed by the Group to such loan is HK$4.5 million. As Topgold's ultimate beneficial owner is a family member of Mr. Suek Ka Lun, Ernie, an executive Director and chairman of the Company, such loan arrangement constituted a connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). For further details, please refer to the announcement of the Company dated 12 July 2019.

Reference is the proposed provision of loan and disposal of Yinghua as disclosed in the announcement of the Company dated 28 March 2019 and the circular of the Company dated 26 July 2019. The loan was drawdown on 13 August 2019. Further details are set out in the paragraph headed "Property Development Business" in this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as code of conduct regarding Directors' securities transactions. Having made specific enquiry with all Directors, the Company has received confirmations from all Directors that they have complied with the required standards set out in the Model Code during the Period.

The Company has also adopted procedures on terms no less exacting than the Model Code in respect of the securities transactions by the employees who are likely to be in possession of unpublished inside information of the Group.

AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") comprises one non-executive Director and two independent non-executive Directors. The Audit Committee has reviewed with the management the accounting policies, discussed with the Board the auditing, internal controls, risk management and financial reporting matters of the Group and reviewed the interim results and the unaudited condensed consolidated financial statements of the Group for the Period.

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

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

CORPORATE GOVERNANCE

The Board is collectively responsible for performing the corporate governance duties. The Board recognises that good corporate governance practices are vital to the maintenance and promotion of shareholder value and investor confidence. In the opinion of the Board, save for the deviations disclosed below, the Company has met the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules throughout the Period:

Provisions A.5.1 to A.5.5 of the CG Code

The Board has not established a nomination committee which is in deviation from Provisions A.5.1 to A.5.5 of the CG Code. The Board is responsible for reviewing the structure, size and composition of the Board from time to time, and the appointment and removal of Directors are subject to the Board's collective decision. The Board will identify individuals suitably qualified to be appointed to the Board when necessary. The Board considers potential candidates based on their qualifications, expertise, experience and knowledge as well as the requirements under the Listing Rules.

Provision A.6.7 of the CG Code

Except for Mr. Wong Sun Fat, a non-executive Director who was unable to attend the special general meeting of the Company held on 18 April 2019 due to other business commitments and Mr. Chu Gun Pui, an independent non-executive Director who was unable to attend the annual general meeting of the Company held on 21 June 2019 due to other business commitments, all non-executive Directors and independent non-executive Directors attended all general meetings of the Company held during the Period.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the Period have not been audited, but have been reviewed by the Audit Committee and the Group's auditors, Messrs. Deloitte Touche Tohmatsu.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE'S WEBSITE AND THE COMPANY'S WEBSITE

A detailed interim report of the Group for the Period will be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.newaygroup.com.hk in September 2019.

On behalf of the Board
NEWAY GROUP HOLDINGS LIMITED
Suek Ka Lun, Ernie
Chairman

Hong Kong, 19 August 2019

As at the date of this announcement, the Board comprises Mr. Suek Ka Lun, Ernie (Chairman) and Mr. Suek Chai Hong (Chief Executive Officer) being the executive Directors; Dr. Ng Wai Kwan, Mr. Chan Kwing Choi, Warren and Mr. Wong Sun Fat being the non-executive Directors; Mr. Lee Kwok Wan, Mr. Lai Sai Wo, Ricky and Mr. Chu Gun Pui being the independent non-executive Directors; and Mr. Lau Kam Cheong being the alternate Director to Dr. Ng Wai Kwan.