OSHIDORI INTERNATIONAL HOLDINGS LIMITED

威華達控股有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock code: 622)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board of directors (the "Board") of Oshidori International Holdings Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2020 as follows:

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Six months ended	
		30.06.2020	30.06.2019
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**68,390**	205,642
Other income	*5*	**4,173**	19,570
Other gains and losses	*6*	**3,102**	21,536
Net unrealised fair value gain (loss) on financial assets at fair value through profit or loss ("FVPL")	*4*	**203,405**	(243,008)
Net impairment loss in respect of loan receivables	*14(d)*	**(60,211)**	(70,085)
Depreciation of property and equipment and right-of-use assets		**(21,203)**	(11,864)
Employee benefits expenses	*7*	**(41,826)**	(39,084)
Other expenses	*7*	**(103,838)**	(57,428)
Share of results of associates		**(2,232)**	(3,574)
Finance costs	*7*	**(10,580)**	(22,653)
Profit (Loss) before taxation	*7*	**39,180**	(200,948)
Income tax (expense) credit	*8*	**(42,905)**	2,251
Loss for the period		**(3,725)**	(198,697)
Other comprehensive income (loss):			
Item that will not be reclassified to profit or loss			
Fair value change on financial assets designated at fair value through other comprehensive income ("Designated FVOCI")		**250,557**	241,556
Items that are reclassified or may be reclassified subsequently to profit or loss			
Fair value change on financial assets mandatory at fair value through other comprehensive income ("Mandatory FVOCI")		**(180)**	196
Fair value change on Mandatory FVOCI reclassified to profit or loss upon disposal		**740**	–
Exchange differences arising on translation to presentation currency		**(3,753)**	(5,152)
		(3,193)	(4,956)
Total other comprehensive income for the period		**247,364**	236,600
Total comprehensive income for the period		**243,639**	37,903

	Note	Six months ended **30.06.2020** *HK$'000* **(Unaudited)**	30.06.2019 *HK$'000* (Unaudited)
(Loss) Profit for the period attributable to:			
Owners of the Company		**(3,738)**	(198,674)
Non-controlling interests		**13**	(23)
		(3,725)	(198,697)
Total comprehensive income (loss) for the period attributable to:			
Owners of the Company		**242,992**	42,903
Non-controlling interests		**647**	(5,000)
		243,639	37,903
		HK cents	*HK cents*
Loss per share	*10*		
Basic		**(0.06)**	(3.42)
Diluted		**(0.06)**	(3.42)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

	Note	**30.06.2020** ***HK$'000*** **(Unaudited)**	31.12.2019 *HK$'000* (Audited)
Non-current assets			
Property and equipment	*11*	**196,722**	260,214
Right-of-use assets		**10,852**	16,715
Financial assets at fair value through other comprehensive income ("FVOCI")	*12*	**3,221,385**	3,007,433
Financial assets at FVPL	*15*	**250,852**	–
Interests in associates	*13*	**92**	2,324
Intangible assets		**3,908**	3,908
Other deposits		**425**	503
Loan receivables	*14*	**56,767**	210,653
		3,741,003	3,501,750
Current assets			
Trade, loan and other receivables	*14*	**644,802**	473,543
Income tax recoverable		**16,692**	17,050
Financial assets at FVPL	*15*	**2,335,387**	2,132,047
Bank balances – trust and segregated accounts		**9,190**	19,928
Cash and cash equivalents		**688,062**	695,894
		3,694,133	3,338,462
Current liabilities			
Trade and other payables	*16*	**476,685**	470,806
Lease liabilities		**11,047**	10,521
Income tax payable		**4,656**	1,674
Loan payable	*17*	**155,634**	150,855
		648,022	633,856
Net current assets		**3,046,111**	2,704,606
Total assets less current liabilities		**6,787,114**	6,206,356

	30.06.2020	31.12.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current liabilities		
Deferred taxation	**65,097**	25,532
Lease liabilities	**–**	6,335
	65,097	31,867
NET ASSETS	**6,722,017**	6,174,489
Capital and reserves		
Share capital	**305,680**	290,588
Reserves	**6,411,319**	5,879,530
Equity attributable to owners of the Company	**6,716,999**	6,170,118
Non-controlling interests	**5,018**	4,371
TOTAL EQUITY	**6,722,017**	6,174,489

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company and its subsidiaries (together the "Group") are investment holdings, tactical and/or strategical investment, and the provisions of (i) securities brokerage services, (ii) margin financing services, (iii) placing and underwriting services, (iv) corporate finance advisory services, (v) investment advisory and asset management services, and (vi) credit and lending services.

Certain group entities are licensed under the Hong Kong Securities and Futures Ordinance with the following regulated activities:

Type 1: Dealing in securities
Type 2: Dealing in futures contracts
Type 4: Advising on securities
Type 6: Advising on corporate finance
Type 9: Asset management

A group entity obtained the license in dealing in futures contracts during the year ended 31 December 2019 but the application of such trading rights is still in progress during the six months ended 30 June 2020. The business of dealing in futures contracts has not yet been commenced during the period.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2020 (the "Interim Financial Statements") are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

3. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements should be read in conjunction with the 2019 annual financial statements. The accounting policies adopted in preparing the Interim Financial Statements are consistent with those in the preparation of the Group's annual financial statements for the year ended 31 December 2019, except for the adoption of the new/revised standards of Hong Kong Financial Reporting Standards ("HKFRSs") which are relevant to the Group's operation and are effective for the Group's financial year beginning on 1 January 2020 as described below.

Adoption of new/revised HKFRSs

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

The adoption of these new and revised HKFRSs in the current period has no material impact on the Group's results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

4. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

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

(a) the provision of securities brokerage services, margin financing services, placing and underwriting services, investment advisory services, asset management services and corporate financial advisory services ("financial services");

(b) tactical and/or strategical investment*; and

(c) credit and lending services*.

* *The chief operating decision makers have updated the name of its reportable and operating segments for clearer descriptive information about them.*

Segment revenue and results

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

For the six months ended 30 June 2020 (Unaudited)

	Financial services *HK$'000*	Tactical and/ or strategical investment *HK$'000*	Credit and lending services *HK$'000*	Total *HK$'000*
Revenue				
Revenue from financial services	13,886	–	–	13,886
Revenue from tactical and/or strategical investment	–	13,939	–	13,939
Revenue from credit and lending services	–	–	40,565	40,565
Total revenue	13,886	13,939	40,565	68,390
Net unrealised fair value gain on financial assets at FVPL	–	203,405	–	203,405
Segment revenue	13,886	217,344	40,565	271,795
Segment gain (loss)	3,917	184,244	(37,551)	150,610
Unallocated other income				2,436
Net exchange gain				1,168
Unallocated other gains and losses				2,824
Share of results of associates				(2,232)
Unallocated finance costs				(2,654)
Central corporate expenses				(112,972)
Profit before taxation				39,180

For the six months ended 30 June 2019 (Unaudited)

	Financial services	Tactical and/ or strategical investment	Credit and lending services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
Revenue from financial services	30,614	–	–	30,614
Revenue from tactical and/or strategical investment	–	151,861	–	151,861
Revenue from credit and lending services	–	–	23,167	23,167
Total revenue	30,614	151,861	23,167	205,642
Net unrealised fair value loss on financial assets at FVPL	–	(243,008)	–	(243,008)
Segment revenue	30,614	(91,147)	23,167	(37,366)
Segment gain (loss)	12,499	(134,764)	(53,556)	(175,821)
Unallocated other income				12,054
Net exchange gain				21,211
Unallocated other gains and losses				325
Share of results of associates				(3,574)
Central corporate expenses				(55,143)
Loss before taxation				(200,948)

Segment revenue includes revenue from financial services, tactical and/or strategical investment and credit and lending services. In addition, the chief operating decision makers also consider net unrealised fair value gain (loss) on financial assets at FVPL as segment revenue.

Segment result represents the profit earned or loss incurred by each segment without allocation of certain other income, certain other gains and losses, share of results of associates, certain finance costs and central corporate expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

5. OTHER INCOME

	Six months ended	
	30.06.2020	30.06.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income on:		
– bank deposits	**1,834**	4,977
– promissory note receivable	**–**	4,833
– other investments	**–**	2,285
– others	**2**	43
	1,836	12,138
Others	**2,337**	7,432
	4,173	19,570

6. OTHER GAINS AND LOSSES

		Six months ended	
		30.06.2020	30.06.2019
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Bad debts written off		**(5,700)**	–
Net exchange gain		**1,168**	21,211
Amortisation of deferred day-one gain	*15(b)*	**4,810**	–
Loss on disposal of property and equipment		**(5,610)**	–
Gain on disposal of a subsidiary		**1**	–
Gain on disposal of an associate	*13*	**8,433**	–
Gain on deemed disposal of an associate		**–**	325
		3,102	21,536

7. PROFIT (LOSS) BEFORE TAXATION

This is stated after charging:

	Six months ended	
	30.06.2020	30.06.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance costs		
Interest on loan payables	**2,492**	855
Interest on margin financing	**7,833**	15,362
Interest on promissory note payable	**–**	6,230
Imputed interest on lease liabilities	**255**	206
	10,580	22,653
Employee benefits expenses (including directors' emoluments)		
Salaries and other benefits	**12,410**	14,032
Retirement benefit scheme contributions	**307**	332
Share-based payment expenses	**29,109**	24,720
	41,826	39,084
Other expenses		
Business development expenses	**22,854**	25,943
Business registration fees, statutory fees and listing fees	**891**	1,534
Financial information charges	**878**	1,062
Handling and settlement expenses	**276**	724
Insurance	**581**	713
Investment transaction cost	**97**	3,209
Lease payments for short-term leases and leases of low-value assets	**1,338**	1,254
Legal and professional fees	**2,890**	9,200
Marketing expenses	**6,509**	9,281
Other operating expenses	**4,034**	4,508
Share-based payment expenses to service providers	**63,490**	–
	103,838	57,428

8. INCOME TAX (EXPENSE) CREDIT

The two-tiered profits tax rates regime have been implemented from 1 April 2018, under which, the profits tax rate for the first HK$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK$2,000,000 will continue to be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For the six months ended 30 June 2020 and 2019, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	Six months ended	
	30.06.2020	30.06.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	**3,340**	4,225
Deferred taxation		
Origination and reversal of temporary difference	**39,565**	(6,476)
Income tax expense (credit)	**42,905**	(2,251)

9. DIVIDENDS

The directors of the Company (the "Directors") do not recommend the payment of a dividend for the six months ended 30 June 2020. The Directors declared an interim dividend of HK$0.005 per share amounting to HK$29,059,000 in respect of the six months ended 30 June 2019 and did not recommend a final dividend in respect of the year ended 31 December 2019.

10. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on loss attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the period as follows:

Loss

	Six months ended	
	30.06.2020	30.06.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to equity shareholders of the Company, for the purpose of basic and diluted loss per share	**(3,738)**	(198,674)

Number of shares

	Six months ended	
	30.06.2020	30.06.2019
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares, for the purpose of basic and diluted loss per share	**5,902,830,587**	5,811,766,282

Note:

For the six months ended 30 June 2020, the outstanding share options and unvested awarded shares of the Company have not been included in the computation of diluted loss per share as they are anti-dilutive.

For the six months ended 30 June 2019, the outstanding share options of the Company had not been included in computation diluted loss per share as they are anti-dilutive.

11. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2020, the Group had acquired and disposed of property and equipment of approximately HK$15,000 and HK$48,167,000 respectively (six months ended 30 June 2019: acquired property and equipment of approximately HK$333,000).

12. FINANCIAL ASSETS AT FVOCI

	Note	**30.06.2020**	31.12.2019
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Designated FVOCI			
Equity securities – listed			
Listed in Hong Kong		**2,416,449**	2,096,293
Listed in the United States		**24,865**	45,855
		2,441,314	2,142,148
Equity securities – unlisted	*(a)*	**780,071**	846,686
		3,221,385	2,988,834
Mandatory FVOCI			
Debt securities listed in Singapore		**–**	18,599
		3,221,385	3,007,433

Note:

(a) As at 30 June 2020, the amount represented the investments in unlisted equity securities issued by private entities. Included in the unlisted investments as at 30 June 2020, the Group held approximately 2.95% (31 December 2019: 2.95%) of the issued shares of Co-Lead Holdings Limited ("Co-Lead") in the amount of HK$90,465,000 (31 December 2019: HK$85,398,000) and approximately 11.68% (31 December 2019: 11.68%) of the issued shares of Satinu Resources Group Ltd. ("Satinu") in the amount of HK$539,408,000 (31 December 2019: HK$604,705,000), which are companies incorporated in the British Virgin Islands ("BVI"). Co-Lead and its subsidiaries principally engage in securities trading and investment holding business in Hong Kong and Satinu and its subsidiaries principally engage in integrated financial services, securities brokerage services, money lending, securities and other direct investments in Hong Kong.

13. INTERESTS IN ASSOCIATES

	30.06.2020	31.12.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Unlisted shares		
Shares of net assets	**–**	2,205
Goodwill	**92**	119
	92	2,324

As at 31 December 2019, interests in associates represented the Group's interests in 25% of the issued ordinary share capital of Eternal Billion Holding Group Limited and Topwish Holdings Limited.

On 12 June 2020, the Group entered into a sale and purchase agreement with an independent third party to dispose of 25% equity interests in Topwish Holdings Limited at a consideration of HK$8,433,000 which was payable in cash, the transaction resulted in a gain on disposal of HK$8,433,000 recognised during the six months ended 30 June 2020. The disposal was completed on the same day.

14. TRADE, LOAN AND OTHER RECEIVABLES

		30.06.2020	31.12.2019
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Audited)
Trade receivables			
Trade receivables arising from the business of securities brokerage and margin financing			
– cash clients		**85**	102
– margin clients	*(b)*	**130,591**	138,873
– Hong Kong Securities Clearing Company Limited ("HKSCC")	*(c)*	**336**	598
	(a)	**131,012**	139,573
Trade receivable arising from the provision of corporate finance advisory services		**320**	340
		131,332	139,913

	Note	30.06.2020	31.12.2019
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Loan receivables			
Loan and interest receivables			
– from independent third parties		**565,012**	475,053
– from a related company		**132,370**	151,414
		697,382	626,467
Less: Loss allowance		**(162,587)**	(102,376)
	(d)	**534,795**	524,091
Less: Non-current portion		**(56,767)**	(210,653)
Current portion		**478,028**	313,438
Other receivables			
Deposits with securities brokers	*(e)*	**3,299**	886
Other receivables, deposits and prepayments		**32,143**	19,306
		35,442	20,192
		644,802	473,543

Notes:

(a) No aging analysis by invoice date is disclosed as in the opinion of the Directors, the aging analysis does not give additional value in view of the nature of securities brokerage and margin financing businesses.

(b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 8% to 30% (31 December 2019: 8% to 30%) per annum at the end of the reporting period. The loans are secured by pledged marketable securities with a total fair value of approximately HK$412,978,000 (31 December 2019: HK$434,135,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group.

(c) The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date.

(d) At the end of the reporting period, loan receivables include both fixed and variable rate loan advances to independent third parties of approximately HK$252,141,000 (31 December 2019: HK$160,916,000) which are secured by the pledge of certain collaterals and personal guarantees, bearing interest ranging from 3% to 48% (31 December 2019: 3% to 48%) per annum and have contractual loan period between 6 months and 30 years (31 December 2019: between 6 months and 30 years) under the Group's credit and lending services operation. The remaining unsecured balance includes (i) a fixed rate loan advance to a company, of which Mr. Wong Yat Fai was a common director, of approximately HK$132,370,000 (31 December 2019: HK$151,414,000) which is bearing interest of 8% (31 December 2019: 8%) per annum and has contractual loan period of 18 months (31 December 2019: 18 months); and (ii) both fixed and variable rate loan advances to independent third parties of approximately HK$150,284,000 (31 December 2019: HK$211,761,000) which are bearing interest ranging from 5% to 36% (31 December 2019: 5% to 36%) per annum. The contractual loan period for majority of the unsecured loan receivables from third parties is between 2 months and 5 years (31 December 2019: between 3 months and 5 years).

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their profession, salaries and current working position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. During the six months ended 30 June 2020, the Group recognised a net impairment loss in respect of loan receivables of approximately HK$60,211,000 (six months ended 30 June 2019: HK$70,085,000).

Aging analysis of loan receivables (net of loss allowance) prepared based on contractual due date is as follows:

	30.06.2020	31.12.2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Not yet past due	**534,740**	495,966
Less than 1 month past due	**–**	2,940
4 to 6 months past due	**–**	4,059
7 to 12 months past due	**–**	21,071
Over 12 months past due	**55**	55
At the end of the reporting period	**534,795**	524,091

As at 30 June 2020, the Group has concentration of credit risk as 25% and 87% (31 December 2019: 29% and 66%) of the total loans was due from the Group's largest borrower and the five largest borrowers respectively, within the credit and lending services segment. Management of the Group monitors the exposure from time to time to assess their recoverability.

(e) Deposits with securities brokers represented the funds deposited with the brokers' houses for securities trading purpose.

15. FINANCIAL ASSETS AT FVPL

	Note	30.06.2020	31.12.2019
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Mandatorily measured at FVPL:			
– Listed shares in Hong Kong		**2,206,479**	2,022,155
– Listed shares in the United States		**2,539**	–
– Unlisted investment funds	*(a)*	**329,317**	77,512
– Unlisted callable fixed coupon notes		**23,223**	–
– Unlisted convertible notes	*(b)*	**24,681**	32,380
		2,586,239	2,132,047
Analysed as:			
Non-current		**250,852**	–
Current		**2,335,387**	2,132,047
		2,586,239	2,132,047

Notes:

(a) The unlisted investment funds are mainly subscribed from independent financial institutions. The portfolios of these funds mainly comprise securities listed in Hong Kong and overseas and unlisted debt and equity securities in Asia–Pacific region. The funds are redeemable at the discretion of the Group from time to time and the intention of holding them was for short-term investment, except for the unlisted investment funds of approximately HK$250,852,000 which was held for long-term investment.

(b) The unlisted convertible notes were subscribed from an independent third party at a consideration of HK$40,500,000 on 18 June 2019. The convertible notes is bearing coupon interest rate of 8% per annum in a principal amount of HK$81,000,000 which will mature on 31 December 2020. Based on conversion price of HK$0.05 per share, the Group could convert into a maximum of 1,620,000,000 ordinary shares of the issuer.

At the date of purchase, the convertible notes was recognised at fair value of HK$78,880,000 which was determined based on valuation carried out by independent professional valuer. The difference between the transaction price and fair value of the convertible notes at purchase date of HK$38,380,000 was adjusted to deferred day-one gain. Subsequently, the deferred day-one gain is amortised over the term of the convertible notes on straight line basis.

The movement of the investment in unlisted convertible notes is as follows:

	Fair value	**Deferred day-one gain**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At date of purchase	78,880	(38,380)	40,500
Fair value change	43,460	–	43,460
Amortisation	–	10,692	10,692
Derecognition upon conversion	(49,017)	11,122	(37,895)
Derecognition upon disposal	(31,324)	6,947	(24,377)
At 31 December 2019 (Audited)	41,999	(9,619)	32,380
Fair value change	(12,509)	–	(12,509)
Amortisation *(Note 6)*	–	4,810	4,810
At 30 June 2020 (Unaudited)	**29,490**	**(4,809)**	**24,681**

During the six months ended 30 June 2020, interest income from the convertible notes amounting to approximately HK$1,676,000 (six months ended 30 June 2019: Nil) was settled by scrip from the note issuer. The fair value of the shares at the date of distribution of interest is approximately HK$1,676,000 which is determined by the quoted market price. The Group irrevocably designated the shares received as Designated FVOCI at the date of distribution of interest.

The fair value of the unlisted convertible notes is determined based on valuation carried out by independent qualified professional valuer at the end of reporting period.

16. TRADE AND OTHER PAYABLES

	Note	**30.06.2020**	31.12.2019
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Trade payables			
Trade payables arising from the business of securities brokerage			
– cash clients		**515**	1,711
– margin clients		**8,168**	20,754
	(a)	**8,683**	22,465
Secured margin loans from securities brokers	*(b)*	**448,173**	415,516
		456,856	437,981
Other payables			
Other payables and accrued charges		**19,829**	32,825
		476,685	470,806

Notes:

(a) Trade payables to cash and margin clients are repayable on demand. In the opinion of the Directors, no aging analysis is disclosed as the aging analysis does not give additional value.

(b) For secured margin loans from securities brokers, the loans are repayable on demand (except certain balances arising from trades pending settlement or margin deposits) and are interest-bearing at the prevailing market interest rate (31 December 2019: a range from 2.97% to 7.236%) per annum. The total market value of equity securities (31 December 2019: debt and equity securities) pledged as collateral in respect of the loans was approximately HK$2,808,712,000 (31 December 2019: HK$2,318,260,000) as at 30 June 2020.

17. LOAN PAYABLE

The loan from an independent third party as at 30 June 2020 is unsecured, interest bearing of 8% (31 December 2019: 6.5%) per annum and repayable within 6 months (31 December 2019: 1 year) from drawdown date.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in investment holdings, tactical and/or strategical investment, and the provisions of financial services including the Securities and Futures Commission (the "SFC") regulated activities namely Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 9 (asset management); and provision of credit and lending services regulated under the Money Lenders Ordinance. The Group is currently pursuing the development of an integrated resort ("IR") in Nagasaki, Japan and is actively preparing for a unique proposal to win the bid.

BUSINESS REVIEW

With the world brought down to its knees by the COVID-19 pandemic and many countries imposing lockdown or movement control restrictions, the global economy is facing and will continue to experience slowdown until the pandemic is under control. Despite the COVID-19 stimulus packages introduced by governments around the world including Hong Kong, consumer demand remains weak while businesses globally struggle to stay afloat. According to the Gross Domestic Product Second Quarter 2020 report published by Census and Statistics Department of Hong Kong, the Gross Domestic Product (GDP) decreased by 9.0% in real terms from a year earlier, compared with the decrease of 9.1% in the first quarter. Private consumption expenditure decreased by 14.2% in real terms in the second quarter of 2020 from a year earlier, deteriorating from the 10.6% decline in the first quarter. With this backdrop, the Group's financial services business was extremely challenging in the first half of 2020.

For the six months ended 30 June 2020, the Group's revenue amounted to HK$68.4 million, as compared with the amount of HK$205.6 million for the same period last year. The global pandemic has severely affected the Hong Kong economy and financial markets in the first half of 2020, leading to a drop of 71.6% and 54.4% respectively in the Group's revenue generated from securities brokerage and margin financing businesses, as compared to the corresponding period last year.

Loss for the six months ended 30 June 2020 amounted to HK$3.7 million compared to the loss of HK$198.7 million for the corresponding period last year. Basic loss per share for the six months ended 30 June 2020 was HK0.06 cents, as compared with loss per share of HK3.42 cents for the corresponding period last year.

The turnaround was mainly due to net realised and unrealised gains on financial assets at FVPL of HK$203.7 million (six months ended 30 June 2019: net realised and unrealised losses of HK$139.5 million) and the 75.1% growth in the credit and lending business, as compared to the corresponding period last year.

A. Financial Services (SFC Type 1, 2, 4, and 9 regulated activities)

The Group through its wholly-owned subsidiary, namely Win Wind Securities Limited ("WWSL"), principally engages in financial services. WWSL is licensed by the SFC to conduct regulated activities including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management). In order to trade in securities through the trading facilities of the Stock Exchange, WWSL, among other things, holds a Stock Exchange Trading Right and is an Exchange Participant of the Stock Exchange. Being a Stock Exchange Participant, WWSL is a licensed corporation under the Securities and Futures Ordinance (the "SFO") for Type 1 (dealing in securities) regulated activity and complies with the financial resources requirements as specified by the Financial Resources Rules and the Stock Exchange. WWSL is also a China Connect Exchange Participant, offering our clients a platform to trade eligible stocks listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange. WWSL intends to widen its business scope by offering futures contracts brokerage services. In order to trade in futures contracts through the trading facilities of Hong Kong Futures Exchange Limited, WWSL is a licensed corporation under the SFO for Type 2 (dealing in futures contracts) regulated activity and has submitted its application for obtaining a Futures Exchange Trading Right and becoming an Exchange Participant of Hong Kong Futures Exchange Limited.

The Group also set up a new company called Win Wind Finance Limited in order to strengthen its revenue stream by obtaining the SFC license of Type 8 (securities margin financing), so that the Group can attract clients with sound financial background, particularly for clients who hold significant shareholding of a single stock, but are unable to seek additional financing for acquisition of securities and/or for continuing holding of securities from banks and/or other brokers. The proposed new margin financing service is part of the Group's plan to further expand its scope of businesses and attract new clients.

(i) Brokerage Services and Margin Financing Services

For the six months ended 30 June 2020, the brokerage commission income generated from securities brokerage services decreased by 71.6% to HK$0.3 million (six months ended 30 June 2019: HK$1.2 million), which was due to the volatile local stock market and negative global investment sentiments.

For the six months ended 30 June 2020, the interest income generated from provision of margin financing services amounted to HK$13.3 million (six months ended 30 June 2019: HK$29.1 million). The Group will continue to balance risk and return and maintain a cautious approach to the credit control of its margin financing business.

(ii) Placing and Underwriting Services

For the six months ended 30 June 2020, WWSL, a wholly-owned subsidiary of the Company, has placed and underwritten securities with a value of HK$44.9 million, and generated placement commission income of HK$0.3 million (six months ended 30 June 2019: nil). WWSL has executed one placement and underwriting (including sub-placing activity) during the period.

The Group has maintained a cautious approach before committing to underwriting and placing services at times of market turbulence.

(iii) Corporate Finance Advisory

The Group through its wholly-owned subsidiary, Enerchine Corporate Finance Limited, carries out Type 6 (advising on corporate finance) regulated activities under the SFO since 2005.

No corporate finance advisory income has been generated for the six months ended 30 June 2020 (six months ended 30 June 2019: HK$0.3 million).

(iv) Asset management

No asset management income has been generated for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

B. Credit and Lending Services

The Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong, is the principal statute which governs the money lending business in Hong Kong. The Company's credit and lending business has been conducted through its wholly-owned subsidiaries, Win Wind Resources Limited ("WWRL") and Citizens Money Lending Corporation Limited ("Citizens"). WWRL provides loan facility of over HK$25 million and Citizens provides loan facility of up to HK$25 million. Both WWRL and Citizens obtained money lender's license granted by the Licensing Court and renewed its money lenders license on an annual basis.

The credit and lending business performed well in the first half of 2020. The interest income generated from the credit and lending services soared by 75.1% to HK$40.6 million for the six months ended 30 June 2020 (six months ended 30 June 2019: HK$23.2 million).

The Group's credit and lending business generates clientele by way of existing goodwill and word of mouth referrals by clients to fulfil the working capital needs of borrowers from time to time. The main financial challenge facing small and medium enterprises ("SMEs") is access to affordable credit over a reasonable period. Despite the financial reforms aimed at improving SMEs, access to finance for SMEs remains a recurrent problem.

The economic activities and business sentiment have been affected by the COVID-19 pandemic. Many enterprises suffer from a plunge in business turnover, resulting in a liquidity problem, in particular those SMEs which have difficulty in obtaining commercial bank loans due to their scale of operation. This may provide potential opportunities for licensed money lenders, particularly when banks' lending policies have become more conservative under the worsened economic environment. It is expected that there will be increasing demand of loans across industries at these difficult times which will broaden the client base and mitigate the Group's customer concentration risks. The Group remains positive about its credit and lending business and will continue to provide high-quality services to its clients.

C. Tactical and/or Strategical Investment

The Group engages in tactical and/or strategical investment of a diversified portfolio, which is overseen by a professional investment team holding Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), and Type 9 (asset management) licences under the SFO. The fair value of financial assets at FVPL amounted to HK$2,586.2 million (31 December 2019: HK$2,132.0 million) and a realised gain on financial assets at FVPL of HK$0.3 million was recognised, as compared to that of HK$103.5 million in the corresponding period last year. Dividend income decreased by 75.6% to HK$9.8 million, as compared to that of HK$40.1 million in the corresponding period last year.

SIGNIFICANT INVESTMENTS

During the period, the Group's significant investments that were classified as Designated FVOCI and financial assets at FVPL are detailed as follows:

Name of investments	*Notes*	Percentage of shareholding as at 30 Jun 2020 %	Percentage of shareholding as at 31 Dec 2019 %	Net gain (loss) for the period ended 30 Jun 2020 *HK$'000*	Net gain (loss) for the period ended 30 Jun 2019 *HK$'000*	Dividend received for the period ended 30 Jun 2020 *HK$'000*	Approximate % to the Group's total assets as at 30 Jun 2020 %	Investment cost *HK$'000*	Market value as at 30 Jun 2020 *HK$'000*	Market value as at 31 Dec 2019 *HK$'000*
Designated FVOCI										
Unlisted shares in overseas										
– Satinu Resources Group Limited	1	**11.68**	11.68	**(65,297)**	90,730	**–**	**7.25**	823,136	**539,408**	604,705
Listed shares in Hong Kong										
– Shengjing Bank Co., Ltd. (stock code: 2066)	2	**8.12**	8.12	**199,500**	463,600	**–**	**18.14**	1,254,000	**1,349,000**	1,149,500
– ZhongAn Online P&C Insurance Co., Ltd. (stock code: 6060)	3	**2.02**	3.40	**128,326**	(106,572)	**–**	**4.89**	258,777	**363,520**	448,546
Financial assets at FVPL										
Listed shares in Hong Kong										
– China Evergrande New Energy Vehicle Group Limited (stock code: 708)	4	**1.40**	1.40	**315,484**	(218,730)	**–**	**16.88**	530,871	**1,254,683**	939,199
– C C Land Holdings Limited (stock code: 1224)	5	**4.79**	4.79	**(3,720)**	(12,753)	**3,714**	**4.43**	356,943	**329,256**	332,762

The above table lists out the significant investments of the Group. To give details of other investments would result in particulars of excessive length.

The performance and prospects of the Group's significant investments during the period are detailed as follows:

1. Satinu Resources Group Limited ("Satinu")

Satinu and its subsidiaries engage in integrated financial services, securities brokerage services, money lending, securities and other direct investments. Given recent merger and acquisition deals of financial related companies by Chinese enterprises and low interest rate environment, Satinu has a strategic investment value.

2. Shengjing Bank Co., Ltd. ("Shengjing") (Stock Code: 2066)

Shengjing principally engages in the provision of corporate and personal deposits, loans, and advances, settlement, treasury business and other banking services as approved by the China Banking Regulatory Commission.

In 2019, Shengjing has creatively completed domestic and overseas capital increase and share expansion, deepened the reform of the management system and gradually rationalised the operating mechanism of corporate governance, optimised the organisational structure and personnel structure, and constantly improved the performance remuneration system, cultivated multi-dimensional marketing management system and increased marketing efforts, and strengthened the construction of a comprehensive risk management system, and strictly observed a sound business bottom line.

In 2019, Shengjing achieved a profit before taxation of RMB6.143 billion, representing a year-on-year increase of RMB0.604 billion or 10.9%, and achieved a net profit of RMB5.438 billion, representing a year-on-year increase of RMB0.312 billion or 6.1%.

Going forward, Shengjing will continue to adhere to its four business orientations of "developing the bank through deposits, compliance, talents and technology", to comprehensively establish the development concept, consolidating the foundation and strengthening capacity, optimise the structure to lay a solid foundation for building a "sound bank" in the new era. From a long-term perspective, Shengjing appears to have good prospects and the Company considers its investment in Shengjing has strategic investment value.

3. ZhongAn Online P & C Insurance Co., Ltd ("ZhongAn") (Stock Code: 6060)

ZhongAn is the first Internet-based Insuretech company in the People's Republic of China (the "PRC"). ZhongAn offers extensive property and casualty insurance products, covering accident insurance, bond insurance, health insurance, liability insurance, credit insurance, cargo insurance, household property insurance, etc. It focuses on the integration of its products into the various scenarios, so as to optimise customer experience.

ZhongAn recorded a total Gross Written Premium ("GWP") of RMB14,629.6 million in 2019. Driven by its health and lifestyle consumption ecosystem businesses, total GWP recorded a year-on-year increase of 30.0%, and GWP growth in the second half of the year rallied up to 43.0%. ZhongAn continued to strengthen users' insurance awareness, and provide more inclusive health insurance products through its proprietary platforms and the platform of Alipay Insurance operated by Ant Financial. It has also enhanced strategic cooperation with Ant Financial, and together with other ecosystem partners, actively explore product innovation and upgrade, leading to a 130.8% GWP growth of the lifestyle consumption ecosystem business. It has also strategically increased investments in the development of its proprietary platform business, while facilitated the implementation of an automatic and intelligent business process with the application of technology. In December 2019, ZhongAn Bank launched its trial pilot and became the first virtual bank in trial operation in Hong Kong. In the same month, ZhongAn also launched its internet hospital, which provides users with one-stop services covering online medical advice and doorstep medicine delivery, establishing a closed-loop health ecosystem.

The unexpected outbreak of COVID-19 in China delivered a heavy blow to the social and economic development, while to a certain extent it provided good development opportunities for the digital transformation of the insurance industry. Facing the epidemic, ZhongAn will continue its keen observation and leverage on its advantages to continuously enhance its technology strengths and optimise its online and mobile-based services. Considering ZhongAn's growth momentum and its pioneering role in the blue ocean of Insuretech and digital transformation, the Company is optimistic with ZhongAn's long-term prospects and believes the investment in ZhongAn is of great strategic value.

4. China Evergrande New Energy Vehicle Group Limited ("Evergrande Auto") (Stock Code: 708)

Evergrande Auto and its subsidiaries engage in technology research and development, production and sales of new energy vehicles in the PRC' and in other countries, as well as the "Internet+" community health management, international hospitals, and elderly care and rehabilitation in the PRC.

Evergrande Auto is developing its new energy vehicle business in full speed and has built a new energy vehicle industry chain covering power battery, motor powertrain, advanced vehicle manufacturing, vehicle sales and smart charging. Equipped with world-leading core technologies in key aspects, Evergrande Auto has implemented a global integrated research and development model to coordinate research and development works in China, Sweden, Germany, the United Kingdom, the Netherlands, Austria, Italy, Japan, South Korea and other countries. Evergrande Auto strives to become the world's largest and most powerful new energy vehicle group within 3–5 years. As the new energy vehicle has become the most important business, it changed its name from Evergrande Health Industry Group Limited to China Evergrande New Energy Vehicle Group Limited in August 2020.

On 10 June 2020, Evergrande Auto became the sole shareholder of NEVS, which is a Sweden-based company focusing on fields including intelligent electric vehicle manufacturing, motor electronic control, smart charging and vehicle-sharing. Evergrande Auto can therefore benefit from the enormous potential of the new vehicle market to develop its own automobile brand "Hengchi". On 3 August 2020, Evergrande Auto announced the six first-phase "Hengchi" vehicle models, covering all major passenger car categories including sedan, sport utility vehicles and multi-purpose vehicles.

Evergrande Auto's prospecting extension into the industry of New Energy Auto is an innovative and enlightened approach to respond to China's strategic goal of reinvigoration through science and technology and to protect the environment. The investment in Evergrande Auto will bring in a heathy return in the medium to long run.

During the six months ended 30 June 2020, Evergrande Auto's turnover amounted to RMB4,510.32 million, representing an increase of 70.30% as compared to RMB2,648.40 million in the corresponding period of 2019.

5. C C Land Holdings Limited ("C C Land") (Stock code: 1224)

C C Land focuses on property investment and development business, with projects in the major cosmopolitan cities of the world, namely, London, Melbourne and Hong Kong. By adhering to its prudent strategy of achieving asset growth through improving earnings, C C Land continues to enhance its property business and explore global opportunities in metropolitan cities to expand the recurrent income base. Its relatively low gearing level, ample liquidity and strong financial fundamentals have always been solid anchor features. C C Land fortunately reported that the pandemic had only limited impact on its rental business for the six months ended 30 June 2020. The revenue for the first half of 2020 was steady, reflecting a slight drop on rental revenue as a result of the depreciation of approximately 4% of the average exchange rate of the GBP against the HK$ compared with the corresponding period last year. The London investment property portfolio continues to provide a stable source of rental income of HK$236.1 million for the period ended 30 June 2020 (six months ended 30 June 2019: HK$239.9 million). Within its portfolio, the rental recovery has been over 94% due to its heavy weighting of blue chip tenants and high quality asset management. C C Land has maintained a strong capital base and sufficient financial resources to support business development and growth. As at 30 June 2020, its total equity amounted to HK$16.9 billion. The Company is optimistic with C C Land's long-term prospects and believes the investment in C C Land is of great strategic value.

Going forward, the Group will continue to pursue attractive investment and business opportunities which will have strategic investment value and is in line with the Group's corporate mission and goals. The Group expects that the stock markets in Hong Kong and the PRC will remain challenging for 2020, as the COVID-19 continues to haunt the world and as the economies across countries continue to show signs of uncertainty. The Group will continue to adopt prudent capital management and liquidity risk management policies and practices to preserve adequate capital to meet the challenges ahead.

FINANCIAL POSITION

A portion of the Group's bank balances are denominated in USD and RMB in the amount of HK$299.5 million and HK$136.7 million respectively. The Group's financial services business is not exposed to significant foreign exchange risk as most of the transactions are denominated in HK$. No financial instruments were used for hedging purposes.

Capital Commitments

As at 30 June 2020, the Group had no capital commitments in respect of the acquisition of property and equipment.

MATERIAL TRANSACTIONS

(a) Grant of Share Options and Awarded Shares in relation to Proposed Issuance of New Shares

On 22 January 2020, the Board resolved to grant an aggregate of 120,000,000 share options to 10 option grantees under the share option scheme, of which, (i) 100,000,000 share options were granted to 9 independent option grantees; and (ii) 20,000,000 share options were granted to an Executive Director, Ms. Wong Wan Men Margaret ("Ms. Wong").

On 22 January 2020, the Board also resolved to award an aggregate of 95,000,000 awarded shares to the corresponding 10 persons under the share award scheme, of which, (i) 85,000,000 awarded shares were awarded to 9 independent grantees by way of issue and allotment of new shares pursuant to the specific mandate; and (ii) 10,000,000 connected awarded shares were awarded to Ms. Wong by way of issue and allotment of new shares pursuant to the specific mandate.

As Ms. Wong is a connected person of the Company, the issue and allotment of the connected awarded shares (the "Award") to her constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and shall be subject to the approval by the independent shareholders. The special general meeting was convened and held on 25 March 2020 and the Award to Ms. Wong was approved.

(b) Share Swap Agreement with Hao Tian International Construction Investment Group Limited ("Hao Tian")

On 2 April 2020, the Company entered into a share swap agreement with Hao Tian under which the Company would issue shares representing 3.13% of the enlarged issued share capital of the Company and Hao Tian would issue shares representing 12.37% of the enlarged issued share capital of Hao Tian, ("Hao Tian Share Swap Transaction"). Hao Tian Share Swap Transaction was completed on 28 April 2020. 187,500,000 shares of the Company were issued at a price of HK$0.70 per share to a nominee of Hao Tian in exchange for 625,000,000 shares of Hao Tian as consideration shares at a price of HK$0.21 per share for a total consideration of HK$131,250,000. Details of Hao Tian Share Swap Transaction are set out in the Company's announcements dated 2 April 2020 and 28 April 2020. Hao Tian and its subsidiaries principally engage in the business of (a) provision of financial services and related financial advisory services through subsidiaries licensed to conduct (i) Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO; (ii) money lending activities; and (iii) brokerage of general insurance and long term (including linked long term) insurance; and (b) rental and trading of construction machinery.

(c) Share Swap Agreement with Imagi International Holdings Limited ("Imagi")

On 6 April 2020, the Company entered into a share swap agreement with Imagi under which the Company would issue shares representing 1.93% of the enlarged issued share capital of the Company and Imagi would issue shares representing 16.63% of the enlarged issued share capital of Imagi, ("Imagi Share Swap Transaction"). Imagi Share Swap Transaction was completed on 22 May 2020. 114,342,857 shares of the Company were issued at a price of HK$0.70 per share to a nominee of Imagi in exchange for 138,000,000 shares of Imagi as consideration shares at a price of HK$0.58 per share for a total consideration of HK$80,040,000. Details of Imagi Share Swap Transaction are set out in the Company's announcements dated 6 April 2020, 4 May 2020, 18 May 2020 and 22 May 2020. Imagi and its subsidiaries principally engage in integrated financial services, investment holdings, computer graphic imaging and entertainment business. Imagi Brokerage Limited, a wholly-owned subsidiary of Imagi, is the major financial service arm of Imagi. Imagi Brokerage Limited holds licenses in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities under the SFO.

While working on the IR project bid, the Directors have also remained vigilant in identifying opportunities for its financial services businesses. Following negotiations to acquire a strategic stake in Hao Tian and Imagi with an intention to strengthen cooperation between the companies' financial services subsidiaries, a work group was formed between the companies' senior management and securities professionals to explore opportunities on (i) cooperation and implementation of projects that are of mutual interests and benefits; (ii) exchanging and referring business opportunities as the parties think appropriate; and (iii) sharing market knowledge for the benefit and risk management of respective parties' businesses.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

In addition to the events disclosed elsewhere in the Interim Financial Statements, the Group had the following subsequent events:

(a) Recovered Loan Receivables

In July 2020, the Group recovered loan receivables in an amount of HK$167.5 million.

(b) Disposal of 8.06% Equity Interest in Satinu

On 12 August 2020, Uptown WW Value Investments Limited (a wholly-owned subsidiary of the Company) and High Rhine Limited, an independent third party, entered into a sale and purchase agreement pursuant to which High Rhine Limited conditionally agreed to acquire and Uptown WW Value Investments Limited conditionally agreed to sell 100,000,000 shares of Satinu, representing 8.06% of Satinu's issued share capital at a consideration of HK$650 million. The Group has received a non-refundable deposit of HK$200 million in cash. The Board intends to apply the sale proceeds from the disposal towards development of the Group's comprehensive financial services. Details of the disposal were set out in the Company's announcement dated 12 August 2020.

LITIGATION

(a) Updates on the previous disposal of shares in Shenzhen Fuhuade Electric Power Co., Ltd. ("Fuhuade")

During the year ended 31 December 2011, the Group disposed of its 100% equity interest in Fuhuade to CNOOC Gas & Power Group (the "Buyer"). The total consideration of the disposal of RMB1,037,642,000 (equivalent to approximately HK$1,247,166,000) was payable in instalments, the payment of which was subject to finalisation and confirmation of the results of supplemental audit. As at 31 December 2012, the supplemental audit was not yet finalised and the outstanding instalments were not received from the Buyer. In view of this, the Group made a provision for doubtful consideration receivable of HK$93,132,000 for the year ended 31 December 2012.

As at 31 December 2013, the Group was still not able to secure a satisfactory conclusion on the supplemental audit. Under the circumstances, the Board is of the opinion that the timing and eventual outcome of the finalisation of the supplemental audit and hence the settlement of the outstanding instalments cannot be estimated with reasonable certainty. It is determined that the receivable amount should be fully provided for until such time as the eventual outcome can be reliably estimated. Accordingly, the Group fully wrote down the receivable amount of HK$255,185,000, being the amount of consideration receivable amounting to HK$358,921,000 as originally stated after deducting estimated other taxes payable arising from the disposal of the subsidiary of HK$103,736,000, in the profit and loss account for the year ended 31 December 2013.

On 20 December 2017, the Group received a civil judgement (廣東省深圳市中級人民法院民事判決書[2014]深中法涉外初字第59號) in favour of the Group in relation to the litigation on the previous disposal of shares in Fuhuade, pursuant to which the Group is judged to receive approximately RMB85,545,000 (equivalent to approximately HK$102,327,000) (before tax) together with related interest of approximately RMB28,326,000 (equivalent to approximately HK$33,883,000) (before tax).

On 16 April 2019, the Group further received a civil judgment (廣東省深圳市中級人民法院民事判決書[2016]粵03民初第662號) in favour of the Group in relation to the litigation on the previous disposal of shares in Fuhuade, pursuant to which the Group is judged to receive approximately RMB113,486,000 (equivalent to approximately HK$129,102,000) (before tax) together with related tax subsidies of approximately RMB29,066,000 (equivalent to approximately HK$33,030,000) (before tax).

Up to 31 December 2019, approximately RMB127,624,000 (equivalent to approximately HK$145,566,000) was received from CNOOC Gas for settlement of judged consideration receivables of the third instalment of approximately RMB113,486,000 (equivalent to approximately HK$129,102,000) and tax subsidies of approximately RMB21,025,000 (equivalent to approximately HK$24,335,000) after deducting withholding tax of approximately RMB6,887,000 (equivalent to approximately HK$7,871,000).

Apart from the above, the Group is still awaiting a second instance decision from the Guangdong Provincial People's High Court regarding the amount of fuel subsidy (廣東省深圳市中級人民法院[2016]粵03民初661號).

(b) Writs of Summons issued by Allied Weli Development Limited and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators (the "Liquidators of Allied Weli Development Limited")

Enerchine Corporate Finance Limited, Win Wind Capital Limited, Win Wind Investment (Holdings) Limited, Enerchine Nominee Limited and WWSL (the "Defendant Parties"), which as of the date hereof are wholly-owned subsidiaries of the Company, have been named, inter alia, as defendants in two separate writ of summons in the High Court of Hong Kong (the "Writs") by the plaintiffs, Allied Weli Development Limited (in Liquidation) and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators (the "Liquidators") of Allied Weli Development Limited. The Liquidators have not served the Writs on the Defendant Parties. On 2 February 2018, the Group, through its legal advisors, requested the Liquidators to (i) serve the Writs of Summons on the Defendant Parties by 20 February 2018 as required under the Rules of the High Court (Order 12, rule 8A) or (ii) to discontinue the Writs against the Defendant Parties. On 15 February 2018, the Group received a letter from the Liquidator's lawyers stating, inter alia, that the Liquidators may ultimately decide not to pursue a claim against the Defendant Parties at all. As the Writs have not been served on the Defendant Parties, accordingly no provision has been made in the Interim Financial Statements. However, the management of the Company considers the Writs are not only groundless but the Liquidator's actions are a flagrant and calculated abuse of the law, designed solely to drag the Group's good name and good will through process of the Hong Kong Courts in hopes of profit that they will clearly not be entitled to.

(c) Legal proceeding against Celebrate International Holdings Limited ("Celebrate")

On 12 May 2020, Citizens (a wholly-owned subsidiary of the Company), as a creditor, commenced legal proceedings by filing a winding-up petition with the Court of First Instance of Hong Kong, against Celebrate as debtor regarding an outstanding loan in an amount of HK$27,155,161.50 together with the interests thereon pursuant to a loan agreement entered by Citizens and Celebrate on 25 January 2019 ("Celebrate Loan"). Celebrate Loan was secured by a debenture incorporating a floating charge over Celebrate's total assets in favor of Citizens along with a debenture incorporating a floating charge over the total assets of Celebrate's wholly-owned subsidiary, Long Peace Group Limited. On 10 July 2020, Citizens appointed joint and several receivers and managers to Celebrate so as to realise the charged assets. The Court granted the winding-up order against Celebrate on 22 July 2020 and appointed liquidators to proceed with the winding-up procedure.

OVERVIEW

With the decelerating momentum of global economic growth and increasing uncertainties due to the COVID-19 pandemic prevails, the first half of 2020 has been challenging in Hong Kong. The latest economic figures of Hong Kong as of 30 June 2020 showed a severe year-on-year economic contraction in multiple aspects including negative real GDP growth, declining private consumption and merchandise exports as well as increasing unemployment rate, implying more downward pressure to Hong Kong's financial market.

OUTLOOK

Looking ahead, the economic outlook of the second half of 2020 in Hong Kong remains grim as the COVID-19 pandemic prevails. The consequential global economic volatility is expected to adversely affect market sentiments of the investing public and the Hong Kong economy as a whole.

Amid this challenging environment, the Group will strive to adhere to its goals and continue to explore potential investment opportunities in fintech, lifestyle, real estate and integrated resort projects. Accordingly, the Group will continue to maintain a balanced approach to asset allocation with appropriate risk and potential reward; and the management will maintain strict oversight of operation costs in view of the volatile business environment.

In addition, the Group's financial services arm will continue to adopt prudent capital management and liquidity risk management to meet the challenges ahead, as well as increasing regulatory and supervisory requirements.

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: HK$0.005 per share).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group employed 36 full time employees for its principal activities. The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options and awarded shares may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme and share award scheme.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the six months ended 30 June 2020.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance. The Company confirms that it has complied with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 June 2020, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. As at the date of this announcement, the Audit Committee comprises three Independent Non-Executive Directors. Currently, the members of the Audit Committee are Messrs. Cheung Wing Ping, Hung Cho Sing and Chan Hak Kan. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The interim results of the Group for the six months ended 30 June 2020 had not been audited, but had been reviewed by the Company's auditor, Mazars CPA Limited and the Audit Committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board
Oshidori International Holdings Limited
Liu Tsui Fong
Company Secretary

Hong Kong, 28 August 2020

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:	*Non-Executive Directors:*	*Independent Non-Executive Directors:*
Ms. Wong Wan Men Margaret	Mr. Alejandro Yemenidjian *(Non-Executive Chairman)*	Mr. Chan Hak Kan
Mr. Wong Yat Fai	Hon. Joseph Edward Schmitz	Mr. Cheung Wing Ping
	Mr. Sam Nickolas David Hing Cheong	Mr. Hung Cho Sing