



林達控股有限公司  
LAMTEX HOLDINGS LTD.

STOCK CODE 1041

Interim Report 2017





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## CORPORATE INFORMATION

### DIRECTORS

#### *Executive Directors:*

Mr. Wu Xiaolin (*Chief Executive Officer*)

Mr. Wen Wenfeng

Ms. Shen Jing

(resigned with effect from  
19 April 2017)

#### *Non-Executive Directors:*

Mr. Wen Jialong (*Chairman*)

(appointed on 17 July 2017)

Mr. Lung Chee Ming George

Mr. Ye Weiming

(resigned with effect from  
17 July 2017)

#### *Independent Non-executive Directors:*

Mr. Zeng Zhaolin

Dr. Loke Yu alias Loke Hoi Lam

Mr. Tse Long

### BOARD COMMITTEES

#### *Audit Committee*

Dr. Loke Yu alias Loke Hoi Lam

(*Chairman*)

Mr. Zeng Zhaolin

Mr. Tse Long

#### *Remuneration Committee*

Mr. Zeng Zhaolin (*Chairman*)

Mr. Tse Long

Dr. Loke Yu alias Loke Hoi Lam

Mr. Wen Wenfeng

#### *Nomination Committee*

Mr. Zeng Zhaolin (*Chairman*)

Mr. Tse Long

Dr. Loke Yu alias Loke Hoi Lam

Mr. Wu Xiaolin

#### *Investment and Management Committee*

Mr. Wen Wenfeng (*Chairman*)

Mr. Zeng Zhaolin

Dr. Loke Yu alias Loke Hoi Lam

Mr. Wu Xiaolin

### COMPANY SECRETARY

Ms. Hui Wai Man, Shirley

### AUDITOR

ZHONGHUI ANDA CPA LIMITED

### REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

**HEAD OFFICE AND PRINCIPAL**

**PLACE OF BUSINESS IN HONG KONG**

Room 1814-1815, 18/F

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3 Salisbury Road

Tsim Sha Tsui

Kowloon

Hong Kong

**PRINCIPAL SHARE REGISTRAR**

MUFG Fund Services (Bermuda) Limited

26 Burnaby Street

Hamilton HM 11

Bermuda

**HONG KONG BRANCH SHARE**

**REGISTRAR**

Union Registrars Limited

Suites 3301-04, 33/F

Two Chinachem Exchange Square

338 King's Road

North Point

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# INDEPENDENT REVIEW REPORT



## TO THE BOARD OF DIRECTORS OF

### Lamtex Holdings Limited

(Incorporated in Bermuda with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 6 to 29 which comprises the condensed consolidated statement of financial position of Lamtex Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

## **ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

### **Pang Hon Chung**

Practising Certificate Number P05988

Hong Kong, 19 August 2017

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	5	17,361	(119,880)
Cost of inventories sold		-	(380)
Other income		215	15
Depreciation		(756)	(895)
Staff costs		(5,420)	(5,178)
Rental and related expenses		(1,021)	(2,384)
Other expenses		(5,514)	(9,263)
<b>Profit/(loss) from operations</b>		<b>4,865</b>	<b>(137,965)</b>
Gain on disposal of subsidiaries	15	3,187	-
Net fair value loss on convertible bond	14	(901)	-
<b>Profit/(loss) before tax</b>		<b>7,151</b>	<b>(137,965)</b>
Income tax expense	6	(1,793)	(379)
<b>Profit/(loss) for the period attributable to owners of the Company</b>	7	<b>5,358</b>	<b>(138,344)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		2,402	57
Exchange differences reclassified to profit or loss upon disposal of subsidiaries		1,538	-

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Other comprehensive income for the period, net of tax		3,940	57
<b>Total comprehensive income/(loss) for the period attributable to owners of the Company</b>		<b>9,298</b>	(138,287)
<b>Earnings/(loss) per share</b>	9		
Basic (cents per share)		0.63	(20.02)
Diluted (cents per share)		N/A	N/A



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

		At 30 June 2017 <i>HK\$'000</i> (Unaudited)	At 31 December 2016 <i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	16,590	18,417
Investment properties		79,984	100,946
Intangible asset		1,000	1,000
Goodwill		4,137	4,137
Other assets		400	400
		<b>102,111</b>	124,900
<b>Current assets</b>			
Trade and interest receivables	11	11,204	18,661
Loans receivables	12	337,925	161,700
Prepayments, deposits and other receivables		2,935	4,197
Financial assets at fair value through profit or loss		19,182	-
Bank balances held on behalf of clients		37,239	35,326
Bank and cash balances		93,283	41,434
		<b>501,768</b>	261,318

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

		At 30 June 2017 <i>HK\$'000</i> (Unaudited)	At 31 December 2016 <i>HK\$'000</i> (Audited)
<b>Current liabilities</b>			
Trade payables	13	41,514	40,189
Other payables and accruals		1,243	2,601
Tax payable		1,937	148
		<b>44,694</b>	42,938
<b>Net current assets</b>		<b>457,074</b>	218,380
<b>Total assets less current liabilities</b>		<b>559,185</b>	343,280
<b>Non-current liabilities</b>			
Convertible bond	14	200,000	–
Deferred tax liabilities		165	1,960
		<b>200,165</b>	1,960
<b>NET ASSETS</b>		<b>359,020</b>	341,320
<b>Capital and reserves</b>			
Share capital	16	33,562	32,430
Reserves		325,458	308,890
<b>TOTAL EQUITY</b>		<b>359,020</b>	341,320

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	Exchange translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2016 (audited)	25,696	218,896	4,289	-	(1,922)	179,653	426,612
Total comprehensive loss for the period	-	-	-	-	57	(138,344)	(138,287)
Issue of shares on placements	1,482	18,771	-	-	-	-	20,253
At 30 June 2016	27,178	237,667	4,289	-	(1,865)	41,309	308,578
At 1 January 2017 (audited)	28,260	267,765	4,289	8,353	(8,709)	41,362	341,320
Total comprehensive income for the period	-	-	-	-	3,940	5,358	9,298
Issue of ordinary shares upon exercise of share options	1,132	11,269	-	(3,999)	-	-	8,402
At 30 June 2017 (unaudited)	29,392	279,034	4,289	4,354	(4,769)	46,720	359,020

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Net cash used in operating activities</b>	<b>(189,805)</b>	(24,389)
<b>Cash flows from investing activities</b>		
Acquisition of a subsidiary	-	(1,226)
Purchase of property, plant and equipment	<b>(71)</b>	(5,555)
Proceeds from disposal of property, plant and equipment	-	1,903
Net proceeds from disposal of subsidiaries	<b>36,186</b>	-
<b>Net cash generated from/(used in) investing activities</b>	<b>36,115</b>	(4,878)
<b>Cash flows from financing activities</b>		
Net proceeds from the issue of shares on placements	-	20,253
Proceeds from the issue of convertible bonds	<b>200,000</b>	-
Proceeds from issue of shares upon exercise of share options	<b>8,402</b>	-
<b>Net cash generated from financing activities</b>	<b>208,402</b>	20,253
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>54,712</b>	(9,014)
Cash and cash equivalents at beginning of the period	<b>41,434</b>	50,832
Effect of foreign exchange rate changes	<b>(2,863)</b>	(245)
<b>Cash and cash equivalents at end of the period</b>	<b>93,283</b>	41,573
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	<b>93,283</b>	41,573

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2017*

## 1. GENERAL INFORMATION

Lamtex Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Room 1814-1815, 18/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company’s shares are listed on The Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activities of the Group are provision of management services, securities trading and investment, loan financing services, property investment and securities brokerage and provision of securities margin finance.

## 2. BASIS OF PREPARATION

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

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2016 (“2016 Annual Report”).

The preparation of an Interim Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of 2016 Annual Report.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2017*

### **3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (the “HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current and prior periods.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

### **4. FAIR VALUE MEASUREMENTS**

The carrying amounts of the Group’s financial assets and financial liabilities are reflected in the condensed consolidated statement of financial position approximates their respective fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 4. FAIR VALUE MEASUREMENTS (continued)

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

### (a) Disclosures of level in fair value hierarchy at 30 June 2017:

Description	Fair value measurements as at			Total 2017 HK\$'000 (Unaudited)
	30 June 2017 using:			
	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	
<b>Recurring fair value measurements:</b>				
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong	19,182	-	-	19,182
Investment properties				
Commercial – PRC	-	79,984	-	79,984
Financial liabilities at fair value through profit or loss				
Convertible bond	-	200,000	-	200,000
<b>Total recurring fair value measurements</b>	<b>19,182</b>	<b>279,984</b>	<b>-</b>	<b>299,166</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 4. FAIR VALUE MEASUREMENTS (continued)

### (a) Disclosures of level in fair value hierarchy at 30 June 2017: (continued)

Description	Fair value measurements as at 31 December 2016 using:			Total 2016
	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	HK\$'000 (Audited)
Recurring fair value measurements:				
Investment properties				
Commercial – PRC	-	100,946	-	100,946
<b>Total recurring fair value measurements</b>	<b>-</b>	<b>100,946</b>	<b>-</b>	<b>100,946</b>

During the period, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (2016: nil). The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

### (b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2017:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purpose, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 4. FAIR VALUE MEASUREMENTS *(continued)*

### (b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2017: *(continued)*

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

#### Level 2 fair value measurements

Description	Valuation technique	Inputs	Fair value as at 30 June 2017 <i>HK\$'000</i>
Convertible bond	Binomial model	Share price	
		Discount rate	
		Volatility	
		Conversion price	200,000

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2017*

## 5. REVENUE AND SEGMENT INFORMATION

The Group's operation are organised based on five business activities which are also the information regularly reported to chief operating decision maker ("CODM"). The details of operating and reportable segments of the Group are as follows:

- (i) Securities trading and investment – purchase and sale of securities and securities investment
- (ii) Securities brokerage and provision of securities margin finance
- (iii) Property investment – generation of rental income
- (iv) Loan financing services – provision of funds and financial services to third parties
- (v) Trading of construction materials.

The operation of trading of construction materials was disposed from the Group during the current interim period.

The operation of loan financing services and securities brokerage and provision of securities margin finance were introduced to the Group during the year ended 31 December 2016.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 5. REVENUE AND SEGMENT INFORMATION (continued)

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

	Securities trading and investment HK\$'000 (Unaudited)	Securities brokerage and provision of securities margin finance HK\$'000 (Unaudited)	Property investment HK\$'000 (Unaudited)	Loan financing services HK\$'000 (Unaudited)	Trading of construction materials and others HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Six months ended 30 June 2017</b>						
Segment revenue						
Revenue from external customers	(601)	1,949	1,193	14,820	-	17,361
Segment result	(605)	(1,755)	659	10,865	(55)	9,109
<b>As at 30 June 2017 (Unaudited)</b>						
Segment assets	-	25,304	81,139	342,252	-	448,695
Segment liabilities	-	41,514	-	-	-	41,514
<b>Six months ended 30 June 2016</b>						
Segment revenue						
Revenue from external customers	(124,356)	815	872	2,402	387	(119,880)
Segment result	(124,596)	(1,414)	(41)	1,920	(157)	(124,288)
<b>As at 31 December 2016 (Audited)</b>						
Segment assets	96	56,977	104,407	167,293	6,203	334,876
Segment liabilities	-	40,876	3,062	148	208	44,294

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 5. REVENUE AND SEGMENT INFORMATION (continued)

### Reconciliations of segment profit or loss:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Total profit or (loss) of reportable segments	<b>9,109</b>	(124,288)
Unallocated corporate income	<b>215</b>	15
Net fair value loss on convertible bond	<b>(901)</b>	-
Unallocated corporate expenses	<b>(1,272)</b>	(13,692)
Consolidated profit or (loss) before tax	<b>7,151</b>	(137,965)

The accounting policies of the reportable and operating segment are the same as the Group's accounting policies. Segment result represent profit/(loss) from each segment without allocation of central administrative costs, directors' remuneration and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The Group's unallocated corporate assets at the end of the reporting period mainly consist of property, plant and equipment, deposits and prepayments and bank balances and cash. The Group's unallocated corporate liabilities at the end of the reporting period consists other payables and accruals.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
– Hong Kong Profits Tax	<b>1,793</b>	379

Hong Kong Profits Tax has been provided at a rate of 16.5% (six months ended 30 June 2016: 16.5%) on the estimated assessable profits for the six months ended 30 June 2017.

No provision for the People's Republic of China (the "PRC") Enterprise Income Tax made as the subsidiaries operating in the PRC have no assessable profits for both periods.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 7. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	-	380
Directors' emoluments	1,775	2,135
Staff costs (including directors' remuneration):		
Salaries, bonus and allowances	5,250	5,015
Retirement benefits scheme contributions	170	163
	5,420	5,178
Depreciation of property, plant and equipment	756	895
Written off on property, plant and equipment	-	763
Gain on disposal of property, plant and equipment	-	(311)

## 8. INTERIM DIVIDEND

The Board do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

## 9. EARNINGS/(LOSS) PER SHARE

*Basic earnings/(loss) per share*

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK\$5,358,000 (loss for the six months ended 30 June 2016: approximately HK\$138,344,000) and the weighted average number of 853,704,429 (six months ended 30 June 2016: 690,945,090) ordinary shares in issue during the period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 9. EARNINGS/(LOSS) PER SHARE *(continued)*

*Diluted earnings/(loss) per share*

The effects of all potential ordinary shares are anti-dilutive for the period ended 30 June 2017 and 2016.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, property, plant and equipment of approximately HK\$71,000 was acquired by the Group (six months ended 30 June 2016: HK\$5,555,000).

## 11. TRADE AND INTEREST RECEIVABLES

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Trade receivables		
Cash clients	3,410	5,429
Margin clients	662	8,187
Clearing houses	2,142	1,165
Trade receivables – trading	1,154	1,678
Interest receivables	4,328	2,694
Less: allowance for doubtful debts	(492)	(492)
	<b>11,204</b>	18,661

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 11. TRADE AND INTEREST RECEIVABLES (continued)

All trade receivable from cash clients and margin clients are not past due at the reporting dates for which the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The settlement terms of trade receivables arising from the business of dealing in securities are two days after trade date. No aging analysis is disclosed as in the opinion of the directors of the Group, the aging analysis does not give additional value in view of the nature of business of the Group.

As at 30 June 2017, the trade receivables for trading of construction material segment were nil (31 December 2016: approximately HK\$1,678,000). Based on invoice date, all its trade receivables were within 30 days. The Group allows an average credit period of 30 days to its trade customers.

## 12. LOANS RECEIVABLES

	<b>30 June</b>	31 December
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Loans receivables	<b>337,925</b>	161,700

The fixed-rate loans receivables of approximately HK\$337,925,000 under the Group's loan financing services operation as at 30 June 2017 (31 December 2016: HK\$161,700,000) represent loans advanced to 27 independent third parties (31 December 2016 : 14). The interest rates for the loans receivables were ranging from 8% to 15% (31 December 2016: 8% to 16%) per annum.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 12. LOANS RECEIVABLES (continued)

The loans made available to customers depend on management's assessment of credit risk on the customers by evaluation on background check and repayment abilities. The Group determines the allowance of impaired debts based on the evaluation of collectability and aged analysis of accounts and on the management's judgments, including assessment of change of credit quality and the past collection history of each customer. There are approximately no loans receivables which were past due at the end of reporting periods and the Directors consider that no impairment was necessary.

## 13. TRADE PAYABLES

	<b>30 June</b>	31 December
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Cash clients	<b>6,946</b>	6,429
Margin clients	<b>31,499</b>	28,250
Clearing houses	<b>3,069</b>	5,510
	<b>41,514</b>	40,189

The trade payable balances are repayable on demand except where certain trade payables to clients represent margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand. No aging analysis is disclosed as in the opinion of the directors of the Group, the aging analysis does not give additional value in view of the nature of business of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2017*

## 14. CONVERTIBLE BOND

On 19 January 2017, the convertible bond with the nominal value of HK\$200,000,000 (the "Convertible Bond") was issued to China Force Enterprises Inc., a company incorporated in British Virgin Islands and controlled by Ms. Shen Jing, a substantial shareholder and a former director of the Company, who resigned with effect from 19 April 2017.

The Convertible Bond is convertible to ordinary shares of the Company at any time between the date of issue of the Convertible Bond and the trading day immediately after the first issue of the Convertible Bond ("Maturity Date"). The Convertible Bond will be convertible to maximum 701,754,385 ordinary shares of US\$0.005 each per HK\$0.285 conversion share upon the issuance of Convertible Bond.

The Company may at any time prior to the Maturity Date and from time to time redeem the Convertible Bond at 100% of the outstanding principal amount (in whole or in part) in cash by serving at least 30 business days' prior written notice on the bondholder with the total amount proposed to be redeemed from the bondholder specified therein. If the bondholder issues a conversion notice on the same date as the Company issues an early redemption notice, the Company shall have the right to elect whether the early redemption notice or the conversion notice prevails.

If the Convertible Bond has not been converted or early redeemed, they will be redeemed at par on the Maturity Date. Interest of 2 per cent per annum will be paid quarterly up until the Maturity Date.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 14. CONVERTIBLE BOND *(continued)*

The movements of the Group's Convertible Bond during the six months ended 30 June 2017 are as follows:

	<b>30 June 2017 HK\$'000 (Unaudited)</b>
Principal value of convertible bond issued	<b>200,000</b>
Arrangement fee	<b>(901)</b>
Fair value gain upon issuance of convertible bond	<b>(3,962)</b>
Fair value loss on convertible bond	<b>4,863</b>
	<b>200,000</b>
Fair value of convertible bond as at 30 June 2017	<b>200,000</b>

## 15. DISPOSAL OF SUBSIDIARIES

Pursuant to an agreement dated 18 April 2017 entered into between a subsidiary of the Company, Eminent Alliance Investments Limited ("Eminent Alliance") and an independent third party (the "Purchaser"), Eminent Alliance disposed of its entire interest in a subsidiary, Cityray Investments Limited (the "Disposed Company") and its subsidiaries (collectively referred as the "Disposal Group") to the Purchaser at a cash consideration of HK\$38,000,000 (the "Disposal"). The Disposal resulted a gain on disposal of subsidiaries of approximately HK\$3,187,000. Further details of the Disposal were published in the related announcement of the Company dated 18 April 2017.

The Disposal Company was principally engaged in investment holding and the Disposal Group was principally engaged in trading of construction materials, property investment and investments holding during the period. The disposal was completed on 9 May 2017 and the Group discontinued its trading of construction materials business.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 15. DISPOSAL OF SUBSIDIARIES (continued)

HK\$'000

<i>Net assets of the Disposal Group disposed of:</i>	
Property, plant and equipment	1,153
Investment properties	29,887
Trade and other receivables	1,569
Inventories	450
Cash and cash equivalents	1,814
Accruals and other payables	217
Deferred tax liabilities	(1,815)
<hr/>	
Net assets disposed of	33,275
Release of foreign currency translation reserve	1,538
Gain on disposal of subsidiaries	3,187
<hr/>	
Total consideration – satisfied by cash	38,000
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<i>Analysis of net outflow of cash and cash equivalent in respect of disposal of subsidiaries:</i>	
Consideration received in cash and cash equivalents	38,000
Bank and cash balances disposed of	(1,814)
<hr/>	
	36,186
<hr/>	

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 16. SHARE CAPITAL

	Number of ordinary shares ( <i>'000</i> )	Amount <i>US\$'000</i>	Amount <i>HK\$'000</i>
<b>Authorised:</b>			
At 31 December 2016, 1 January 2017 and 30 June 2017 (US\$0.005 each)	20,000,000	100,000	775,000
<b>Issued and fully paid:</b>			
At 31 December 2016 (US\$0.005 each)	836,915	4,185	32,430
Exercise of share options	29,290	146	1,132
At 30 June 2017	866,205	4,331	33,562

## 17. CONTINGENT LIABILITIES

At the end of the reporting period, the Group and the Company did not have any significant contingent liabilities (31 December 2016: nil).

## 18. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, and the remuneration paid to the key management personnel, the directors of the Company, the Group had no other transactions and balances with its related parties during the period ended 30 June 2017.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2017*

## **19. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to end of the reporting period, on 11 July 2017, convertible bond with nominal value of HK\$42,000,000 were converted into 147,368,421 ordinary shares with conversion price of HK\$0.285 per share.

## **20. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the Board of Directors on 17 August 2017.



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL RESULTS

#### REVENUE

This represented gain/(loss) on disposal of financial assets at fair value through profit or loss, net fair value change on financial assets at fair value through profit or loss, securities brokerage service income, loan interest income and rental income.

#### SEGMENTAL RESULTS

##### Securities trading and investment business

The negative revenue generated from the operation in securities trading and investment for the reporting period was approximately HK\$0.60 million (six months ended 30 June 2016: approximately HK\$124.36 million) and its segmental result reflected a loss of approximately HK\$0.61 million (six months ended 30 June 2016: loss of approximately HK\$124.59 million).

##### Property investment business

Approximately HK\$1.19 million was generated from the Group's property business for the reporting period (six months ended 30 June 2016: approximately HK\$0.87 million) and its segmental result recorded a gain of approximately HK\$0.66 million (six months ended 30 June 2016: loss of approximately HK\$0.04 million).

##### Loan financing services business

Approximately HK\$14.82 million was generated from the Group's loan financing services business for the reporting period (six months ended 30 June 2016: approximately HK\$2.40 million) and its segmental result recorded a gain of approximately HK\$10.87 million (six months ended 30 June 2016: gain of approximately HK\$1.92 million).

##### Securities brokerage and provision of securities margin finance business

Approximately HK\$1.95 million was generated from the Group's stock broking business for the reporting period (six months ended 30 June 2016: approximately HK\$0.82 million) and its segmental result suffered a loss of approximately HK\$1.76 million (six months ended 30 June 2016: loss of approximately HK\$1.41 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL RESULTS

### Trading of construction materials and others

No revenue was recorded from construction material trading business (six months ended 30 June 2016: approximately HK\$0.38 million).

### Other Income

The Group's other income for the reporting period was increased to approximately HK\$0.22 million from approximately HK\$0.02 million for the corresponding period in 2016.

### Staff costs

The Group's staff costs for the reporting period was slightly increased to approximately HK\$5.42 million from approximately HK\$5.18 million in the corresponding period in 2016.

### Other Expenses

The Group's other expenses for the reporting period was reduced to approximately HK\$5.51 million from approximately HK\$9.26 million in the corresponding period in 2016. The decrease was mainly due to (i) significant decrease in legal and professional fee; (ii) significant decrease in net exchange difference.

### Profit for the Period and Earnings Per Share

The Group's profit attributable to owners of the Company for the reporting period was approximately HK\$5.36 million (six months ended 30 June 2016: loss of approximately HK\$138.34 million). It was mainly contributed by (i) profit generated from loan financing services of approximately HK\$10.87 million; (ii) gain on disposal of subsidiaries of approximately HK\$3.19 million; (iii) significant reduction in the net fair value loss on financial assets at fair value through profit or loss, loss on disposal of financial assets at fair value through profit or loss. Basic earnings per share of the Group was HK\$0.63 cents per share for the six months ended 30 June 2017 (six months ended 30 June 2016: loss per share HK\$20.02 cents per share).



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the period under review, the businesses and operations of the Group were mainly on securities trading and investment business, securities brokerage and provision of securities margin finance business, property investment business and loan financing services business.

In order to strengthen the capital base to grow the new and existing businesses of the Group, the Company has successfully completed the issue of convertible bonds of principal amount of HK\$200,000,000 at a conversion price of HK\$0.285 with net proceeds of approximately HK\$198.68 million on 19 January 2017. Details as below:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
19 January 2017	Allotment and issue of 701,754,385 conversion shares	Approximately HK\$198.68 million	<p>(i) Approximately HK\$100 million for financing property development in Maoming the PRC. (Due to the disposal of Maoming lands with reference to the announcement of the Company dated 18 April 2017, there was change in the use of the net proceeds. The Company intends to reallocate the proceeds for property development in Maoming in the amount of (i) approximately HK\$30 million for further developing the Company's securities business including but not limited to margin financing; and (ii) approximately HK\$70 million for further developing the Company's loan financing service);</p> <p>(ii) approximately HK\$28.68 million for further developing the company securities business including but not limited to margin financing; and</p> <p>(iii) approximately HK\$70 million for further developing its loan financing service.</p>	<p>(i) Approximately HK\$137million was used in developing its loan financing service; and</p> <p>(ii) Approximately HK\$58.68million was not yet utilized in its securities business including but not limited to margin financing.</p>

With the strengthened financial position, the Group will deploy more resources and take appropriate strategy to expand the existing businesses and development of new business. The Group will cautiously search for investment opportunities so as to produce a steady growth in the Group's long term performance.

Pursuant to an agreement dated 18 April 2017 entered into between a subsidiary of the Company, Eminent Alliance Investments Limited ("Eminent Alliance") and an independent third party (the "Purchaser"), Eminent Alliance disposed of its entire interest in a subsidiary, Cityray Investments Limited (the "Disposed Company") and its subsidiaries (collectively referred as the "Disposal Group") to the Purchaser at a cash consideration of HK\$38,000,000 (the "Disposal").

The disposal was completed in May 2017 and recorded a gain of HK\$3.19 million.

For details, please refer to the announcement of the Company dated 19 April 2017.

During the reporting period, the principal businesses continued to develop and grow as planned.

### **FUTURE PROSPECTS**

In the first half of the year 2017, the market sentiment grew steadily and positive on stabilising economy in PRC. As refer to the fiscal policies and measures continually taken by central government of the PRC, the market's confidence gradually improving in the first half of 2017. It is forecasted that the economic growth of PRC will range from 6.5% to 6.7% for 2017. China's property market set for stability in 2017 as experts said China still rely on the property sector to help maintain economic growth. The Group will keep on monitoring and analysing government policies and the market trend in an active manner, so as to align its development and marketing strategies to grasp opportunities.

Moreover, the existing businesses continued to grow and develop. The Group will continue to dedicate its efforts to the development of its existing and new businesses and other potential projects with a view to bringing steady and greater returns as well as fruitful growth for its shareholders.



## MANAGEMENT DISCUSSION AND ANALYSIS

### SUBSEQUENT EVENTS

#### Convertible Bond

In July 2017, the bondholder converted 147,368,421 conversion shares into new shares at HK\$0.285 per conversion share.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the Group's bank balances and cash was approximately HK\$93.28 million (31 December 2016: approximately HK\$41.43 million), representing an increase of 125.15%.

As at 30 June 2017, the current ratio (current assets/current liabilities) was 11.23 times (31 December 2016: 6.09 times) and the net current assets amounted to approximately HK\$457.07 million (31 December 2016: approximately HK\$218.38 million).

### NO REDEMPTION OF CONVERTIBLE BOND

There was no redemption of convertible bond during the reporting period.

### SHARE OPTION

On 20 December 2016, the Company has granted share options (the "Options") under its share option scheme (the "Share Option Scheme") adopted on 25 May 2012 to certain eligible grantees (the "Grantees"), which, subject to acceptance by the Grantees, will enable the Grantees to subscribe for an aggregate of 58,120,000 ordinary shares of the Company of US\$0.005 each in the share capital of the Company as stated in the announcement of the Company dated 20 December 2016. 29,290,000 Options had been exercised and gross proceeds of HK\$8,406,230 was received from exercise of these Options during the six months ended 30 June 2017. As at 30 June 2017, no Option was lapsed and there were 28,830,000 Options outstanding under the Share Option Scheme.

### **CAPITAL STRUCTURE**

During the reporting period, 29,290,000 Shares were issued by exercise of share options.

Save as the disclosure above, there was no changes in the capital structure of the Company during the reporting period.

As at 30 June 2017, the Group's gearing ratio calculated on the basis of convertible bond was HK\$200 million (31 December 2016: Nil) and total equity of approximately HK\$359.02 million (31 December 2016: approximately HK\$386.22 million), was 55.71% (31 December 2016: zero).

### **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES**

There has been no significant change in the Group's policy in terms of exchange rate exposure. The Group operates mainly in Hong Kong and the PRC. Most of the transactions are denominated in Hong Kong dollars ("HK\$") and Renminbi ("RMB"). The exchange rate of RMB against HK\$ is relatively stable. Hence, the Group neither anticipates any significant exchange risk exposure nor has a foreign currency hedging policy. However, management of the Group will monitor foreign exposure closely and consider the use of hedging instruments when necessary.

## ADDITIONAL INFORMATION

### INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: Nil). Accordingly, no closure of register of members of the Company is proposed.

### INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2017, apart from the details as follows, none of the Directors and chief executive has any other interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

### Long positions in the shares and underlying shares

Ordinary shares of US\$0.005 each of the Company

Name of shareholder	Capacity	Number of ordinary shares held <i>(Note 4)</i>	Approximate percentage of the issued share capital of the Company <i>(Note 1)</i>
Shen Jing (resigned with effect from 19 April 2017)	Interest of a controlled corporation <i>(note 2)</i>	152,130,000 (L)	17.56%
Wen Wenfeng	Beneficial owner <i>(note 3)</i>	8,300,000	0.96%
Wu Xiaolin	Beneficial owner <i>(note 3)</i>	8,300,000	0.96%
Ye WeiMing (resigned with effect from 17 July 2017)	Beneficial owner <i>(note 3)</i>	6,000,000	0.69%
Lok Hoi Lam	Beneficial owner <i>(note 3)</i>	410,000	0.05%
Tse Long	Beneficial owner <i>(note 3)</i>	410,000	0.05%
Zeng Zhaolin	Beneficial owner <i>(note 3)</i>	410,000	0.05%

*Notes:*

- (1) The percentages were calculated based on the Company's issued share capital 866,204,650 shares as at 30 June 2017.
- (2) The 152,130,000 shares are held by, China Force Enterprises Inc., which is wholly owned by Glory Gate International Limited. Glory Gate International Limited is wholly owned by Legit Ability Limited, which in turn is wholly owned by Ms. Shen Jing, an executive director of the Company resigned with effect from 19 April 2017.
- (3) Among which the respective interests in share arise from the share options granted to the respective directors.
- (4) The letters "L" and "S" denote long position and short position in the shares of the Company respectively.

### **INTERESTS OF SUBSTANTIAL SHAREHOLDERS**

As at 30 June 2017, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders, other than a Director or chief executive of the Company, had notified the Company of relevant interests and short positions in the shares or underlying shares or debentures of the Company which would have to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO in the issued share capital of the Company:

## ADDITIONAL INFORMATION

### Long positions in the shares and underlying shares

Ordinary shares of US\$0.005 each of the Company

Name of shareholder	Capacity	Number of ordinary shares held <i>(Note 4)</i>	Approximate percentage of the issued share capital of the Company <i>(Note 1)</i>
China Force Enterprises Inc.	Beneficial owner <i>(note 2)</i>	152,130,000 (L)	17.56%
Glory Gate International Limited	Interest of a controlled corporation <i>(note 2)</i>	152,130,000 (L)	17.56%
Legit Ability Limited	Interest of a controlled corporation <i>(note 2)</i>	152,130,000 (L)	17.56%
Cheng Haiqing	Interest of a controlled corporation <i>(note 3)</i>	132,840,000 (L)	15.34%
Rainbow Enterprise Holdings Co., Limited	Beneficial owner <i>(note 3)</i>	132,840,000 (L)	15.34%

#### Notes:

1. The percentages were calculated based on the Company's issued share capital 866,204,650 shares as at 30 June 2017.
2. The 152,130,000 shares were held by China Force Enterprises Inc., which was wholly owned by Glory Gate International Limited. Glory Gate International Limited was wholly owned by Legit Ability Limited, which in turn was wholly owned by Ms. Shen Jing, an executive director of the Company resigned with effect from 19 April 2017.
3. The 132,840,000 shares were held by Rainbow Enterprise Holding Co., Limited, which was wholly owned by Cheng Haiqing.
4. The letters "L" and "S" denote long position and short position in the shares of the Company respectively.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND LISTING RULES**

The Company has complied with the Corporate Governance Code (the “Code”) as contained in Appendix 14 of the Listing Rules.

### **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2017.

### **REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprise three independent non-executive directors, namely Dr. LOKE Yu alias Loke Hoi Lam, Mr. TSE Long and Mr. ZENG Zhaolin.

The Audit Committee meets regularly with the Company’s senior management and the Company’s auditors to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management. The Audit Committee has reviewed the Group’s financial statements for the six months ended 30 June 2017 and discussed the financial related matters with management and external auditor.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

For the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any listed securities of the Company.





## ADDITIONAL INFORMATION

### **PUBLICATION OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This report will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.irasia.com/listco/hk/lamtex](http://www.irasia.com/listco/hk/lamtex). The interim report of the Company for the six months ended 30 June 2017 will be despatched to the Shareholders and published on the aforesaid websites in due course.

By order of the Board  
**Lamtex Holdings Limited**  
**Wu Xiaolin**  
*Chief Executive Officer*

Hong Kong, 17 August 2017