



香港金融集團

HONG KONG FINANCE INVESTMENT HOLDING GROUP LIMITED

香港金融投資控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code : 7)

A background image showing a group of business professionals in a modern office setting. They are engaged in a meeting, with some standing and talking and others seated at a table. The scene is overlaid with a semi-transparent grid and various financial charts, including a candlestick chart and several line graphs in different colors (red, green, blue, orange). The overall color palette is dominated by blues and greens, with a bright, glowing effect in the lower right corner.

Interim Report 2018

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## Corporate Information

### HONORARY CHAIRMAN AND SENIOR CONSULTANT

Dr. HATOYAMA Yukio

### BOARD OF DIRECTORS

#### Executive Directors:

Dr. HUI Chi Ming G.B.S., J.P. (*Chairman*)

Mr. BUSH Neil (*Deputy Chairman*)

Dr. CHUI Say Hoe (*Managing Director*)

Mr. REN Qian

Mr. XU Jun Jia

Mr. CAO Yu

Mr. LAM Kwok Hing M.H., J.P.

Mr. NAM Kwok Lun

#### Independent Non-Executive Directors:

Mr. CHEN Wei-Ming Eric

Mr. KWAN Wang Wai Alan

(resigned on 11 June 2018)

Mr. NG Chi Kin David

Mr. YIM Kai Pung

Mr. NGAN Kam Biu Stanford

(appointed on 11 June 2018)

### AUDIT COMMITTEE

Mr. NG Chi Kin David (*Chairman*)

Mr. KWAN Wang Wai Alan

(resigned on 11 June 2018)

Mr. YIM Kai Pung

Mr. NGAN Kam Biu Stanford

(appointed on 11 June 2018)

### NOMINATION COMMITTEE

Dr. HUI Chi Ming G.B.S., J.P. (*Chairman*)

Mr. NG Chi Kin David

Mr. YIM Kai Pung

### REMUNERATION COMMITTEE

Mr. YIM Kai Pung (*Chairman*)

Dr. CHUI Say Hoe

Mr. NG Chi Kin David

### COMPANY SECRETARY

Mr. FU Wing Kwok Ewing

### AUTHORISED REPRESENTATIVES

Dr. CHUI Say Hoe

Mr. FU Wing Kwok Ewing

### RESIDENT REPRESENTATIVE AND ASSISTANT SECRETARY

Estera Services (Bermuda) Limited

### REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 1910-12, 19th Floor

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan, Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Management (Bermuda) Limited

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

# Corporate Information

## PRINCIPAL BANKERS

Agricultural bank of China  
Bank of Communications (Hong Kong) Limited  
China Citic Bank International Limited  
Chong Hing Bank Limited  
Dah Sing Bank  
Hang Seng Bank Limited  
United Overseas Bank Limited  
OCBC Wing Hang Bank Limited

## SOLICITORS

Sidley Austin Brown & Wood International  
Law Firm

## AUDITOR

Elite Partners CPA Limited  
Certified Public Accountants

## STOCK CODE

7

## CONTACTS

Telephone: (852) 2587 7007  
Facsimile: (852) 2587 7807  
Website: [www.hkfhg.com](http://www.hkfhg.com)

# Management Discussion and Analysis

## RESULTS

During the six months ended 30 June 2018, the total revenue for the Group was approximately HK\$137 million, representing an increase of approximately HK\$68 million or 99% as compared with approximately HK\$69 million in 2017. The increase was mainly attributable to an increase in commission and brokerage income and sales of electronic products during the period review.

For the six months ended 30 June 2018, the profit attributable to the owners of the Company from continuing operations increased to HK\$3,272 million, an increase of HK\$3,157 million from the profit of HK\$115 million recorded for the six months ended 30 June 2017. The increase was primarily due to the increase of the fair value of investment properties of HK\$4,390 million (2017: HK\$130 million).

For the period under review, the earnings per share, basic and diluted, was approximately HK\$1.082. As at 30 June 2018, the net asset value per share was approximately HK\$1.513.

## FINANCIAL REVIEW

### Revenue

The Group's unaudited consolidated revenue for the six months ended 30 June 2018 was HK\$137 million (2017: HK\$69 million) representing a significant increase of 99% as compared to the same period of last year.

### Gross profit

The resulting gross profit margin decreased from 29.14% for the six months ended 30 June 2017 to 20.8% for the six months ended 30 June 2018. The decrease was mainly due to lower profit margin from the trading business.

### Other gains and losses

During the period under review, the Group recorded other gains of HK\$4,393 million (2017: other gains HK\$132 million). The other gains was mainly due to the fair value change of investment properties.

### Administration expenses

Administration expenses, which represented 25.06% (2017: 42.57%) of the Group's revenue, decrease in percentage by 17.51% because less administrative expenses incurred from trading business during the period under review.

# Management Discussion and Analysis

## FINANCIAL REVIEW — continued

### Finance Costs

The Group incurred finance costs of HK\$15 million for the six months ended 30 June 2018 as compared to HK\$3 million for the corresponding period last year. The increase was mainly due to a secured borrowing created by late November 2017.

### Liquidity, financial resources and funding

As at 30 June 2018, the Group's cash and cash equivalents (excluding the restricted cash) were HK\$51,090,000 (31 December 2017: HK\$164,679,000).

The net current assets of the Group (without the disposal group held for sale) were HK\$921,415,000 (31 December 2017: HK\$170,272,000), which consisted of current assets of HK\$1,253,116,000 (31 December 2017: HK\$471,138,000) and current liabilities of HK\$331,701,000 (31 December 2017: HK\$300,866,000), representing a current ratio of 3.78 (31 December 2017: 1.57).

During the period ended 30 June 2018, no additional corporate bond was issued. In 2017, the Group has issued with maximum maturity 7.5 years corporate bonds with aggregate principal amount of HK\$21 million bearing interest rate of 7% per annum. The corporate bonds are unsecured.

The Group manages its capital structure to finance its overall operation and growth by using different sources of funds. As at 30 June 2018, the Group's other borrowings and corporate bonds amounted to HK\$339,081,000 (31 December 2017: HK\$330,317,000).

The gearing ratio of the Group as at 30 June 2018 (defined as total interest-bearing liabilities divided by the Group's total equity) was 0.056 (31 December 2017: 0.38).

# Management Discussion and Analysis

## BUSINESS REVIEW

### Investment property

#### *Zhanjiang*

On 28 July 2017, the Group entered into the Agreement, pursuant to which the Group agreed to acquire the entire issued share capital of New Guangdong Merchants Investment Holding Group Limited, the major assets of which were the land use rights of five land parcels located in Donghai Dao, Zhanjiang Economic and Technological Development Zone, Zhangjiang City, Guangdong Province, the PRC with total site area and total planned gross floor area of 265,764 sq.m. and 1,325,584 sq.m. respectively. The lands are divided into two portions: the portion held for sale (non-commercial portion) and the portion held for investment purpose (including the commercial portion and the car parking spaces). The transaction was completed on 28 February 2018.

According to the valuation report issued by a recognized valuer, at the end of the period under review, the lands were valued at RMB8 billion, the portion of lands at approximately RMB3.24 billion will be used for residential and hotel development purpose which are classified as inventories and plant, property and equipment and another portion of lands at approximately RMB4.76 billion will be used for commercial building development purpose which are classified as investment properties in the statement of financial position as at 30 June 2018. Therefore, the fair value gain of approximately RMB3.57 billion of the investment properties were recognised in the statement of profit or loss and other comprehensive income for the period ended 30 June 2018.

The Group expects the Zhanjiang Project will reach the conditions for sale in the near future. While generating substantial profits by selling residential units, the Group will retain approximately 230,000 square meters of commercial properties and over 10,700 parking spaces (approximately 334,000 square meters) for rental purposes. Such move will bring stable income to the Group and create favorable conditions for the Group to distribute dividends in the future.

In July 2018, under the joint witness of Chinese and German leaders, BASF and Guangdong Province signed a non-binding memorandum of understanding on cooperation. BASF plans to build an integrated, fine chemical industry base in Zhanjiang, Guangdong Province, China, with a total investment of US\$10 billion. BASF's chemical industry base plan has a very positive impact on the Group's property development project in Zhanjiang.

# Management Discussion and Analysis

## **BUSINESS REVIEW — continued** **Investment property — continued**

### ***Zhanjiang — continued***

The Lands are located at the central business district of Donghai Dao, being a part of Zhanjiang Economic and Technological Development Zone (“ZETDZ”) established in 1984 with the approval of the State Council and combined with Zhanjiang Donghai Dao Economic Development Test Zone in 2009 with a total area of 469 square kilometer. ZETDZ comprises three zones, including the established zone located in the center of Zhanjiang City and the industrial zone and the tourist zone of Donghai Dao. According to “Zhanjiang City Master Plan (2011-2020)” approved by the State Council in June 2017, Donghai Dao is one of the seven key strategic development areas of Zhanjiang City. Donghai Dao is aiming to develop into a modern city favourable for industrial, commercial as well as residential with six major functional areas, namely steel industry zone, petrochemical zone, hi-tech industrial zone, modern manufacturing zone, central business district and tourism and leisure zone. Central business district, being one of the major functional areas, is located at the center of Donghai Dao and an aggregate of 500 acres of land of which has been planned for hotel, residential and commercial integrated projects. With the commencement of the operation/construction of large-scaled projects in Donghai Dao such as the steel industrial projects, refinery and petrochemical projects, Donghai hospital project, Donghai secondary school project etc., it is expected that there are demands for quality residential property.

### ***Beijing***

The rental income of leasing the Property covers an area of approximately 16,360.03 sq.m. at the Rong Ning Yuan Community of No. 60 Guang An Men Nan Jie, Xicheng District, Beijing, PRC, which includes (i) the 1st and 2nd floor of the commercial podium of Block 2 with an area of approximately 1,323.61 sq.m.; and (ii) the car park and storage rooms at the basement of Block 1 to Block 6 with an area of approximately 15,036.42 sq.m.. The car park comprises of two storey with a total of 384 parking spaces. Primely located between the Second Ring and Third Ring in Beijing.

The tenant and the Group has agreed to extend the lease agreement to lease the entire area of the Property for a period of two more years commencing from 16 June 2018 and ending on 15 June 2020.



# Management Discussion and Analysis

## **BUSINESS REVIEW — continued**

### **Trading Business**

During the period under review, a company named Shenzhen Qianhai Jiameijing Industrial Company Limited (深圳市前海嘉美靜實業有限公司) was established in Shenzhen, the PRC, which principally engages in the business of trading, importing and exporting of electronic products. The Group owns 60% interest in Shenzhen Qianhai Jiameijing Industrial Company Limited. The trading business recorded revenue of approximately HK\$111 million (2017: Nil).

### **Financial business**

The revenue of financial business of the Group generated from securities, futures and options broking business, underwriting commission, advisory for financial management business and interest income from securities margin loan portfolio. The performance during the past six months reversed to positive gain likely boosted up by the extension of strong rally from last yearend and the wide market fluctuations. Both brokerage and interest income registered satisfactory growth. Unfortunately, the market soon fell into prolonged correction on the doldrums of great volatile movement of New York market, the outbreak of Sino-American trade war and the rising of interest rate by Federal Reserve. The investment sentiment was further hit by the continued collapse of small counters triggered by sustained financial scandal rumours and the tightening of margin financing policy at the request of SFC. Hang Seng Index dropped from year high of 33,484 to below 28,000 with daily turnover sliding almost half to below 100 billions. The market is expected to be weak in the period ahead as investors remained worried on the escalating Sino-America conflicts, the wide spreading global trade wars and deteriorating political tensions especially in Middle East region.

### **Oil and gas and mineral mining business**

The Group owns 100% of the exploration, exploitation and operation rights as well as the profit sharing right of Madagascar Oilfield Block 2101 which is an onshore site with total area of 10,400 square kilometers in the northern part of Madagascar. Pursuant to the exploration, exploitation and oil and gas production sharing contract and depending on the rate of liquid petroleum production of Madagascar Oilfield Block 2101, the Group will share the remaining petroleum profit after government royalty and recovery of petroleum costs according to the sharing ratios in the range of 40% to 72.5% as set out in the profit sharing right.

# Management Discussion and Analysis

## **BUSINESS REVIEW — continued**

### **Oil and gas and mineral mining business — continued**

The Group owns 65% interest in the rights granted under the Licence 253 in respect of Kenya Mine 253, an area of approximately 1,056 square kilometers situated in Kitui District Eastern Province, Kenya, and the Licence 341 in respect of Kenya Mine 341, an area of approximately 417 square kilometers situated in Nandi County, Kenya. Pursuant to the Licence 253 and relevant provisions of the Mining Act of Kenya, the Group is authorized to prospect, explore and mine industrial minerals (including but not limited to copper) in Kenya Mine 253. The Group was also granted the Licence 341 for prospecting and exploration of gold, iron ore and non-precious minerals in Kenya Mine 341.

In 2015, The Group entered into a contracting agreement for mining and stripping of copper and gold deposits with China Energy Guangxi Power Engineering Construction Co., Ltd. Pursuant to the Agreement, Guangxi Power Engineering shall be responsible for the engineering construction for mining and processing of Kenya Copper Mine 253 and Kenya Gold Mine 341, including the provision of management personnel, equipments and other facilities. The contracting fee shall be settled by cash, ordinary shares of the Company or convertible notes to be issued by the Company or any combination of the above.

### **Mining and production of zeolite business**

Hebei Panbao Zeolite Technology Co., Ltd (“Hebei Panbao”) is a limited liability company established under the laws of the PRC. Its principal activities are mining and production of zeolite, which is the main raw material for the production of lightweight orthopedics materials, far infrared materials, large solar energy storage materials, building materials, catalytic materials and micro and nano materials, and related products. Hebei Panbao has obtained the mining license of zeolite from the Bureau of Land and Resources of Zhangjiakou Municipal valid until 15 May 2022 in a zeolite mine located in Chicheng County, Zhangjiakou City, Hebei Province, the PRC with a total area of approximately 0.135 square kilometers and mining depth ranged between 1,450 meters and 1,300 meters.

# Management Discussion and Analysis

## **BUSINESS REVIEW — continued**

### **Mining and production of zeolite business — continued**

Since April 2017, following the new management (the “New Management”) had taken over the operation of Hebei Panbao, under the inefficient supervision of the New Management, Hebei Panbao reported unsatisfactory performance as it did not make any revenue contribution and incurred significant loss of approximately HK\$100.7 million for the year ended 31 December 2017. For the year ended 31 December 2017, despite that no revenue was generated by Hebei Panbao, the administrative expense of Hebei Panbao recorded approximately HK\$114.7 million, represented an increase by approximately 658.6% from approximately HK\$15.1 million for the year ended 31 December 2016. The increase of the administrative expense was mainly attributable to two major abnormal items, namely the impairment loss of prepayment of approximately HK\$63 million and cost of suspension of operations of approximately HK\$28.6 million incurred by Hebei Panbao due to the change of management of the operations during the year ended 31 December 2017. Impairment loss of prepayment was recognized due to the New Management has entered into agreement with a supplier for processing the zeolite mine and made deposit for securing their capacity for processing the zeolite minerals. However, Hebei Panbao has failed to execute the contracts and the deposit has become uncollectable from the supplier as Hebei Panbao has breached the contract terms. The cost of suspension of operations represented the expenses payment related to workers, energy, depreciation and other indirect cost of mining and mine processing activities.

In view of the uncertain prospect of Hebei Panbao, the Directors consider to dispose Hebei Panbao which represents a good opportunity for the Group to realise its investment and for better utilization of the Group’s resources, in particular the Group would like to seek to expand its business into real estate project investment, development and operation business.

As such, on 13 July 2018, the Group entered into a sale and purchase agreement in which the Group has agreed to dispose the Group’s entire interest in Hebei Panbao, among other subsidiaries, for HK\$160,000,000. The transaction completed on 24 July 2018.

# Management Discussion and Analysis

## MATERIAL ACQUISITION OR DISPOSAL

On 28 February 2018, the Group completed a very substantial acquisition to acquire the entire issued share capital of New Guangdong Merchants Investment Holding Group Limited. Details please refer the Business review section.

## EVENTS AFTER REPORTING DATE

On 13 July 2018, the Group entered into a sale and purchase agreement in which the Group has agreed to dispose the Group's entire interest in Hebei Panbao, among other subsidiaries, for HK\$160,000,000. The transaction completed on 24 July 2018.

## PROSPECT

Building on the acquisition, expansion and disposal completed lately, the Group will continue to expand its business into property development and investment alongside its existing trading, energy-related and financial services businesses. Especially, the new property development and investment business in Zhanjiang has already, with an immediate effect, contributed substantially to the profitability of the Group by way of value appreciation before the development has even been carried out. It will be the major growth factor of the Group in the years to come. Furthermore, while generating substantial profits by selling residential units, the Group will retain commercial properties and parking spaces for rental purposes. Such move will bring stable and long-term income to the Group and create favorable conditions for the Group to distribute dividends in the future. The Group's enlarging and strengthening financial operation and property investment business will benefit the Company's future business development beyond the energy-related sector and is in the best interests of the Company and the Shareholders as a whole.

## EXCHANGE RATE RISK

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly to the risk of fluctuations in the Hong Kong dollar and U.S. dollar against RMB. We have not used any derivative contracts to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

# Management Discussion and Analysis

## CONTINGENT LIABILITIES

The Company has given guarantee to bank in respect of the securities margin financing facilities granted to subsidiary. As at 30 June 2018, no such facilities were utilised by the subsidiary to facilitate daily operation (31 December 2017: nil).

## CHARGE ON ASSETS

As at 30 June 2018, the term loan of principal value HK\$250 million were secured by (i) the guarantee from Guangdong Hoifu Wai Yip Investment Management Limited (廣東凱富偉業投資管理有限公司); (ii) the personal guarantee from the Guarantor (Dr. Hui Chi Ming) and Beijing Yinghe Property Development Limited (北京盈和房地產綜合開發有限公司) respectively; and (iii) the charge/pledge to be granted by several subsidiaries of the Company.

The Group held banking facilities from various banks as at 30 June 2018. The Group's banking facilities were secured by guarantees given by the Group's bank deposits and the Company. As at 30 June 2018, bank deposits amounting to approximately HK\$5,242,000 (31 December 2017: HK\$5,239,000) were pledged to secure banking facilities granted to a subsidiary.

## PURSUANT TO RULE 13.18 OF THE LISTING RULES

In November 2017, The Company obtained a term loan facility in an aggregate amount of HK\$250,000,000 for a term of 36 months during the year. Pursuant to the terms of the facility agreement, the occurrence of change of control event constitutes an event of default which the Lender may cancel the facility.

## CAPITAL STRUCTURE

As at 30 June 2018, the total number of issued ordinary shares of the Company was 4,000,000,000 of HK\$0.10 each (31 December 2017: 2,521,280,885 shares of HK\$0.10 each).

## APPOINTMENT OF EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTOR

With effect from 11 June 2018, Mr. Ngan Kam Biu, Stanford has been appointed as an Independent non-executive Director of the Company and Mr. Kwan Wang Wai, Alan has tendered his resignation as an independent non-executive Director of the Company respectively.

# Management Discussion and Analysis

## CHANGE OF COMPANY NAMES AND STOCK SHORT NAMES

On 29 March 2018, a special resolution in relation to the Change of Company Name was proposed and duly passed at the special general meeting of the Company to approve the change of the English name of the Company from "Hoifu Energy Group Limited" to "Hong Kong Finance Investment Holding Group Limited" and the Chinese secondary name of the Company has been changed from "凱富能源集團有限公司" to "香港金融投資控股集團有限公司". The stock short names of the Company for trading in the Shares on the Stock Exchange has been changed from "HOIFU ENERGY" to "HK FINANCE INV" in English and from "凱富能源" to "香港金融集團" in Chinese with effect on 6 June 2018. The stock code of the Company remains unchanged as "7". The website address of the Company will be changed from "www.hoifuenenergy.com" to "www.hkfihg.com" with effect from 6 June 2018.

Please refer to the announcements of the Company dated 13 February 2018, 29 March 2018 and 1 June 2018 and the circular dated 1 March 2018 relating to the change of company names and stock short names.

## HUMAN RESOURCES

As at 30 June 2018, the Group employed a total of 146 staff (2017: 140) of which 20 were commission based (2017: 24) and the total related staff cost amounted to HK\$15,308,000 (2017: HK\$13,478,000). The Group's long term success rests primarily on the total integration of the company core value with the basic staff interest. In order to attract and retain high caliber staff, the Group provides competitive salary package and other benefits including mandatory provident fund, medical schemes and bonus. The future staff costs of the sales will be more directly linked to the performance of business turnover and profit. The Group maintained organic overhead expenses to support the basic operation and dynamic expansion of its business enabling the Group to respond flexibly with the changes of business environment.

## INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the period ended 30 June 2018 (2017: Nil).

## Disclosure of Interests

### DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As 30 June 2018, the interests of the Directors and chief executives and their associates in the shares of the Company and its associated corporations (with the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

### Long positions in the ordinary Shares and underlying Shares of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company	Number of underlying shares held	Percentage of the Company's enlarged issued share capital
Dr. Hui Chi Ming	Interest of controlled corporation	2,954,954,542 <i>(Note 1)</i>	73.87%	154,486,101 <i>(Note 2)</i>	3.72%

*Note 1:* These Shares included 878,209,143 Shares held by Hong Kong Finance Equity Management Limited (Formerly known as "Triumph Energy Group Limited"), 1,078,719,115 Shares held by Hong Kong Finance Equity Holding Limited (Formerly known as "Hoifu Group Investment Holdings Limited") and 998,026,284 Shares held by Hong Kong Finance Equity Investment Limited (Formerly known as "Golden Nova Holdings Limited") respectively.

The issued share capital of Hong Kong Finance Equity Management Limited, Hong Kong Finance Equity Holding Limited and Hong Kong Finance Equity Investment Limited are indirectly wholly-owned by Dr. Hui Chi Ming.

*Note 2:* Pursuant to an agreement dated 28 July 2017 entered into among the Company as purchaser, Hong Kong Finance Equity Holding Limited (formerly known as "Hoifu Group Investment Holdings Limited") as vendor for the sale and purchase of Sale Shares, representing the entire equity interest of New Guangdong Merchants Investment Holding Group Limited (which was completed on 28 February 2018), convertible bonds in the principal amount of RMB1,000,000,000 were issued to Hong Kong Finance Equity Holding Limited (being a company wholly and beneficially owned by Dr. Hui Chi Ming), which are convertible into 1,652,000,000 conversion shares upon full exercise at an initial conversion price of HK\$0.70 per conversion share.

As at 30 June 2018, there are outstanding convertible bonds in the principal amount of RMB91,173,063 (convertible into 154,486,101 conversion shares at the initial conversion price, subject to adjustment), representing approximately 3.72% of the share capital of the Company as enlarged by the conversion of the outstanding convertible bonds.

## Disclosure of Interests

### **DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES**

— continued

#### **Long positions in the ordinary Shares and underlying Shares of the Company — continued**

Save as disclosed above, none of the Directors nor chief executives and their associates of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### **DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES**

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors or chief executives or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares of the Company or any other body corporate.

### **SUBSTANTIAL SHAREHOLDERS**

As at 30 June 2018, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder had notified the Company of relevant interests in the issued share capital of the Company.



## Disclosure of Interests

### SUBSTANTIAL SHAREHOLDERS — continued

#### Long positions in the ordinary shares and underlying Shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the share capital of the Company	Number of underlying shares held	Percentage of the Company's enlarged issued share capital
Hong Kong Finance Equity Management Limited ( <i>Note 1</i> )	Beneficial owner	878,209,143	21.96%	–	–
Hong Kong Finance Equity Investment Limited ( <i>Note 1</i> )	Beneficial owner	998,026,284	24.94%	–	–
Hong Kong Finance Equity Holding Limited ( <i>Note 1</i> )	Beneficial owner	1,078,719,115	26.97%	154,486,101	3.72%

*Note 1:* The entire issued share capital is indirectly owned by Dr. Hui Chi Ming.

Save as disclosed above, no person (other than the Directors of the Company whose interests are set out under the heading "Directors' Interests in Shares" above) had an interest or a short position in the shares and underlying shares of the Company that was required to be recorded under Section 336 of the SFO.

### ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the period under review was the Company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Corporate Governance and Other Information

### CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors subsequent to the date of the 2017 annual report of the Company are set out below:

With effect from 11 June 2018, Mr. Ngan Kam Biu, Stanford has been appointed as an Independent non-executive Director of the Company and Mr. Kwan Wang Wai, Alan has tendered his resignation as an independent non-executive Director of the Company respectively.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### CHANGES OF MEMBERS OF THE BOARD

The changes of the members of the Board up to the date of the interim report are as follows:

With effect from 11 June 2018, Mr. Kwan Wang Wai, Alan ceased to be a member of Audit committee and Mr. Ngan Kam Biu, Stanford has been appointed as member of Audit committee.

Save as disclosed above, there is no other change of the members of the Board up to the date of this interim report.

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE

The Company is aware of the importance that complying with the relevant statutory and regulatory requirements and maintaining good corporate governance standards are important to the effective and efficient operation of the Company. The Company has, therefore, adopted and implemented relevant measures to ensure that the relevant statutory and regulatory requirements are complied with and that a high standard of corporate governance practices is maintained.

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the interim report except for the deviation from code provision A.4.2. of the Code which every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, according to Byelaws of the Company, the Chairman or Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. As continuation is a key factor to the successful implementation of any long-term business plans, the Board believes that the roles of Chairman and Managing Director provides the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategies, that the present arrangement is most beneficial to the Company and the shareholders as a whole.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months period ended 30 June 2018, the Company has adopted the Model Code under Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transaction. All Directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code and the Code during the period under review.

## Corporate Governance and Other Information

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

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Company's Bye-Laws or the Laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

### **PUBLIC FLOAT**

As at 30 June 2018 and the date of this report, the Company complied with the 25% public float requirement under the Listing Rules.

### **PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This interim report is published on the HKExnews website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the official website of the Company ([www.hkfigh.com](http://www.hkfigh.com)) for corporate communication.

# Corporate Governance and Other Information

## REVIEW OF INTERIM RESULTS

The Company's audit committee (the "Audit Committee") comprises Mr. Ng Chi Kin David, Mr. Yim Kai Pung and Mr. Ngan Kam Biu Stanford, all of whom are independent non-executive Directors. The principal responsibilities of the Audit Committee are to review, together with management and the Company's external auditor, the accounting principles and practices adopted by the Company and discuss internal controls and financial reporting matters. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2018.

## BOARD OF DIRECTORS

As at the date of this report, the Honorary Chairman and Senior Consultant of the Company is Dr. Yukio Hatoyama; the Board comprises eight executive Directors, namely, Dr. Hui Chi Ming, G.B.S., J.P., Mr. Neil Bush, Dr. Chui Say Hoe, Mr. Ren Qian, Mr. Xu Jun Jia, Mr. Cao Yu, Mr. Lam Kwok Hing M.H., J.P. and Mr. Nam Kwok Lun; and four independent non-executive Directors, namely, Mr. Chen Weiming, Eric, Mr. Ngan Kam Bin, Stanford, Mr. Ng Chi Kin, David and Mr. Yim Kai Pung.

By order of the Board

**Dr. Hui Chi Ming**, G.B.S., J.P.

*Chairman*

31 July 2018

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

		<b>Six Months ended 30 June</b>	
	NOTES	<b>2018</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2017 HK\$'000 (Re-presented) (Unaudited)
<b>Continuing operations</b>			
Revenue	3	<b>137,558</b>	69,212
Cost of goods sold and direct cost		<b>(108,929)</b>	(49,041)
<b>Gross profit</b>			
Other income		<b>1,127</b>	739
Other gains or losses	4	<b>4,393,365</b>	131,723
Selling and distribution expenses		<b>(602)</b>	(503)
Administrative expenses		<b>(34,469)</b>	(29,463)
<b>Profit from operation</b>			
Finance costs	6	<b>4,388,050</b> <b>(15,176)</b>	122,667 (3,378)
<b>Profit before taxation</b>			
Taxation	7 8	<b>4,372,874</b> <b>(1,098,670)</b>	119,289 (3,564)
<b>Profit for the period from continuing operations</b>		<b>3,274,204</b>	115,725
<b>Discontinued operations</b>			
Loss for the period from discontinued operations		<b>(418)</b>	(19,544)
Profit for the period		<b>3,273,786</b>	96,181
<b>Other comprehensive (expenses)/income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation		<b>(227,024)</b>	23,576
Fair value gain on available-for-sale securities		–	36
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value gain on investment in equity instruments		<b>(18)</b>	–
<b>Other comprehensive (expenses)/income for the period</b>		<b>(227,042)</b>	23,612
<b>Total comprehensive income for the period</b>		<b>3,046,744</b>	119,793

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

	NOTES	Six Months ended 30 June	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Re-presented) (Unaudited)
Profit/(loss) for the period attributable to owners of the Company:			
from continuing operations		<b>3,272,048</b>	115,098
from discontinued operations		<b>(418)</b>	(5,928)
Profit for the period attributable to owners of the Company		<b>3,271,630</b>	109,170
Profit/(loss) for the period attributable to non-controlling interests:			
from continuing operations		<b>2,156</b>	627
from discontinued operations		<b>–</b>	(13,616)
Profit/(loss) for the period attributable to non-controlling interests		<b>2,156</b>	(12,989)
		<b>3,273,786</b>	96,181
Total comprehensive income for the period attributable to:			
Owners of the Company		<b>3,044,498</b>	131,028
Non-controlling interests		<b>2,246</b>	(11,235)
		<b>3,046,744</b>	119,793
<b>Earnings per share</b>	11		
From continuing and discontinued operations			
– Basic and diluted		<b>1.082</b>	0.043
From continuing operations			
– Basic and diluted		<b>1.082</b>	0.046

# Consolidated Statement of Financial Position

As at 30 June 2018

	NOTES	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		244,622	120,572
Investment properties	12	6,241,826	598,151
Intangible assets		200	1,401
Investment in equity instrument/ Available-for-sale securities		1,080	1,098
Deposit paid for acquisition of a subsidiary		–	118,757
Statutory deposits		4,075	4,057
Loans receivable		20,000	21,975
		<b>6,511,803</b>	866,011
<b>CURRENT ASSETS</b>			
Inventories		861,060	–
Accounts receivable	13	131,842	128,694
Loans receivable		349	1,480
Other receivables, prepayments and deposits		32,988	7,827
Pledged fixed deposits (general accounts)	14	5,242	5,239
Bank balances (trust and segregated accounts)		170,545	163,219
Bank balances (general account) and cash		51,090	164,679
		<b>1,253,116</b>	471,138
Assets classified as disposal group held for sales	9	330,776	318,821
		<b>1,583,892</b>	789,959
<b>CURRENT LIABILITIES</b>			
Accounts payable	15	229,500	177,514
Other payables and accrued expenses		32,082	37,891
Amount due to Directors		70,012	85,305
Tax payables		107	156
		<b>331,701</b>	300,866



# Consolidated Statement of Financial Position

As at 30 June 2018

	NOTES	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Liabilities associated with disposal group held for sales	9	147,083	133,403
		478,784	434,269
<b>NET CURRENT ASSETS</b>		<b>1,105,108</b>	355,690
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>7,616,911</b>	1,221,701
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		1,092,713	33,025
Corporate bonds		20,317	19,312
Convertible bonds		108,140	–
Borrowings		318,764	311,005
		1,539,934	363,342
Net assets		6,076,977	858,359
<b>CAPITAL AND RESERVES</b>			
Share capital	16	400,000	252,128
Reserves		5,652,864	584,364
Equity attributable to owners of the Company		6,052,864	836,492
Non-controlling interests		24,113	21,867
Total Equity		6,076,977	858,359

# Consolidated Statement of Changes in Equity

For the Six Months ended 30 June 2018

	Share capital	Share premium	Non-distributable reserve	Contributed surplus	Capital redemption reserve	AFS reserve/ FVTOCI reserve	Currency translation reserve	(Accumulated losses)/ Retained profits	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2017 (audited)	252,128	691,085	-	311,544	5,587	73	(34,458)	(454,123)	771,836	132,571	904,407
Loss for the period	-	-	-	-	-	-	-	159,501	159,501	413	159,914
Exchange difference	-	-	-	-	-	-	22,121	-	22,121	1,997	24,118
Fair value gain on available-for-sale securities	-	-	-	-	-	36	-	-	36	-	36
Total comprehensive income for the period	-	-	-	-	-	36	22,121	159,501	181,658	2,410	184,068
At 30 June 2017 (unaudited)	252,128	691,085	-	311,544	5,587	109	(12,337)	(294,622)	953,494	134,981	1,088,475
At 1 January 2018 (audited)	<b>252,128</b>	<b>691,085</b>	-	<b>311,544</b>	<b>5,587</b>	<b>(101)</b>	<b>18,708</b>	<b>(442,459)</b>	<b>836,492</b>	<b>21,867</b>	<b>858,359</b>
Profit for the period	-	-	-	-	-	-	-	3,271,630	3,271,630	2,156	3,273,786
Exchange difference	-	-	-	-	-	-	(227,114)	-	(227,114)	90	(227,024)
Fair value gain investment in equity interment	-	-	-	-	-	(18)	-	-	(18)	-	(18)
Total comprehensive income for the period	-	-	-	-	-	-	(227,114)	3,271,630	3,044,498	2,246	3,046,744
Conversion of convertible bonds	<b>147,872</b>	<b>887,232</b>	-	-	-	-	-	-	1,035,104	-	1,035,104
Deemed contribution from controlling shareholders	-	-	<b>1,136,770</b>	-	-	-	-	-	1,136,770	-	1,136,770
At 30 June 2018 (unaudited)	<b>400,000</b>	<b>1,578,317</b>	<b>1,136,770</b>	<b>311,544</b>	<b>5,587</b>	<b>(119)</b>	<b>(208,406)</b>	<b>2,829,171</b>	<b>6,052,864</b>	<b>24,113</b>	<b>6,076,977</b>

## Notes:

- (a) The non-distributable reserve represents the aggregate of deemed contributions to the controlling shareholder in respect of the acquisition of subsidiaries during the period.
- (b) The contributed surplus represented the aggregate of:
- the difference of HK\$29,140,000 between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the reorganisation of the Group;
  - the credit arising from the reduction of shares premium of HK\$359,162,000 transferred to the contributed surplus account of the Company pursuant to the special resolutions passed by the shareholders of the Company at a special general meeting held on 20 October 2012; and
  - a distribution of shares of a subsidiary of an amount of HK\$76,758,000 on 7 November 2012.
- (c) The capital redemption reserve arose from the repurchase of shares. The amount represents the nominal amount of the shares repurchased.

# Consolidated Statement of Cash Flows

For the Six Months ended 30 June 2018

	<b>Six Months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	<b>28,195</b>	(46,340)
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES		
Acquisition of subsidiary	<b>418</b>	–
Placement in pledged fixed deposits	<b>(3)</b>	(5)
	<b>415</b>	(5)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		
Repayments of advance from Directors	<b>(15,146)</b>	(31,673)
Early repayment of convertible bonds	<b>(90,000)</b>	–
Repayment of borrowings	<b>(30,000)</b>	–
Proceed from issue of corporate bonds	–	11,000
New borrowings raised	<b>36,000</b>	60,000
	<b>(99,146)</b>	39,327
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(70,536)</b>	(7,018)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<b>164,679</b>	132,903
Effect of foreign exchange rate changes	<b>2,077</b>	1,363
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<b>96,220</b>	127,248
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances (general accounts) and cash	<b>51,090</b>	127,248
Cash and cash equivalents included in disposal group held for sale	<b>45,130</b>	–
	<b>96,220</b>	127,248

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 1. BASIS OF PREPARATION

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) include trading of natural resources, petrochemical production, oil and gas exploration and production, mineral mining business, provision of financial services and property investment. During the period, the operation of mineral mining in the PRC was discontinued.

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

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month ended 30 June 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRS issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22 Amendments to HKFRS 2	Foreign Currency Transactions and Advance Consideration Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the followings major sources:

- Sales of natural resources and petrochemicals
- Sales of electronic products
- Rental income
- Commission and brokerage income
- Interest income arising from financial business
- Advisory and consultancy fee

The Group has applied HKFRS 15 retrospective with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers — continued

#### 2.1.1 Key Changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognised revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and services (or a bundle of good or services) that is distinct or a series of distinct goods or services that are substantially the same.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers — continued

#### 2.1.1 Key Changes in accounting policies resulting from application of HKFRS 15 — continued

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the alternative use to the Group and the Group performs;
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtain control of the distinct good or service.

### 2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments

In the current period, the Group has applied HKFRS 9 Financial instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and 3) general hedge accounting.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

### 2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments — continued

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial instruments: Recognition and Measurement.

#### **2.2.1 Key changes in accounting policies resulting from application of HKFRS 9**

##### *Classification and measurement of financial assets*

Trade receivable arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

### 2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments — continued

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 — continued

##### *Classification and measurement of financial assets — continued*

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investment in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established in accordance HKFRS 9, unless the dividends clearly represent a recovery of part of the investment. Dividends are included in the “other income” line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividends or interest earned on the financial asset and is included in the “other gains and losses” line item.

The directors of the Company reviewed and assessed the Group’s financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group’s financial assets and the impacts thereof are detail in Note 2.2.2.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

### 2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments — continued

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 — continued

##### *Impairment under ECL model*

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, loan receivables and other receivable and deposit). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-months ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as forecast of future condition.

The Group always recognises lifetime ECL for trade receivable. The ECL on these assets are assessed individually for debtors with significant balances.

##### Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instruments as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

### 2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments — continued

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 — continued

*Impairment under ECL model — continued*

Significant increase in credit risk — continued

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the debtor’s ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

### 2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments — continued

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 — continued

##### *Impairment under ECL model — continued*

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

##### *Classification and measurement of financial liabilities*

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability’s credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk that are recognised in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities’ original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

### 2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments — continued

#### 2.2.2 Summary of effects arising from initial application of HKFRS 9

##### *Available-for-sale investment*

From AFS equity investment to FVTOCI

The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale, of which approximately of HK\$1,098,000 related to quoted equity investments previously measured at fair value under HKAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, approximately of HK\$1,098,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI, of which HK\$nil related to unquoted equity investments previously measured at cost less impairment under HKAS 39. The fair value gains approximately of HK\$73,000 relating to those unquoted equity investments previously carried at fair value were adjusted to equity instruments at FVTOCI and FVTOCI reserve as at 1 January 2018. The fair value gains approximately of HK\$73,000 relating to those investments previously carried at fair value continued to accumulate in FVTOCI reserve.

##### *Impairment under ECL model*

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivable. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 3. REVENUE

	<b>Six Months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
		(Re-presented)
	<b>(Unaudited)</b>	(Unaudited)
<b>Continuing operations</b>		
Sales of natural resources and petrochemicals	–	47,704
Sales of electronic products	<b>111,409</b>	–
Rental income	<b>11,440</b>	10,499
Commission and brokerage income	<b>9,158</b>	5,974
Interest income arising from financial business	<b>4,501</b>	3,630
Advisory and consultancy fee	<b>1,050</b>	1,405
	<b>137,558</b>	69,212

## 4. OTHER GAINS OR LOSSES

	<b>Six Months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
		(Re-presented)
	<b>(Unaudited)</b>	(Unaudited)
<b>Continuing operations</b>		
(Provision)/Reversal of allowance for bad and doubtful debts	<b>(183)</b>	1,495
Net exchange gain/(loss)	–	22
Fair value change on investment properties	<b>4,394,245</b>	130,206
Fair value change on convertible bonds	<b>(431)</b>	–
Loss of redemption of convertible bonds	<b>(266)</b>	–
	<b>4,393,365</b>	131,723

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 5. SEGMENT INFORMATION

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

For the six months ended 30 June 2018:

	Trading business HK\$'000	Mineral mining, oil and gas business HK\$'000	Financial business HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
REVENUE:					
Segment revenue	111,409	-	14,709	11,440	137,558
Segment profit/(loss)	4,636	(1,385)	1,280	9,275	13,806
Other income					1,127
Fair value change of investment properties					4,394,245
Corporate and administration costs					(36,304)
Profit before taxation from continuing operations					4,372,874

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 5. SEGMENT INFORMATION — continued

For the six months ended 30 June 2017 (Re-presented):

	Trading business HK\$'000	Mineral mining, oil and gas business HK\$'000	Financial business HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
REVENUE:					
Segment revenue	47,704	–	11,009	10,499	69,212
Segment profit/(loss)	374	(1,551)	586	6,492	5,901
Other income					739
Fair value change of investment properties					130,206
Corporate and administration costs					(17,557)
Profit before taxation from continuing operations					119,289

Segment profit represents the financial results by each segment without allocation of corporate administrative costs. This is the measure reported to the Board of Directors for the purpose of resources allocation and performance assessment.

The geographical information of revenue is shown as follows:

	Six Months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PRC	121,889	9,838
Hong Kong	14,707	11,009
Others	962	48,365
	137,558	69,212



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 6. FINANCE COSTS

	Six Months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest from other borrowings	12,456	670
Interest from amount due to Directors	1,715	2,644
Bond interest expenses	1,005	64
	<b>15,176</b>	3,378

## 7. PROFIT BEFORE TAXATION

Profit/(loss)before taxation is arrived at after charging/(crediting):

	Six Months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Re-presented) (Unaudited)
Amortisation	1,201	1,201
Depreciation	164	2,284
Staff cost, including Directors' remuneration	15,308	13,478
Contributions to retirement benefits scheme (included in staff costs)	371	350
Cost of inventories recognised as expenses	106,670	47,276
Loss/(Gain) from error trades	–	22
Operating lease in respect of office premises	2,870	1,558

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 8. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for the six months ended 30 June 2017 and 2018 as the companies within the Group either had no assessable profits arising from Hong Kong or the assessable profits were wholly absorbed by estimated losses brought forward. Under the Enterprise Income Tax Law of the PRC, the enterprise income tax rate applicable to the Group's companies operating in the PRC, the tax rate is 25% from 1 January 2008 onwards. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	<b>Six Months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax		
PRC enterprise income tax	<b>469</b>	3,924
Deferred tax liabilities	<b>1,098,201</b>	(360)
	<b>1,098,670</b>	3,564

## 9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE

During the period ended 30 June 2018, the directors resolved to dispose of the Group's operation in mineral mining operation in the PRC. Negotiations with several interested parties have subsequently taken place. The asset and liabilities attributable to the business, which are expected to be sold within twelve months.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

### 9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP HELD FOR SALE — continued

The loss for the period from the discontinued mineral mining operation in the PRC is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-presented the mineral mining operation in the PRC as a discontinued operation.

	<b>Six Months ended 30 June</b>	
	<b>2018</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>2017</b> <b>HK\$'000</b> <b>(Unaudited)</b>
Revenue	–	–
Cost of Sales	–	–
Gross profit	–	–
Other income	<b>5</b>	12,449
Selling and distribution expenses	–	(808)
Administrative expenses	<b>(422)</b>	(30,918)
(Loss)/Profit from operation	<b>(417)</b>	(19,277)
Finance cost	<b>(1)</b>	(3)
(Loss)/Profit before taxation	<b>(418)</b>	(19,280)
Taxation	–	(264)
(Loss)/Profit for the period	<b>(418)</b>	(19,544)
(Loss)/Profit for the period from discontinued operations including the following:		
Depreciation	–	10
Amortisation	–	86
Interest income	<b>5</b>	4

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 10. DIVIDEND

No dividends were paid, declared or proposed during the period. The Directors do not recommend the payment of an interim dividend (2017: Nil).

## 11. EARNINGS PER SHARE For continuing operations

The calculation of the basic and diluted earnings per share is based on the following data:

	Six Months ended 30 June	
	2018 HK\$'000	2017 HK\$'000
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<b>3,272,048</b>	115,098
<b>Weighted average number of shares</b>	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b>3,024,717</b>	2,521,280

The computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in an increase in earnings per share from continuing operations for the six months ended 30 June 2018.

No diluted earnings per share was presented as there were no potential ordinary shares during the six months ended 30 June 2017.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 11. EARNINGS PER SHARE — continued

### For continuing and discontinued operations

The calculation of the basic earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	2018 HK\$'000	2017 HK\$'000
<b>Earnings</b>		
Earnings for the purposes of basic earnings per share	<b>3,271,630</b>	109,170

### For discontinued operations

Basic loss per share for the discontinued operations is HK\$0.01 cents per share (2017: HK\$0.78 cents per share), based on the loss for the year from the discontinued operations of approximately HK\$418,000 (2017: HK\$19,544,000) and the denominators details above for both basic (loss)/earnings per share.

## 12. INVESTMENT PROPERTIES

	30 June 2018 HK\$'000
As at 1 January 2017	432,639
Fair value change	130,420
Exchange adjustment	35,092
As at 31 December 2017 and 1 January 2018	598,151
Acquisition of a subsidiary	1,471,846
Fair value change on investment properties	4,394,245
Exchange adjustment	(222,416)
As at 30 June 2018	6,241,826

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 12. INVESTMENT PROPERTIES — continued

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Investment properties represent a commercial podium and lands that is being developed for future use as investment property located in the PRC.

The fair values of the Group's investment properties at 30 June 2018 have been arrived at on the basis of a valuation carried out on that day by Malcolm & Associates Appraisals Limited, an independent qualified professional valuer that is not connected with the Group.

The fair value was determined based on the "Comparison Method" and "Investment Method", where the value is assessed by reference to the comparable properties of sales evidence as available in the relevant market, factoring in all the respective advantages and disadvantages of each property in order to arrive at the comparison of capital value.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 13. ACCOUNTS RECEIVABLE

	<b>30 June 2018 HK\$'000 (Unaudited)</b>	31 December 2017 HK\$'000 (Audited)
Accounts receivable arising from business of trading	<b>38,555</b>	629
Accounts receivable arising from business of property investment	<b>2</b>	24,605
Accounts receivable arising from the business of dealing in securities		
– Cash clients	<b>21,145</b>	15,841
Less: Allowance of doubtful debts	<b>(1,124)</b>	(941)
	<b>20,021</b>	14,900
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	–	2,811
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited (“HKFECC”) arising from the business of dealing in futures contracts	<b>2,666</b>	1,390
Loans to securities margin clients	<b>70,549</b>	84,410
Less: Allowance for doubtful debts	<b>(57)</b>	(57)
	<b>70,492</b>	84,353
Accounts receivable arising from the business of advisory for financial management	<b>106</b>	6
	<b>131,842</b>	128,694

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

### 13. ACCOUNTS RECEIVABLE — continued

Accounts receivable arising from trading of natural resources and petrochemicals were aged within 90 days. The average credit period for accounts receivable from property investment business is 30 days. The accounts receivable from property investment business aged within 90 days. The settlement terms of accounts receivable from cash client, HKSCC and HKFECC are usually one to two days after the trade date. Except for the accounts receivable from cash clients as mentioned below, the accounts receivables from HKSCC and HKFECC were aged within 30 days.

Loans to securities margin clients are repayable on demand and bear interest at Hong Kong Prime Rate quoted by OCBC Wing Hang Bank Limited plus 3% equivalent to 8.25% (31 December 2017: Hong Kong Prime Rate quoted by OCBC Wing Hang Bank Limited plus 3% equivalent to 8.25%) per annum. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value. The loans are secured by pledged marketable securities at fair value of approximately HK\$275,670,000 (31 December 2017: HK\$353,385,000). The percentage of collateral over the outstanding balance at 30 June 2018 ranged 42% to 35.62% (31 December 2017: 118% to 6,828% The Group is permitted to sell or repledge the marketable securities if the customer defaults the payment as requested by the Group.

The Group does not provide any credit term to its advisory for financial management clients. The aged analysis of accounts receivable arising from clients under the business of advisory for financial management is as follow:

	<b>30 June 2018 HK\$'000 (Unaudited)</b>	31 December 2017 HK\$'000 (Audited)
0 to 90 days	<b>100</b>	6
More than 90 days	<b>6</b>	–
	<b>106</b>	6



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 13. ACCOUNTS RECEIVABLE — continued

The settlement terms of cash clients are usually one to two days after the trade date. The aged analysis of accounts receivable arising from cash clients is as follows:

	<b>30 June</b> <b>2018</b> <b>HK\$'000</b> <b>(Unaudited)</b>	31 December 2017 HK\$'000 (Audited)
0 to 180 days	<b>18,897</b>	14,646
More than 180 days	<b>1,124</b>	254
	<b>20,021</b>	14,900

An average credit period for accounts receivable from trading business is 30 days. The accounts receivable from trading business aged within 90 days.

## 14. PLEDGED FIXED DEPOSITS (GENERAL ACCOUNTS)

The Group pledged fixed deposits to banks to secure general banking facilities granted to the Group. The pledged fixed deposits carry interest rates at 0.225% (31 December 2017: 0.225%) per annum and will be released upon the expiry of relevant banking facilities.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 15. ACCOUNTS PAYABLE

	<b>30 June 2018 HK\$'000 (Unaudited)</b>	31 December 2017 HK\$'000 (Audited)
Account payable arising from trading business	<b>47,083</b>	–
Account payable from properties investment	<b>33</b>	33
Accounts payable arising from the business of dealing in securities:		
– Cash clients	<b>158,670</b>	159,252
– HKSCC	<b>3,682</b>	3,403
Accounts payable to clients arising from the business of dealing in futures contracts	<b>4,262</b>	2,543
Amounts due to securities margin clients	<b>15,694</b>	12,280
Accounts payables arising from the business of advisory for financial management	<b>76</b>	3
	<b>229,500</b>	177,514

The settlement term of accounts payable to cash client and HKSCC is two days after the trade date and aged within 30 days.

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the HKFECC. The excess of the outstanding amounts over the required margin deposits stipulated by the HKFECC are repayable to clients on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

### 15. ACCOUNTS PAYABLE — continued

Amounts due to securities margin clients are repayable on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

An average credit period for accounts payables from trading business is 30 days. The accounts payable from trading business aged within 30 days.

The accounts payable amounting to approximately of HK\$170,545,000 (31 December 2017: HK\$163,219,000) were payable to clients or other institutions in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

The aged analysis of accounts payables arising from properties investment is as follow:

	<b>30 June 2018 HK\$'000 (Unaudited)</b>	31 December 2017 HK\$'000 (Audited)
0 to 90 days	–	33
Over 180 days	<b>33</b>	–
	<b>33</b>	33

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 16. SHARE CAPITAL

	Number of shares	HK\$'000
	'000	
Ordinary shares of HK\$0.1 each		
<i>Authorised:</i>		
At 1 January 2017, 31 December 2017, 1 January 2018, 30 June 2018	10,000,000	1,000,000
<i>Issued and fully paid:</i>		
At 1 January 2017, 31 December 2017 and 1 January 2018	2,521,280	252,128
Conversion of issued convertible bonds ( <i>note a</i> )	1,478,720	147,872
At 30 June 2018	4,000,000	400,000

*Notes:*

- a) On 9 April 2018, 30 April 2018 and 9 May 2018, the bondholder of the CB have converted the CB with the aggregate principal amount approximately of RMB112,495,000, RMB423,558,000 and RMB299,970,000 respectively at conversion price of HK\$0.7 per share into 200,000,000, 750,000,000 and 528,719,115 ordinary shares of the Company respectively.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2018

## 17. RELATED PARTY TRANSACTIONS

Transactions with related parties:

- a) During the period, the Group received commission income and other securities dealing income from securities dealing of approximately HK\$3,000 (2017: HK\$15,000) from close family members of two Directors, Messrs. Lam Kwok Hing and Nam Kwok Lun.
- b) As at 30 June 2018, outstanding advances from a Director, Mr. Nam Kwok Lun, amounted to HK\$70,012,000 (31 December 2017: HK\$85,304,000). During the period, the Group paid finance cost of HK\$1,714,000 (2017: HK\$2,644,000) to the Director.
- c) During the period, the Group paid rental fee amounting to HK\$1,260,000 (2017: HK\$1,210,000) to a company in which Dr. Hui Chi Ming, a Director, has beneficial interest.
- d) As at 30 June 2018, outstanding advance from PAL Finance Limited, a wholly-owned subsidiary of ATNT, amounted to HK\$66,000,000 (31 December 2017: HK\$60,000,000). During the period, the Group paid finance costs approximately of HK\$1,853,000 (2017: HK\$670,000) to PAL Finance Limited.

The remuneration of key management personnel who are the Directors of the Company during the period was as follow:

	<b>Six Months ended 30 June</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Short-term benefits	<b>3,462</b>	3,588
Post-employment benefits	<b>45</b>	45
	<b>3,507</b>	3,633

## 18. EVENT AFTER THE REPORTING PERIOD

On 13 July 2018, the Group entered into a sale and purchase agreement in which the Group has agreed to dispose the Group's entire interest in Hebei Panbao, among other subsidiaries, for HK\$160,000,000. The transaction completed on 24 July 2018.