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## **SINO HAIJING HOLDINGS LIMITED**

**中國海景控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01106)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017**

#### **HIGHLIGHTS**

- Revenue for the six months ended 30 June 2017 (the “Period”) was approximately HK\$416.60 million, representing a significant increase of approximately 56.7% as compared to approximately HK\$265.84 million for the corresponding period in last year.
- Gross profit for the Period was approximately HK\$90.71 million, representing an increase of approximately 45.1% as compared to approximately HK\$62.53 million for the corresponding period in last year. The overall profit margin for the Period decreased from 23.52% to 21.77%.
- Loss attributable to equity holders of the Company for the Period was approximately HK\$66.82 million, representing a significant increase of approximately 1,378.3% as compared to approximately HK\$4.52 million for the corresponding period in last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017.

## INTERIM RESULTS

The board of Directors (the “Board”) of Sino Haijing Holdings Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2017, together with unaudited comparative figures for the corresponding period in 2016 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	2	416,592	265,842
Cost of sales		<u>(325,880)</u>	<u>(203,312)</u>
<b>Gross profit</b>		<b>90,712</b>	62,530
Other revenue and other income	4	5,417	1,866
Gain on bargain purchase on acquisition of subsidiaries		–	19,655
Gain on disposal of available-for sale financial assets		8,316	–
Net realised loss on disposal of an associate	11	(18,879)	–
Impairment loss on goodwill	13	(14,743)	–
Impairment loss on intangible assets	10	(16,100)	–
Administrative and other operating expenses		(59,981)	(48,841)
Fair value change of financial assets at fair value through profit or loss		(11,228)	(21,874)
Loss on change in fair value of convertible bonds	17	(18,402)	–
Change in fair value of embedded derivatives in convertible redeemable bonds	17	9,835	–
Share of results of an associate		<u>319</u>	<u>–</u>
<b>(Loss) Profit from operations</b>		<b>(24,734)</b>	13,336
Finance costs		<u>(48,117)</u>	<u>(14,097)</u>
<b>Loss before tax</b>	5	<b>(72,851)</b>	(761)
Income tax credit (expense)	6	<u>1,004</u>	<u>(3,180)</u>
<b>Loss for the period</b>		<b>(71,847)</b>	(3,941)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** *(Continued)*

*For the six months ended 30 June 2017*

		<b>Six months ended 30 June</b>	
		<b>2017</b>	<b>2016</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive income (loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		<b>18,787</b>	(3,715)
Released of exchange reserve upon disposal of an associate		<b>14,847</b>	–
Released of revaluation reserve upon disposal of available-for-sale financial assets		<b>(22,680)</b>	–
Changes in fair value of available-for-sale financial assets		<b>14,334</b>	–
		<hr/>	<hr/>
<b>Total comprehensive loss for the period</b>		<b>(46,559)</b>	<b>(7,656)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Loss attributable to:</b>			
Equity holders of the Company		<b>(66,819)</b>	(4,519)
Non-controlling interests		<b>(5,028)</b>	578
		<hr/>	<hr/>
		<b>(71,847)</b>	<b>(3,941)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the Company		<b>(42,325)</b>	(8,224)
Non-controlling interests		<b>(4,234)</b>	568
		<hr/>	<hr/>
		<b>(46,559)</b>	<b>(7,656)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Loss per share</b>	8		
– Basic		<b>(HK0.64 cents)</b>	<b>(HK0.13 cents)</b>
		<hr/> <hr/>	<hr/> <hr/>
– Diluted		<b>(HK0.64 cents)</b>	<b>(HK0.13 cents)</b>
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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

		As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Investment properties		10,970	10,925
Property, plant and equipment	9	356,908	348,289
Intangible assets	10	289,083	142,000
Interest in an associate	11	–	293,588
Lease premium for land		28,759	28,443
Available-for-sale financial assets	12	256,832	346,702
Deposits for potential acquisition of subsidiaries		20,529	11,408
Deposits for acquisition of land and property, plant and equipment		3,631	3,339
Deferred tax assets	22	4,025	–
Goodwill	13	84,410	96,094
		<b>1,055,147</b>	<b>1,280,788</b>
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	14	135,786	360
Inventories		37,529	24,704
Lease premium for land		704	704
Trade and other receivables	15	463,886	379,413
Loans receivable	16	560,993	354,437
Derivative financial instruments	17	23,795	–
Pledged bank deposits		1,245	6,608
Cash and cash equivalents		129,588	22,496
		<b>1,353,526</b>	<b>788,722</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	175,394	165,956
Bank and other borrowings	19	280,493	374,406
Notes payables	20	480,000	360,000
Liability components of convertible bonds	17	112,085	–
Income tax payable		56,978	58,344
		<b>1,104,950</b>	<b>958,706</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***At 30 June 2017*

		<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	As at 31 December 2016 HK\$'000 (Audited)
<b>NET CURRENT ASSETS (LIABILITIES)</b>		<u><b>248,576</b></u>	<u>(169,984)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>1,303,723</b></u>	<u>1,110,804</u>
<b>NON-CURRENT LIABILITIES</b>			
Bonds payable	21	<span style="border: 1px solid black; padding: 2px;"><b>10,000</b></span>	<span style="border: 1px solid black; padding: 2px;">–</span>
Deferred tax liabilities	22	<span style="border: 1px solid black; padding: 2px;"><b>64,247</b></span>	<span style="border: 1px solid black; padding: 2px;">37,703</span>
		<u><b>74,247</b></u>	<u>37,703</u>
<b>NET ASSETS</b>		<u><u><b>1,229,476</b></u></u>	<u><u>1,073,101</u></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	23	<b>148,292</b>	129,410
Reserves		<u><b>1,038,988</b></u>	<u>897,331</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<u><b>1,187,280</b></u>	<u>1,026,741</u>
Non-controlling interests		<u><b>42,196</b></u>	<u>46,360</u>
<b>TOTAL EQUITY</b>		<u><u><b>1,229,476</b></u></u>	<u><u>1,073,101</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to equity holders of the Company										
	Share capital	Share premium	Capital reserve	Share option reserve	Available-for sale financial assets revaluation reserve	Statutory surplus reserve	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2016	44,874	370,907	117	-	-	26,356	24,331	(118,936)	347,649	-	347,649
Loss for the period	-	-	-	-	-	-	-	(4,519)	(4,519)	578	(3,941)
<b>Other comprehensive loss for the period</b>											
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	(3,705)	-	(3,705)	(10)	(3,715)
<b>Total comprehensive loss for the period</b>	-	-	-	-	-	-	(3,705)	(4,519)	(8,224)	568	(7,656)
<i>Changes in ownership interests</i>											
Non-controlling interests arising from business combination	-	-	-	-	-	-	-	-	-	27,300	27,300
At 30 June 2016 (Unaudited)	<u>44,874</u>	<u>370,907</u>	<u>117</u>	<u>-</u>	<u>-</u>	<u>26,356</u>	<u>20,626</u>	<u>(123,455)</u>	<u>339,425</u>	<u>27,868</u>	<u>367,293</u>
At 1 January 2017	129,410	970,990	117	18,786	45,467	31,722	(14,373)	(155,378)	1,026,741	46,360	1,073,101
Loss for the period	-	-	-	-	-	-	-	(66,819)	(66,819)	(5,028)	(71,847)
<b>Other comprehensive income (loss) for the period</b>											
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	17,993	-	17,993	794	18,787
Released of reserve upon disposal of an associate	-	-	-	-	-	-	14,847	-	14,847	-	14,847
Released of reserve upon disposal of available-for-sale financial assets	-	-	-	-	(22,680)	-	-	-	(22,680)	-	(22,680)
Changes in fair value of available-for sale financial assets	-	-	-	-	14,334	-	-	-	14,334	-	14,334
<b>Total comprehensive loss for the period</b>	-	-	-	-	(8,346)	-	32,840	(66,819)	(42,325)	(4,234)	(46,559)
<b>Transactions with equity holders of the Company</b>											
<i>Contributions and distributions</i>											
Issue of shares by placements	15,382	140,442	-	-	-	-	-	-	155,824	-	155,824
Issue of new shares for acquisition of subsidiaries	3,500	43,540	-	-	-	-	-	-	47,040	-	47,040
<i>Changes in ownership interests</i>											
Non-controlling interests arising from business combination	-	-	-	-	-	-	-	-	-	70	70
At 30 June 2017 (Unaudited)	<u>148,292</u>	<u>1,154,972</u>	<u>117</u>	<u>18,786</u>	<u>37,121</u>	<u>31,722</u>	<u>18,467</u>	<u>(222,197)</u>	<u>1,187,280</u>	<u>42,196</u>	<u>1,229,476</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>OPERATING ACTIVITIES</b>		
Loss before tax	(72,851)	(761)
Exchange difference	7,334	(3,393)
Interest expenses	48,117	14,097
Depreciation of property, plant and equipment	12,183	11,289
Depreciation of investment properties	288	330
Amortisation of lease premium for land	316	507
Gain on bargain purchase on acquisition of subsidiaries	–	(19,655)
Amortisation of intangible assets	1,788	–
Impairment loss on goodwill	14,743	–
Impairment loss on intangible assets	16,100	–
Interest income	(3,142)	(891)
Gain on disposal of available-for-sale financial assets	(8,316)	–
Fair value change of financial assets at fair value through profit or loss	11,228	9,752
Net realised loss on financial assets at fair value through profit or loss	–	12,122
Change in fair value change of embedded derivatives in convertible redeemable bonds	(9,835)	–
Loss on change in fair value of convertible bonds	18,402	–
Net realised loss on disposal of an associate	18,879	–
Share of results of an associate	(319)	–
Changes in working capital		
Financial assets at fair value through profit or loss	–	116,446
Inventories	(12,825)	(1,028)
Trade and other receivables	(75,300)	61,322
Trade and other payables	(14,102)	24,779
Loan receivables	(206,556)	–
<b>Cash (used in) from operations</b>	<b>(253,868)</b>	<b>224,916</b>
Interest received	3,142	891
Income tax paid	(5,837)	(3,060)
<b>Net cash (used in) from operating activities</b>	<b>(256,563)</b>	<b>222,747</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS** *(Continued)**For the six months ended 30 June 2017*

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<i>Notes</i>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	<b>(19,780)</b>	(43,470)
Proceeds from disposal of property, plant and equipment	<b>9,990</b>	25,969
Purchases of available-for-sale financial assets	<b>(6,935)</b>	–
Purchases of financial assets at fair value through profit and loss	<b>(146,643)</b>	–
Proceed from disposal of available-for-sale financial assets	<b>96,789</b>	–
Proceed from disposal of an associate	<b>289,874</b>	–
Deposits for acquisition of land and property, plant and equipment	<b>(292)</b>	1,005
Deposits paid for potential acquisition for subsidiaries	<b>(20,529)</b>	(78,962)
Net cash inflows from acquisition of assets through acquisition of subsidiaries	<b>40</b>	–
24	<b>40</b>	–
Net cash outflow from acquisition of subsidiaries	<b>(4,612)</b>	(135,000)
25	<b>(4,612)</b>	(135,000)
Decrease (increase) in pledged bank deposits	<b>5,363</b>	(2,199)
	<hr/>	<hr/>
<b>Net cash from (used in) investing activities</b>	<b>203,265</b>	(232,657)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issue of notes payable	<b>120,000</b>	–
Proceeds from issue of shares by placements	<b>155,824</b>	–
Interest paid	<b>(26,917)</b>	(14,097)
Net bank and other borrowings raised	<b>107,260</b>	97,172
Repayment of bank and other borrowings	<b>(205,405)</b>	(134,395)
Proceeds from issue of bonds	<b>10,000</b>	–
	<hr/>	<hr/>
<b>Net cash from (used in) financing activities</b>	<b>160,762</b>	(51,320)
Net increase (decrease) in cash and cash equivalents	<b>107,464</b>	(61,230)
Effect of exchange rate changes	<b>(372)</b>	124
<b>Cash and cash equivalents at beginning of reporting period</b>	<b>22,496</b>	90,143
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of reporting period</b>	<b>129,588</b>	29,037
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS** *(Continued)**For the six months ended 30 June 2017*

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Analysis of the balances of cash and cash equivalents		
Bank and cash balances	<b>127,773</b>	29,022
Deposit with financial institutions with original maturity within three months	<b>1,815</b>	15
	<b><u>129,588</u></b>	<b><u>29,037</u></b>
Major non-cash transactions		
Issue of shares for acquisition of subsidiaries	<b>47,040</b>	–
Transfer of consideration for acquisition of subsidiaries from deposits paid	<b>11,408</b>	–

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

### **1. BASIS OF PREPARATION**

The Company's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and applicable disclosure requirements under Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies adopted in preparing the unaudited condensed consolidated interim financial statements are consistent with those applied for the consolidated financial statements of the Group for the year ended 31 December 2016.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and interpretations that are first effective or available for early adoption for the current accounting period of the Group. The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2017. The directors are in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group's results and financial statements. There have been no significant changes to the accounting policies applied in these financial statements for the periods presented as a result of these developments.

The preparation of financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgments in the process of applying the Group's accounting policies.

The condensed consolidated interim financial statements have not been audited by the Company's auditor, but have been reviewed by the Company's Audit Committee.

### **2. REVENUE**

Revenue represents (i) the sale of packaging products, which is net of value-added tax and other sales taxes, and is stated after deduction of all goods returns and trade discounts, (ii) ticket sales and travel agency income from tourism and travel business, (iii) loan interest income from money lending business, and (iv) entrustment and management fees from healthcare business.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**2. REVENUE** (Continued)

An analysis of the Group's revenue is as follows:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Sale of packaging products	<b>322,358</b>	259,734
Ticket sales and travel agency income from tourism and travel business	<b>68,287</b>	5,259
Loan interest income from money lending business	<b>22,367</b>	849
Entrustment and management fees from healthcare business	<b>3,580</b>	–
	<b>416,592</b>	<b>265,842</b>

**3. SEGMENT REPORTING**

**SEGMENT INFORMATION**

The chief operating decision maker has evaluated the performance of operating segments and allocated resources to those segments based on the Group's internal reporting in respect of these segments. The Group's operating segments are structured and managed separately according to the nature of their businesses. The Group's reportable segments are as follows:

- (a) Manufacturing and sale of packaging products ("Packaging Business");
- (b) Securities trading and other investing activities ("Securities Investments");
- (c) Tourism and travel business ("Tourism and Travel");
- (d) Money lending business ("Money Lending"); and
- (e) Healthcare business ("Healthcare Business").

Segment results represent the result from each reportable segment. The following analysis is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

The Tourism and Travel business including ticketing agency business and scenic spot business presented in the segment reporting in the consolidated financial statement for the year ended 31 December 2016.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 3. SEGMENT REPORTING (Continued)

#### BY BUSINESS SEGMENTS

An analysis of the Group's revenue and result by reportable segment are set out below:

	Packaging Business		Securities Investments		Tourism and Travel		Money Lending		Healthcare Business		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended 30 June												
(Unaudited)												
Reportable segment revenue												
Revenue from external												
customers	<u>322,358</u>	<u>259,734</u>	<u>-</u>	<u>-</u>	<u>68,287</u>	<u>5,259</u>	<u>22,367</u>	<u>849</u>	<u>3,580</u>	<u>-</u>	<u>416,592</u>	<u>265,842</u>
Reportable segment profit												
(loss)	<u>28,320</u>	<u>15,269</u>	<u>(20,911)</u>	<u>(22,374)</u>	<u>(20,188)</u>	<u>5,203</u>	<u>22,353</u>	<u>338</u>	<u>2,593</u>	<u>-</u>	<u>12,167</u>	<u>(1,564)</u>

Reconciliation of reportable segment profit or loss:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Total profit (loss) of reportable segments	<b>12,167</b>	(1,564)
Other income	<b>2,561</b>	881
Gain on bargain purchase on acquisition of subsidiaries	-	19,655
Unallocated amounts		
– Unallocated finance costs	<b>(34,283)</b>	(11,200)
– Corporate expenses	<b>(53,296)</b>	(8,533)
Consolidated loss before tax for the period	<u><b>(72,851)</b></u>	<u>(761)</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**3. SEGMENT REPORTING (Continued)**

**BY BUSINESS SEGMENTS (Continued)**

An analysis of the Group's assets and liabilities by reportable segment is set out below:

	Packaging Business		Securities Investments		Tourism and Travel		Money Lending		Healthcare business		Total	
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Reportable segment assets	<u>576,774</u>	<u>524,962</u>	<u>402,139</u>	<u>363,658</u>	<u>543,964</u>	<u>368,638</u>	<u>571,966</u>	<u>342,857</u>	<u>93,687</u>	<u>91,459</u>	<u>2,188,530</u>	<u>1,691,574</u>
Reportable segment liabilities	<u>272,544</u>	<u>242,943</u>	<u>46,784</u>	<u>3,231</u>	<u>120,591</u>	<u>91,087</u>	<u>1,918</u>	<u>1,868</u>	<u>701</u>	<u>1,845</u>	<u>442,538</u>	<u>340,974</u>
									<b>30 June 2017 HK\$'000 (Unaudited)</b>		<b>31 December 2016 HK\$'000 (Audited)</b>	
Total assets of reportable segments									<b>2,188,530</b>		1,691,574	
Unallocated headquarter amounts									<b>220,143</b>		377,936	
									<u><b>2,408,673</b></u>		<u>2,069,510</u>	
									<b>30 June 2017 HK\$'000 (Unaudited)</b>		<b>31 December 2016 HK\$'000 (Audited)</b>	
Total liabilities of reportable segments									<b>442,538</b>		340,974	
Unallocated headquarter amounts									<b>736,659</b>		655,435	
									<u><b>1,179,197</b></u>		<u>996,409</u>	

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 3. SEGMENT REPORTING (Continued)

#### GEOGRAPHICAL INFORMATION

The Group operates in three principal geographical areas: Hong Kong, Malaysia and the PRC.

The following table sets out information about geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets excluding financial instruments. The geographical location of customers is based on the location at which the services are provided or the goods are delivered. The geographical location of non-current assets is based on the physical location of the assets.

	Revenue from external customers for the six months ended		Non-current assets	
	30 June 2017 HK\$'000	30 June 2016 HK\$'000	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Hong Kong	75,375	849	185,219	13,712
Malaysia	–	–	–	293,588
The PRC	341,217	264,993	613,096	626,786
	<u>416,592</u>	<u>265,842</u>	<u>798,315</u>	<u>934,086</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION***(Continued)***4. OTHER REVENUE AND OTHER INCOME**

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other revenue</b>		
Interest income	3,142	42
Rental income	193	297
	<u>3,335</u>	<u>339</u>
<b>Other income</b>		
Government grants	1,074	–
Sale of raw materials and scrap products	553	372
Sale of steam	222	792
Sundry income	191	219
Exchange gain	42	144
	<u>2,082</u>	<u>1,527</u>
	<u><b>5,417</b></u>	<u><b>1,866</b></u>

**5. LOSS BEFORE TAX**

The Group's loss before tax is stated after charging the following items:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>a) Finance costs:</b>		
Interest expenses on bank and other borrowings	26,917	2,897
Interest expenses on notes payables	21,200	11,200
	<u>48,117</u>	<u>14,097</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 5. LOSS BEFORE TAX (Continued)

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>b) Other items:</b>		
Amortisation of lease premium for land	316	507
Cost of services	54,336	–
Cost of inventories	271,544	203,312
Amortisation of intangible assets	1,788	–
Depreciation of property, plant and equipment	12,183	11,289
Depreciation of investment properties	288	330
Staff costs	47,915	36,462
	<u>47,915</u>	<u>36,462</u>

### 6. INCOME TAX (CREDIT) EXPENSE

Hong Kong Profits Tax has not been provided as the Group had no estimated assessable profits arising from Hong Kong for the six months ended 30 June 2017 and 2016. The income tax provision in respect of operations in the PRC is calculated at the applicable tax rates of 25% on the estimated assessable profits for the six months ended 30 June 2017 and 2016 based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
PRC enterprise income tax		
– Current period	4,899	3,974
– Overprovision in prior period	(1,868)	(794)
	<u>3,031</u>	<u>3,180</u>
Deferred taxation (Note 22)	(4,035)	–
<b>Income tax (credit) expense for the period</b>	<u>(1,004)</u>	<u>3,180</u>



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**7. INTERIM DIVIDEND**

For the six months ended 30 June 2017, the Board does not recommend the payment of any interim dividend (six months ended 30 June 2016: Nil).

**8. LOSS PER SHARE**

The calculation of the basic and diluted loss per share attributable to the equity holders of the Company are based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Loss attributable to equity holders of the Company	<b><u>(66,819)</u></b>	<b><u>(4,519)</u></b>
	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>'000</b>	<b>'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Number of shares:</b>		
Issued ordinary shares at 1 January	<b>10,352,800</b>	3,589,901
Effect of issue of shares by placement	<b>57,314</b>	–
Effect of issue of new shares for acquisition of subsidiaries	<b>54,466</b>	–
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<b><u>10,464,580</u></b>	<b><u>3,589,901</u></b>

Diluted loss per share is the same as the basic loss per share for the period ended 30 June 2017 because the potential ordinary shares arising from the outstanding share options under the Company's share option scheme and the conversion of convertible bonds outstanding had an anti-dilutive effect on the basic loss per share during the period.

**9. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2017, additions to property, plant and equipment amounted to approximately HK\$19,780,000 (six months ended 30 June 2016: approximately HK\$43,470,000) and disposals at carrying amount of approximately HK\$9,990,000 (six months ended 30 June 2016: approximately HK\$25,969,000).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 10. INTANGIBLE ASSETS

	<b>Operating agreements</b>	<b>Ticketing agency right</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note i)</i>	<i>(Note ii)</i>	
<b>Reconciliation of carrying amount - period ended</b>			
<b>30 June 2017</b>			
At 1 January 2017 (audited)	–	142,000	142,000
Additions – acquisition of intangible assets through acquisition of assets ( <i>Note 24</i> )	160,871	–	160,871
Amortisation for the period	(1,788)	–	(1,788)
Impairment for the period ( <i>note iii</i> )	–	(16,100)	(16,100)
Exchange realignment	–	4,100	4,100
	<u>–</u>	<u>4,100</u>	<u>4,100</u>
<b>At 30 June 2017 (Unaudited)</b>	<b><u>159,083</u></b>	<b><u>130,000</u></b>	<b><u>289,083</u></b>
<b>At 30 June 2017 (Unaudited)</b>			
Cost	160,871	146,060	306,931
Accumulated amortisation	(1,788)	–	(1,788)
Accumulated impairment losses	–	(16,060)	(16,060)
	<u>–</u>	<u>(16,060)</u>	<u>(16,060)</u>
At the end of the reporting period	<b><u>159,083</u></b>	<b><u>130,000</u></b>	<b><u>289,083</u></b>

- (i) The operating agreements were acquired as a result of acquisition of assets through acquisition of subsidiaries as detailed in note 24 to the condensed consolidated interim financial information. The operating agreements represent the long-term aircraft charter contract and the master contractor contract in respect of outbound tourism and hospitality with Beijing Mega Global International Travel Service Co., Ltd and granted for period of 15 years, the Group has determined that this asset has a 15-year useful life.

The Group has appointed an independent professional valuer, APAC Asset Valuation and Consulting Limited, to perform an appraisal of the value of the operating agreements as at 21 April 2017. The fair value at acquisition date of intangible asset has been determined on the basis of a value in use calculations. Its fair value at acquisition date is based on certain key assumptions. The value in use calculation uses cash flow projections based on financial forecast approved by management covering a 15-year period by applying growth rate from 3% to 10%, and a discount rate of 20.5%. Cash flow projections during the budget period are also based on the expected sales during the budget period. Expected cash inflows/outflows have been determined based on management's expectations for the market development.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 10. INTANGIBLE ASSETS (Continued)

- (ii) The exclusive ticketing agency right for the cultural show namely, Impression – Liu Sanjie, acquired has been granted for a period of 20 years, with priority renewal rights at the expiry date. Coupled with the fact that the cultural show, Impression – Liu Sanjie, has been operated since 2004 and there are over 500 shows every year, the Group has determined that this asset has an indefinite useful life. The exclusive ticketing agency right is therefore measured at cost less accumulated impairment losses.

Intangible assets was impaired when the goodwill arising from the acquisition of Master Race (Note 13) was fully impaired during the period according to the recoverable amounts as at 30 June 2017.

- (iii) As at 30 June 2017, the Group made a provision for impairment loss on goodwill in respect of ticketing agency business in Master Race Group of approximately HK\$14.7 million and for impairment loss on intangible asset in respect of ticketing agency right of performance show “Impression – Liu Sanjie” of approximately HK\$16.1 million. The reason of recognising such impairment losses is primarily due to a failure of the application for ticket price increment which had been submitted to the PRC local government during the year ended 31 December 2016.

In June 2017, the Group received a preliminary response from the PRC local government which indicated that it would like to maintain the competitiveness of tourism industry in Guangxi Province and the ticket price shall remain unchanged in near future. It was a preliminary response from the PRC local government and was not yet finalized. In early August 2017, the PRC local government further confirmed with the Group that the ticket price shall remain unchanged in near future. Hence, in early August 2017, the management became aware that there was an indication that the assets, including the goodwill and intangible asset, may be impaired during the six months ended 30 June 2017 and certain key assumptions previously used in assessing the recoverable amounts of the goodwill and intangible asset for the preparation of the 2016 Annual Report, shall be adjusted in light of the new developments.

In August 2017, after knowing that the ticket price shall remain unchanged in near future, the management performed an impairment assessment on the goodwill and intangible asset for the six months ended 30 June 2017. The recoverable amount of the goodwill and intangible asset has been determined by the management with reference to the valuations previously conducted by an independent professional valuer after adjusting certain key assumptions, including the growth rate for ticket price in 2017, which had been adjusted from 5% to 0%. In addition, the average growth rate in income per ticket from 2018 to 2021 had been adjusted from 3% to 0%. This resulted in the recognition of an impairment loss on goodwill of approximately HK\$14.7 million and impairment loss on intangible asset of approximately HK\$16.1 million in the interim period.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**11. INTEREST IN AN ASSOCIATE**

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2016 HK\$'000 (Audited)</b>
Cost of investments in an associate		
– Listed in Malaysia	<b>208,331</b>	208,331
Gain on bargain purchases	<b>84,673</b>	84,673
Share of post-acquisition profits, net of dividend received	<b>2,079</b>	1,760
Exchange realignment	<b>(1,176)</b>	(1,176)
Released of exchange reserve upon disposal	<b>14,846</b>	–
Disposal during the period	<b>(308,753)</b>	–
	<hr/>	<hr/>
Group's share of net assets of an associate	<b>–</b>	<b>293,588</b>
	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2016, the Group hold 150,000,000 shares of Yong Tai Berhad (“Yong Tai”), which is listed on the Main Market of Bursa Malaysia Securities Berhad. A gain on bargain purchase on acquisition of an associate of approximately HK\$84.7 million was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2016. The Company entered into a series of Sale and Purchase agreements with certain purchasers between 27 March 2017 and 9 May 2017 in relation to the disposal of entire shares of Yong Tai at aggregate consideration of approximately RM165,000,000 (equivalent to approximately HK\$289,874,000). Loss on disposal of the associate of approximately HK\$18,879,000 has been recognised in the condensed consolidated statement of comprehensive income during the period based on the fair value of the net assets of the associate at respective completion date.

The associate as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group:

Name of associate	Principal place of business and place of incorporation	Nominal value of registered capital	Attributable direct equity interest to the Group		Principal activities
			30 June 2017 % (Unaudited)	31 December 2016 % (Audited)	
Yong Tai Berhad (“Yong Tai”) (Note)	Malaysia	RM190,177,616	–	39.44%	Manufacturing and dyeing of all types of fabric and property development

*Note:* The above associate was accounted for using the equity method in the condensed consolidated interim financial information for the year ended 31 December 2016.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Irredeemable convertible preference shares		
listed outside Hong Kong, at fair value (note (a) and (b))	249,173	343,894
Equity shares listed outside Hong Kong, at fair value (note (b))	<u>7,659</u>	<u>2,808</u>
	<u><u>256,832</u></u>	<u><u>346,702</u></u>

- (a) The amount represents 140,000,000 irredeemable convertible preference shares (“ICPS”) of Yong Tai, which are listed on the Main Market of Bursa Malaysia Securities Berhad. The ICPS are convertible into ordinary shares of Yong Tai at the option of the holder from time to time after the 3rd anniversary of the date of issue on 28 November 2016 and up to the maturity date, which is the 10th anniversary of the date of issue of the ICPS. All issued ICPS that remain outstanding after the maturity date will be automatically converted into ordinary shares of Yong Tai. Since the ICPS are prohibited from conversion within 3 years from the date of issue and the Group has no intention to convert the ICPS into Yong Tai’s ordinary shares until the maturity date, the investment in ICPS in Yong Tai has been accounted for as available-for-sale financial asset and measured at fair value at the end of the reporting period.

During the six months ended 30 June 2017, the Group has sold 60,000,000 ICPS through its securities broker on the Main Market of Bursa Malaysia Securities Berhad at aggregate consideration of RM54,000,000 (equivalent to approximately HK\$96,789,000) and gain on disposal of approximately HK\$8,316,000 was recognised in the condensed consolidated statement of comprehensive income.

- (b) The fair value of listed securities is based on quoted markets prices in active markets at the end of the reporting period.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**13. GOODWILL**

	As at <b>30 June</b> <b>2017</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2016 <i>HK\$'000</i> <b>(Audited)</b>
Reconciliation of carrying amount		
At beginning of reporting period	<b>96,094</b>	–
Acquisition of subsidiaries ( <i>Note 25</i> )	<b>3,059</b>	139,143
Impairment loss for the period/year	<b>(14,743)</b>	(43,049)
	<hr/> <b>84,410</b> <hr/>	<hr/> 96,094 <hr/>
At end of reporting period	<b>84,410</b>	96,094

Goodwill is allocated to the cash-generating units (“CGUs”) that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated to the Group’s CGU’s identified as follows:

	As at <b>30 June</b> <b>2017</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2016 <i>HK\$'000</i> <b>(Audited)</b>
Healthcare Business		
– Xian Tai International Ltd. (“Xian Tai”)	<b>81,351</b>	81,351
Tourism and travel		
– Master Race Limited (“Master Race”) ( <i>note a</i> )	<b>41,743</b>	41,743
– Golden Truth Enterprises Ltd (“Golden Truth”)	<b>16,049</b>	16,049
– Incola Travel Limited (“Incola Travel”) ( <i>Note 25</i> )	<b>3,059</b>	–
Less: Accumulated Impairment		
– Golden Truth	<b>(16,049)</b>	(16,049)
– Master Race	<b>(41,743)</b>	(27,000)
	<hr/> <b>84,410</b> <hr/>	<hr/> 96,094 <hr/>

The Group tests goodwill annually for impairment, or more frequently, if there are indications that goodwill might be impaired.

- (a) Goodwill of approximately HK\$41,743,000 was recognised in last year related to Master Race. For the impairment of goodwill, please refer to Note 10 to the condensed consolidated interim financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Equity securities, held for trading:		
Listed in Hong Kong	135,415	–
Listed outside Hong Kong	371	360
	<u>135,786</u>	<u>360</u>

The fair value of listed equity securities is based on quoted market prices in active markets at the end of the reporting period. During the six months period ended 30 June 2017, loss on change in fair value of approximately HK\$11,228,000 (2016: approximately HK\$21,874,000) of these securities was recognised in the condensed consolidated statement of comprehensive income.

### 15. TRADE AND OTHER RECEIVABLES

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Trade receivables	227,134	205,419
Less: Allowance for trade receivables	(83)	(80)
	<u>227,051</u>	<u>205,339</u>
Bills receivable ( <i>note b</i> )	135,585	90,808
Other receivables	20,152	19,957
Prepayments and deposits ( <i>note c</i> )	81,098	63,309
	<u>463,886</u>	<u>379,413</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 15. TRADE AND OTHER RECEIVABLES (Continued)

- (a) The ageing analysis of the trade receivables by invoice date at the end of the reporting period is as follows:

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2016 HK\$'000 (Audited)</b>
Within 3 months	<b>208,656</b>	192,437
Over 3 months but within 6 months	<b>14,884</b>	11,943
Over 6 months but within 1 year	<b>2,901</b>	357
Over 1 year	<b>693</b>	682
	<b>227,134</b>	205,419
Less: Allowance for trade receivables	<b>(83)</b>	(80)
	<b>227,051</b>	205,339

The normal credit period granted to the customers of the Group is 90 to 120 days (2016: 90 to 120 days). Allowance for trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

- (b) All bills receivables were not past due and there was no history of default. The normal terms granted by the banks are 90 to 120 days (2016: 90 to 120 days).
- (c) Included in prepayments and deposits as at 30 June 2017 was prepayment of approximately HK\$62,195,000 (2016: HK\$54,921,000) which was paid for a large performance project in Halong City, Vietnam. The project is still in development stage.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 16. LOANS RECEIVABLE

The credit quality analysis of the loans receivable is as follows:

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Neither past due nor impaired –		
Unsecured loans to third parties		
– Principal	488,055	309,885
– Interest	28,992	6,787
	<u>517,047</u>	<u>316,672</u>
Guaranteed loans to third parties		
– Principal	40,729	37,143
– Interest	3,217	622
	<u>43,946</u>	<u>37,765</u>
Total	<u><u>560,993</u></u>	<u><u>354,437</u></u>

The Group's loans receivable mainly arise from the money lending business in Hong Kong, which are denominated in US dollars and Hong Kong dollars. All the loans are unsecured, with loan principal of approximately HK\$40,729,000 (2016: approximately HK\$37,143,000) being guaranteed by an independent third party.

The loan and interest receivables that were neither past due nor impaired as at 30 June 2017 relate to a number of borrowers for whom there was no recent history of default.

At the end of the reporting period, loans receivable carried fixed interest rates and had effective interest rates ranging from 10% to 15% per annum (2016:10% to 15% per annum).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 17. CONVERTIBLE BONDS

On 21 April 2017 (the “Bond Issue Date”), the Company completed the acquisition of Arch Partners Holdings Limited and its subsidiaries at the consideration of approximately HK\$138.2 million and part of the aggregate consideration of the acquisition has been paid by the Company to the vendors by issue of zero-coupon convertible bonds in the principal amount of up to HK\$112,000,000 subject to the fulfillment of profit guarantee requirements. The convertible bonds will mature on 31 March 2018 (i.e. the determination date of the profit guarantee). The convertible bonds are not convertible until the maturity date.

#### **Redemption at maturity**

Save and except upon the occurrence of winding-up, bankruptcy or dissolution, etc. of the Company, the convertible bonds shall in no event be repayable. Depending on the outcome of the determination on satisfaction of the profit guarantee, the convertible bonds will be automatically converted into shares on the maturity date.

#### **Early redemption at the options of the Company and the bondholder**

The convertible bonds are not redeemable by the bondholders, but may be redeemed by the Company at any time prior to the maturity date in whole or in part (in integral multiples of HK\$100,000) of the outstanding principal amount of the convertible bonds. Bondholders will not be entitled to attend or vote at any shareholders’ meetings of the Company.

The convertible bonds can be converted into 560,000,000 conversion shares of the Company at a conversion price of HK\$0.2 per share. Upon exercise in full of the conversion rights attaching to the convertible bonds if the profit guarantee requirements were fulfilled. The conversion shares represent approximately 4.5% of the issued share capital of the Company as enlarged by the allotment and issue of the conversion shares assuming the conversion rights attaching to the convertible bonds are exercised in full.

Shares issued upon conversion will rank *pari passu* in all respects among themselves and with other existing shares outstanding at the date of issue of the conversion shares and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of their issue.

At initial recognition, the convertible bonds are separated into a liability component, comprising straight debt component of the bonds and embedded derivatives (i.e. early redemption options by the Company) (“Derivative Component”) and initially recognised at fair value. In subsequent periods, such convertible bonds measured at fair value with changes in fair value recognised in profit or loss. Transaction costs relating to the issuance of the convertible bonds are charged to profit or loss immediately.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**17. CONVERTIBLE BONDS (Continued)**

The details and the movement of the Convertible Bonds during the reporting periods and outstanding as at end of the reporting period were as follows:

	<b>Liabilities components</b> <i>HK\$'000</i> (Unaudited)	<b>Derivative financial instruments</b> <i>HK\$'000</i> (Unaudited)
Fair value at issue date	93,683	13,960
Change in fair value charged to profit or loss	18,402	9,835
Balance at 30 June 2017	<u>112,085</u>	<u>23,795</u>

The fair value of the convertible bonds was determined by an independent qualified valuer based on the Binomial Pricing Model. The following assumptions were applied.

	<b>30 June 2017</b>	21 April 2017
Discount rate	<b>8.73%</b>	9.13%
Fair value of each share of the Company	<b>HK\$0.201</b>	HK\$0.168
Conversion price (per share)	<b>HK\$0.20</b>	HK\$0.20
Risk free interest rate	<b>0.43%</b>	0.56%
Time to maturity	<b>0.75 years</b>	0.94 years
Expected volatility	<b>54.00%</b>	49.00%
Expected dividend yield	<b>0%</b>	0%

**18. TRADE AND OTHER PAYABLES**

	<b>As at 30 June 2017</b> <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Trade payables	<b>95,821</b>	78,805
Bills payables	<b>2,485</b>	14,216
Other payables and accruals	<b>23,553</b>	31,454
Accrued interest on notes payable	<b>53,535</b>	41,481
	<u><b>175,394</b></u>	<u>165,956</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 18. TRADE AND OTHER PAYABLES (Continued)

The ageing analysis of the trade payables by invoice date at the end of the reporting period is as follows:

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Within 3 months	79,968	67,078
Over 3 months but within 6 months	10,228	8,031
Over 6 months but within 1 year	1,973	1,746
Over 1 year	3,652	1,950
	<u>95,821</u>	<u>78,805</u>

### 19. BANK AND OTHER BORROWINGS

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
<b>Current</b>		
Bank borrowings – secured	135,443	104,924
Margin loan, secured ( <i>Note 26</i> )	46,643	–
Other borrowings – secured	18,407	17,882
Other borrowings – unsecured	80,000	251,600
	<u>280,493</u>	<u>374,406</u>

At 30 June 2017 and 31 December 2016, all of the bank and other borrowings were repayable within one year.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**19. BANK AND OTHER BORROWINGS** (Continued)

The secured and unsecured bank and other borrowings and margin loan are interest-bearing at fixed or variable interest rates. The ranges of effective interest rates on the Group's borrowings are as follows:

	As at <b>30 June</b> <b>2017</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2016 <i>HK\$'000</i> <b>(Audited)</b>
<b>Effective interest rates per annum</b>		
Bank borrowings – secured	<b>4.79% to 6.40%</b>	4.79% to 6.40%
Margin loan, secured	<b>8.00%</b>	–
Other borrowings – secured	<b>6.40%</b>	6.40%
Other borrowings – unsecured	<b>24.00%</b>	6.00% to 24.00%
	<u><b>480,000</b></u>	<u><b>360,000</b></u>

**20. NOTES PAYABLES**

	As at <b>30 June</b> <b>2017</b> <i>HK\$'000</i> <b>(Unaudited)</b>	As at 31 December 2016 <i>HK\$'000</i> <b>(Audited)</b>
8% 2-year notes (note a)	<b>280,000</b>	280,000
10% 1-year notes (note b)	<b>200,000</b>	80,000
	<u><b>480,000</b></u>	<u><b>360,000</b></u>

(a) The notes are interest-bearing at 8% per annum, originally maturing on 21 April 2017 and secured by an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company which is incorporated under the laws of the British Virgin Islands. The notes holder is an independent third party.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**20. NOTES PAYABLES** (Continued)

On 21 April 2017, the Group and the only holder of the notes entered into deeds for the amendment of the instrument of the notes (the “Deeds of Amendment”). Pursuant to the Deeds of Amendment, the maturity date of the notes is extended from 21 April 2017 to 21 July 2017 with interest rate increased to 8.6% per annum for the extended period. Please refer to Note 30(i) for the changes subsequent to the end of reporting period.

- (b) Pursuant to a note purchase agreement entered between the Company and an independent investor on 22 November 2016, the Company agreed to issue and the investor agreed to purchase from the Company, secured notes in two tranches up to an aggregate principal amount of HK\$200,000,000. The notes are interest-bearing at 10% per annum, maturing on 12 months from the issue dates. The notes holder is an independent third party.

On 23 November 2016, the Company issued the first tranche note in the principal amount of HK\$80,000,000 and pledged by 697,000,000 ordinary shares of the Company provided by a shareholder of the Company, maturity date of the notes can be extended to 24 months with the interest rate be increased to 13% per annum for the extended 12 months.

The second tranche note was issued by the Company on 4 January 2017, maturity date of the notes can be extended to 24 months, with the interest rate be increased to 13% per annum for the extended 12 months. The second tranche note is pledged by 700,000,000 ordinary shares of the Company provided by shareholders of the Company.

**21. BONDS PAYABLE**

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2016 HK\$'000 (Audited)</b>
Bonds - unsecured	<b><u>10,000</u></b>	<b><u>–</u></b>

On 5 June 2017, the Company and a placing agent entered into a placing agreement pursuant to which the placing agent has agreed to procure placees to subscribe for the bonds in an aggregate principal amount of HK\$10,000,000. On the same date, an independent third party has subscribed the bonds issued by the Company. The bonds carry a fixed coupon rate of 6% per annum, paid annually and due in 2024.

During the period ended 30 June 2017, the Group did not default on any principal, interest or redemption amounts with respect to its bonds issued.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 22. DEFERRED TAXATION

The following is the analysis of the major deferred tax assets (liabilities) recognised by the Group and movement thereon:

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2016 HK\$'000 (Audited)</b>	
Deferred tax assets	4,025	–	
Deferred tax liabilities	<u>(64,247)</u>	<u>(37,703)</u>	
	<b><u>(60,222)</u></b>	<b><u>(37,703)</u></b>	
	<b>Impairment loss on Intangible assets HK\$'000</b>	<b>Fair value adjustments HK\$'000</b>	<b>Total HK\$'000</b>
At 1 January 2016	<u>–</u>	<u>(2,396)</u>	<u>(2,396)</u>
Charged to profit and loss	–	65	65
Exchange realignment	–	1,215	1,215
Recognition upon acquisition of Master Race Group in 2016	<u>–</u>	<u>(36,587)</u>	<u>(36,587)</u>
At 31 December 2016 (audited)	<u>–</u>	<u>(37,703)</u>	<u>(37,703)</u>
Credited to profit and loss (Note 6)	4,035	–	4,035
Recognition upon acquisition of assets through acquisition of subsidiaries (Note 24)	–	(26,544)	(26,544)
Exchange realignment	<u>(10)</u>	<u>–</u>	<u>(10)</u>
At 30 June 2017 (unaudited)	<b><u>4,025</u></b>	<b><u>(64,247)</u></b>	<b><u>(60,222)</u></b>
Represented by:			
Fair value adjustment on lease premiums for land			(2,203)
Fair value adjustment on intangible assets			(62,044)
Impairment loss on intangible assets			<u>4,025</u>
			<b><u>(60,222)</u></b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 23. SHARE CAPITAL

	As at 30-Jun-17		As at 31-Dec-16	
	No. of shares (Unaudited)	HK\$'000 (Unaudited)	No. of shares (Audited)	HK\$'000 (Audited)
<b>Authorised:</b>				
Ordinary shares of HK\$0.0125 each (2016: HK\$0.0125 each)	<b>30,000,000,000</b>	<b>375,000</b>	30,000,000,000	375,000
<b>Issued and fully paid:</b>				
At beginning of reporting period	<b>10,352,800,252</b>	<b>129,410</b>	3,589,901,240	44,874
Issue of shares by placement (Note a)	<b>1,230,560,000</b>	<b>15,382</b>	6,000,000,000	75,000
Issue of new shares for acquisition of subsidiaries (Note b)	<b>280,000,000</b>	<b>3,500</b>	697,000,000	8,713
Issue of remuneration shares	–	–	20,000,000	250
Issue of new shares upon exercise of options	–	–	45,899,012	573
At end of reporting period	<b>11,863,360,252</b>	<b>148,292</b>	10,352,800,252	129,410

- (a) On 29 May 2017, the Company entered into a placing agreement in respect of the placement of 1,230,560,000 ordinary shares of HK\$0.0125 each to not less than six independent investors at a price of HK\$0.13 per share. The placement was completed on 14 June 2017. The premium on the issue of shares, amounting to approximately HK\$140,442,000, net of share issuance expenses of approximately HK\$4,149,000, was credited to the Company's share premium account. The net proceeds from the placing is approximately HK\$155.8 million.

The above newly issued shares rank pari passu in all respects with the existing shares.

- (b) On 21 April 2017, the Company acquired 100% shareholding in Arch Partners Holdings Limited and its subsidiaries, which are principally engaged in provision of outbound travel, aircraft charter and business travel. Part of the consideration had been satisfied by the issue of consideration shares of 280,000,000 shares at the market price of HK\$0.168 per share on 21 April 2017.

The above newly issued shares rank pari passu in all respects with the existing shares.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 24. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

On 21 April 2017, the Group acquired 100% of the issued share capital of Arch Partners Holdings Limited and its subsidiaries (“Arch Partners Group”) from four independent third parties at the consideration of approximately HK\$138.2 million. Arch Partners Holdings Limited and its subsidiaries are principally engaged in provision of outbound travel, aircraft charter and business travel. The aggregate consideration of the acquisition has been paid by the Company by (i) cash payment of HK\$11,408,000; (ii) the issue of consideration shares of 280,000,000 shares at the market price of HK\$0.168 per share on 21 April 2017; and (iii) subject to the fulfillment of profit guarantee requirements, the issue of convertible bonds in the principal amount of up to HK\$112,000,000 by the Company.

The above transaction was accounted for as an acquisition of assets as the assets acquired do not meet the definition of a business.

The fair value of the identifiable assets and liabilities of Arch Partners Group at the date of acquisition is as follows:

	<i>HK\$’000</i>
Consideration satisfied by:	
Cash paid	11,408
Allotment and issue of 280,000,000 new ordinary shares of the Company at fair value of HK\$0.168 per share	47,040
Convertible bonds, at fair value	93,683
Less: Derivative financial instruments	<u>(13,960)</u>
	<u>138,171</u>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed:</b>	<i>HK\$’000</i>
Net assets acquired:	
Intangible asset ( <i>Note 10</i> )	160,871
Trade and other receivables	5,799
Cash and cash equivalent	40
Trade and other payables	(545)
Tax payable	(1,450)
Deferred tax liabilities ( <i>Note 22</i> )	<u>(26,544)</u>
Total identifiable net assets	<u>138,171</u>
Total consideration	<u>138,171</u>
Net cash inflow arising on acquisition:	
Cash consideration	–
Less: Cash and cash equivalents acquired	<u>40</u>
	<u>40</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**25. ACQUISITION OF SUBSIDIARIES**

**INCOLA TRAVEL LIMITED AND IT'S SUBSIDIARY ("INCOLA TRAVEL GROUP")**

The fair value of the identifiable assets and liabilities of Incola Travel Group at the date of acquisition is as follows:

	<i>HK\$'000</i>
Consideration satisfied by:	
Cash paid	4,404
	<u>4,404</u>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed:</b>	<i>HK\$'000</i>
Net assets acquired:	
Property, plant and equipment	44
Trade and other receivables	3,374
Cash and cash equivalents	42
Bank overdrafts	(250)
Trade and other payables	(1,795)
	<u>1,415</u>
Total identifiable net assets	1,415
Non-controlling interests	(70)
Goodwill ( <i>Note 13</i> )	3,059
	<u>4,404</u>
Total consideration	<u>4,404</u>
Net cash outflow arising on acquisition:	
Cash consideration paid	(4,404)
Less: Cash and cash equivalents acquired, net of bank overdrafts	(208)
	<u>(4,612)</u>

On 28 February 2017, the Group acquired 95% issued share capital of Incola Travel Group from an independent third party at the consideration of approximately HK\$4,404,000. Incola Travel Limited is a company incorporated in Hong Kong with limited liability. It is a travel related investment holding company, which together with its wholly-owned subsidiary in Hong Kong, Incola Air Services Limited, are principally engaged in the business of travel agency.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**25. ACQUISITION OF SUBSIDIARIES** (Continued)

It is the Group's long-term mission to maintain a diversified investment portfolio and to explore suitable investment opportunities. The Board is of the view that the acquisition provides opportunities to the Company to broaden its business portfolio.

The goodwill arising on the acquisition of Incola Travel Group is attributable to the benefit of expected revenue growth and future market development. These benefits are not recognised separately from goodwill as they do not meet the recognition criteria for intangible assets and cannot be reliably measured.

Incola Travel Group contributed revenue of approximately HK\$16,370,000 and loss of approximately HK\$88,000 in the period between the date of acquisition and the end of the reporting period. If the acquisition had been completed on 1 January 2017, total Group's revenue for the period would have been approximately HK\$423,792,000, and loss for the period would have been approximately HK\$71,873,000.

**26. MARGIN FACILITIES**

As at 30 June 2017, margin facilities of HK\$50,000,000 (31 December 2016: HK\$nil) from a regulated securities broker in Hong Kong was granted to the Group under which financial assets at fair value through profit and loss of approximately HK\$135,415,000 (31 December 2016: HK\$nil) was treated as collateral for the facilities granted. The Group utilised part of these facilities amounting to approximately HK\$46,643,000 as at 30 June 2017 (31 December 2016: HK\$nil).

**27. OPERATING LEASE COMMITMENTS**

**THE GROUP AS LESSEE**

The Group leases certain of its office premises under operating lease arrangements. The leases run for an average term of one to three years (2016: one to three years). The terms of the leases require the Group to pay security deposits.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>As at 30 June 2017 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2016 HK\$'000 (Audited)</b>
Within one year	<b>4,905</b>	2,158
In the second to fifth year inclusive	<b>3,796</b>	3,767
	<b><u>8,701</u></b>	<b><u>5,925</u></b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Continued)

### 27. OPERATING LEASE COMMITMENTS (Continued)

#### THE GROUP AS LESSOR

The Group leases its investment properties under an operating lease with a lease term of two years (2016: two years). The future aggregate minimum rental receivables under non-cancellable operating lease are as follows:

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Within one year	<u>276</u>	<u>765</u>

### 28. CAPITAL COMMITMENTS

The Group's authorised capital commitments outstanding at the end of the reporting period and not provided for in the condensed consolidated financial statements are as follows:

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Contracted but not provided for Purchase of property, plant and equipment	<u>3,658</u>	<u>3,159</u>

### 29. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these condensed consolidated financial statements on a recurring basis at 30 June 2017 across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**29. FAIR VALUE MEASUREMENTS (Continued)**

	As at 30 June 2017 (Unaudited)				As at 31 December 2016 (Audited)			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Financial assets</b>								
Available-for-sale financial assets	256,832	-	-	256,832	346,702	-	-	346,702
<b>Financial assets at fair value through profit or loss</b>								
Equity securities, listed in Hong Kong	135,415	-	-	135,415	-	-	-	-
Equity securities, listed outside Hong Kong	371	-	-	371	360	-	-	360
<b>Derivative financial instruments:</b>								
- Redemption options embedded in convertible bonds	-	-	23,795	23,795	-	-	-	-
<b>Financial Liabilities</b>								
Convertible bonds	-	-	(112,085)	(112,085)	-	-	-	-
	<u>392,618</u>	<u>-</u>	<u>(88,290)</u>	<u>304,328</u>	<u>347,062</u>	<u>-</u>	<u>-</u>	<u>347,062</u>

During the period ended 30 June 2017 and year ended 31 December 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

**30. EVENTS AFTER THE REPORTING PERIOD**

**(i) EXTENSION OF MATURITY DATE OF NOTES**

In respect of the 2-year 8% coupon secured and unlisted notes in an aggregate principal amount of HK\$280,000,000 (the “Notes”) by Equal Smart Global Limited (a wholly-owned subsidiary of the Company) as disclosed in the note 20 to the condensed consolidated interim financial statements, the Group and the only holder of the Notes entered into deeds for the amendment of the instrument of the Notes (the “Deeds of Amendment”) on 21 July 2017. Pursuant to the Deeds of Amendment, the maturity date of the Notes is further extended from 21 July 2017 to 21 April 2018 with interest rate increased to 8.6% per annum for the extended period. The Notes were secured by an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company. Details were set out in the announcements of the Company dated 21 July 2017.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**  
(Continued)

**30. EVENTS AFTER THE REPORTING PERIOD** (Continued)

**(ii) ACQUISITION OF SHARES IN AMAZING SUNRISE LIMITED**

On 12 July 2017, the Group entered into a Memorandum of Understanding (the “MOU”) with an independent third party which the Group intends to acquire entire issued share capital in Amazing Sunrise Limited (the “Target Company”) (the “Possible Acquisition”). After the reorganization, the Target Company will hold 100% equity interest in Kunming Yihui Times Building (昆明義輝時代大廈) with a fair value of approximately RMB1,000,000,000, which is located in the core business district of Kunming Xishan District. Kunming Yihui Times Building is invested and constructed by Kunming Yihui Property Development Co., Ltd. (昆明義輝房地產開發有限公司). The consideration for the Possible Acquisition shall be approximately RMB1,000,000,000. The exact amount, the manner and the method of payment of the consideration for the sale and purchase of the Target Company will be negotiated based on the results of the due diligence investigation to be conducted by the Group on the Target Company. Pursuant to the MOU, the Group had paid a sum of refundable deposit HK\$40,000,000 in cash on 13 July 2017. By the acquisition of the Target Company, the Company is expected to enter into one of the most important cities of the Yunnan Province in Southwest China, Kunming which is acting a significant strategic role in “One Belt and One Road”. The Target Company is committed to building a media and tourism promotion center between China and ASEAN, which is in line with the Company’s strategic objectives. Details of the Possible Acquisition were set out in the announcement of the Company dated 12 July 2017.

**(iii) POSSIBLE DISPOSAL OF REMAINING ICPS**

After the Group sold 60,000,000 ICPS of Yong Tai in June 2017, the Group has remained holding 140,000,000 ICPS in Yong Tai. In July 2017, the Board proposed to obtain a Disposal Mandate from the shareholders for the possible disposal of up to 140,000,000 ICPS held by the Group. The Disposal Mandate shall be conditional upon the approval by the shareholders at the extraordinary general meeting (“EGM”). The possible disposal of up to 140,000,000 ICPS under the Disposal Mandate will be conducted on open market transactions on the Main Market of Bursa Malaysia Securities Berhad. The selling price of each ICPS will be not less than either of (i) the average closing price of ICPS for the 5 consecutive trading days immediately prior to the trading day on which the relevant disposal is effected; or (ii) the average selling price of the aggregate 60,000,000 ICPS sold in June 2017, being RM0.90 for each ICPS. The net proceeds from the disposal of up to 140,000,000 ICPS are intended to be used for general working capital of the Group.

**31. APPROVAL OF FINANCIAL STATEMENTS**

The interim financial statements were approved and authorised for issue by the Board of Directors on 24 August 2017.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

In the past, the principal activities of the Group mainly focus on the production and sale of expanded polystyrene (“EPS”) packaging products for household electrical appliances (“Packaging Business”) in the PRC. Started from year 2016, in order to diversify the business of the Group, the Group has been exploring for appropriate opportunities for different investment projects, including, but not limited to the tourism and travel industry, entertainment and cultural industry, money lending business and healthcare business.

### **PACKAGING BUSINESS**

The revenue for the period from Packaging Business was approximately HK\$322.4 million, representing an increase of 24.1% as compared to approximately HK\$259.7 million for the corresponding period in 2016.

Gross profit of the Packaging Business was approximately HK\$50.8 million for the period 2017, representing a decrease of approximately 9.9% as compared to approximately HK\$56.4 million for the corresponding period in 2016. The overall gross profit margin was decreased from 21.7% in 2016 to 15.8% in 2017. During the period, the Packaging Business recorded segment profit of approximately HK\$28.3 million (2016: approximately HK\$15.3 million).

### **TOURISM AND TRAVEL BUSINESS**

The revenue for the period from Tourism and Travel Business, including travel agency, ticketing agency and scenic spot, was approximately HK\$68.3 million (2016: approximately HK\$5.3 million) and the gross profit was approximately HK\$13.7 million (2016: approximately HK\$5.3 million). Given that the Group acquired Arch Partners Group and Incola Travel Group which are principally engaged in the business of travel agency in the first half of 2017, the revenue from Tourism and Travel Business was significantly increased as compared to the corresponding period in 2016. During the period, the Tourism and Travel Business recorded segment loss of approximately HK\$20.2 million (2016: profit of approximately HK\$5.2 million). The loss is mainly due to an impairment loss on intangible asset of approximately HK\$16.1 million (2016: HK\$ nil) and an impairment loss on goodwill in respect of ticketing agency of approximately HK\$14.7 million (2016: HK\$nil) recognised in the income statement during the period.

The Tourism and Travel Business of the Group is still in development stage and the management will strive its best to develop this new segment. The Group will also keep looking for the opportunities to explore different potential investments for tourism and travel industry from time to time.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **SECURITIES INVESTMENTS**

The Group has invested in a portfolio of listed securities in Hong Kong, Singapore, Australia and Malaysia. The investments are designated and accounted for as financial assets at fair value through profit or loss, available-for-sale financial assets and investment in an associate in the consolidated financial statements.

During the period, the Group recorded a loss of approximately HK\$20.9 million (2016: approximately HK\$22.4 million), which was primarily due to the net realised loss on disposal of an associate. In light of the substantially improving performance of the investments in second half of 2016, the Group is continuously engaged in investments in various securities in the first half of 2017 for the purpose of capital appreciation. In view of the volatile stock market in recent years, the Group will closely monitor the performance of investment portfolio and adopt relatively conservative investment strategy to minimise the risk exposure and uncertainty of returns from securities investments.

### **MONEY LENDING BUSINESS**

The Money Lending segment has recorded a steady growth since the commencement of business in June 2016. As at 30 June 2017, the loan portfolio was approximately HK\$560.9 million (31 December 2016: approximately HK\$354.4 million) with terms of one year at effective interest rates ranging from 10% to 15% (2016: 10% to 15%) per annum. For the period ended 30 June 2017, the Group recorded interest income from the loan portfolio of approximately HK\$22.4 million (2016: approximately HK\$0.8 million). The Group will continue to develop money lending business as it will provide opportunities to increase the turnover and profit for the Group.

### **HEALTHCARE BUSINESS**

The Group engaged in provision of management services on the operation of physical therapy and healthcare massage shops in the PRC since last year. During the period, the revenue from Healthcare Business was approximately HK\$3.6 million (2016: HK\$nil) and the segment profit was approximately HK\$2.6 million (2016: HK\$nil).

### **REVENUE**

Revenue for the period was approximately HK\$416.6 million, representing a significant increase of approximately 56.7% as compared to approximately HK\$265.8 million for the corresponding period in 2016. This was primarily due to the revenue from Money Lending Business and Packaging Business were growth by approximately HK\$21.5 million and HK\$62.6 million, respectively, compared to corresponding period in 2016. In addition, the newly acquired subsidiaries which principally engaged in travel agency business have contributed revenue of approximately HK\$53.0 million during the period.



## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **GROSS PROFIT**

Gross profit for the period was approximately HK\$90.7 million, representing an increase of approximately 45.1% as compared to approximately HK\$62.5 million for the corresponding period in 2016. The increase was primarily due to the contribution from Money Lending Business, which recorded gross profit of approximately HK\$22.4 million (2016: approximately HK\$0.8 million) during the period. The overall profit margin for the period decreased from 23.5% to 21.8%.

### **OTHER REVENUE AND OTHER INCOME**

Other revenue and other income was approximately HK\$5.4 million for the period, representing an increase of approximately 184% as compared to approximately HK\$1.9 million for the corresponding period in 2016.

### **GAIN ON DISPOSAL OF AVAILABLE-FOR-SALE FINANCIAL ASSETS**

In June 2017, the Group sold 60,000,000 irredeemable convertible preference shares (“ICPS”) of Yong Tai Berhad (“Yong Tai”), which is listed on the Main Market of Bursa Malaysia Securities Berhad, through securities broker on the Main Market of Bursa Malaysia Securities Berhad at the price of RM0.9 for each ICPS. The aggregate consideration for the sale ICPS is RM54,000,000 (equivalent to approximately HK\$96,789,000). Based on the original acquisition cost of RM0.80 for each ICPS, the Group realised a gain of approximately HK\$8.3 million resulting from such disposal. The Group has used the proceeds as its general working capital and for financing any investment opportunities which may be identified by the Group from time to time. After the abovementioned disposal, the Group has remained holding 140,000,000 ICPS in Yong Tai at the end of the reporting period.

### **NET REALISED LOSS ON DISPOSAL OF AN ASSOCIATE**

In last year, the Group subscribed 150,000,000 ordinary shares of Yong Tai at the issue price of RM0.80 (equivalent to approximately HK\$1.48) per subscription share. During the first half of 2017, the Group sold an aggregate of 150,000,000 ordinary shares at the price of RM1.10 to independent third parties. The aggregate gross sale proceeds is approximately RM165,000,000 (equivalent to approximately HK\$289,874,000). The sale shares were originally acquired as a long-term and strategic investment which the Board believed that it would provide a reasonable strategic investment opportunity for the Company and enable the Group to generate sustainable and attractive returns for the shareholders. However, the Group was approached by the purchasers who have provided offers at the price of RM1.10 for each ordinary share. Therefore, the Board considers that such disposal provides the Group with a good opportunity to realise the investment and enhance the cash flow of the Group. The net realised loss on disposal of an associate during the period is approximately HK\$18.9 million. During the year ended 31 December 2016, a gain on bargain purchase on acquisition of an associate of approximately HK\$84.7 million was recorded by the Group. After the abovementioned disposal, the Group has no longer hold any Yong Tai ordinary shares.

## **MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

### **IMPAIRMENT LOSS ON GOODWILL AND INTANGIBLE ASSET**

As at 30 June 2017, the Group made a provision for impairment loss on goodwill in respect of ticketing agency business in Master Race Group of approximately HK\$14.7 million and for impairment loss on intangible asset in respect of ticketing agency right of performance show “Impression – Liu Sanjie” of approximately HK\$16.1 million. The reason of recognising such impairment losses is primarily due to a failure of the application for ticket price increment which had been submitted to the PRC local government during the year ended 31 December 2016.

In June 2017, the Group received a preliminary response from the PRC local government which indicated that it would like to maintain the competitiveness of tourism industry in Guangxi Province and the ticket price shall remain unchanged in near future. It was a preliminary response from the PRC local government and was not yet finalized. In early August 2017, the PRC local government further confirmed with the Group that the ticket price shall remain unchanged in near future. Hence, in early August 2017, the management became aware that there was an indication that the assets, including the goodwill and intangible asset, may be impaired during the six months ended 30 June 2017 and certain key assumptions previously used in assessing the recoverable amounts of the goodwill and intangible asset for the preparation of the 2016 Annual Report, shall be adjusted in light of the new developments.

In August 2017, after knowing that the ticket price shall remain unchanged in near future, the management performed an impairment assessment on the goodwill and intangible asset for the six months ended 30 June 2017. The recoverable amount of the goodwill and intangible asset has been determined by the management with reference to the valuations previously conducted by an independent professional valuer after adjusting certain key assumptions, including the growth rate for ticket price in 2017, which had been adjusted from 5% to 0%. In addition, the average growth rate in income per ticket from 2018 to 2021 had been adjusted from 3% to 0%. This resulted in the recognition of an impairment loss on goodwill of approximately HK\$14.7 million and impairment loss on intangible asset of approximately HK\$16.1 million in the interim period.

### **ADMINISTRATIVE AND OTHER OPERATING EXPENSES**

Administrative expenses increased by 22.7% to approximately HK\$59.9 million in 2017 from approximately HK\$48.8 million in 2016. This was primarily due to several newly acquired subsidiaries related to tourism and travel industry. Moreover, more acquisition have been conducted compared to corresponding period in 2016, which leads to an increment of legal and professional fees.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **FAIR VALUE CHANGE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

During the period, the Group recorded a loss on fair value change of financial assets at fair value through profit or loss of approximately HK\$11.2 million (2016: approximately HK\$21.9 million). The Board will closely monitor the performance of the investment portfolio and will diversify the investment portfolio across various segment of the market.

### **LOSS ON CHANGE IN FAIR VALUE OF CONVERTIBLE BONDS**

During the period, the Group recognised a loss on fair value change of approximately HK\$18.4 million as a result of subsequent re-measurement of the fair value of the convertible bond with principal amount up to HK\$112,000,000 issued on 21 April 2017. The loss was primarily due to the change on fair value of share price of the Company from 21 April 2017 to 30 June 2017. The fair value of the convertible bonds were based on a valuation report issued by an independent and professional qualified valuer.

### **CHANGE IN FAIR VALUE OF EMBEDDED DERIVATIVES IN CONVERTIBLE REDEEMABLE BONDS**

During the period, the Group recognised a gain on fair value change on embedded derivatives in convertible redeemable bonds amounting to approximately HK\$9.8 million. The fair value of the derivatives were based on a valuation report issued by an independent and professional qualified valuer.

### **SHARE OF RESULTS OF AN ASSOCIATE**

The share of results of an associate of approximately HK\$0.3 million (2016: HK\$nil) is contributed by an associate, Yong Tai, which was acquired in December 2016. The associate was fully disposed during the period.

### **FINANCE COSTS**

Finance costs for the period were approximately HK\$48.1 million, representing a significant increase of approximately 241.1% as compared to approximately HK\$14.1 million for the corresponding period in 2016. The increase of finance costs was mainly due to additional borrowings were raised for developing new business and for general working capital of the Group during the period. In addition, the Company has issued notes in an aggregate principal amount of HK\$200.0 million which carries 10% interest per annum in November 2016 and January 2017, resulting in an increase of finance costs.

### **INCOME TAX CREDIT/EXPENSES**

The amount of income tax credit in the consolidated statement of comprehensive income mainly represents deferred tax arising from an impairment loss on intangible asset.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY FOR THE PERIOD

As a result of the factors described above, loss attributable to equity holders of the Company for the period was approximately HK\$66.8 million, a significant increase of approximately HK\$62.3 million as compared to approximately HK\$4.5 million for the corresponding period last year.

### BUSINESS REVIEW AND OUTLOOK

During the first half of 2017, the Group's Packaging Business, representing production and sale of expanded polystyrene packaging products for household electrical appliances in the PRC, continued to provide steady revenue and cash flow to the Group and recorded revenue of approximately HK\$322.4 million, representing an increase of 24.1% compared to the corresponding period last year. On the other hand, the Group recorded a loss in the Securities Investments segment of approximately HK\$20.9 million (2016: approximately HK\$22.4 million). In light of the substantially improving performance of the investments in second half of 2016, the Group is continuously engaged in investments in various securities in the first half of 2017 for the purpose of capital appreciation. In future, the Group will continue to exercise due professional care in selecting investment targets.

While maintaining the Packaging Business and Securities Investments Business, the Group has also been exploring other business opportunities to diversify businesses of the Group since last year. The Group has commenced Money Lending Business with the money lender licence in Hong Kong under the Money Lenders Ordinance from the second half of 2016. During the period, interest income of approximately HK\$22.4 million (2016: approximately HK\$0.8 million) from loan receivable was recognised in the income statement. The interest rate charged during the period was ranging from 10% to 15% (2016: 10% to 15%) per annum. It is expected that such business will contribute steady returns to the Group.

In March 2016, the Group is granted an exclusive ticketing agency right for a popular cultural show namely Impression Liu Sanjie (印象劉三姐) in Guangxi Province, the PRC, for a term of 20 years with priority renewal rights at the expiry date. During the period, 263 shows were performed and approximately 708,500 tickets were sold which contributed revenue of approximately HK\$13.4 million to the Group.

In July 2016, the Group completed the acquisition of Golden Truth Enterprises Limited which owns Dongxing Pingfeng Rainforest Scenic Spot (東興屏峰雨林景區) located at Dongxin City in the southern part of Guangxi Province. During the period, the Scenic Spot contributed revenue of approximately HK\$0.8 million (2016: HK\$nil) to the Group. The main source of income of the Scenic Spot is a river-rafting activity which is affected by seasonal factors such as flood, drought, storm and typhoon, etc. Without sufficient rainfall in winter season, the water level is too low for rafting and so it has been closed during winter season last year. Given that Scenic Spot was only opened to visitors for around 2 months during the first half of 2017, it is expected the revenue in second half of the year would be improved.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### BUSINESS REVIEW AND OUTLOOK *(Continued)*

In September 2016, the Group acquired the entire issued share capital of Xian Tai International Limited (“Xian Tai”) which provides operation and management entrustment services related to traditional leisure and healthcare massages to the healthcare shops in the PRC. During the period, the Healthcare Business contributed revenue of approximately HK\$3.6 million (2016: HK\$nil) to the Group.

Started from last year, the Group is investing in a large performance project tentatively titled “Dream Memory – Halong Bay” in Halong City, Vietnam in order to fully develop tourism resources in the city. The Group is responsible for development and operation of the performance project. The projected return expect to contribute from the end of year 2018.

On 27 February 2017, the Group has acquired 42,000,000 shares of Lorenzo International Limited (“Lorenzo”), representing approximately 9.6% of the issued share capital of Lorenzo for the consideration of S\$1,260,000 (equivalent to approximately HK\$6,935,040). Lorenzo is a company incorporated in Singapore with limited liability, the shares of which are listed on the Singapore Exchange. Lorenzo and its subsidiaries are principally engaged in the design, manufacture, assembly and distribution of lifestyle furniture. The Board considers that the acquisition provides the Company with a good investment opportunity to expand and diversify its investment portfolio. The investment in Lorenzo is classified as available-for-sale financial assets.

On 28 February 2017, the Group acquired 95% issued share capital of Incola Travel Limited (“Incola Travel”) at the consideration of approximately HK\$4,404,000. Incola Travel is a company incorporated in Hong Kong with limited liability. It is a travel related investment holding company, which together with its wholly-owned subsidiary in Hong Kong, Incola Air Services Limited, are principally engaged in the business of travel agency. The Board believes that the potential for developing high yield travel services and products, such as special interest tours, are the next profitable step to take in light of greater interest among the population in the PRC for overseas exposure. During the period, Incola Travel and its subsidiary contributed revenue of approximately HK\$16.4 million to the Group.

On 21 April 2017, the Company completed the acquisition of asset through acquisition of 100% issued share capital of Arch Partners Holdings Limited (“Arch Partners”) at the consideration of approximately HK\$138.2 million. Arch Partners and its subsidiaries are principally engaged in provision of outbound travel, aircraft charter and business travel. The aggregate consideration of the acquisition has been paid by the Company by (i) cash payment of HK\$11,408,000; (ii) the issue of consideration shares of 280,000,000 shares at the market price of HK\$0.168 per share on 21 April 2017; and (iii) subject to the fulfillment of profit guarantee requirements, the issue of convertible bonds in the principal amount of up to HK\$112,000,000 by the Company. During the period, Arch Partners and its subsidiaries contributed revenue of approximately HK\$36.6 million to the Group.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **BUSINESS REVIEW AND OUTLOOK** *(Continued)*

In last year, the Group subscribed 150,000,000 new ordinary shares of Yong Tai and 200,000,000 irredeemable convertible preference shares (“ICPS”) in Yong Tai at the issue price of RM0.80 (equivalent to approximately HK\$1.48) per subscription share and ICPS, respectively. The principal activities of the subsidiaries of Yong Tai are manufacturing and dyeing of all types of fabric and property development. The aggregate consideration for the subscription shares and the ICPS are RM280 million (equivalent to approximately HK\$518 million). During the first half of 2017, the Group sold an aggregate of 150,000,000 ordinary shares at the price of RM1.10 to independent third parties. The aggregate gross sale proceeds is RM165,000,000 (equivalent to approximately HK\$289,874,000). The sale shares were originally acquired as a long-term and strategic investment which the Board believed that it would provide a reasonable strategic investment opportunity for the Company and enable the Group to generate sustainable and attractive returns for the shareholders. However, the Group was approached by the Purchasers who have provided offers at the price of RM1.10 for each ordinary share. Therefore, the Board considers that such disposal provides the Group with a good opportunity to realise the investment and enhance the cash flow of the Group. The Group used the proceeds from the disposal as its general working capital. After the abovementioned disposal, the Group has no longer hold any Yong Tai ordinary shares.

Since the Group no longer holds any ordinary shares of Yong Tai which carry voting rights at the general meetings of Yong Tai, the Board considers that the Group should also dispose of the ICPS. In June 2017, the Group sold 60,000,000 ICPS through its securities broker on the Main Market of Bursa Malaysia Securities Berhad at the price of RM0.9 for each ICPS. The aggregate consideration for the sale IPCS is RM54,000,000 (equivalent to approximately HK\$96,789,000). The Group used the proceeds as its general working capital and for financing any investment opportunities which may be identified by the Group from time to time. After the abovementioned disposal, the Group has remained holding 140,000,000 ICPS in Yong Tai.

On 4 May 2017, the Group entered into a letter of intent (the “Letter of Intent”) with an independent third party. Pursuant to the Letter of Intent, the Company intends to acquire part of the issued share capital in Oriental Queen Co., Ltd. (“Oriental Queen”). Oriental Queen is principally engaged in the business of catering and cultural performance in Thailand. The Board is of the view that the proposed acquisition provides opportunities to the Company to broaden its business portfolio so as to improve the Group’s financial status in the long term. The proposed acquisition will enable (i) the development of the Group’s tourism business in Asia region; (ii) the creation of synergies with the travel agency business of the Group; and (iii) the enhancement of the competitiveness of the Group in the tourism industry in Asia, in particular the South East Asia region. Details of the proposed acquisition were set out in the announcements of the Company dated 4 May 2017 and 3 July 2017.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **BUSINESS REVIEW AND OUTLOOK** *(Continued)*

On 6 June 2017, the Group entered into a Memorandum of Understanding with China Northern Investment & Construction Company Limited in relation to, among other things, (i) the proposed formation of a joint venture company (the “Proposed Joint Venture”) (ii) the Proposed Joint Venture will form a Special Purposed Venture (the “SPV”) with a domestic risk & strategic management company together provide insurance services to Chinese enterprises who have construction and other projects along the “Belt & Road” nations, including accident and labor insurance for employees. Since the Group is developing tourism business in Southeast Asian nations, the Board believes that the Proposed Joint Venture and SPV can expand and strengthen the Group’s presence in Southeast Asia and enhance the Group’s overall competitiveness to achieve better financial performance. Details of the proposed acquisition were set out in the announcement of the Company dated 6 June 2017.

Facing the fierce competition of the EPS packaging industry in the PRC, the Group continues to take effort to maintain its competitiveness of packaging business including enhancing production technology and cost control, and on the other hand, explore other business opportunities with greater market potential in the PRC and Southeast Asia. As such, the Group has stepped into tourism, entertainment and cultural industries, which are considered as booming industries in recent years and are not significantly affected by economic cycle, through a series of acquisitions. To finance the operation of the Group, the Group had completed the placement exercise of 1,230,560,000 ordinary shares of HK\$0.13 each on 14 June 2017 which not only provide sufficient funding to the projects but also broaden shareholders base of the Company.

With strong management team who has solid experience in tourism, entertainment and cultural industries, the Company is optimistic about the prospects of the new projects in the PRC and Southeast Asia. It is expected that these new projects will generate considerable returns to the Group in the future. The Group will continue to review the performance of business portfolios and seek for other potential acquisition opportunities from time to time.

### **EVENTS AFTER THE REPORTING PERIOD**

In respect of the 2-year 8% coupon secured and unlisted notes in an aggregate principal amount of HK\$280,000,000 (the “Notes”) by Equal Smart Global Limited (a wholly-owned subsidiary of the Company) as disclosed in the note 20 to the consolidated interim financial statements, the Group and the only holder of the Notes entered into deeds for the amendment of the instrument of the Notes (the “Deeds of Amendment”) on 21 April 2017 and 21 July 2017. Pursuant to the Deeds of Amendment, the maturity date of the Notes is extended from 21 April 2017 to 21 April 2018 with interest rate increased to 8.6% per annum for the extended period. The Notes were secured by an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company. Details were set out in the announcements of the Company dated 21 April 2017 and 21 July 2017.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(Continued)*

### **EVENTS AFTER THE REPORTING PERIOD** *(Continued)*

On 12 July 2017, the Group entered into a Memorandum of Understanding (the “MOU”) with an independent third party which the Group intends to acquire entire issued share capital in Amazing Sunrise Limited (the “Target Company”) (the “Possible Acquisition”). After the reorganization, the Target Company will hold 100% equity interest in Kunming Yihui Times Building (昆明義輝時代大廈) with a fair value of approximately RMB1,000,000,000, which is located in the core business district of Kunming Xishan District. Kunming Yihui Times Building is invested and constructed by Kunming Yihui Property Development Co., Ltd. (昆明義輝房地產開發有限公司). The consideration for the Possible Acquisition shall be approximately RMB1,000,000,000. The exact amount, the manner and the method of payment of the consideration for the sale and purchase of the Target Company will be negotiated based on the results of the due diligence investigation to be conducted by the Group on the Target Company. Pursuant to the MOU, the Group had paid a sum of refundable deposit HK\$40,000,000 in cash. By the acquisition of the Target Company, the Company is expected to enter into one of the most important cities of the Yunnan Province in Southwest China, Kunming which is acting a significant strategic role in “One Belt and One Road”. The Target Company is committed to building a media and tourism promotion center between China and ASEAN, which is in line with the Group’s strategic objectives. Details of the Possible Acquisition were set out in the announcement of the Company dated 12 July 2017.

After the Group sold 60,000,000 ICPS of Yong Tai in June 2017, the Group has remained holding 140,000,000 ICPS in Yong Tai. In July 2017, the Board proposed to obtain a Disposal Mandate from the shareholders for the possible disposal of up to 140,000,000 ICPS held by the Group. The Disposal Mandate shall be conditional upon the approval by the shareholders at the extraordinary general meeting (“EGM”). The possible disposal of up to 140,000,000 ICPS under the Disposal Mandate will be conducted on open market transactions on the Main Market of Bursa Malaysia Securities Berhad. The selling price of each ICPS will be not less than either of (i) the average closing price of ICPS for the 5 consecutive trading days immediately prior to the trading day on which the relevant disposal is effected; or (ii) the average selling price of the aggregate 60,000,000 ICPS sold in June 2017, being RM0.90 for each ICPS. The net proceeds from the disposal of up to 140,000,000 ICPS are intended to be used for general working capital of the Group.

### **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL**

Save as disclosed above and in notes 11, 12, 14, 24 and 25 to the unaudited condensed consolidated interim financial statements, there were no other significant investments held by the Group as at 30 June 2017 and material acquisitions and disposals during the Period.



## OTHER INFORMATION

### LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts conservative treasury policies in cash and financial management. As at 30 June 2017, the Group's current assets amounted to approximately HK\$1,353.5 million (31 December 2016: approximately HK\$788.7 million) of which approximately HK\$135.8 million (31 December 2016: approximately HK\$0.4 million) were financial assets at fair value through profit or loss and approximately HK\$129.6 million (31 December 2016: approximately HK\$22.5 million) were cash and bank balances. Cash and bank balances is mostly denominated in Hong Kong dollars and Renminbi. The Group's current liabilities amounted to approximately HK\$1,104.9 million (31 December 2016: approximately HK\$958.7 million) of which mainly comprised its trade and other payables of approximately HK\$175.4 million (31 December 2016: approximately HK\$165.9 million), notes payable of HK\$480.0 million (31 December 2016: HK\$360.0 million), convertible bonds payable of HK\$112.1 million (31 December 2016: HK\$nil) and interest-bearing bank and other borrowings of approximately HK\$280.5 million (31 December 2016: approximately HK\$374.4 million), while the Group's non-current liabilities amounted to approximately HK\$74.2 million which mainly comprised of the deferred tax liabilities and bonds payable (31 December 2016: approximately HK\$37.7 million which mainly comprised of the deferred tax liabilities).

As at 30 June 2017, the Group's interest-bearing bank and other borrowings of approximately HK\$280.5 million (31 December 2016: approximately HK\$374.4 million) were repayable within one year, which were secured by the Group's buildings, lease premium for land, trade receivables and pledged bank deposits. As at 30 June 2017, HK\$126.6 million (31 December 2016: HK\$251.6 million) and HK\$153.9 million (31 December 2016: HK\$122.8 million) were denominated in HK\$ and RMB, respectively. As at 30 June 2017, bank and other borrowings of approximately HK\$188.5 million (31 December 2016: HK\$292.9 million) and HK\$92.0 million (31 December 2016: HK\$81.5 million) were interest-bearing at fixed and variable interest rates of 4.79% to 24% and 4.79% to 6.40% (2016: 4.79% to 24.0% and 4.79% to 6.40%) respectively.

As at 30 July 2017, the Group had two outstanding interest-bearing notes. One with principal amount of HK\$280.0 million (31 December 2016: HK\$280.0 million) which was interest-bearing at 8% (2016: 8%) per annum, originally maturing on 21 April 2017. On 21 April 2017 and 21 July 2017, the Group and the only holder of the notes entered into deeds for the amendment of the instrument of the notes (the "Deeds of Amendment"). Pursuant to the Deeds of Amendment, the maturity date of the notes is extended from 21 April 2017 to 21 April 2018 with interest rate increased to 8.6% per annum for the extended period. The notes were secured by an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company. Another interest-bearing note was issued in two tranches on 23 November 2016 and 4 January 2017 respectively, with aggregate principal amount of HK\$200.0 million which was interest-bearing at 10% per annum with a maturity of 1 year. The maturity date of the notes can be extended to 24 months, with the interest rate be increased to 13% per annum for the extended 12 months. The note was pledged by 1,397,000,000 ordinary shares of the Company provided by shareholders of the Company.

On 5 June 2017, the Company issued Bonds in an aggregate principal amount of HK\$10.0 million which carries 6% interest per annum, with maturity date on 4 June 2024.

## **OTHER INFORMATION** *(Continued)*

### **GEARING RATIO**

As at 30 June 2017, the total tangible assets of the Group were approximately HK\$2,035.2 million (31 December 2016: approximately HK\$1,831.4 million) whereas the total liabilities were approximately HK\$1,179.2 million (31 December 2016: approximately HK\$996.4 million). The gearing ratio (total liabilities divided by total tangible assets) was approximately 57.9% (31 December 2016: approximately 54.4%).

Most of the Group's assets and liabilities are denominated in Hong Kong dollars and Renminbi, which are the functional currencies of respective group companies. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

### **ALLOTMENT AND ISSUE OF CONSIDERATION SHARES AND ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE ON 21 APRIL 2017**

On 21 April 2017, the Company acquired 100% shareholding in Arch Partners Holdings Limited and its subsidiaries, which are principally engaged in provision of outbound travel, aircraft charter and business travel. The consideration of approximately HK\$138.2 million had been satisfied by (i) cash payment of HK\$11,408,000; (ii) allotment and issue of 280,000,000 new shares of the Company at the market price of HK\$0.168 per share under general mandate shares; and (iii) subject to the fulfillment of profit guarantee requirements, the issue of convertible bonds in the principal amount of up to HK\$112,000,000 by the Company. Details of the convertible bonds were set out in note 17 to the unaudited condensed consolidated interim financial statements. The above newly issued shares rank pari passu in all respects with the existing shares.

### **PLACING OF SHARES UNDER GENERAL MANDATE COMPLETED IN JUNE 2017 AND USE OF PROCEEDS FROM PLACING OF SHARES**

On 14 June 2017, the Company has issued and allotted 1,230,560,000 ordinary shares, which represent approximately 10.37% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares, at the placing price of HK\$0.13 each to not less than six allottees. The closing market price was HK\$0.149 per share of the Company on the date on which the terms of the issue were fixed. The gross proceeds from the Placing is approximately HK\$160.0 million, and the net proceeds (after deducting the placing commission and other costs and expenses) of approximately HK\$155.8 million (approximately HK\$0.127 per share) is used or intended to be used as follow: (i) approximately HK\$50 million will be used for repayment of loans of the Company; (ii) approximately HK\$50 million will be used for the development of a large performance project in Halong City, Vietnam; and (iii) the remaining balance of approximately HK\$55.8 million is used for general working capital of the Group and/or investment opportunities as may be identified from time to time. The newly issued shares by placing rank pari passu in all respects with the existing shares.

## **OTHER INFORMATION** *(Continued)*

### **ISSUE OF NOTES IN JANUARY 2017**

On 22 November 2016, the Company and Prosper Talent Limited (the “Investor”), an indirectly and wholly-owned subsidiary of CCB International Holdings Limited entered into a Note Purchase Agreement, pursuant to which the Company issues secured notes in two tranches up to an aggregate principal amount of HK\$200 million (the “Notes”).

On 23 November 2016, the Company issued the first tranche Note in the principal amount of HK\$80 million to the Investor which carries 10% interest per annum and due on 22 November 2017. The first tranche Note was secured by the charges of 697,000,000 ordinary shares of the Company provided by a shareholder. The Group has used the net proceeds of the issuance for developing potential new business and for the working capital of the Group.

On 4 January 2017, the Company issued the second tranche note in the principal amount of HK\$120 million to the Investor which carries 10% interest per annum and due on 4 January 2018. The second tranche note was secured by the charges of 700,000,000 ordinary shares of the Company provided by two shareholders. Same as the first tranche Note, the Group has used the net proceeds of the issuance for developing potential new business and for the working capital of the Group.

The Notes can be extended to 24 months with the consent of the holders of the Notes. The interest rate would be 13% per annum from the date immediately after the Initial Maturity Date to and including the Extended Maturity Date.

### **ISSUE OF BONDS IN JUNE 2017**

On 5 June 2017, the Company and the Placing Agent entered into a Placing Agreement pursuant to which the Placing Agent has agreed to procure Placees to subscribe for the Bonds in an aggregate principal amount of HK\$10,000,000 which carries 6% interest per annum with maturity date on 4 June 2024. On 5 June 2017, an independent third party has subscribed the Bonds of HK\$10,000,000 issued by the Company. The net proceeds from the issue of the Bonds (after deducting the placing commission) of approximately HK\$9,900,000 has been used as general working capital and general corporate purposes.

### **SHARE OPTION SCHEME**

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 5 June 2015, a share option scheme (the “Scheme”) was adopted by the Company. The purpose of the Scheme is to enable the Company to provide incentive to participants in recognition of their contribution to the Group. The directors of the Company may offer to grant any employees or directors of the Company or any advisers, consultants, agents, contractors, customers and suppliers of any members of the Group or whom the board of directors in its sole discretion considers eligible for the scheme on the basis of his or her contribution to the Group.

## **OTHER INFORMATION** *(Continued)*

### **SHARE OPTION SCHEME** *(Continued)*

The total number of the shares of the Company available for issue under the share option scheme as at 30 June 2017 was 1,348,371,137 shares (including options for 313,091,112 shares that have been granted on 27 July 2016 but not yet lapsed or exercised) which represented 11.37% of the issued share capital of the Company as at 30 June 2017. Among the share options granted, a total of 145,096,048 share options were granted to the directors. During the period, no share options were further granted. No options were exercised by the directors during the period and up to the date of this report. Subsequent to the end of the period, no additional share options were granted to the employees and directors of the Group.

No share options were exercised during the period. In last year, 45,899,012 share options were exercised at the subscription price HK\$0.145 per share, resulting in the issue of 45,899,012 ordinary shares of the Company for a total cash consideration of approximately HK\$6,655,000. The above issued shares in year 2016 rank pari passu in all respects with the existing shares.

### **PLEDGE OF ASSETS**

In addition to the information disclosed elsewhere in the notes to the condensed consolidated interim financial information, as at 30 June 2017, the Group pledged assets with aggregate carrying value of HK\$238.1 million (as at 31 December 2016: HK\$79.2 million) to secure banking and other facilities and other borrowings. In addition, the Group has placed an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly owned subsidiary of the Company, to secure the notes payable of HK\$280 million (31 December 2016: HK\$280 million)

### **INTERIM DIVIDEND**

The Board has resolved not to recommend any dividend for the six months ended 30 June 2017 (2016: Nil).

### **CAPITAL STRUCTURE**

The Group adopt stringent financial management policies to maintain its financial condition. As at 30 June 2017, the Group's net assets were financed by internal resources, bank and other borrowings, bonds payable and notes payable. The Company's authorised share capital was HK\$375,000,000 divided into 30,000,000,000 shares of HK\$0.0125 each, of which 11,863,360,252 ordinary shares were issued and fully paid.

### **CAPITAL COMMITMENT**

As at 30 June 2017, the Group's capital commitment contracted but not provided for in the financial statements is HK\$3.7 million (as at 31 December 2016: HK\$3.2 million).

## **OTHER INFORMATION** *(Continued)*

### **CONTINGENT LIABILITIES**

As at 30 June 2017, the Group did not have any significant contingent liabilities.

### **HEDGING**

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2017, the Group had a total of around 470 (31 December 2016: 440) staff. The Group remunerates its employees based on their performance, experience and industry practices.

The employees' remuneration policy was determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. Pursuant to a share option scheme adopted on 5 June 2015 (the "Share Option Scheme"), the Board may offer to grant any employee or director of the Company for the Share Option Scheme on the basis of his or her contribution to the Group, to subscribe for shares of the Company. For the year ended 31 December 2016, 358,990,124 share options were granted and the Group recognised a share option expense of approximately HK\$21,539,000. During the period, no share options were further granted. As at 30 June 2017, 313,091,112 shares were granted but not yet lapsed or exercised. Subsequent to the end of the period, no additional share options have been granted to the employee or director of the Group.

### **EQUITY LINKED ARRANGEMENT**

#### **SHARE OPTION SCHEME**

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 5 June 2015, the Company adopted a share option scheme (the "Scheme").

The purpose of the Scheme is to enable the Company to provide incentive to participants in recognition of their contribution to the Group. The directors of the Company may offer to grant any employee or director of the Company or any adviser, consultant, agent, contractor, customers and supplier of any member of the Group or whom the Board in its sole discretion considers eligible for the scheme on the basis of his or her contribution to the Group.

As at the date of this report, the total number of shares of the Company available for issue under the Scheme is 1,348,371,137 Shares, representing approximately 11.37% of issued share capital.

## **OTHER INFORMATION** *(Continued)*

### **EQUITY LINKED ARRANGEMENT** *(Continued)*

#### **SHARE OPTION SCHEME** *(Continued)*

The total number of Shares issued and to be issued upon exercise of the options granted to each participant or grantee (including exercised and outstanding options) in any twelve month period up to the date of grant shall not exceed 1% of the Shares in issue unless approval from Company's shareholders has been obtained.

The acceptance of an option, if accepted, must be made within 30 days from the date of the offer with a non-refundable payment of HK\$1 from the grantee to the Company.

The option period shall not exceed 10 years from the date of acceptance of option. There is no specified minimum period under the Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms of the Scheme.

The exercise price for options under the Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the date of offer, which must be a business day; (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of offer; and (iii) the nominal value of the Share on the date of offer.

The Scheme will remain valid for a period of 10 years commencing on 5 June 2015. During the year ended 31 December 2016, 358,990,124 share options were granted and the Group recognised a share option expense of approximately HK\$21,539,000. Among the share options granted, a total of 145,096,048 share options were granted to the directors. No options were exercised by the directors up to the date of this report. During the year ended 31 December 2016, 45,899,012 share options were exercised, resulted in the issue of 45,899,012 ordinary shares of the Company and new share capital of approximately HK\$573,000 and share premium of approximately HK\$8,836,000. During the period, no share options were further granted or exercised. As at 30 June 2017, 313,091,112 shares had been granted but not yet lapsed or exercised. These share options had an exercise price of HK\$0.145 per share and a weighted average remaining contractual life of 2.12 at the end of the period. Subsequent to the end of the period, no additional share options were granted to the employee or director of the Group.

## OTHER INFORMATION (Continued)

### EQUITY LINKED ARRANGEMENT (Continued)

#### SHARE OPTION SCHEME (Continued)

Movements of the share options of the Company during the period are as follows:

Name or category of participant	Number of share options					As at 30 June 2017	Exercise period of share options	Exercise price of share options HK\$	Date of grant of share options	Closing price of the Company's share immediately before the date of grant of share options HK\$	Weighted average closing price of the Company's shares immediately before the exercise date HK\$
	At 1 January 2017	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period						
<b>Directors</b>											
Ms. Li Zhenzhen (Note 1)	35,899,012	-	-	-	-	35,899,012	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	-
Mr. Lam Chi Keung (Note 2)	500,000	-	-	-	-	500,000	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	-
Mr. Lam Wai Hung (Note 3)	500,000	-	-	-	-	500,000	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	-
Mr. Wang Xin (Note 4)	35,899,012	-	-	-	-	35,899,012	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	-
Mr. Wei Liyi (Note 5)	35,899,012	-	-	-	-	35,899,012	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	-
Ms. Hu Jianping (Note 6)	35,899,012	-	-	-	-	35,899,012	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	-
Mr. Pang Hong (Note 7)	300,000	-	-	-	-	300,000	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	-
Mr. Lee Tao Wai (Note 8)	100,000	-	-	-	-	100,000	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	-
Mr. Lam Hoi Lun (Note 9)	100,000	-	-	-	-	100,000	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	-
Subtotal	145,096,048	-	-	-	-	145,096,048					

## OTHER INFORMATION (Continued)

### EQUITY LINKED ARRANGEMENT (Continued)

#### SHARE OPTION SCHEME (Continued)

Name or category of participant	Number of share options						Exercise period of share options	Exercise price of share options HK\$	Date of grant of share options	Closing price of the Company's share immediately before the date of grant of share options HK\$	Weighted average closing price of the Company's shares immediately before the date of exercise HK\$
	At 1 January 2017	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 30 June 2017					
Employees and financial advisory (other than Directors) in aggregate	167,995,064	-	-	-	-	167,995,064	27 July 2016 to 26 July 2019	0.145	27 July 2016	0.14	-
	<u>313,091,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>313,091,112</u>					

*Note 1:* Appointed as executive Director on 30 December 2015.

*Note 2:* Resigned as executive Director on 30 November 2016.

*Note 3:* Appointed as executive Director on 19 March 2015.

*Note 4:* Appointed as executive Director on 5 April 2016.

*Note 5:* Appointed as non-executive Director on 5 April 2016 and re-designated from non-executive Director to executive Director with effective from 4 August 2016.

*Note 6:* Appointed as executive Director on 30 December 2015 and re-designated from executive Director to non-executive Director with effective from 1 December 2016.

*Note 7:* Appointed as independent non-executive Director on 14 April 2015.

*Note 8:* Appointed as independent non-executive Director on 13 July 2016.

*Note 9:* Appointed as independent non-executive Director on 13 July 2016.



## OTHER INFORMATION (Continued)

### INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2017, the interests and short positions of the Directors and chief executive of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the “SFO”), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in ordinary shares and underlying shares of the Company:

Name of Director	Capacity	Number of shares held and underlying shares interested	Approximate percentage of the total issued share capital of the Company %
Ms. Li Zhenzhen	Executive Director	35,899,012 (Note 1)	0.30
Mr. Wang Xin	Executive Director	35,899,012 (Note 1)	0.30
Mr. Lam Wai Hung	Executive Director	500,000 (Note 1)	0.004
Mr. Wei Liyi	Executive Director	35,899,012 (Note 1)	0.30
Ms. Hu Jianping	Non-Executive Director	35,899,012 (Note 1)	0.30
Mr. Pang Hong	Independent non-executive Director	300,000 (Note 1)	0.002
Mr. Lee Tao Wai	Independent non-executive Director	100,000 (Note 1)	0.001
Mr. Lam Hoi Lun	Independent non-executive Director	100,000 (Note 1)	0.001

Note 1: It represents number of share options granted by the Company.

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS

#### PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, so far as is known to the Directors of the Company, the following, not being a Director or the Chief Executive of the Company, have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO and are recorded in the register kept by the Company under section 336 of SFO:

## OTHER INFORMATION (Continued)

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS (Continued)

#### PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS (Continued)

##### LONG POSITIONS IN THE SHARES

Name	Nature of interests	Number of shares	Approximate % of issued share capital
A Plus Capital Management Limited	Interest in controlled corporation	1,697,060,000 (Note 1)	14.31%
Tiger Capital Fund SPC – Tiger Global SP	Beneficial interest	1,673,060,000 (Note 2)	14.10%
Full House Asset Management Company Limited	Investment manager	1,697,060,000 (Note 3)	14.31%
Prosper Talent Limited	Security interest	1,397,000,000 (Note 4)	11.78%
Summer Glitter Limited	Beneficial interest	1,030,000,000	8.68%
Lu Hongying	Interest in controlled corporation	1,057,120,000 (Note 5)	8.91%
Majestic Wealth International Limited	Beneficial interest	697,000,000	5.88%
Ms. Liang Yanzhi	Interest in controlled corporation	697,000,000 (Note 6)	5.88%

(Note 1) A Plus Capital Management Limited indirectly holds 1,673,060,000 Shares through Tiger Capital Fund SPC – Tiger Global SP and another 24,000,000 Shares indirectly.

(Note 2) Tiger Capital Fund SPC – Tiger Global SP is an investment fund wholly owned by A Plus Capital Management Limited.

## **OTHER INFORMATION** *(Continued)*

### **INTERESTS OF SUBSTANTIAL SHAREHOLDERS** *(Continued)*

#### **PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS** *(Continued)*

#### **LONG POSITIONS IN THE SHARES** *(Continued)*

*(Note 3)* Full House Asset Management Company Limited is the investment manager of Tiger Capital Fund SPC – Tiger Global SP.

*(Note 4)* Prosper Talent Limited, a wholly-owned subsidiary of CCBI Investments Limited, has security interest in 1,397,000,000 shares in the Company. CCB International (Holdings) Limited owned the entire issued share capital of CCBI Investments Limited. CCB Financial Holdings Limited owned the entire issued share capital of CCB International (Holdings) Limited and CCB International Group Holdings Limited owned the entire issued share capital of CCB Financial Holdings Limited. China Construction Bank Corporation owned the entire issued share capital of CCB International Group Holdings Limited.

Central Huijin Investment Ltd. held 57.11% of the issued share capital of China Construction Bank Corporation.

Hence, CCBI Investments Limited, CCB International (Holdings) Limited, CCB Financial Holdings Limited, CCB International Group Holdings Limited, China Construction Bank Corporation and Central Huijin Investment Ltd. were deemed to be interested in the said shares.

*(Note 5)* Ms. Lu Hongying held 100% of the issued share capital of Summer Glitter Limited. Ms. Lu Hongying is therefore deemed under the SFO to be interested in 1,030,000,000 Shares. In addition, Ms. Lu Hongying directly hold 27,120,000 Shares.

*(Note 6)* Ms. Liang Yanzhi held 100% of the issued share capital of Majestic Wealth International Limited. Ms. Liang Yanzhi is therefore deemed under the SFO to be interested in 697,000,000 Shares.

Save as disclosed above, as at 30 June 2017, the Directors of the Company were not aware of any persons who has an interest or short position in the Shares, or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

#### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as the code for Directors' securities transactions ("the Model Code"). Having made specific enquiry, all the Directors confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 June 2017.

## **OTHER INFORMATION** *(Continued)*

### **PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES**

During the six months ended 30 June 2017, neither the Company, nor any of its subsidiaries purchased, disposed of or redeemed any of the Company's listed securities.

### **CORPORATE GOVERNANCE**

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Corporate Governance Code (the "Code"), set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company has complied with applicable code provisions of Code for the six months ended 30 June 2017, except for certain deviations which are summarized below:

#### **CODE PROVISION A.6.7**

Revised Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

For the annual general meetings held on 6 June 2017, only one executive director attended the meetings. The rest of the board of directors could not attend the meeting due to their busy business schedules or other engagements.

The Company will endeavour to arrange the future general meeting with the presence of the non-executive director and independent non-executive directors so as to fulfill the requirement of Code Provision A.6.7.

#### **CODE PROVISION A.4.1**

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. During the period under review, Mr. Li Yang, who was appointed as an independent non-executive Directors on 15 February 2017, was not appointed for specific terms but he was subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company. This constitutes a deviation from code provision A.4.1. The reason for such deviation is set out below:

According to the Articles of Association of the Company, one-third of the Directors (Executive and Non-executive) will retire from the office by rotation at each annual general meeting and their appointments will be reviewed when they are due for re-election. In the opinion of the Directors, this meets the same objectives and is no less exacting than those in the code.

## **OTHER INFORMATION** *(Continued)*

### **BOARD COMPOSITION**

The Board currently comprises 10 directors, of which 4 are independent non-executive Directors.

During the six months ended 30 June 2017 and up to date of this report, changes of Board members are as follows:

On 15 February 2017, Mr. Cheng Chi Kin and Mr. Li Yang have been appointed as an executive Director and independent non-executive Director respectively.

### **AUDIT COMMITTEE**

In accordance with the requirement of the Listing Rules, the Group established an Audit Committee comprising three independent non-executive directors of the Company. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The Audit Committee currently comprises three independent non-executive directors, namely Mr. Lee Tao Wai, Mr. Pang Hong and Mr. Lam Hoi Lun.

The Group's unaudited condensed consolidated interim results for the six months ended 30 June 2017 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

By order of the Board of  
**Sino Haijing Holdings Limited**  
**Li Zhenzhen**  
*Chairman*

Hong Kong, 24 August 2017

*As at the date of this announcement, the Board comprises of Ms. Li Zhenzhen, Mr. Lam Wai Hung, Mr. Wang Xin, Mr. Wei Liyi and Mr. Cheng Chi Kin as the executive Directors; Ms. Hu Jianping as the non-executive Director; Mr. Pang Hong, Mr. Lee Tao Wai, Mr. Lam Hoi Lun and Mr. Li Yang as the independent non-executive Directors.*

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