中國海景控股有限公司
Sino Haijing Holdings Limited
(Incorporated in Cayman Islands with limited liability)
(Stock Code: 01106)

2018
Interim Report

This report, in both English and Chinese versions, is available on the Company's website at www.1106hk.com (the "Company Website").

Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or gaining access to this report posted on the Company Website will promptly upon request be sent this report in printed form free of charge.

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CORPORATE INFORMATION

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Ms. Li Zhenzhen *(Chairman)*
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Mr. Wang Xin
Mr. Wei Liyi

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Mr. Lee Tao Wai
Mr. Li Yang

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Mr. Tsui Siu Hung Raymond

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Mr. Lam Hoi Lun
Mr. Li Yang

REMUNERATION COMMITTEE
Mr. Wei Liyi *(Chairman)*
Mr. Lam Hoi Lun
Mr. Lee Tao Wai
Mr. Li Yang

NOMINATION COMMITTEE
Ms. Li Zhenzhen *(Chairman)*
Mr. Lam Hoi Lun
Mr. Lee Tao Wai
Mr. Li Yang

AUDITOR
CCTH CPA Limited
Certified Public Accountants

PRINCIPAL BANKERS
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HSBC
Bank of Communications
DBS Bank (Hong Kong) Limited
Shanghai Pudong Development Bank (Hefei)
China Construction Bank (Hefei)

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HIGHLIGHTS

- Revenue for the six months ended 30 June 2018 (the "Period") was approximately HK$559.5 million, representing a significant increase of approximately 40.4% as compared to approximately HK$398.6 million for the corresponding period in last year.
- Gross profit for the Period was approximately HK$110.6 million, representing an increase of approximately 50.3% as compared to approximately HK$73.6 million for the corresponding period in last year. The overall profit margin for the Period increased from 18.5% to 19.8%.
- Profit attributable to equity holders of the Company for the Period was approximately HK$1.5 million, representing a significant increase of approximately 102.2% as compared to the loss approximately HK$66.8 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 2018.

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 2018, together with unaudited comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	**Six months ended 30 June** **2018** ***HK$'000*** **(Unaudited)**	2017 *HK$'000* (Unaudited) (restated)
Continuing operations			
Revenue	*3*	**559,506**	398,572
Cost of sales		**(448,915)**	(324,970)
Gross profit		**110,591**	73,602
Other income	*5*	**11,808**	5,415
Gain on disposal of available-for-sale financial assets		**–**	8,316
Loss on change in fair value of convertible bonds		**–**	(18,402)
Gain on change in fair value of embedded derivatives in convertible redeemable bonds		**–**	9,835
Net Loss on financial assets at fair value through profit or loss		**(7,578)**	(11,228)
Loss on disposal of an associate		**–**	(18,879)
Impairment loss on goodwill		**–**	(14,743)
Impairment loss on intangible assets		**–**	(16,100)
Administrative and other operating expenses		**(73,246)**	(27,063)
Share of profit of an associate		**–**	319
Profit/(loss) from operations		**41,575**	(8,928)
Finance costs		**(31,525)**	(48,117)
Profit/(loss) before tax	*6*	**10,050**	(57,045)
Income tax expense	*7*	**(9,970)**	(1,745)
Profit/(loss) for the period from continuing operations		**80**	(58,790)
Discontinued operations			
Profit/(loss) for the period from discontinued operations	*8*	**–**	(13,057)
Profit/(loss) for the period		**80**	(71,847)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
			(restated)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**(40,279)**	18,787
Release of exchange reserve upon disposal of an associate		**–**	14,847
Release of revaluation reserve upon disposal of available-for-sale financial assets		**–**	(22,680)
Change in fair value of available-for-sale financial assets		**–**	14,334
Total comprehensive loss for the period		**(40,199)**	(46,559)
Profit/(loss) for the period attributable to the equity holders of the Company:			
– from continuing operations		**1,505**	(58,330)
– from discontinued operations		**–**	(8,489)
		1,505	(66,819)
Loss for the period attributable to non-controlling interests:			
– from continuing operations		**(1,425)**	(460)
– from discontinued operations		**–**	(4,568)
		(1,425)	(5,028)
Profit/(loss) for the period		**80**	(71,847)
Total comprehensive loss attributable to the equity holders of the Company:			
– from continuing operations		**(38,908)**	(33,837)
– from discontinued operations		**–**	(8,488)
		(38,908)	(42,325)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*
For the six months ended 30 June 2018

		Six months ended 30 June	
	Notes	**2018**	2017
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
			(restated)
Total comprehensive income/(loss) attributable to non-controlling interests:			
– from continuing operations		**(1,291)**	(4,415)
– from discontinued operations		**–**	181
		(1,291)	(4,234)
Total comprehensive loss for the period		**(40,199)**	(46,559)
Earnings/(loss) per share			
– Basic	*10*		
– from continuing operations		**HK$0.01 cents**	(HK$0.56 cents)
– from discontinued operations		**N/A**	(HK$0.08 cents)
– Diluted	*10*		
– from continuing operations		**HK$0.01 cents**	(HK$0.56 cents)
– from discontinued operations		**N/A**	(HK$0.08 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Non-current assets			
Investment properties		**10,782**	11,096
Property, plant and equipment	*11*	**375,291**	389,208
Intangible assets		**140,451**	144,929
Lease premiums for land		**29,175**	29,837
Financial assets at fair value through other comprehensive income		**440**	–
Available-for-sale financial assets	*12*	**–**	36,828
Deposits for potential acquisition of subsidiaries		**50,000**	55,000
Deposits for acquisition of land and plant and machinery		**15,646**	21,434
Deposits for acquisition of intangible assets		**53,600**	53,600
Goodwill		**3,059**	3,059
Promissory notes receivable	*13*	**157,190**	153,537
Security deposits		**10,983**	10,983
Deferred tax assets		**7,624**	7,624
		854,241	917,135
Current assets			
Inventories		**38,754**	36,796
Lease premiums for land		**757**	757
Trade and other receivables	*14*	**403,212**	395,042
Loans and interest receivables	*15*	**691,670**	667,110
Financial assets at fair value through profit or loss	*16*	**45,987**	5,557
Pledged bank deposits		**9,485**	4,083
Cash and cash equivalents		**114,679**	115,867
		1,304,544	1,225,212

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 June 2018

	Notes	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Current liabilities			
Trade and other payables	*17*	**321,668**	184,677
Notes payable	*18*	**440,000**	464,000
Bank and other borrowings	*19*	**92,484**	150,070
Income tax payable		**8,222**	62,986
		862,374	861,733
Net current assets		**442,170**	363,479
Total assets less current liabilities		**1,296,411**	1,280,614
Non-current liabilities			
Bonds payable	*20*	**65,370**	10,216
Deferred tax liabilities		**2,302**	2,302
		67,672	12,518
		1,228,739	1,268,096
Capital and reserves			
Share capital	*21*	**155,292**	148,292
Reserves		**1,050,121**	1,095,187
Equity attributable to equity holders of the Company		**1,205,413**	1,243,479
Non-controlling interests		**23,326**	24,617
TOTAL EQUITY		**1,228,739**	1,268,096

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to equity holders of the Company										
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Share option reserve HK$'000	Available-for sale financial assets revaluation reserve HK$'000	Statutory surplus reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
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)
Other comprehensive income (loss) for the period											
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
Total comprehensive loss for the period	–	–	–	–	(8,346)	–	32,840	(66,819)	(42,325)	(4,234)	(46,559)
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
Non-controlling interests arising from business combination	–	–	–	–	–	–	–	–	–	70	70
At 30 June 2017 (Unaudited)	148,292	1,154,972	117	18,786	37,121	31,722	18,467	(222,197)	1,187,280	42,196	1,229,476

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

For the six months ended 30 June 2018

	Attributable to equity holders of the Company												
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital reserve** *HK$'000*	**Share option reserve** *HK$'000*	**Available-for sale financial assets revaluation reserve** *HK$'000*	**Investment revaluation reserve** *HK$'000*	**Statutory surplus reserve** *HK$'000*	**Convertible instrument reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Sub-total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
Balance at 31 December 2017 as originally presented	148,292	1,171,546	117	16,632	6,691	–	38,223	98,464	33,346	(269,832)	1,243,479	24,617	1,268,096
Change in accounting policy	–	–	–	–	(6,691)	(3,805)	–	–	–	10,496	–	–	–
Balance as at 1 January 2018 as restated	148,292	1,171,546	117	16,632	–	(3,805)	38,223	98,464	33,346	(259,336)	1,243,479	24,617	1,268,096
Profit/(loss) for the period	–	–	–	–	–	–	–	–	–	1,505	1,505	(1,425)	80
Other comprehensive income (loss) for the period													
Exchange differences arising from translation of foreign operations	–	–	–	–	–	–	–	–	(40,413)	–	(40,413)	134	(40,279)
Total comprehensive loss for the period	–	–	–	–	–	–	–	–	(40,413)	1,505	(38,908)	(1,291)	(40,199)
Conversion of convertible bonds	7,000	91,464	–	–	–	–	–	(98,464)	–	–	–	–	–
Equity-settled share option arrangements	–	–	–	842	–	–	–	–	–	–	842	–	842
At 30 June 2018 (Unaudited)	155,292	1,263,010	117	17,474	–	(3,805)	38,223	–	(7,067)	(257,831)	1,205,413	23,326	1,228,739

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) from operating activities	**97,487**	(256,563)
Net cash (used in)/generated from investing activities	**(9,712)**	203,265
Net cash (used in)/generated from financing activities	**(95,309)**	160,762
Net (decrease)/increase in cash and cash equivalents	**(7,534)**	107,464
Cash and cash equivalents as the beginning of the period	**115,867**	(372)
Effect of foreign exchange rate changes	**6,346**	22,496
Cash and cash equivalents at the end of the period	**114,679**	129,588

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 2018 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").

2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

The accounting policies used in preparing these unaudited condensed consolidated financial statements are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 December 2017, except for the adoption of the new/revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are relevant to the Group's operations and are effective for the Group's financial year beginning on 1st January 2018 as described below.

Annual improvements to HKFRSs	2014-2016 Cycle: HKFRS 1 and HKAS 28
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

HKFRS 9: Financial instruments

HKFRS 9 replaces HKAS 39, Financial Instruments: Recognition and Measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES *(Continued)*

HKFRS 9: Financial instruments *(Continued)*

(i) Classification and measurement of financial instruments

HKFRS 9 categories financial assets into three principal classification categories:

- at amortised cost;
- at fair value through other comprehensive income (FVTOCI); and
- at fair value through profit or loss (FVTPL).

These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;
- FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES *(Continued)*

HKFRS 9: Financial instruments *(Continued)*

(i) ***Classification and measurement of financial instruments*** *(Continued)*

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective.

Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI (non-recycling), are recognised in profit or loss as other income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The Group elected to present other comprehensive income changes in fair value of part of its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of approximately HK$462,000 were classified from available-for-sale financial assets to financial assets at fair value through other comprehensive income and revaluation deficit of approximately HK$3,805,000 were reclassified from available-for-sale financial assets revaluation reserve to the investment revaluation reserve on 1 January 2018.

In addition, the Group elected to present profit or loss changes in fair value of the remaining portion of its equity investments previously classified as available-for-sale, because these investments are expected to be sold in the short to medium term. As a result, assets with a fair value of approximately HK$36,366,000 were classified from available-for-sale financial assets to financial assets at fair value through profit or loss and revaluation reserve of approximately HK$10,496,000 were reclassified from available-for-sale financial assets revaluation reserve to accumulated losses on 1 January 2018.

2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES *(Continued)*

HKFRS 9: Financial instruments *(Continued)*

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the Expected Credit Loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the financial assets measured at amortised cost. The Group's financial assets measured at fair value, including equity securities measured at FVTPL, equity securities designated at FVTOCI (non-recycling) and derivative financial assets are not subject to the ECL assessment.

(a) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and

- variable-rate financial assets: current effective interest rate.

2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES *(Continued)*

HKFRS 9: Financial instruments *(Continued)*

(ii) Credit losses *(Continued)*

(a) Measurement of ECLs (Continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions. ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for loan receivables, trade receivables, note receivables, other receivables, pledged bank deposits and cash and cash equivalents are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES *(Continued)*

HKFRS 9: Financial instruments *(Continued)*

(ii) Credit losses *(Continued)*

(b) Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- failure to make payments of principal or interest on their contractually due dates;

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- an actual or expected significant deterioration in the operating results of the debtor; and

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES *(Continued)*

HKFRS 9: Financial instruments *(Continued)*

(ii) Credit losses *(Continued)*

(b) Significant increases in credit risk (Continued)

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVTOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

(c) Basis of calculation of interest income on credit-impaired financial assets:

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES *(Continued)*

HKFRS 9: Financial instruments *(Continued)*

(ii) Credit losses *(Continued)*

(d) Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationship.

(iv) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

- The following assessments have been made on the basis of the facts and circumstances that existed as at 1 January 2018 (the date of initial application of HKFRS 9 by the Group):

  – the determination of the business model within which a financial asset is held; and

  – the designation of certain investments in equity instruments not held for trading to be classified as at FVTOCI (non-recycling).

- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since the initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES *(Continued)*

HKFRS 15: Revenue from Contracts with Customers

HKFRS 15 aims at providing a more robust framework for addressing revenue issues; improving comparability; and providing more useful information.

The core principle of HKFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, by applying the following 5 steps:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price, the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer;
- Allocate the transaction price to the performance obligations in the contract(s); and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios.

Based on the current business model, the directors of the Company do not expect that the adoption of HKFRS 15 would result in any significant impact on the amounts reported on the Group’s consolidated financial statements in the future.

2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES *(Continued)*

HKFRS 15: Revenue from Contracts with Customers *(Continued)*

As at the date of authorisation of these unaudited condensed consolidated financial statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current period, which the Group has not early adopted. The Group is in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs and so far has identified some aspects of the new standards which may have a significant impact on the unaudited condensed consolidated financial statements. Expected impacts are summarised below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

HKFRS 16: Leases

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The combination of straight-line depreciation of the right-of-use asset and the effective interest rate applied to the lease liability will result in a higher total charge to the profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term, but there is no impact on the total expenses recognised over the lease term. The directors of the Company anticipate that the application of HKFRS 16 would not have significant impact on the financial position and performance of the Group comparing HKAS 17 currently adopted by the Group. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

3. 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 tour revenue from tourism and travel business, (iii) loan interest income from money lending business, (iv) service fee from ticketing agency business and (v) entrustment and management fees from healthcare business.

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(restated)
Continuing operations		
Sale of packaging products	**381,044**	322,358
Loan interest income from money lending business	**38,459**	22,367
Sale of air-tickets in tourism and travel business	**136,226**	53,009
Sale of admission tickets in scenic spot business	**899**	838
Tour revenue from tourism and travel business	**2,878**	–
	559,506	398,572
Discontinued operations		
Service fee from ticketing agency business	**–**	14,440
Entrustment and management fees from healthcare business	**–**	3,580
	–	18,020
	559,506	416,592

4. 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:

Continuing operations

(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");

Discontinued operations

(e) Healthcare business ("Healthcare Business"); and

(f) Ticketing agency business ("Ticketing agency").

Segment results represent the results 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.

4. SEGMENT REPORTING *(Continued)*

BY BUSINESS SEGMENTS

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

	Continuing operations								Discontinued operations					
	Packaging Business		Securities Investments		Tourism and Travel		Money Lending		Healthcare Business		Ticketing Agency		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Six months ended 30 June (unaudited)														
Segment revenue														
Revenue from external customers	**381,044**	322,358	**–**	–	**140,003**	53,847	**38,459**	22,367	**–**	3,580	**–**	14,440	**559,506**	416,592
Segment profit (loss)	**3,115**	28,320	**(7,475)**	(20,911)	**2,453**	(1,789)	**40,359**	22,353	**–**	2,593	**–**	(18,399)	**38,452**	12,167

Reconciliation of segment profit or loss:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Segment profit presented above	**38,452**	12,167
Other income	**5**	2,561
Loss on change in fair value of convertible bonds	**–**	(18,402)
Gain on disposal of available-for-sale financial assets	**–**	8,316
Net loss on fair value change of financial assets at fair value through profit or loss	**(7,578)**	(11,228)
Unallocated amounts		
– Unallocated finance costs	**(16,327)**	(34,283)
– Corporate expenses	**(4,502)**	(31,982)
Profit/(loss) before tax	**10,050**	(72,851)

4. SEGMENT REPORTING *(Continued)*

BY BUSINESS SEGMENTS *(Continued)*

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

	Continuing operations								Discontinued Operations			
	Packaging Business		Securities Investments		Tourism and Travel		Money Lending		Healthcare Business	Testing Agency	Total	
	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)	**30 June 2018 HK$'000 (Unaudited)**	31 December 2017 HK$'000 (Audited)	**30 June 2018 HK$'000 (Unaudited)**	31 December 2017 HK$'000 (Audited)	**30 June 2018 HK$'000 (Unaudited)**	31 December 2017 HK$'000 (Audited)	**30 June 2018 HK$'000 (Unaudited)**	31 December 2017 HK$'000 (Audited)	**30 June 2018 HK$'000 (Unaudited)**	31 December 2017 HK$'000 (Audited)
Segment assets	**578,595**	613,214	**87,612**	64,999	**440,227**	428,563	**682,634**	696,552	**–**	–	**1,789,068**	1,803,328
Segment liabilities	**140,006**	284,810	**–**	–	**66,437**	62,722	**2,412**	4,239	**–**	–	**208,855**	351,771

	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Total segment assets	**1,789,068**	1,803,328
Unallocated assets	**369,717**	339,019
	2,158,785	2,142,347

	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Total segment liabilities	**208,855**	351,771
Unallocated liabilities	**721,191**	522,480
	930,046	874,251

4. SEGMENT REPORTING *(Continued)*

GEOGRAPHICAL INFORMATION

The Group operates in two principal geographical areas: Hong Kong 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		**Non-current assets**	
	Six months ended 30 June		**As at 30 June**	As at 31 December
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited) (restated)	**(Unaudited)**	(Audited)
Continuing operations				
Hong Kong	**39,647**	75,375	**293**	181
The PRC	**519,859**	323,197	**696,318**	582,809
Discontinued operations				
The PRC	**–**	18,020	**–**	–
	559,506	416,592	**696,611**	582,990

5. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Interest income	**6,470**	3,140
Rental income	**1,731**	193
Government grants	**2,065**	1,074
Sale of raw materials and scrap products	**–**	553
Sale of steam	**–**	222
Sundry income	**1,542**	191
Exchange gains	**–**	42
Other income from continuing operations	**11,808**	5,415
Discontinued operations		
Interest income	**–**	2
	11,808	5,417

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is stated after charging the following items:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
a) Finance costs:		
Interest expenses on bank and other borrowings	**7,290**	26,917
Interest expenses on notes payable	**23,200**	21,200
Interest expenses on bonds	**1,035**	–
	31,525	48,117
b) Other items:		
Amortisation of lease premium for land	**300**	316
Cost of services	**128,126**	53,426
Cost of inventories	**320,789**	271,544
Amortisation of intangible assets	**4,478**	1,788
Depreciation of property, plant and equipment	**11,585**	12,183
Depreciation of investment properties	**314**	288
Staff costs	**21,474**	47,915

7. INCOME TAX EXPENSE/(CREDIT)

Hong Kong Profits Tax has been provided at 16.5% on the Group's estimated assessable profits arising from Hong Kong for the six months ended 30 June 2018 and 2017. 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 2018 and 2017 based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Hong Kong Profits Tax		
– Current period	**6,659**	–
– Deferred tax	**–**	–
	6,659	–
PRC enterprise income tax		
– Current period	**3,311**	3,613
– Over provision in prior period	**–**	(1,868)
	3,311	1,745
Total income tax expense from continuing operations	**9,970**	1,745
Discontinued operations		
Current tax	**–**	1,286
Deferred tax	**–**	(4,035)
Total income tax credit from discontinued operations	**–**	(2,749)
Income tax expense/(credit)	**9,970**	(1,004)

8. DISCONTINUED OPERATIONS

On 16 November 2017 and 30 November 2017, the Company disposed of 85% and 100% equity interest in Master Race Limited and its subsidiaries (together the "Master Race Group") and Xian Tai International Limited and its subsidiaries (together the "Xian Tai Group") for a consideration of HK$110,000,000 and HK$100,000,000 respectively. During the year ended 31 December 2017, management considered that the Ticketing Agency business and Healthcare business that were disposed of constitute discontinued operations. An analysis of the loss for the period from the discontinued operations is as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue	**–**	18,020
Cost of sales	**–**	(910)
Gross profit	**–**	17,110
Other income	**–**	2
Administrative expenses	**–**	(32,918)
Loss before tax	**–**	(15,806)
Income tax credit	**–**	2,749
Loss for the period	**–**	(13,057)
Loss for the period attributable to:		
– equity holders of the Company	**–**	(8,489)
– non-controlling interests	**–**	(4,568)
	–	(13,057)

9. INTERIM DIVIDEND

For the six months ended 30 June 2018, the Board does not recommend the payment of any interim dividend (six months ended 30 June 2017: Nil).

10. EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings/(loss)		
(i) From continuing and discontinued operations		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share		
Earnings/(loss) for the period attributable to the owners of the Company	**1,505**	(66,819)
(ii) From continuing operations		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share		
Earnings/(loss) for the period attributable to the owners of the Company	**1,505**	(58,330)

10. EARNINGS/(LOSS) PER SHARE *(Continued)*

	Six months ended 30 June 2018 Number of shares '000	Six months ended 30 June 2017 Number of shares '000
Number of shares		
From continuing operations and from discontinued operations		
Issued ordinary shares at 1 January	**11,863,360**	10,352,800
Effect of issue of shares by placements	**–**	57,314
Effect of issue of new shares for acquisition of subsidiaries	**–**	54,466
Effect of conversion of convertible bonds	**244,420**	–
Weighted average number of ordinary shares for basic earnings/(loss) per share	**12,107,780**	10,464,580
Effect of dilutive potential ordinary shares:		
– Convertible bonds	**315,580**	–
– Share option granted	**431,627**	–
Weighted average number of ordinary shares for diluted earnings/(loss) per share	**12,854,987**	10,464,580
Earnings/(loss) per share from continuing operations:		
– Basic	**HK$0.01 cents**	(HK$0.56 cents)
– Diluted	**HK$0.01 cents**	(HK$0.56 cents)
Earnings/(loss) per share from discontinued operations:		
– Basic	**N/A**	(HK$0.08 cents)
– Diluted	**N/A**	(HK$0.08 cents)

Diluted loss per share from continuing operations and from discontinued operations were the same as the basic loss per share for the six months ended 30 June 2017 because the potential ordinary shares 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.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group had additions to property, plant and equipment amounted to approximately HK$2,562,000 (six months ended 30 June 2017: HK$19,780,000) and disposals of property, plant and equipment with the carrying amount of approximately HK$4,894,000 (six months ended 30 June 2017: HK$9,990,000).

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June 2018 *HK$'000* (Unaudited)	As at 31 December 2017 *HK$'000* (Audited)
Irredeemable convertible preference shares listed outside Hong Kong, at fair value *(note (a) and (b))*	**–**	36,366
Equity shares listed outside Hong Kong, at fair value *(note (b))*	**–**	462
	–	36,828

(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 during the year ended 31 December 2017.

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

13. PROMISSORY NOTES RECEIVABLE

As at 30 June 2018, the Group had promissory notes receivables ("PN1" and "PN2") with principal amounts of HK$88,000,000 and HK$80,000,000 respectively, of which PN1 is secured by 100% equity interest of a company incorporated in the PRC, the principal assets of which is a piece of land in Beijing, and carries interests of 2% per annum while PN2 is secured by the 697,000,000 ordinary shares of the Company held by the buyer of Xian Tai Group and carries interest of 2% per annum. PN1 and PN2 will mature on 16 November 2019 and 30 November 2019 respectively.

	PN1 *HK$'000*	**PN2** *HK$'000*	**Total** *HK$'000*
At 1 January 2017	–	–	–
Fair value of promissory notes receivable at initial recognition	81,452	71,331	152,783
Imputed interest income for the year	394	360	754
At 31 December 2017 and at 1 January 2018 (Audited)	81,846	71,691	153,537
Imputed interest income for the period	1,580	2,073	3,653
At 30 June 2018 (Unaudited)	83,426	73,764	157,190

At initial recognition, the fair value of PN1 and PN2 was HK$81,452,000 and HK$71,331,000 respectively which was measured based on the present value of their expected future cash flows. In obtaining the present value, a risk-adjusted discount rate of 6% per annum and 8% per annum was applied to PN1 and PN2 respectively. The risk-adjusted discount rates were estimated by an external valuer based on the interest rate of note issuers with similar credit rating of the buyers. Subsequently, PN1 and PN2 are measured at amortised cost by using the effective interest method.

14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2018 ***HK$'000*** **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
Trade receivables *(note a)*	**249,530**	221,759
Less: Allowance for trade receivables	**–**	(86)
	249,530	221,673
Bills receivable *(note b)*	**73,470**	124,247
Other receivables *(note c)*	**34,384**	23,795
Prepayments and deposits	**45,828**	25,327
	403,212	395,042

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

	As at 30 June 2018 ***HK$'000*** **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
Within 3 months	**204,402**	218,632
Over 3 months but within 6 months	**15,349**	2,356
Over 6 months but within 1 year	**8,157**	417
Over 1 year	**21,622**	354
	249,530	221,759
Less: Allowance for trade receivables	**–**	(86)
	249,530	221,673

14. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) *(Continued)*

The normal credit period granted to the customers of the Group is 90 to 120 days (2017: 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 (2017: 90 to 120 days).

(c) Included in the other receivables are earnest money of US$2,000,000 (31 December 2017: US$2,000,000) previously paid and refundable in connection with the proposed acquisition of Jet Asia Airways Company Limited ("Jet Asia"). On 17 January 2017, the Group entered into a memorandum of understanding with JAA Capital Limited ("JAA") in relation to the proposed acquisition of Jet Asia and paid earnest money in the sum of US$2,000,000 (equivalent to HK$15,528,000) to Jet Asia. Upon the lapse of the memorandum on 18 March 2017, JAA alleged that the Group had breached the confidentiality provision in the memorandum as the Group had publicly announced the memorandum on 17 January 2017 and therefore Jet Asia and / or JAA has refused to refund the earnest money. On 21 August 2017 and 24 August 2017, the Group commenced arbitration proceedings against Jet Asia and JAA respectively at Hong Kong International Arbitration Centre (the "Arbitration"). For the Arbitration commenced by the Group, the Group filed its statement of case on 11 June 2018 in accordance with the direction laid down by the arbitrator of the Arbitration ("the "Arbitrator's Direction"). In the meantime, the Group is waiting for the counterparties to file their statements of defence (and counterclaim, if any) which, according to the Arbitrator's Direction, should be filed on 3 October 2018. The other procedural steps which have to be taken by the parties to the Arbitration, including but not limited to filing of other pleadings, requesting disclosure of documents and exchanging of witnesses' statements should follow the Arbitrator's Direction. There is no assurance that the hearing of the Arbitration will take place or complete by the end of 2018.

15. LOANS AND INTEREST RECEIVABLE

An analysis of the loans receivable is as follows:

	As at 30 June 2018 ***HK$'000*** **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
Unsecured loans to third parties		
– Principal	**392,725**	319,562
– Interest	**30,942**	9,957
	423,667	329,519
Secured loans to third parties		
– Principal	**223,679**	301,679
– Interest	**25,187**	17,870
	248,866	319,549
Guaranteed loans to third parties		
– Principal	**17,000**	17,000
– Interest	**2,137**	1,042
	19,137	18,042
Total	**691,670**	667,110

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.

The loan and interest receivables that were neither past due nor impaired as at 30 June 2018 relate to a number of borrowers for whom there was no recent history of default.

Interest income of approximately HK$38,459,000 (six months ended 30 June 2017: HK$22,367,000) have been recognised in the consolidated statement of comprehensive income for the period ended 30 June 2018.

At the end of the reporting period, loans receivable carried fixed interest rates and had effective interest rates ranging from 6% to 16% per annum (31 December 2017: 10% to 16% per annum).

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2018 *HK$'000* (Unaudited)	As at 31 December 2017 *HK$'000* (Audited)
Equity securities, held for trading:		
Listed in Hong Kong	**29,048**	5,170
Listed outside Hong Kong	**16,939**	387
	45,987	5,557

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 2018, net loss of approximately HK$7,578,000 (2017: approximately HK$11,228,000) of these securities was recognised in the condensed consolidated statement of comprehensive income.

17. TRADE AND OTHER PAYABLES

	As at 30 June 2018 *HK$'000* (Unaudited)	As at 31 December 2017 *HK$'000* (Audited)
Trade payables *(note a)*	**101,143**	90,331
Bills payables	**18,969**	11,112
Accrued interest on notes payable	**54,451**	43,251
Other payables and accruals	**147,105**	39,983
	321,668	184,677

17. TRADE AND OTHER PAYABLES *(Continued)*

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

	As at 30 June 2018 *HK$'000* **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
Within 3 months	**73,204**	73,344
Over 3 months but within 6 months	**19,025**	11,684
Over 6 months but within 1 year	**4,391**	2,084
Over 1 year	**4,523**	3,219
	101,143	90,331

18. NOTES PAYABLE

	As at 30 June 2018 *HK$'000* **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
8.6% 1-year notes *(note a)*	**280,000**	280,000
13% 1-year notes *(note b)*	**64,000**	64,000
13% 1-year notes *(note b)*	**96,000**	120,000
	440,000	464,000

(a) The notes are interest-bearing at 8.6% per annum, maturing on 21 April 2018 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.

On 21 April 2018, the Group and the only holder of the notes entered into deeds of the amendment of the instrument of the notes (the Deeds of Amendment"). Pursuant to the Deed of Amendment, the maturity date of the notes is extended from 21 April 2018 to 21 July 2018 with the interest rate of 8.6% per annum for the extended period.

18. NOTES PAYABLE *(Continued)*

(a) *(Continued)*

On 20 July 2018, the Group and the 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, conditional upon the Group's payment of the sum of HK$12,000,000 to the noteholder (which was paid by the Group) as part of the interest payable under the Notes, the maturity date of the notes is extended from 21 July 2018 to 21 January 2019. Please refer to Note 26(ii) for the changes subsequent to the end of reporting period.

(b) Pursuant to a note purchase agreement entered between the Company and an independent party on 22 November 2016, the Company issued secured notes in two tranches with the principal amount of HK$80,000,000 ("Note Tranche A") and HK$120,000,000 ("Note Tranche B"). 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 22 November 2017, the Company and note holder agreed that the maturity date of the Note Tranche A is extended to 23 November 2018 with the interest rate on the note for the extended period of 12 months be increased to 13% per annum.

The Note Tranche A is secured by the pledge of 697,000,000 ordinary shares of the Company provided by a shareholder of the Company. On 5 December 2017, the Company partially repaid Note Tranche A with the principal amount of HK$16,000,000 and such note with the principal amount of HK$64,000,000 remained outstanding as at 31 December 2017 and 30 June 2018.

The Note Tranche B is secured by the pledge of 700,000,000 ordinary shares of the Company provided by shareholders of the Company. On 2 January 2018, the Company and the note holder agreed that the maturity date of the Note Tranche B is extended to 4 January 2019 with the interest rate on the note for the extended period of 12 months be increased to 13% per annum. On 4 January 2018, the Company partially repaid the Note Tranche B with the principal amount of HK$24,000,000 and such note with the principal amount of HK$96,000,000 (31 December 2017: HK$120,000,000) remained outstanding as at 30 June 2018.

19. BANK AND OTHER BORROWINGS

	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Current		
Bank borrowings – secured	**92,484**	115,920
Other borrowings – secured	**–**	34,150
	92,484	150,070

At 30 June 2018 and 31 December 2017, all of the bank and other borrowings were repayable within one year.

The secured bank and other borrowings 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 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Effective interest rates per annum		
Bank borrowings – secured	**4.35% to 5.66%**	4.35% to 5.22%
Other borrowings – secured	**–**	5.60% to 7.00%

20. BONDS PAYABLE

	As at 30 June 2018	As at 31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bonds - unsecured	**65,370**	10,216

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 4 June 2024.

On 14 June 2018, the Company and a Placing Agent entered into a Placing Agreement pursuant to which the Placing Agent has agreed to subscribe for the Bonds in an aggregate principal amount of up to HK$150,000,000. On the same date, the independent third parties have subscribed the Bonds of HK$55,000,000 issued by the Company. The bonds carry a fixed coupon rate of 6% per annum with interest bearing, paid annually and are due on 13 June 2020.

During the period ended 30 June 2018, the Group did not default on any principal, interest or redemption amounts with respect to its bonds issued.

21. SHARE CAPITAL

	As at 30 June 2018		As at 31 December 2017	
	No. of shares	***HK$'000***	*No. of shares*	*HK$'000*
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
Authorised:				
Ordinary shares of HK$0.0125 each (2017: HK$0.0125 each)	**30,000,000,000**	**375,000**	30,000,000,000	375,000
Issued and fully paid:				
At beginning of the period/year	**11,863,360,252**	**148,292**	10,352,800,252	129,410
Issue of shares by placement	**–**	**–**	1,230,560,000	15,382
Issue of new shares for acquisition of subsidiaries	**–**	**–**	280,000,000	3,500
Issue of new shares on conversion of convertible bonds *(Note a)*	**560,000,000**	**7,000**	–	–
At end of the period/year	**12,423,360,252**	**155,292**	11,863,360,252	148,292

(a) On 13 April 2018, the convertible bonds with the principal amount of HK$112,000,000 were converted into 560,000,000 new shares of the Company at the conversion price of HK$0.20 per share upon fulfillment of the profit guarantee requirements in the acquisition of Arch Partners Holdings Limited and its subsidiaries on 21 April 2017.

22. MARGIN FACILITIES

As at 30 June 2018, margin facilities of HK$50,000,000 (31 December 2017: HK$50,000,000) 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$29,048,000 (31 December 2017: HK$5,170,000) was treated as collateral for the facilities granted. The Group did not utilise the margin facilities as at 30 June 2018 (31 December 2017: Nil).

23. 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 (2017: 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:

	As at 30 June 2018 ***HK$'000*** **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
Within one year	**2,302**	3,626
In the second to fifth year inclusive	**173**	1,294
	2,475	4,920

23. 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 (2017: two years). The future aggregate minimum rental receivables under non-cancellable operating lease are as follows:

	As at 30 June 2018 *HK$'000* (Unaudited)	As at 31 December 2017 *HK$'000* (Audited)
Within one year	**4,164**	1,553
In the second to fifth year inclusive	**2,718**	–
	6,882	1,553

24. CAPITAL COMMITMENTS

The Group had the following capital commitments outstanding at the end of the reporting period but not provided for in the condensed consolidated financial statements:

	As at 30 June 2018 *HK$'000* (Unaudited)	As at 31 December 2017 *HK$'000* (Audited)
Contracted but not provided for		
Purchase of property, plant and equipment	**33,730**	33,375
Acquisition of subsidiaries	**4,334**	301,414
Purchase of intangible assets	**16,400**	16,400
	54,464	351,189

25. 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 2018 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.

	As at 30 June 2018 (Unaudited)				As at 31 December 2017 (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*
Financial assets								
Financial assets at fair value through other comprehensive income	**440**	**-**	**-**	**440**	–	–	–	–
Available-for-sale financial assets	**-**	**-**	**-**	**-**	36,828	–	–	36,828
Financial assets at fair value through profit or loss								
Equity securities, listed in Hong Kong	**29,048**	**-**	**-**	**29,048**	5,170	–	–	5,170
Equity securities, listed outside Hong Kong	**16,939**	**-**	**-**	**16,939**	387	–	–	387
	46,427	**-**	**-**	**46,427**	42,385	–	–	42,385

During the period ended 30 June 2018 and year ended 31 December 2017, 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.

26. 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") issued by Equal Smart Global Limited (a wholly-owned subsidiary of the Company), the Group and the only holder of the Notes entered into a deed for the amendment of the instrument of the Notes on 20 July 2018, pursuant to which the maturity date of the Notes has been further extended from 21 July 2018 to 21 January 2019 with interest rate of 8.6% per annum for the extended period. The Notes are secured by an equitable mortgage over the entire issued shares of Great Prospect Enterprise Limited, a wholly-owned subsidiary of the Company. Details regarding the deed for amendment were set out in the announcement of the Company dated 20 July 2018.

(ii) INTEREST IN IRRDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

During six months ended 30 June 2018, 10,000,000 ICPS of Yong Tai Berhad were disposed of by the Group with 7,500,000 ICPS remained unsold as at that date. Subsequent to 30 June 2018, the Group disposed of 5,000,000 ICPS and 2,500,000 ICPS remained unsold and were held by the Group up to the date of this report.

(iii) SETTLEMENT OF PROFESSIONAL FEE BY MEANS OF ISSUE OF REMUNERATION SHARES

On 11 July 2018, the Company issued 12,500,000 new shares to Mr. Han Ning at the price of HK$0.2 per share for the settlement of the PRC legal advisory service to be provided by Mr. Han Ning to the Group from 4 June 2018 to 5 June 2019. These new shares rank pari passu in all respects with the existing shares.

27. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved and authorised for issue by the Board of Directors on 31 August 2018.

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 and money lending business.

PACKAGING BUSINESS

The revenue for the period from Packaging Business was approximately HK$381.0 million, representing an increase of 18.2% as compared to approximately HK$322.4 million for the corresponding period in 2017.

Gross profit of the Packaging Business was approximately HK$60.3 million for the period 2018, representing an increase of approximately 18.7% as compared to approximately HK$50.8 million for the corresponding period in 2017. The overall gross profit margin was maintained at 15.8% for the corresponding period in 2017 and 2018. During the period, the Packaging Business recorded segment profit of approximately HK$3.1 million (2017: approximately HK$28.3 million).

TOURISM AND TRAVEL BUSINESS

The revenue for the period from Tourism and Travel Business, including travel agency and scenic spot, was approximately HK$140.0 million (2017: approximately HK$53.8 million) and the gross profit was approximately HK$16.4 million (2017: approximately HK$13.7 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 2017. During the period, the Tourism and Travel Business recorded segment profit of approximately HK$2.5 million (2017: loss of approximately HK$1.8 million). The profit is mainly due to the absence of operating expenses from the discontinued operations of approximately HK$nil million (2017: 15.8 million) recognised in the income statement during the period.

The Tourism and Travel Business of the Group is still in the growing 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.

SECURITIES INVESTMENTS

The Group has invested in a portfolio of listed securities in Hong Kong, China, 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$7.5 million (2017: approximately HK$20.9 million), which was primarily due to the net realised loss on disposal of 10,000,000 ICPS of Yong Tai Berhad and the net loss on listed securities in Hong Kong and China. 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 2018, the loan portfolio was approximately HK$691.7 million (31 December 2017: approximately HK$667.1 million) with terms of one year at effective interest rates ranging from 6% to 16% (2017: 10% to 15%) per annum. For the period ended 30 June 2018, the Group recorded interest income from the loan portfolio of approximately HK$38.5 million (2017: approximately HK$22.4 million). The Group will continue to develop money lending business as it will provide opportunities to increase the turnover and profit for the Group.

REVENUE

Revenue for the period was approximately HK$559.5 million, representing a significant increase of approximately 40.4% as compared to approximately HK$398.6 million for the corresponding period in 2017. This was primarily due to the revenue from Tourism and travel Business and Packaging Business were growth by approximately HK$86.2 million and HK$58.7 million, respectively, compared to corresponding period in 2017.

GROSS PROFIT

Gross profit for the period was approximately HK$110.6 million, representing an increase of approximately 50.3% as compared to approximately HK$73.6 million for the corresponding period in 2017. The increase was primarily due to the contribution from Tourism and travel Business, which recorded gross profit of approximately HK$16.4 million (2017: approximately HK$0.4 million) during the period. The overall profit margin for the period increased from 18.5% to 19.8%.

OTHER REVENUE AND OTHER INCOME

Other revenue and other income was approximately HK$11.8 million for the period, representing an increase of approximately 118.5% as compared to approximately HK$5.4 million for the corresponding period in 2017.

NET LOSS ON FINANCIAL ASSETS AT FAIR VALUE

During the period, the Group recorded a net loss on financial assets at fair value through profit or loss of approximately HK$7.6 million (2017: approximately HK$11.2 million). The Board will closely monitor the performance of the investment portfolio and will diversify the investment portfolio across various segment of the market.

ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Administrative expenses increased by 22.0% to approximately HK$73.2 million in 2018 from approximately HK$60.0 million (included both continuing operations and discontinued operations), in the corresponding period of 2017, The increase mainly due to the newly acquired subsidiaries related to tourism and travel operations in 2017 which fully accounted for during the period and only partially reflected in the corresponding period in 2017.

FINANCE COSTS

Finance costs for the period were approximately HK$31.5 million, representing a significant decrease of approximately 34.5% as compared to approximately HK$48.1 million for the corresponding period in 2017. The decrease of finance costs was mainly due to the reduction of borrowings for developing new business and for general working capital of the Group during the period.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY FOR THE PERIOD

As a result of the factors described above, profit attributable to equity holders of the Company for the period was approximately HK$1.5 million, a significant increase of approximately 102.2% as compared to the loss of approximately HK$66.8 million for the corresponding period last year.

BUSINESS REVIEW AND OUTLOOK

During the first half of 2018, 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$381.0 million, representing an increase of 18.7% compared to the corresponding period last year. On the other hand, the Group recorded a loss in the Securities Investments segment of approximately HK$7.5 million (2017: approximately HK$20.9 million). The Group is continuously engaged in investments in various securities in the first half of 2018 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. 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$38.5 million (2017: approximately HK$22.4 million) from loan receivable was recognised in the income statement. The interest rate charged during the period was ranging from 6% to 16% (2017: 10% to 15%) per annum. It is expected that such business will contribute steady returns to the Group.

Started from 2016, the Group is investing in an operation of a show tentatively titled "Dream Memory – Halong Bay" in Halong City, Vietnam (the "show") in order to fully develop tourism resources in the city. The Group is responsible for development and operation of the show. The construction period of the show, including the production of script, construction of performance stage, training of performance actors/actresses. In April 2018, the Group has obtained the final approval and licenses from the Vietnam Central Government. The projected return of the show is expected to begin starting from year 2019. In recent years, the tourism industry in Vietnam has grown rapidly and the economic benefits are remarkable, of which Halong Bay is renowned for its natural landscape and scenic beauty. The show will be set in the middle of the sea in Halong Bay with mountains as its background, which reflects the harmonious atmosphere between human beings and the nature.

During the period, the contribution from our travel agency subsidiary – Incola Travel Limited contributed revenue of approximately HK$1.2 million to the Group.

During the period, the contribution from our outbound travel, aircraft charter and business travel subsidiary – Arch Partners Holdings Limited contributed revenue of approximately HK$137.9 million to the Group.

BUSINESS REVIEW AND OUTLOOK *(Continued)*

On 6 March 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 Group intends to acquire not more than 60% of the issued share capital in Chung Sun Financial Holding Limited ("Chung Sun"). Chung Sun and its subsidiaries are principally engaged in the business of trading securities. One of the wholly owned subsidiaries of Chung Sun has been granted Type 4 and 9 Licences by the Securities and Futures Commission of Hong Kong (the "SFC"). A refundable deposit of HK$5,000,000 was paid upon signing the Letter of Intent. The Board is of the view that the proposed acquisition provides opportunities to the Group to broaden its business portfolio so as to improve the Group's financial status in the long term. On 14 November 2017, the Group and another independent third party entered into the sale and purchase agreement pursuant to which the Group has conditionally agreed to purchase the sale shares (representing 40% of the issued share capital of Chung Sun) at the consideration of HK$9,334,360. A deposit of HK$5,000,000 was paid upon signing the sale and purchase agreement. On 10 August 2018, the Group has obtained the approval from the SFC for the transfer of Sales Shares.

The Group is committed to create a full chain of tourism industry. Given that there is tremendous growth potential of Cambodia tourism industry, the Group has established a subsidiary "Cambodian MJ Airlines Co., Ltd." in Cambodia this year. The Group is obtained preliminary approval from government of Cambodia and is currently seeking permission from the Cambodian Aviation Authority to provide air services.

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 operations, on 14 June 2018, the Group has entered into a private bond placing agreement with an aggregate principal amount up to HK$150,000,000 which provide sufficient funding to the projects of the Group.

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), the Group and the only holder of the Notes entered into a deed for the amendment of the instrument of the Notes on 20 July 2018, pursuant to which the maturity date of the Notes has been further extended from 21 July 2018 to 21 January 2019 with interest rate of 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 20 July 2018.

After the Group sold 10,000,000 ICPS of Yong Tai in January 2018, the Group has remained holding 7,500,000 ICPS in Yong Tai. In July 2018, the Group further sold 5,000,000 ICPS of Yong Tai. After that, the Group has remained holding 2,500,000 ICPS of Yong Tai up to the date of this report.

SETTLEMENT OF PROFESSIONAL FEE BY MEANS OF ISSUE OF REMUNERATION SHARES

Mr. Han Ning has been the PRC legal advisor to the Company for the provision of the PRC legal advisory service to the Company. For the PRC legal advisory service provided to the Company by Mr. Han Ning, the PRC legal advisory fee has been settled by the issue of 12,500,000 remuneration shares to Mr. Han Ning at the market price of HK$0.20 per remuneration share on 11 July 2018. The above newly issued shares rank pari passu in all respects with the existing shares.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL

During the reporting period, save as disclosed above, the Group did not have any significant investments, material acquisitions and disposals.

OTHER INFORMATION

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts conservative treasury policies in cash and financial management. As at 30 June 2018, the Group's current assets amounted to approximately HK$1,304.5 million (31 December 2017: approximately HK$1,225.2 million) of which approximately HK$46.0 million (31 December 2017: approximately HK$5.6 million) were financial assets at fair value through profit or loss and approximately HK$114.7 million (31 December 2017: approximately HK$115.9 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$862.3 million (31 December 2017: approximately HK$861.7 million) of which mainly comprised its trade and other payables of approximately HK$321.7 million (31 December 2017: approximately HK$184.7 million), notes payable of HK$440 million (31 December 2017: HK$464.0 million) and interest-bearing bank and other borrowings of approximately HK$92.5 million (31 December 2017: approximately HK$150.1 million), while the Group's non-current liabilities amounted to approximately HK$67.7 million which mainly comprised of the deferred tax liabilities and bonds payable (31 December 2017: approximately HK$12.5 million).

As at 30 June 2018, the Group's interest-bearing bank and other borrowings of approximately HK$92.5 million (31 December 2017: approximately HK$150.1 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 2018, HK$5.8 million (31 December 2017: Nil) and HK$86.7 million (31 December 2017: HK$150.1 million) were denominated in HK$ and RMB, respectively. As at 30 June 2018, bank and other borrowings of approximately HK$55.0 million (31 December 2017: HK$52.6 million) and HK$31.7 million (31 December 2017: HK$97.5 million) were interest-bearing at fixed and variable interest rates of 5.0% to 5.7% and 4.35% to 5.0% (2017: 5.60% to 7.00% and 4.35% to 7.00%) respectively.

As at 30 July 2018, the Group had two outstanding interest-bearing notes. One with principal amount of HK$280.0 million (31 December 2017: HK$280.0 million) which was interest-bearing at 8.6% (2017: 8.6%) per annum, originally maturing on 21 April 2017. On 21 April 2017, 21 July 2017, 21 April 2018 and 20 July 2018, 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 July 2018 to 21 January 2019 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.

LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

Furthermore, 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. On 14 June 2018, the Company and a Placing Agent entered into a Placing Agreement pursuant to which the Placing Agent has agreed to subscribe for the Bonds in an aggregate principal amount of up to HK$150,000,000. On the same date, the independent third parties have subscribed the Bonds of HK$55,000,000 issued by the Company. The bonds carry a fixed coupon rate of 6% per annum with interest being, paid annually and are due on 13 June 2020.

GEARING RATIO

As at 30 June 2018, the total tangible assets of the Group were approximately HK$2,015.3 million (31 December 2017: approximately HK$1,994.4 million) whereas the total liabilities were approximately HK$930.0 million (31 December 2017: approximately HK$874.3 million). The gearing ratio (total liabilities divided by total tangible assets) was approximately 46.1% (31 December 2017: approximately 43.8%).

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 CONVERSION SHARES ON 13 APRIL 2018

On 21 April 2017, the Group completed the acquisition of Arch Partners Group at a consideration of approximately HK$154.7 million and part of the aggregate consideration of the acquisition has been paid by the Company to the vendors by issuance of zero-coupon convertible bonds in the principal amount of up to HK$112,000,000 subject to the fulfillment of profit guarantee requirements.

Given the profit guarantee requirements has been fulfilled, the convertible bonds has been converted into 560,000,000 shares, allotted and issued on 13 April 2018. The above newly issued shares rank pari passu in all respects with the existing shares.

ISSUE OF BONDS IN JUNE 2018

On 14 June 2018, 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 up to HK$150,000,000 which carries 6% interest per annum with maturity of twenty-four months after the issue of Bonds.

ISSUE OF BONDS IN JUNE 2018 *(Continued)*

As at 30 August 2018, 19 independent third parties has subscribed the Bonds in an aggregate principal amount of HK$112,500,000 issued by the Company.

The net proceeds from the issue of the maximum principal amount of the Bonds (after deducting the related costs and expenses) are expected to be HK$143.3 million. The net proceeds from the Bond issue are intended to be utilized for financing possible acquisitions and investment opportunities of the Company, repayment of liabilities when they fall due and/or general working capital of the Group.

PLEDGE OF ASSETS

In addition to the information disclosed elsewhere in the notes to the condensed consolidated interim financial information, as at 30 June 2018, the Group pledged assets with aggregate carrying value of HK$66.3 million (as at 31 December 2017: HK$85.2 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$280.0 million (31 December 2017: HK$280.0 million)

INTERIM DIVIDEND

The Board has resolved not to recommend any dividend for the six months ended 30 June 2018 (2017: Nil).

CAPITAL STRUCTURE

The Group adopt stringent financial management policies to maintain its financial condition. As at 30 June 2018, 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 12,423,360,252 ordinary shares were issued and fully paid.

CONTINGENT LIABILITIES

As at 30 June 2018, 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 2018, the Group had a total of around 684 (31 December 2017: 470) 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 2017, no share options were granted or exercised and 35,899,012 share options were forfeited. During the period, 1,035,289,025 share options were further granted, among the share options granted, a total of 315,586,706 share options were granted to the directors. As at 30 June 2018, 1,312,481,125 share options were outstanding. Subsequent to the end of the period, no additional share options have been granted to the employee or director 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 2018.

PURCHASE, DISPOSAL OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2018, 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 2018, except for certain deviations which are summarized below:

CODE PROVISION A.6.7

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 22 June 2018, Mr. Pang Hong and Mr. Li Yang, both being the independent non-executive Directors, were unable to 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 E.1.2

Under Provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company, and the chairman of the board committees and failing whom, another member of the relevant committee should be available to answer questions thereat. Due to prior business engagements, Mr. Wei Liyi, the chairman of the remuneration committee, was not able to attend the AGM held on 22 June 2018 in person, but he has already delegated to one of the executive Directors to answer questions on his behalf.

BOARD COMPOSITION

The Board currently comprises 7 directors, of which 3 are independent non-executive Directors.

During the six months ended 30 June 2018 and up to date of this report, changes of Board members are as follows:

On 6 August 2018, Mr. Cheng Chi Kin and Mr. Pang Hong resigned as an executive Director and an 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. Lam Hoi Lun and Mr. Li Yang.

The Group's unaudited condensed consolidated interim results for the six months ended 30 June 2018 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, 31 August 2018

As at the date of this report, 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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