



CCF FORTIS

中建富通集團有限公司

Stock Code : 138

2017

chairman's statement

On behalf of the Board, I report the interim results of the Group for the six months ended 30 June 2017.

In the first half of 2017, the Group continued to deliver strong results, attributable to the solid performance of its investment business. The Company recorded revenue of HK\$297 million, decreased by 28.6% as compared with the corresponding period in 2016. Net profit attributable to owners of the parent was HK\$103 million, decreased by 24.8%, as compared with the net profit of HK\$137 million for the comparable period in last year. The solid result was mainly led by the strong performance of the Group's property business and the classic car investment business, as elaborated in further detail in the section headed "Business Review" of this interim report.

INTERIM DIVIDEND

The Company has declared an interim dividend of HK\$0.035 per share for 2017 (interim 2016: HK\$0.035 per share) to be payable from the Company's distributable reserves. The interim dividend of HK\$0.035 per share will be payable on Friday, 29 September 2017 to the shareholders whose names appear on the register of members of the Company on Friday, 15 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 13 September 2017 to Friday, 15 September 2017 (both days inclusive), during which period no transfer of share(s) will be effected. In order to qualify for the interim dividend of HK\$0.035 per share, all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 12 September 2017.

BUSINESS REVIEW

Principal Businesses

The Group is principally engaged in the following businesses: (i) property development, trading and investment; (ii) securities business; (iii) manufacturing of plastic components and trading of child products; (iv) the multi-faceted automotive business; (v) the multi-media business; (vi) the cultural entertainment businesses; and (vii) the new business venture of investment in antique watches and clocks.



Investment Policies and Investment Risk Management

The Group has a long and proven track record of success in investing in securities, properties and other form of investments. This solid track record reflects the strength of the Group's investment team and the effectiveness of its investment policies and risk management system.

As an integral part of the Group's business activities, the Group has invested in different classes of assets which include listed shares and securities, properties, bonds, funds, classic cars, antique watches and unlisted equity investment. The Company has an investment committee in place which is responsible for the overall investment strategies, allocation of investment funds, reviews and decisions of investment proposals and overseeing the management of the Group's investment portfolio.

Investment Objective of the Company

- (a) The investment policy of the Company is to enhance and create value to the Company and its shareholders over the long term. The principal investment objective of the Company is to invest for capital appreciation and gains.
- (b) The Company's goal is to seek best investment opportunities and to maximize the value growth and returns of its investment assets over the long term.
- (c) Our strategy is to uncover and enhance values of investment assets and capture upside potentials.

Investment Risk Management

The Board is our highest decision maker for investment risk management with the objective to establish and maintain effective policies and guidelines to ensure proper management of risks to the Company relating to investment and take appropriate and timely action to manage such risk. Save for such responsibilities expressly delegated to the investment committee under the investment policy, the Board is primarily responsible for: (i) reviewing the risk appetite and risk tolerance; (ii) evaluating investment allocation plan; and (iii) convening regular meetings to review investment risk and thoroughly assessing the Group's investment risk management performance.

The Company has established a risk management system covering risk appetite and risk tolerance. The major risk types identified for the Group's investments are overall risk, market risk, credit risk and liquidity risk.

Besides, based on each individual investment class, guideline for profit taking or warning parameters for stop loss will be provided to relevant members of the investment committee and senior management to monitor the risk on a regular basis as measures to manage the risk exposure and minimize losses.



Property Business

The Company commenced its property business was established in 2004. Over the years, the Company has built up a substantial diversified portfolio of properties held for trading and investment.

Despite the short period of market consolidation as a result of the increase in stamp duty on residential property transactions to 15% in November 2016, the residential market has regained momentum in the first six months of 2017. The residential property sector was robust in the first half of 2017, as reflected by the increase of the Centa-City Leading Index from approximately 140 points to 150 points. The market sentiment was further boosted by recent land auction prices which beat market estimates. On the other hand, the retail property segment has stabilized along with the sign of rebound in the tourism market in the second quarter 2017. In the first half of 2017, the office property market rallied as a result of growing demand for office spaces, especially in the traditional commercial districts. The rally in the office market was further fueled by the record auction price of HK\$23 billion paid for the most expensive commercial land plot in downtown Central, the Murray Road commercial plot in March 2017.

(a) *Property development and trading in Hong Kong*

In the first half of 2017, the Group's trading property portfolio comprised the five street-level shops with all the car parking spaces on ground floor of a property located in Kennedy Town, Sai Wan, Hong Kong (the "**Sai Wan Property**") and the two consecutive floors of retail property at No. 8 Russell Street (the "**Russell Street Property**"), located in the center of the busiest shopping and tourist area of Causeway Bay, Hong Kong.

Most of the Sai Wan Property has been rented out to tenants, generating market rents of similar level as compared with corresponding period last year. Benefiting from the opening of the MTR's West Island Line in December 2014, the value of the Sai Wan Property has appreciated significantly since its acquisition. While the management is exploring ways to utilize the Russell Street Property, which was affected by the fall in tourism in the past two years, the management is still optimistic in the long term prospect of the Russell Street Property because of its excellent location and good quality.

The Property development and trading segment incurred a loss of HK\$5 million during the first six months of 2017, mainly represented by the administrative expenses incurred, as compared with loss of HK\$40 million, which was mainly due to impairment loss of the Russell Street Property in the corresponding period of 2016.



(b) *Property investment and holding*

Our investment property portfolio is diversified and comprises luxury residential houses, office properties, retail properties and shops, industrial properties and car parks. All our investment properties are located in Hong Kong. The value of our investment property portfolio has appreciated significantly over the years.

Taking advantages of the robust property market in the first six months of 2017, the Group disposed of the investment property located at 32th Floor of Fortis Tower, 77-79 Gloucester Road, Wanchai (the “**32/F Property**”). The disposal gave rise to a profit of approximately HK\$32 million in the current period. Together with the fair value gains of HK\$83 million in total, arising from revaluation of our property investment portfolio as at 30 June 2017, this segment delivered an operating profit of HK\$112 million for the first half of 2017, as opposed to an operating loss of HK\$21 million for the first half of 2016, due to fair value losses of the Group’s retail properties in the last comparable period.

Securities Business

The Group commenced its security business in 1998. Over the years, the Group has invested in a large portfolio of listed shares and securities and has derived huge amounts of gains from its security business.

In the year ended 31 December 2016, the Group grasped the market opportunities and disposed of its portfolio in the shares and convertible bonds of CCT Land at high prices, which gave rise to a large amount of gains to the Group in 2016. During the first six months of 2017, the Group disposed of the balance of its securities portfolio representing investment in a fund of approximately HK\$18 million at the price near its book value. During the period under review, the securities business recorded an operating loss of HK\$1 million attributable to administrative expenses, as compared with an operating profit of HK\$255 million in the comparable period of last year. The change in operating results was due to the absence of gains from securities during the period.

Although the Company’s securities portfolio and the segment results may have fluctuated year by year depending on the market situation in that particular year, the Company has engaged and will continue to be engaged in the securities business and the Company has never had any intention to cease its securities business. The principal investment objective of the Company is to enhance and create value to the Company and its shareholders over the long term with the goal to seek best investment opportunities and to maximize the value growth and returns of its investment assets. This investment approach has proven to be successful and has created enormous value to the Company and its shareholders over the years.



In the first half of 2017, the Hang Seng Index rose 14.5% from 22,503 points as at 2 January 2017 to 25,764 points as at 30 June 2017. The Company's investment committee considers that the risk in the capital market is increasing and therefore has exercised extra cautions in its investment decisions and as such, no acquisition of listed shares was made during the six months ended 30 June 2017. In the meantime, the investment committee has been closely monitoring the securities market and actively evaluating various listed shares and looking for shares with upside potentials. On 6 July 2017, the Company took advantages of a market consolidation and spent approximately HK\$10 million to acquire certain shares in two blue-chip companies. Since then, the price of these two blue-chip companies has risen at a percentage higher than the rise in Hang Seng Index since the acquisition date. These acquisitions have further demonstrated the capability of the Group's investment team in selection and timing of investments.

Blackbird Automotive Business

The management is very pleased with the Blackbird Automotive Group's rapid development of its multi-faceted automotive business. During the period under review, Blackbird Automotive Group continued to revolve and expand around the restoration and service, investment, trading and general business of both modern and classic cars, together with vehicle transportation services.

In the first half of 2017, the classic car investment business achieved solid results. For the six months ended 30 June 2017, the classic car trading, investment and logistic business recorded a total revenue of HK\$53 million (2016: HK\$40 million) and generated an operating profit of HK\$16 million (2016: less than HK\$1 million). The increase in operating profit was mainly derived from the fair value gains in our classic cars held for investment.

In view of its strong performance of the classic car segment, the management of Blackbird Automotive Group believes that cars in our collection are unique and have good value appreciation potential in the future.

Blackbird's logistics business also performed well during the period. We are engaged by various car importers for transportation of their new cars and we also acquired two more new tractor units to cope with this increase in business.

In the first half of 2017, the Blackbird Automotive Group achieved an important milestone in development of its automotive business globally. Under the leadership of Mr. TK Mak, the Blackbird Automotive Group met the high requirements of the Ferrari and, after several rounds of the selection process, was appointed as its Hong Kong dealer. On 26 June 2017, Blackbird Concessionaires Limited, an indirect wholly-owned subsidiary of the Company, was appointed as the official dealer to distribute Ferraris and provide after-sales services in Hong Kong (the "**Dealership Appointment**"). We consider that the Dealership Appointment will enable the Blackbird Automotive Group to enter into the large dealership business of Ferrari's high performance luxury cars and will enhance reputation and status of the Blackbird Automotive Group in the global automotive sector. We also believe the Dealership Appointment will contribute a significant revenue stream to the Group and will open up a new avenue of income and profit growth.



Blackbird Multi-media Business

Alongside with our traditional printing media titles, the Group will also focus its investments on various digital platforms including the rapid-growing mobile game and apps development. According to the Global Games Market Report issued by Newzoo (a company based in Netherlands engaged in the provision of market intelligence covering the global games, esports and mobile markets), it is expected that the revenue of the global gaming market will reach USD46.1 billion in 2017.

To capture the huge opportunities in the mobile gaming market, we have established our mobile game business in 2016 by licensing the first mobile game from a Korean developer. In 2017, we took a leap forwards and have established an experienced research and development team to develop our own mobile games for the global gaming market. We are in the process of developing a major release and six other leisure applications. We expect to launch a number of these games in the second half of 2017, with an intention to capture the full spectrum of mobile gamers from the leisure gamers to professional gamers. We are optimistic in the new mobile gaming venture which is expected to have promising prospects and excellent growth potentials.

Cultural Entertainment Group

The principal business of the Cultural Entertainment Group comprise film operations, audio and lighting operations, and stage engineering operations.

(a) Film operations

The film project which we invested together with Dadi Century (Beijing) Co., Ltd titled “Shed Skin Papa” (脱皮爸爸) is scheduled to release later this year. This film is casted by popular artists in Hong Kong and was nominated to several awards in the 2016 Japan International Film Festival and was also nominated to participate in the 2017 Hong Kong Film Awards. It is expected to achieve good box office receipts.

Another film named “非常兄弟班”, which is based on a story of a popular band in Hong Kong, was invested by the Film Group together with Sil-Metropole Organisation Limited (銀都機構有限公司). This film is expected to be released in the fourth quarter this year.

In the first half of 2017, the Film Group has further co-operated with Beijing J.Q. Media & Culture Company Limited (北京嘉映文化傳媒有限公司) and Shaw Brothers Picture International Limited to invest into a high-budgeted Chinese film with the name of “Sons of the Neon Night” (風林火山). This film has commenced screen shooting during the period. The main cast of the film includes several famous and popular actors and actresses in Hong Kong and China. It is expected that the film will achieve high box office receipts.



(b) *Audio and lighting operations*

The audio and lighting operations represents the hiring and installation of lighting and audio equipment and provision of services for pop concerts and other events in Hong Kong, Macau and the PRC. The Group started the audio and lighting operations in March 2016 by acquiring a 70% shareholding in AHM and expanded this business horizontally to Macau in October 2016 by acquiring the business, assets and equipment from an audio and lighting company in Macau.

In the first half of 2017, AHM and its Macau subsidiary were engaged as main contractor and engineer for various live pop concerts of famous and popular artists and pop bands in Hong Kong and the South-east Asia. The operations generated revenue amounted to HK\$72 million in the first six months of 2017, as compared with HK\$36 million in the comparable period of last year. The increase in revenue is due to full six months' contribution of the operations in the current period, whereas the comparable revenue only included three months' contribution from AHM. This segment recorded an operating profit of HK\$2 million in the first half of 2017, as compared with HK\$4 million in the last corresponding period. It is expected the revenue of the business in the second half of 2017 will be higher than the first half. As a result of low revenue, our operations in Macau recorded an operating loss for the six months ended 30 June 2017, which resulted in the decrease of the segment profit in the current period as compared with the last corresponding period. The management strives to increase revenue for the year of 2017. With a dedicated and experienced team, advanced audio and lighting equipment and strong reputation in this sector, the audio and lighting segment is expected to grow in coming years.

(c) *Stage engineering operations*

In the second half of 2016, the Group further diversified its cultural entertainment business by acquiring a 73% interest in HHL. This company is engaged in provision of stage mechanical engineering services and advisory solutions for live pop concerts and other events in Hong Kong, the PRC, Macau and South-east Asia. During the period under review, HHL was engaged as mechanical engineering contractor for live pop concerts tour of a Hong Kong top singer and also various other live pop concerts of famous artists in Hong Kong and China. In addition, HHL acted as the contractor for a 5D creative musical show performed in Hong Kong and Guangzhou.

In the first half of 2017, the stage engineering operations contributed revenue of HK\$21 million and recorded an operating profit of HK\$4 million, which is in line with the expectation of the management. With an experienced and well-trained operation team and high creditability of quality in this field, HHL is well-positioned to grow in the coming years.



Industrial Group

The Industrial Group is engaged in the manufacturing of plastic components and the Child Products Trading Business. Most of the plastic components manufactured by the Industrial Group are supplied to the CCT Land Group for manufacture of telecom and the Child Products. The Group acquired the Child Products Trading Business in October 2016 from the CCT Land Group, which continues to supply the Child Products to the Group. During the first half of 2017, the Industrial Group recorded revenue of HK\$117 million (2016: HK\$40 million). The increase in revenue was mainly contributed by newly acquired Child Products Trading Business, which was in a break-even position for the six months ended 30 June 2017. Because of the Group's continuing efforts in trimming down of the operating costs of the plastic components manufacturing operations, the interim results of the Industrial Group has significantly improved as it recorded an operating loss of only HK\$1 million in the current period, as compared with the loss of HK\$10 million in the last corresponding year.

New Business Venture

During the period under review, the Group continued to seek new investment opportunities. As an expansion of the Blackbird Automotive Group, we have started to invest in antique watches and clocks with the aim of building up our portfolio to span across multiple luxury markets. We realise that luxury watches and clocks have become popular collection of rich people and celebrities and the value of these luxury collectibles is expected to appreciate. Led by Mr. TK Mak, the Blackbird group has built up a professional team in developing our investment in luxury watches and clocks. During the period under review, we have acquired certain luxury antique watches and clocks. We believe the luxury watches and clocks in our collection have excellent value appreciation potential and will generate considerable gains to the Group in the future.

OUTLOOK

The process for United Kingdom preparing to leave the European Union will undoubtedly be complex and time-consuming. The essential questions that have to be addressed are whether, at the conclusion of the negotiations, there will be undue fluctuation to the economies of Europe and hence, the rest of the world. In addition, the possible interest rate hike in the second half of the year is expected to create uncertainties to the global economy and impact on the investment market. Geopolitical tensions may also pose risks to the global economic outlook. The management will monitor the development and assess the potential impact to the Group.

Solid market fundamentals have driven up property prices due to strong demand and a shortage of supply. We are optimistic in the property market in Hong Kong in the long run. However, our property portfolio will continue to be subject to risks in relation to government policies on the property market, the Hong Kong economic outlook and the potential interest rate hike. In view of the residential and office property market is at historically high level, our management will, depending on the market situation and development, seize the opportunities to dispose of some of our property portfolio. We expect that our property business will outperform other business segments of the Group in the second half of this year and will continue to deliver strong results in the future.



After disposal of all our holdings in the shares and convertible bonds of CCT Land in 2016, we intend to rebuild our securities portfolio. The Company plans to allocate additional funds for the development of the investment portfolio of the securities business, should suitable opportunities arise. The Company will adhere to its investment strategies and will invest with discipline. We will closely monitor the stock market and will look for undervalued shares and shares with good upside potentials.

We have commenced the Ferrari dealership business in the second half of this year. This business is expected to generate a relatively more stable revenue stream and profit to the Group. We remain committed to develop the Blackbird Automotive Group to become one of the global leaders in the automotive sector in the near future.

We are optimistic in the new venture of the development of mobile games and the cultural entertainment business including the film operations, the audio and lighting operations and the stage engineering operations. We believe each of these business sector has promising prospects and excellent growth potential.

Our business is in good shape. We have developed a diversified portfolio and business model with an integrated global aspect. While we will continue to strengthen our performance and will keep pursuing other suitable prospective opportunities that present stable incomes with recurring cash flow. With a robust balance sheet and capital base, we will continue to focus on growing the business, improving our competitive position and rewarding our shareholders.

APPRECIATION

On behalf of the Board, I want to thank the directors, the management and all our employees for their dedication, loyalty and hard work during the period. I also want to thank our shareholders, investors, bankers, customers and suppliers for their continued encouragement and strong support to the Group.

Mak Shiu Tong, Clement

Chairman

Hong Kong, 29 August 2017



financial review

OVERVIEW OF FIRST HALF 2017 FINANCIAL RESULTS

| HK\$ million | Six months ended 30 June | | |
|---|--------------------------|---------------------|---------------------------|
| | 2017 (Unaudited) | 2016 (Unaudited) | % increase/ (decrease) |
| Revenue | 297 | 416 | (28.6%) |
| Profit before tax | 91 | 139 | (34.5%) |
| Tax credit | 14 | – | N/A |
| Profit for the period | 105 | 139 | (24.5%) |
| Attributable to | | | |
| – Owners of the parent | 103 | 137 | (24.8%) |
| – Non-controlling interests | 2 | 2 | – |
| Profit for the period | 105 | 139 | (24.5%) |
| Earnings per share attributable to ordinary equity holder of the parent | | | |
| – Basic | HK\$0.117 | HK\$0.165 | (29.1%) |
| – Diluted | HK\$0.115 | HK\$0.165 | (30.3%) |
| Dividend per share | HK\$0.035 | HK\$0.035 | – |

Review on Financial Results

The Group's revenue was HK\$297 million for the six months ended 30 June 2017, decreased by 28.6% as compared with HK\$416 million for the corresponding period in 2016. The decrease in revenue was mainly attributable to the combined effect of: (i) little revenue contribution from the securities business in the current period, as compared with a significant revenue of HK\$273 million recorded in the first half of 2016, and (ii) the full six month's contribution of HK\$178 million in revenue from the audio and lighting operations, the stage engineering operations and the Child Products Trading Business, which were acquired by the Group over the period between March 2016 to October 2016.

Net profit attributable to owners of the parent was HK\$103 million, decreased by 24.8% as compared with the net profit HK\$137 million for the equivalent period in last year. The profit of the current period was mainly derived from fair value gains on our investment property portfolio and our collection of classic cars held for investments.

Net profit of HK\$2 million attributable to non-controlling interests, mainly represented share of net profit by the minority shareholders of the audio and lighting operations and the stage engineering operations.



ANALYSIS BY BUSINESS SEGMENT

| HK\$ million | 2017 | | 2016 | | |
|---|-----------------------|---------------|-----------------------|---------------|---------------------------|
| | Amount (Unaudited) | Relative % | Amount (Unaudited) | Relative % | % increase/ (decrease) |
| Property development and trading in Hong Kong | – | 0.0% | – | 0.0% | N/A |
| Property investment and holding | 5 | 1.7% | 7 | 1.7% | (28.6%) |
| Securities business | 1 | 0.3% | 273 | 65.6% | (99.6%) |
| Classic car trading and logistic business | 53 | 17.8% | 40 | 9.6% | (32.5%) |
| Investment in classic cars | – | 0.0% | – | 0.0% | N/A |
| Film operations | – | 0.0% | – | 0.0% | N/A |
| Audio and lighting operations | 72 | 24.3% | 36 | 8.7% | 100% |
| Stage engineering operations | 21 | 7.1% | – | 0.0% | N/A |
| Industrial Group | 117 | 39.4% | 40 | 9.6% | 192.5% |
| Other operations | 28 | 9.4% | 20 | 4.8% | 40% |
| Total | 297 | 100.0% | 416 | 100.0% | (28.6%) |

| HK\$ million | Operating profit/(loss) for the six months ended 30 June | | |
|---|--|---------------------|---------------------------|
| | 2017 (Unaudited) | 2016 (Unaudited) | % increase/ (decrease) |
| Property development and trading in Hong Kong | (5) | (40) | (87.5%) |
| Property investment and holding | 112 | (21) | N/A |
| Securities business | (1) | 255 | N/A |
| Classic car trading and logistic business | 1 | 1 | – |
| Investment in classic cars | 15 | (1) | N/A |
| Film operations | (1) | – | N/A |
| Audio and lighting operations | 2 | 4 | (50%) |
| Stage engineering operations | 4 | – | N/A |
| Industrial Group | (1) | (10) | (90%) |
| Other operations | (18) | (26) | (30.8%) |
| Total | 108 | 162 | (33.3%) |

The segmental operating (loss)/profit represented operating result of each segment before taking into account of finance costs and taxation.



Property development and trading in Hong Kong

During the period under review, the Sai Wan Property has further appreciated in value while the value of the Russell Street Property stabilised. In the absence of any property sales during the six months ended 30 June 2016 and 2017, the property development and trading business incurred a loss of HK\$5 million, as compared with the loss of HK\$40 million (including impairment loss of HK\$35 million on the Russell Street Property) in the corresponding period in 2016.

Property investment and holding

The property investment and holding segment generated rental income of HK\$5 million (six months ended 30 June 2016: HK\$7 million). The decrease in rental income was due to termination of some leases. With the profit on disposal of the 32/F Property of HK\$32 million and revaluation gain of the investment properties of HK\$83 million, this segment reported an operating profit of HK\$112 million during the first half of 2017 as compared with loss of HK\$21 million in the corresponding period last year.

Securities business

During the first half of 2017, the securities business recorded an operating loss of HK\$1 million against revenue of HK\$1 million, as compared with an operating profit of HK\$255 million against revenue of HK\$273 million in the corresponding period of last year. The change was due to the absence of significant gain from securities in the current period, whereas the results of the comparable period was due to the disposal of all our holdings of the securities in CCT Land.

Classic car trading and logistic business and Investment in classic cars

The classic car trading and investment segments performed well in the first half of 2017, contributing total operating profit of HK\$16 million (2016: less than HK\$1 million). These segmental results included the classic car trading and logistic business which generated revenue of HK\$53 million for the six months ended 30 June 2017 (2016: HK\$40 million) and recorded an operating profit of HK\$1 million (2016: HK\$1 million). The increase in revenue was due to increased sales of classic cars and the car logistic business. Furthermore, the classics car investment business recorded significant profit of HK\$15 million in the first half of 2017 (2016: loss of HK\$1 million), which was mainly represented by the appreciation in the fair values on our collection of classic cars held for investment.

Film operations

No revenue was generated from the film operations in the first half of 2016 and 2017 as the film projects which we have invested have not yet been released. The film operations incurred a loss of HK\$1 million during the period under review, represented by administrative expenses.



Audio and lighting operations

During the first half of 2017, the revenue of the audio and lighting operations was HK\$72 million, doubled the revenue of HK\$36 million for the corresponding period of last year. This segment's operating profit was HK\$2 million as compared with HK\$4 million in the corresponding period in 2016. As a result of low revenue, our operations in Macau recorded an operating loss for the six months ended 30 June 2017, which resulted in the decrease of the segment profit in the current period as compared with the last corresponding period. The management strives to increase revenue for the year of 2017.

Stage engineering operations

The stage engineering operations were acquired in the second half of last year. During the first half of 2017, it contributed revenue of HK\$21 million and generated an operating profit of HK\$4 million, which is in line with management's expectation.

Industrial Group

During the first half of 2017, the revenue of the Industrial Group was HK\$117 million, increased by HK\$77 million as compared with HK\$40 million for the corresponding period last year. The increase was mainly as a result of the Child Products Trading Business which was acquired in the second half of last year. The Child Products Trading Business was in break-even position during the period. As a result of stringent cost control measures, the operating loss of the Industrial Group was significantly reduced to HK\$1 million during the period under review (six months ended 30 June 2016: HK\$10 million).

Other operations

Other operations include the car services center, the mobile game business, the magazine publishing business, e-commerce, investment in antique watches and clocks and other new ventures which are in the development and start-up stage. The other operations recorded revenue of HK\$28 million and incurred an operating loss of HK\$21 million, caused mainly by start-up and development costs and operating expenses of the other operations.



ANALYSIS BY GEOGRAPHICAL SEGMENT

| HK\$ million | 2017 | | 2016 | | % increase/ (decrease) |
|--|-----------------------|---------------|-----------------------|---------------|---------------------------|
| | Amount (Unaudited) | Relative % | Amount (Unaudited) | Relative % | |
| Hong Kong, Macau and Mainland China | 173 | 58.2% | 411 | 98.8% | (57.9%) |
| Europe | 65 | 21.9% | 4 | 1.0% | 1,525% |
| USA and others | 59 | 19.9% | 1 | 0.2% | 5,800% |
| Total | 297 | 100.0% | 416 | 100.0% | (28.6%) |

Most of the Group's revenue was generated in the Hong Kong, Macau and Mainland China. The revenue from these regions decreased because of little revenue from the securities business during the period. The revenue from Europe represented mainly sale of classic cars to the regions. The revenue from USA and others represented mainly sales of Child Products to the regions.

CAPITAL STRUCTURE AND GEARING RATIO

| HK\$ million | 30 June 2017 | | 31 December 2016 | |
|-------------------------------|-----------------------|---------------|---------------------|---------------|
| | Amount (Unaudited) | Relative % | Amount (Audited) | Relative % |
| Bank and other borrowings | 1,254 | 27.8% | 1,227 | 27.6% |
| Finance lease payable | 8 | 0.2% | 10 | 0.3% |
| Total borrowings | 1,262 | 28.0% | 1,237 | 27.9% |
| Equity | 3,245 | 72.0% | 3,202 | 72.1% |
| Total capital employed | 4,507 | 100.0% | 4,439 | 100.0% |

The Group's gearing ratio remained low and was 28.0% as at 30 June 2017, broadly the same as the last balance sheet date, reflecting the continuing strong financial position of the Group.

Total outstanding bank and other borrowings amounted to HK\$1,262 million at 30 June 2017 (31 December 2016: HK\$1,237 million). The Group's bank and other borrowings mainly represented term loans, which are secured by the Group's properties.

As at 30 June 2017, the maturity profile of the bank and other borrowings of the Group falling due within one year, in the second to the fifth year and beyond five years amounted to HK\$312 million, HK\$444 million and HK\$506 million, respectively (31 December 2016: HK\$383 million, HK\$519 million and HK\$335 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.



LIQUIDITY AND FINANCIAL RESOURCES

| HK\$ million | 30 June 2017 (Unaudited) | 31 December 2016 (Audited) |
|---------------------|---|----------------------------------|
| Current assets | 2,676 | 2,629 |
| Current liabilities | 539 | 591 |
| Net current assets | 2,137 | 2,038 |
| Current ratio | 496.5% | 444.8% |

The Group's current ratio was 496.5% as at 30 June 2017 (31 December 2016: 444.8%), reflecting a strong liquidity in its financial position. The position of working capital representing by net current assets was HK\$2,137 million, increased by HK\$99 million period-on-period.

As at 30 June 2017, the Group's cash balance was HK\$211 million (31 December 2016: HK\$212 million). Almost all of the Group's cash was placed on deposits with licensed banks in Hong Kong. In view of the Group's current cash position and the banking facilities available, the Group continued to maintain a sound financial position and has sufficient resources to finance its operations and its future expansion plan.

CAPITAL COMMITMENTS

As at 30 June 2017, capital commitment of the Group amounted to HK\$88 million (31 December 2016: HK\$97 million). The capital commitment will be funded partly by internal resources and partly by bank borrowings.

TREASURY MANAGEMENT

The Group employs a prudent approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

During the six months ended 30 June 2017, the Group's receipts were mainly denominated in Hong Kong dollar, US dollar, euro and Pound Sterlings. Payments were mainly made in Hong Kong dollar, US dollar, euro, Pound Sterlings and RMB. Cash was generally placed in short-term deposits denominated mainly in Hong Kong dollar. In the current period, the Group's borrowings were mainly denominated in Hong Kong dollar, and interest on the borrowing was principally determined on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group does not have any significant interest rate risk at present as the interest rates currently remain at low level.

The wages and overhead of our plastic component operations are paid in RMB. However, as the exchange rate for RMB has stabilised, our exposure to RMB exchange risk is not considered significant.



As for euro and Pound Sterlings, the exchange rates of these currencies have stabilised in the first six months of 2017. As such, our exposure to the exchange risk of the European currencies is therefore minimal.

We will continue to monitor the currency exposure but we have no intention to enter into any high-risk exchange derivatives.

ACQUISITION AND DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES

Save as disclosed elsewhere in this interim report, the Group did not acquire or dispose of any material subsidiaries and associates during the period under review.

SIGNIFICANT INVESTMENT

Save for additional investment in classic cars, the disposal of the 32/F Property and the investments as disclosed in the other section of this interim report, the Group did not hold any other significant investment as at 30 June 2017 (31 December 2016: nil).

PLEDGE OF ASSETS

As at 30 June 2017, certain assets of the Group with a net book value of HK\$2,252 million (31 December 2016: HK\$2,266 million) was pledged to secure the Group's bank loan. Save as disclosed in the above, the Group did not have any charges on the Group's assets.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had contingent liabilities in terms of corporate guarantees of aggregate amount of approximately HK\$146 million given by the Company to guarantee the banking facilities of certain members of the CCT Land Group (31 December 2016: HK\$134 million).

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 30 June 2017 was 604 (31 December 2016: 606). The Group's remuneration policy is built on principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and participants of the Group's approved share option scheme. At 30 June 2017, there were no outstanding share options issued by the Company.



interim results

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2017 together with the comparative figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

| HK\$ million | Note | Six months ended 30 June | |
|---|------|--------------------------|---------------------|
| | | 2017 (Unaudited) | 2016 (Unaudited) |
| REVENUE | 3 | 297 | 416 |
| Cost of sales | | (258) | (114) |
| Gross profit | | 39 | 302 |
| Other income and gains | | 167 | 54 |
| Selling and distribution expenses | | (2) | (1) |
| Administrative expenses | | (86) | (110) |
| Other expenses | | – | (90) |
| Finance costs | | (27) | (16) |
| PROFIT BEFORE TAX | 4 | 91 | 139 |
| Tax credit | 5 | 14 | – |
| PROFIT FOR THE PERIOD | | 105 | 139 |
| Attributable to: | | | |
| Owners of the parent | | 103 | 137 |
| Non-controlling interests | | 2 | 2 |
| | | 105 | 139 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | 7 | | |
| – Basic | | HK\$0.117 | HK\$0.165 |
| – Diluted | | HK\$0.115 | HK\$0.165 |



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2017

| HK\$ million | Six months ended 30 June | |
|--|--------------------------|---------------------|
| | 2017 (Unaudited) | 2016 (Unaudited) |
| PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 105 | 139 |
| Attributable to: | | |
| Owners of the parent | 103 | 137 |
| Non-controlling interests | 2 | 2 |
| | 105 | 139 |



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

| HK\$ million | Notes | 30 June 2017 (Unaudited) | 31 December 2016 (Audited) |
|--|-------|---|----------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 840 | 837 |
| Investment properties | | 1,152 | 1,179 |
| Prepayments for acquisition of property, plant and equipment | | – | 9 |
| Goodwill | | 103 | 103 |
| Other intangible assets | | 10 | – |
| Interest in an associate | | 13 | 13 |
| Classic cars held for investment | | 109 | 92 |
| Antique watches and clocks held for investment | | 21 | – |
| Available-for-sale investments | | 105 | 96 |
| Deposits and other receivables | | 17 | 11 |
| Total non-current assets | | 2,370 | 2,340 |
| CURRENT ASSETS | | | |
| Inventories | | 12 | 10 |
| Stock of properties held for sale | | 337 | 337 |
| Stock of classic cars held for sale | | 176 | 113 |
| Non-current assets held for sale | | – | 26 |
| Trade receivables | 9 | 1,808 | 1,812 |
| Investment in films | | 11 | 11 |
| Prepayments, deposits and other receivables | | 121 | 90 |
| Financial assets at fair value through profit or loss | 10 | – | 18 |
| Cash and cash equivalents | | 211 | 212 |
| Total current assets | | 2,676 | 2,629 |
| TOTAL ASSETS | | 5,046 | 4,969 |



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2017

| HK\$ million | Notes | 30 June 2017 (Unaudited) | 31 December 2016 (Audited) |
|--|-------|---|----------------------------------|
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the parent | | | |
| Issued capital | 13 | 88 | 88 |
| Reserves | | 3,134 | 3,093 |
| | | 3,222 | 3,181 |
| Non-controlling interest | | 23 | 21 |
| Total equity | | 3,245 | 3,202 |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing bank and other borrowings | | 950 | 854 |
| Convertible bonds | 12 | 281 | 280 |
| Deferred tax liabilities | | 31 | 42 |
| Total non-current liabilities | | 1,262 | 1,176 |
| Current liabilities | | | |
| Trade and bills payables | 11 | 46 | 29 |
| Tax payable | | 74 | 79 |
| Other payables and accruals | | 107 | 100 |
| Interest-bearing bank and other borrowings | | 312 | 383 |
| Total current liabilities | | 539 | 591 |
| Total liabilities | | 1,801 | 1,767 |
| Total equity and liabilities | | 5,046 | 4,969 |
| Net current assets | | 2,137 | 2,038 |
| Total assets less current liabilities | | 4,507 | 4,378 |



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2017*

| HK\$ million | Issued capital (Unaudited) | Share premium account (Unaudited) | Capital reserve (Unaudited) | Distributable reserve (Unaudited) | Investment revaluation reserve (Unaudited) | Asset revaluation reserve (Unaudited) | Equity component of convertible bonds (Unaudited) | Capital redemption reserve (Unaudited) | Exchange fluctuation reserve (Unaudited) | Retained profits (Unaudited) | Proposed final dividend (Unaudited) | Total (Unaudited) | Non-controlling interests (Unaudited) | Total equity (Unaudited) |
|---|-------------------------------|--------------------------------------|--------------------------------|--------------------------------------|---|--|--|---|---|---------------------------------|--|----------------------|--|-----------------------------|
| | | | | | | | | | | | | | | |
| At 1 January 2017 | 88 | 226 | 741 | 933 | 2 | 36 | 22 | 24 | 29 | 1,049 | 31 | 3,161 | 21 | 3,202 |
| Total comprehensive income for the period | - | - | - | - | - | - | - | - | - | 103 | - | 103 | 2 | 105 |
| 2016 final dividend paid | - | - | - | - | - | - | - | - | - | - | (31) | (31) | - | (31) |
| Proposed 2017 interim dividend | - | - | - | (31) | - | - | - | - | - | - | - | (31) | - | (31) |
| At 30 June 2017 | 88 | 226 | 741 | 902 | 2 | 36 | 22 | 24 | 29 | 1,152 | - | 3,222 | 23 | 3,245 |
| At 1 January 2016 | 83 | 181 | 741 | 995 | 2 | 36 | - | 24 | 29 | 746 | 29 | 2,966 | - | 2,966 |
| Total comprehensive loss for the period | - | - | - | - | - | - | - | - | - | 137 | - | 137 | 2 | 139 |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | 10 | 10 |
| Issuance of convertible bonds | - | - | - | - | - | - | 22 | - | - | - | - | 22 | - | 22 |
| 2015 final dividend paid | - | - | - | - | - | - | - | - | - | - | (29) | (29) | - | (29) |
| Proposed 2016 interim dividend | - | - | - | (29) | - | - | - | - | - | - | - | (29) | - | (29) |
| At 30 June 2016 | 83 | 181 | 741 | 966 | 2 | 36 | 22 | 24 | 29 | 883 | - | 2,967 | 12 | 2,979 |



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2017

| HK\$ million | Six months ended 30 June | |
|--|-----------------------------------|---------------------|
| | 2017 (Unaudited) | 2016 (Unaudited) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 91 | 139 |
| Adjustments for: | | |
| Finance costs | 27 | 16 |
| Interest income | – | (1) |
| Depreciation | 18 | 10 |
| Gain on disposal of items of investment properties | (32) | – |
| Fair value (gain)/loss on investment properties | (83) | 24 |
| Fair value gain on classic cars | (16) | |
| Loss on disposal of held-to-maturity debt securities | – | 2 |
| Write down of properties held for sale to net realisable value | – | 32 |
| Fair value gain on the derivative component of the convertible bonds | (1) | (1) |
| Gain from disposals and the change in fair value of trading securities, net | – | (273) |
| | 4 | (52) |
| (Increase)/decrease in inventories | (2) | 3 |
| Increase in stock of classic cars | (63) | – |
| Decrease/(increase) in trade receivables | 4 | (14) |
| (Increase)/decrease in prepayments, deposits and other receivables | (37) | 79 |
| (Decrease)/increase in trade and bills payables, other payables and accruals | (9) | 8 |
| Decrease in financial assets at fair value through profit or loss | 18 | 15 |
| Cash (used in)/generated from operations | (85) | 39 |
| Tax paid | (2) | – |
| Interest received | – | 1 |
| Interest paid | (27) | (15) |
| Net cash flows (used in)/from operating activities | (114) | 25 |



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

| HK\$ million | Six months ended 30 June | |
|--|--------------------------|---------------------|
| | 2017 (Unaudited) | 2016 (Unaudited) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of items of property, plant and equipment | (21) | (126) |
| Proceeds of sale of classic cars | 26 | – |
| Purchases of classic cars held for investment | – | (31) |
| Purchase of antique watches clocks | (21) | – |
| Addition of intangible assets | (10) | – |
| Acquisition of subsidiaries | – | (86) |
| Proceeds from disposal of held-to-maturity debt securities | – | 46 |
| Proceeds of sale of investment properties | 145 | – |
| Increase in available-for-sale investment | (9) | (24) |
| Decrease in prepayment for acquisition of property, plant and equipment | 9 | – |
| Decrease in deposits and other receivable | – | 13 |
| Net cash flows from/(used in) investing activities | 119 | (208) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| New bank loans | 189 | 88 |
| New trust receipt loans, net | – | 4 |
| Repayment of bank loans and trust receipts loans | (164) | (117) |
| Issuance of convertible bonds | – | 100 |
| Dividends paid | (31) | (29) |
| Net cash flows (used in)/generated from financing activities | (6) | 46 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (1) | (137) |
| Cash and cash equivalents at beginning of the period | 212 | 355 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 211 | 218 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 211 | 218 |



NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and with Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2016 (the “**2016 Annual Report**”).

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s 2016 Annual Report.

The following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) have been adopted by the Company with effect from 1 January 2017. The adoption of the revised HKFRSs does not have any significant financial effect on the interim financial statements.

Amendments to HKAS 7

Disclosure Initiative

Amendments to HKAS 12

Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to HKFRS 12

Disclosure of Interests in Other Entities

*Included in Annual Improvements
2014–2016 Cycle*

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and there are ten reportable operating segments during period, which are outlined as follows:

- (a) the Hong Kong property development and trading segment which is engaged in development and trading of properties in Hong Kong;
- (b) the property investment and holding segment which is the investment and holding of properties;
- (c) the securities business segment which is the trading in securities and holding of securities and treasury products;



3. OPERATING SEGMENT INFORMATION *(continued)*

- (d) classic cars trading and logistic segment which is the trading and sale of classic cars and car logistic business;
- (e) investment in classic cars segment which is acquisition of classic cars for long-term investment purpose;
- (f) the film operations segment which is engaged in production, investment and distribution of films worldwide;
- (g) the audio and lighting operations which is engaged in the hiring and leasing of audio and lighting equipment and provision of services for pop concert and other events;
- (h) the stage engineering operations which is engaged in the provision of stage mechanical engineering services and advisory solutions for live pop concerts and other events;
- (i) the Industrial Group segment which is the trading of child products, manufacture and sale of plastic components; and
- (j) other operations segment which include the automotive service centre, the development of mobile games, magazine publication, e-commerce and investment in antique watches and clocks and other new ventures which are in the development and start-up stage.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that finance costs, head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets and corporate and other unallocated assets as these assets are managed on a group basis.



3. OPERATING SEGMENT INFORMATION *(continued)*

Segment liabilities exclude deferred tax liabilities, tax payable and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

For the period ended 30 June 2017

| HK\$ million (Unaudited) | Property development and trading in Hong Kong | Property investment and holding | Securities business | Classic cars trading and logistic | Investment in classic cars | Film operations | Audio and lighting operations | Stage engineering operations | Industrial Group | Other operations | Reconciliations | Total |
|--|---|---------------------------------|---------------------|-----------------------------------|----------------------------|-----------------|-------------------------------|------------------------------|------------------|------------------|-----------------|------------|
| | Segment revenue: | | | | | | | | | | | |
| Sales from external customers | - | 5 | 1 | 53 | - | - | 72 | 21 | 117 | 28 | - | 297 |
| Other revenue | 2 | - | - | - | 16 | - | - | - | - | 2 | 20 | 40 |
| Intersegment revenue | - | 1 | - | - | - | - | - | 5 | - | 1 | (7) | - |
| | 2 | 6 | 1 | 53 | 16 | - | 72 | 26 | 117 | 31 | 13 | 337 |
| Operating (loss)/profit | (5) | 112 | (1) | 1 | 15 | (1) | 2 | 4 | (1) | (18) | - | 108 |
| Finance costs | | | | | | | | | | | | (27) |
| Reconciled items: | | | | | | | | | | | | |
| Corporate and other unallocated expenses | | | | | | | | | | | | (10) |
| Written back of provision | | | | | | | | | | | | 20 |
| Profit before tax | | | | | | | | | | | | 91 |
| Tax credit | | | | | | | | | | | | 14 |
| Profit for the period | | | | | | | | | | | | 105 |

3. OPERATING SEGMENT INFORMATION *(continued)*

For the period ended 30 June 2017 *(continued)*

| HK\$ million (Unaudited) | Property | Property | Securities | Classic | Investment | Film | Audio | Stage | Industrial | Other | Reconci- | Total |
|--|-------------|------------|------------|-------------|------------|------------|------------|-------------|------------|------------|----------|-------|
| | development | investment | and | cars | in classic | operations | and | engineering | Group | operations | liations | |
| | trading in | and | business | trading and | cars | operations | lighting | operations | | | | |
| | Hong Kong | holding | | logistic | | | operations | | | | | |
| Other segment information: | | | | | | | | | | | | |
| Expenditure for non-current assets | - | - | - | 2 | - | 1 | 1 | - | 1 | 16 | - | 21 |
| Depreciation | - | (5) | (1) | (1) | - | - | (5) | - | - | (6) | - | (18) |
| Other material non-cash items: | | | | | | | | | | | | |
| Fair value gains on investment properties | - | 83 | - | - | - | - | - | - | - | - | - | 83 |
| Fair value gains on classic cars | - | - | - | - | 16 | - | - | - | - | - | - | 16 |
| Gain on disposal of items of investment properties | - | 32 | - | - | - | - | - | - | - | - | - | 32 |
| As at 30 June 2017 (Unaudited) | | | | | | | | | | | | |
| Segment assets | 342 | 1,179 | 1,733 | 268 | 124 | 53 | 170 | 45 | 99 | 450 | - | 4,463 |
| Reconciled items: | | | | | | | | | | | | |
| Corporate and other unallocated assets | - | - | - | - | - | - | - | - | - | - | 583 | 583 |
| Total assets | 342 | 1,179 | 1,733 | 268 | 124 | 53 | 170 | 45 | 99 | 450 | 583 | 5,046 |
| Segment liabilities | 158 | 659 | 515 | 5 | - | - | 55 | 14 | 52 | 123 | - | 1,581 |
| Reconciled items: | | | | | | | | | | | | |
| Corporate and other unallocated liabilities | - | - | - | - | - | - | - | - | - | - | 220 | 220 |
| Total liabilities | 158 | 659 | 515 | 5 | - | - | 55 | 14 | 52 | 123 | 220 | 1,801 |



3. OPERATING SEGMENT INFORMATION *(continued)*

For the period ended 30 June 2016

| HK\$ million (Unaudited) | Property development and trading in Hong Kong | Property investment and holding | Securities business | Classic cars trading and logistic | Investment in classic cars | Film operations | Audio and lighting operations | Stage engineering operations | Industrial Group | Other operations | Reconciliations | Total |
|--|---|---------------------------------|---------------------|-----------------------------------|----------------------------|-----------------|-------------------------------|------------------------------|------------------|------------------|-----------------|-------|
| Segment revenue: | | | | | | | | | | | | |
| From external customers | - | 7 | 273 | 40 | - | - | 36 | - | 40 | 20 | - | 416 |
| Other revenue | 3 | - | - | - | - | - | 1 | - | 1 | 1 | 1 | 7 |
| Intersegment revenue | - | 2 | - | - | - | - | - | - | - | - | (2) | - |
| | 3 | 9 | 273 | 40 | - | - | 37 | - | 41 | 21 | (1) | 423 |
| Operating (loss)/profit | (40) | (21) | 255 | 1 | (1) | - | 4 | - | (10) | (26) | - | 162 |
| Finance costs | | | | | | | | | | | | (16) |
| Reconciled items: | | | | | | | | | | | | |
| Corporate and other unallocated expenses | | | | | | | | | | | | (53) |
| Gain on settlement of disposal of promissory notes receivables | | | | | | | | | | | | 46 |
| Profit before tax | | | | | | | | | | | | 139 |
| Income tax expense | | | | | | | | | | | | - |
| Profit for the period | | | | | | | | | | | | 139 |



3. OPERATING SEGMENT INFORMATION *(continued)*

For the period ended 30 June 2016 *(continued)*

| HK\$ million (Unaudited) | Property development and trading in Hong Kong | Property investment and holding | Securities business | Classic cars trading and logistic | Investment in classic cars | Film operations | Audio and lighting operations | Stage engineering operations | Industrial Group | Other operations | Reconciliations | Total |
|--|---|---------------------------------|---------------------|-----------------------------------|----------------------------|-----------------|-------------------------------|------------------------------|------------------|------------------|-----------------|-------|
| Other segment information: | | | | | | | | | | | | |
| Interest income | - | - | - | - | - | - | - | - | 1 | - | - | 1 |
| Expenditure for non-current assets | - | 436 | - | 1 | 31 | - | 31 | - | 1 | 121 | - | 621 |
| Depreciation | - | (2) | - | (1) | - | - | (2) | - | - | (9) | - | (10) |
| Other material non-cash items: | | | | | | | | | | | | |
| Fair value gains on investment properties | - | 1 | - | - | - | - | - | - | - | - | - | 1 |
| Gains from the change in fair value of trading securities, net | - | - | 273 | - | - | - | - | - | - | - | - | 273 |
| Loss on disposal of held-to-maturity debt securities | - | - | (2) | - | - | - | - | - | - | - | - | (2) |
| Fair value loss on investment properties | - | (24) | - | - | - | - | - | - | - | (1) | - | (25) |
| Impairment of stock of properties held for trading | (32) | - | - | - | - | - | - | - | - | - | - | (32) |
| As at 31 December 2016 (Audited) | | | | | | | | | | | | |
| Segment assets | 341 | 1,619 | 1,763 | 162 | 129 | 25 | 155 | 45 | 82 | 413 | - | 4,734 |
| Reconciled items: | | | | | | | | | | | | |
| Corporate and other unallocated assets | - | - | - | - | - | - | - | - | - | - | 235 | 235 |
| Total assets | 341 | 1,619 | 1,763 | 162 | 129 | 25 | 155 | 45 | 82 | 413 | 235 | 4,969 |
| Segment liabilities | 166 | 789 | 345 | 21 | 1 | 6 | 69 | 23 | 44 | 127 | - | 1,591 |
| Reconciled items: | | | | | | | | | | | | |
| Corporate and other unallocated liabilities | - | - | - | - | - | - | - | - | - | - | 176 | 176 |
| Total liabilities | 166 | 789 | 345 | 21 | 1 | 6 | 69 | 23 | 44 | 127 | 176 | 1,767 |



3. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) *Revenue from external customers*

| HK\$ million | Six months ended 30 June | |
|-------------------------------------|--------------------------|---------------------|
| | 2017 (Unaudited) | 2016 (Unaudited) |
| Hong Kong, Macau and Mainland China | 173 | 411 |
| Europe | 65 | 4 |
| USA and others | 59 | 1 |
| | 297 | 416 |

The revenue information above is based on the final locations where the Group's products were sold to customers.

(b) *Non-current assets*

| HK\$ million | 30 June | 31 December |
|-------------------------------------|---------------------|-------------------|
| | 2017 (Unaudited) | 2016 (Audited) |
| Hong Kong, Macau and Mainland China | 2,248 | 2,233 |

The non-current assets information is based on the location of the assets and excludes financial instruments and deferred tax assets.



3. OPERATING SEGMENT INFORMATION *(continued)*

Information about major customers

For the six months ended 30 June 2017, revenue of approximately HK\$50 million and HK\$36 million was derived from sales of the Industrial Group to a single customer and sales of the classic cars trading and logistic business segment to a single customer, respectively, representing 17 % and 12 %, respectively, of the Group's total revenue.

For the six months ended 30 June 2016, revenue of approximately HK\$31 million and HK\$20 million was derived from sales of the component segment to a single customer and sales of the classic cars trading and logistic business segment to a single customer, respectively, representing 22% and 14%, respectively, of the Group's total revenue excluding the Group's gains from the change in fair value of securities investment at fair value through profit or loss.

The Group's gains from disposals and change in fair value of securities investment at fair value through profit or loss are excluded from total revenue for the purpose of identifying major customers of the Group who accounted for over 10% of the Group's revenue.

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

| HK\$ million | Six months ended 30 June | |
|--|--------------------------|---------------------|
| | 2017 (Unaudited) | 2016 (Unaudited) |
| Cost of inventories sold | 115 | 45 |
| Cost of classic cars sold | 37 | 31 |
| Cost of provision and leasing of lighting and audio equipment and services | 63 | 24 |
| Cost of stage engineering | 14 | – |
| Cost of automotive service provided | 10 | 3 |
| Cost of sales — other operations | 19 | 11 |
| Depreciation | 15 | 10 |



5. TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2017. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

| HK\$ million | Six months ended 30 June | |
|-----------------------------------|--------------------------|---------------------|
| | 2017 (Unaudited) | 2016 (Unaudited) |
| Current — Hong Kong | | |
| Charge for the year | (1) | — |
| Over provision for the prior year | 4 | — |
| Deferred | 11 | — |
| Total tax credit for the period | 14 | — |

No Hong Kong profits tax has been provided for the six months ended 30 June 2016 as the Group had no profits chargeable to Hong Kong profits tax during the period. During the period of six months ended 30 June 2017 and the corresponding period in 2016, the Group had no profit subject to foreign tax outside of Hong Kong and no provision had been made for overseas tax.

6. DIVIDENDS

The board of directors has declared an interim dividend for 2017 of HK\$0.035 per share (interim 2016: HK\$0.035 per share) to be payable from the Company's distributable reserves. The interim dividend will be payable on Friday, 29 September 2017 to the shareholders whose names appear on the register of members of the Company on Friday, 15 September 2017. The register of members of the Company will be closed from Wednesday, 13 September 2017 to Friday, 15 September 2017 (both days inclusive).



7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic and diluted earnings per share are based on:

| HK\$ million | Six months ended 30 June | |
|---|--------------------------|---------------------|
| | 2017 (Unaudited) | 2016 (Unaudited) |
| Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation | 103 | 137 |
| Interest on convertible bonds | 8 | – |
| Fair value gain on the derivative component of the convertible bonds | (1) | – |
| Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation | 110 | 137 |

| | Number of shares | |
|---|--------------------------------|--------------------------------|
| | 30 June 2017 (Unaudited) | 30 June 2016 (Unaudited) |
| Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation | 877,849,452 | 832,394,907 |
| Effect of dilution — weighted average number of ordinary shares of convertible bonds | 76,991,532 | – |
| Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation | 954,840,984 | 832,394,907 |

The calculation of diluted earnings per share amount for the six months ended 30 June 2017 is based on the profit for the period attributable to equity holders of the parent and the weighted average of number of ordinary shares, adjusted to reflect the effect of deemed conversion of convertible bond at the beginning of the period.

No adjustment has been made to the basic earnings per share presented for the period ended 30 June 2016 as the impact of the outstanding convertible bonds issued by the Company had an anti-dilutive effect on the basic earnings per share amounts presented for that period.



8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property, plant and equipment of approximately HK\$21 million (six months ended 30 June 2016: HK\$154 million).

9. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

| HK\$ million | 30 June 2017 (Unaudited) | | 31 December 2016 (Audited) | |
|--------------------|-----------------------------|------------|-------------------------------|------------|
| | Balance | Percentage | Balance | Percentage |
| Current to 30 days | 31 | 2 | 1,117 | 62 |
| 31 to 60 days | 22 | 1 | 23 | 1 |
| 61 to 90 days | 18 | 1 | 14 | 1 |
| Over 90 days | 1,737 | 96 | 658 | 36 |
| | 1,808 | 100 | 1,812 | 100 |

The Group allows an average credit period of 60 to 90 days to its trade customers. As at 30 June 2017, the Group's trade receivables included an amount of HK\$18 million (31 December 2016: HK\$25 million) due from the CCT Land Group, which are repayable on credit terms similar to those offered by the Group to other third party customers of the Group.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| HK\$ million | 30 June 2017 (Unaudited) | 31 December 2016 (Audited) |
|--------------------------------|--------------------------------|----------------------------------|
| Fund investment, at fair value | – | 18 |



11. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

| HK\$ million | 30 June 2017 (Unaudited) | | 31 December 2016 (Audited) | |
|--------------------|-----------------------------|------------|-------------------------------|------------|
| | Balance | Percentage | Balance | Percentage |
| Current to 30 days | 19 | 41 | 22 | 76 |
| 31 to 60 days | 20 | 43 | 3 | 10 |
| 61 to 90 days | 3 | 7 | 1 | 4 |
| Over 90 days | 4 | 9 | 3 | 10 |
| | 46 | 100 | 29 | 100 |

12. CONVERTIBLE BONDS

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds from issue of the securities is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds from issue of the securities to the liability and equity components when the instruments are first recognised.

If the contractual substance of convertible bonds is a single obligation to deliver a variable number of equity instrument, the entire obligation meets the definition of financial liability and the convertible bonds are classified as financial liabilities at fair value through profit or loss. Subsequent to initial recognition, the convertible bonds are stated at fair value, and the gains and losses arising from the change in fair values are included in the statement of profit or loss.



12. CONVERTIBLE BONDS *(continued)*

(1) 2024 Convertible Bonds

On 30 March 2016, pursuant to the Sale and Purchase Agreement, the Company issued the 2024 Convertible Bonds with an aggregate principal amount of HK\$250,200,000 of which principal amount of HK\$180,000,000 and HK\$70,200,000 was issued to Capital Force and New Capital, respectively. The maturity date of the 2024 Convertible Bonds will fall on the eighth anniversary of the date of issue of the 2024 Convertible Bonds, which will fall due on 30 March 2024. The bonds are convertible at the option of the bondholders into ordinary shares at initial conversion price of HK\$0.90 per conversion share (subject to adjustments pursuant to the terms and conditions of the convertible bonds) and the bonds shall be redeemable at the option of the Company at any time on or before 30 March 2024. The 2024 Convertible Bonds are unsecured, carry interest at 5% per annum on the outstanding principal amount. Interest is payable monthly after the date of issue of the convertible bonds.

The 2024 Convertible Bonds were split into liability and equity components upon initial recognition by recognising the liability component at fair value and attributing to the equity component the residual amount. The fair value of the liability component of these convertible bonds were estimated at the issuance date using cash flows discounted at a rate based on effective interest rate of 6.57%. The residual amount is assigned as the equity component and is included in shareholders' equity. The fair value of the 2024 Convertible Bonds was determined as of the date of issue by reference to the valuations performed by an independent firm of professionally qualified valuers, Greater China Appraisal Limited.

The conversion price of the 2024 Convertible Bonds has been adjusted to HK\$0.87 per conversion share with effect from 1 June 2016, pursuant to the terms and conditions of the convertible bonds, as a result of the approval by the Shareholders of the final dividend of HK\$0.035 per Share for the year ended 31 December 2015.

The conversion price of the 2024 Convertible Bonds has been adjusted to HK\$0.84 per conversion share with effect from 15 September 2016, pursuant to the terms and conditions of the convertible bonds, as a result of the approval by the Board of the interim dividend of HK\$0.035 per Share for the financial year of 2016.

The conversion price of the 2024 Convertible Bonds has been adjusted to HK\$0.81 per conversion share with effect from 5 June 2017, pursuant to the terms and conditions of the convertible bonds, as a result of the approval by the Shareholders of the final dividend of HK\$0.035 per Share for the year ended 31 December 2016.

During the six months period ended 30 June 2017 there was no movement of the 2024 Convertible Bonds.



12. CONVERTIBLE BONDS *(continued)*

(1) 2024 Convertible Bonds *(continued)*

The following table set out the shareholding structure of the Company: (i) as at 30 June 2017, and (ii) for illustrative purpose only, the structure immediately after the issue of the 308,888,888 Shares upon full conversion of the all the outstanding 2024 Convertible Bonds as at 30 June 2017 at the conversion price of HK\$0.81 per conversion share, assuming that there is no other changes to the share capital of the Company from 30 June 2017 to date of the allotment and issue of the conversion shares:

| Shareholders | As at 30 June 2017 | | Immediately after conversion of the all the outstanding 2024 Convertible Bonds and issue of the conversion shares | |
|---|--------------------|---------------|---|---------------|
| | No. of Shares | % | No. of Shares | % |
| Capital Force | 96,868,792 | 11.04 | 319,091,014 | 26.89 |
| New Capital | 171,357,615 | 19.52 | 258,024,281 | 21.74 |
| Capital Winner | 177,798,672 | 20.25 | 177,798,672 | 14.98 |
| Mr. Mak | 11,789,652 | 1.34 | 11,789,652 | 0.99 |
| Sub-total for Mr. Mak and his close associates | 457,814,731 | 52.15 | 766,703,619 | 64.60 |
| Other Director | | | | |
| Tam Ngai Hung, Terry | 1,148,000 | 0.13 | 1,148,000 | 0.10 |
| Holder of the 2018 Convertible Bonds and its close associate | | | | |
| | 85,454,545 | 9.73 | 85,454,545 | 7.20 |
| Total non-public Shareholders | 544,417,276 | 62.01 | 853,306,164 | 71.90 |
| Public Shareholders | 333,432,176 | 37.99 | 333,432,176 | 28.10 |
| Total | 877,849,452 | 100.00 | 1,186,738,340 | 100.00 |

The outstanding 2024 Convertible Bonds has an dilutive effect on the earnings per share of the Group for the six months ended 30 June 2017 (2016: anti-dilutive effect).



12. CONVERTIBLE BONDS *(continued)*

(1) 2024 Convertible Bonds *(continued)*

As bondholder(s) has no right to demand prepayment of the 2024 Convertible Bonds before the maturity date and the bonds have a long maturity and as such, the outstanding 2024 Convertible Bonds is unlikely to have any negative impact on the financial and liquidity position of the Group before the maturity date. Furthermore, there is likelihood that part or whole of the 2024 Convertible Bonds may be converted into Shares before maturity, the possible financial burden arises from the potential repayment of the 2024 Convertible Bonds is not likely to be significant for the time being.

The analysis of the Company's share price at which it would be equally financially advantages for the bondholder(s) to convert or redeem the 2024 Convertible Bonds based on their implied rate of return at a range of dates in the future:

| Suggested conversion date | Company's Share price | Implied rate of return of bondholder (%) |
|---------------------------|--------------------------|---|
| 31 December 2017 | HK\$0.81 | 5.11% |
| 30 June 2018 | HK\$0.81 | 5.12% |

(2) 2018 Convertible Bonds

On 3 June 2016, pursuant to the Subscription Agreement, the Company issued the 2018 Convertible Bonds with an aggregate principal amount of HK\$100 million for cash. The maturity date of the 2018 Convertible Bonds will fall on the second anniversary of the date of issue of the convertible bonds, which will fall due on 3 June 2018. The bonds are convertible at the option of the bondholders into ordinary shares at the initial conversion price of HK\$1.10 per conversion share (subject to adjustment pursuant to the terms and conditions of the convertible bonds) during the period from the issue date to the date immediately prior to the first anniversary of the issue date, and HK\$1.20 per conversion share (subject to adjustment pursuant to the terms and conditions of the convertible bonds) during the period from the date falling on the first anniversary of the issue date to the date falling on the third business days prior to the maturity date of the 2018 Convertible Bonds. The 2018 Convertible Bonds are unsecured, carry interest at 1.5% per annum on the outstanding principal amount. Interest is payable semi-annually after the date of issue of the convertible bonds.

The fair value of the 2018 Convertible Bonds were estimated at the issuance date using cash flows discounted at a rate based on effective interest rate of 2.23%. The total fair value of the 2018 Convertible Bonds was classified as liability for accounting purpose. The fair value of the 2018 Convertible Bonds were determined as of the date of issue and at the end of the reporting period by reference to the valuations performed by an independent firm of professionally qualified valuers, Greater China Appraisal Limited.



12. CONVERTIBLE BONDS *(continued)*

(2) 2018 Convertible Bonds *(continued)*

During the six months period ended 30 June 2017, there was no movement of the 2018 Convertible Bonds. The balance of the 2018 Convertible Bonds with an aggregate principal amount HK\$50,000,000 was outstanding as at 30 June 2017.

The following table set out the shareholding structure of the Company: (i) as at 30 June 2017, and (ii) for illustrative purpose only, the structure immediately after the issue of the maximum 41,666,667 Shares upon full conversion of the all the outstanding 2018 Convertible Bonds as at 30 June 2017 during the period from the date falling on the first anniversary of the issue date to the date falling on the third business days prior to the maturity date of the 2018 Convertible Bonds with conversion price of HK\$1.2 per conversion share, assuming that there is no other changes to the share capital of the Company from 30 June 2017 to date of the allotment and issue of the conversion shares:

| Shareholders | As at 30 June 2017 | | Immediately after conversion of the all the outstanding 2018 Convertible Bonds and issue of the conversion shares | |
|---|--------------------|---------------|---|---------------|
| | No. of Shares | % | No. of Shares | % |
| Capital Force | 96,868,792 | 11.04 | 96,868,792 | 10.53 |
| New Capital | 171,357,615 | 19.52 | 171,357,615 | 18.64 |
| Capital Winner | 177,798,672 | 20.25 | 177,798,672 | 19.34 |
| Mr. Mak | 11,789,652 | 1.34 | 11,789,652 | 1.28 |
| Sub-total for Mr. Mak and his close associates | 457,814,731 | 52.15 | 457,814,731 | 49.79 |
| Other Director | | | | |
| Tam Ngai Hung, Terry | 1,148,000 | 0.13 | 1,148,000 | 0.12 |
| Holder of the 2018 Convertible Bonds and its close associate | | | | |
| | 85,454,545 | 9.73 | 127,121,212 | 13.83 |
| Total non-public Shareholders | 544,417,276 | 62.01 | 586,083,943 | 63.74 |
| Public shareholders | 333,432,176 | 37.99 | 333,432,176 | 36.26 |
| Total | 877,849,452 | 100.00 | 919,516,119 | 100.00 |



12. CONVERTIBLE BONDS *(continued)*

(2) 2018 Convertible Bonds *(continued)*

The outstanding 2018 Convertible Bonds has no dilutive impact on the earnings per share of the Group.

The bondholder(s) has no right to demand prepayment of the 2018 Convertible Bonds. The outstanding amount of 2018 Convertible Bonds is HK\$50 million, which represents an insignificant proportion of the Group's total assets. Given the strong financial position of the Group, any repayment (if required) of the 2018 Convertible Bonds on their maturity date is unlikely to impose any significant financial burden and is unlikely to have any significant negative impact on the financial and liquidity position of the Group. Furthermore, there is likelihood that part or whole the outstanding 2018 Convertible Bonds may be converted into Shares before maturity. As such, the possible financial burden arising from the potential repayment of the outstanding 2018 Convertible Bonds is not likely to be significant.

The analysis of the Company's share price at which it would be equally financially advantageous for the bondholder(s) to convert or redeem the 2018 Convertible Bonds based on their implied rate of return at a range of dates in the future:

| Suggested conversion date | Company's Share price | Implied rate of return of bondholder (%) |
|---------------------------|--------------------------|---|
| 31 December 2017 | HK\$1.2 | 1.509% |
| 30 June 2018 | HK\$1.2 | 1.508% |

13. SHARE CAPITAL

| HK\$ million | 30 June 2017 (Unaudited) | 31 December 2016 (Audited) |
|---|--------------------------------|----------------------------------|
| Authorised: 2,000,000,000 ordinary shares of HK\$0.10 each | 200 | 200 |
| Issued and fully paid: 877,849,452 (31 December 2016: 877,849,452) ordinary shares of HK\$0.10 each | 88 | 88 |

There were no transactions involving the Company's issued ordinary share capital during the six months ended 30 June 2017.



14. CONTINGENT LIABILITIES

As at 30 June 2017, contingent liabilities not provided for in the financial statements were as follows:

| HK\$ million | 30 June 2017 (Unaudited) | 31 December 2016 (Audited) |
|---|---|----------------------------------|
| Corporate guarantees given to banks in connection with facilities granted to the CCT Land Group | 146 | 134 |

15. PLEDGE OF ASSETS

At 30 June 2017, the Group's interest-bearing bank borrowings were secured by:

- (i) pledge of certain of the Group's leasehold land and buildings situated in Hong Kong, which had an aggregate carrying amount at the end of the reporting period of approximately HK\$763 million (31 December 2016: HK\$750 million);
- (ii) pledge of the Group's investment properties situated in Hong Kong, which had an aggregate carrying amount at the end of the reporting period of approximately HK\$1,152 million (31 December 2016: HK\$1,179 million); and
- (iii) pledge of certain of the Group's stock of properties held for sale situated in Hong Kong, which had an aggregate carrying amount at end of the reporting period of approximately HK\$337 million (31 December 2016: 337 million).

16. OPERATING LEASE ARRANGEMENTS

As lessor

The Group has rented out its investment properties under operating lease arrangements with leases negotiated for terms ranging from two to three years.

At 30 June 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

| HK\$ million | 30 June 2017 (Unaudited) | 31 December 2016 (Audited) |
|---|---|----------------------------------|
| Within one year | 8 | 15 |
| In the second to fifth years, inclusive | 1 | 7 |
| | 9 | 22 |



16. OPERATING LEASE ARRANGEMENTS *(continued)*
As lessee

The Group has leased certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to three years.

At 30 June 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

| HK\$ million | 30 June 2017 (Unaudited) | 31 December 2016 (Audited) |
|---|---|----------------------------------|
| Within one year | 9 | 6 |
| In the second to fifth years, inclusive | 4 | – |
| | 13 | 6 |

17. COMMITMENTS

As at 30 June 2017, capital commitment of the Group amounted to HK\$88 million (31 December 2016: HK\$97 million). The capital commitment will be funded partly by internal resources and partly by bank borrowings.



18. RELATED PARTY TRANSACTIONS

- (a) CCT Land is regarded as a related party of the Company as Mr. Mak is the chairman, executive director and CEO of both the Company and CCT Land. During the six-month period ended 30 June 2017, the Group had conducted the following related party transactions with (i) the CCT Land Group; and (ii) Mr. Mak and private companies controlled by him:

| HK\$ million | Notes | Six months ended 30 June | |
|---|---------|--------------------------|---------------------|
| | | 2017 (Unaudited) | 2016 (Unaudited) |
| (1) With the CCT Land Group: | | | |
| Sales of components | (i) | 31 | 34 |
| Factory rental expense | (ii) | 3 | 3 |
| Office rental income | (iii) | 1 | 1 |
| Management information system service fees | (iv) | 3 | 3 |
| Purchase of child products | (v) | 82 | – |
| (2) With Mr. Mak and private companies controlled by him | | | |
| Acquisition of the property holding companies and issue of the 2024 Convertible Bonds | (vi) | – | 250 |
| Acquisition of shareholder's loan | (vi) | – | 29 |
| Interest expense on the 2024 Convertible bonds | (vi) | 7 | 3 |
| Rental income on investment properties | (vii) | 3 | 2 |
| (3) With key management of the Group | | | |
| Office rental income from a company controlled by a key management personnel of the Group | (viii)* | – | – |

* less than HK\$1 million



18. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

Notes:

- (i) The components were sold by a wholly-owned subsidiary of the Company to the CCT Land Group, based on terms and conditions of a manufacturing agreement (the "**Component Manufacturing Agreement**") dated 9 October 2012 entered into between the Company and CCT Land. The term of the Component Manufacturing Agreement was three years commenced from 1 January 2013 to 31 December 2015, pursuant to which the Company agreed to manufacture and supply through the Group certain plastic casings, components and any other component products and toolings to the CCT Land Group for the production of telecom and electronic products. The agreement was renewed by a new agreement dated 9 November 2015 for a term of three years commenced from 1 January 2016 to 31 December 2018. The terms and conditions of the renewed agreement are similar to the previous agreement. The selling prices of plastic casings, components and any other component products were determined based on the direct material costs plus a mark-up of no more than 250%. The tooling charges for the production of telecom and electronic products for the CCT Land Group were determined based on the total costs plus a mark-up of no more than 50%.
- (ii) The factory expenses was charged to Shine Best Developments Limited ("**Shine Best**"), an indirect wholly-owned subsidiary of the Company, by CCT Enterprise Limited ("**CCT Enterprise**"), an indirect wholly-owned subsidiary of the CCT Land Group, for the provision of factory space in Huiyang City, Guangdong Province, the mainland China, at a rent determined in accordance with the terms and conditions set out in a tenancy agreement entered into between Shine Best and CCT Enterprise on 10 December 2014, which has a term of three years commenced from 1 January 2015 to 31 December 2017.
- (iii) The office rental income was charged to CCT Land by Goldbay Investments Limited ("**Goldbay**"), an indirect wholly-owned subsidiary of the Company, for the provision of office space in Hong Kong, at a rent determined in accordance with the terms and conditions set out in the tenancy agreement entered into between the CCT Land and Goldbay on 10 December 2014, which has a term of three years from 1 January 2015 to 31 December 2017.
- (iv) The management information system service fee was charged to the Company by CCT Land for the provision of general management information system support, network and software consultation and hardware maintenance services. The fee was determined in accordance with the terms and conditions set out in the agreement entered into between the Company and CCT Land on 10 December 2014, which has a term of three years from 1 January 2015 to 31 December 2017.



18. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

Notes: *(continued)*

- (v) This represented transaction amount for the supply of feeding, health care, hygiene, safety, toy and other related products for infants and babies which were manufactured by the CCT Land Group to the Group during the period ended 30 June 2017. On 3 August 2016, CCT Tech Global Holdings Limited ("**CCT Global**"), a wholly-owned subsidiary of the CCT Land entered into a manufacturing agreement ("**Child Products Manufacturing Agreement**") which had a term commenced from 14 October 2016 to 31 December 2018. On 31 August 2016, 14 September 2016 and 4 October 2016, CCT Global and the Company entered into the first supplemental manufacturing agreement, the second supplemental manufacturing agreement and the third supplemental manufacturing agreement (collectively as the "**Supplemental Manufacturing Agreements**"), respectively, pursuant to which the parties to the Supplemental Manufacturing Agreements agreed to amend and supplement the pricing terms and policies of the Child Products Manufacturing Agreement. In respect of the transactions contemplated under Child Products Manufacturing Agreement as amended and supplemented by the Supplemental Manufacturing Agreements, the price of the child products to be manufactured and supplied by the CCT Land Group for the Group will be the higher of the sum of the direct material costs plus a mark-up no more than 250% of the direct material costs or the selling prices that the Company sells to independent third parties less a discount of up to 10%.
- (vi) On 27 January 2016, the Company entered into the Sale and Purchase Agreement with Mr. Mak to acquire all the issued shares of Capital Top Industrial Limited and Next Capital Investments Limited from Mr. Mak and the shareholder's loans due to Mr. Mak for the share consideration of approximately HK\$250 million and the cash consideration of approximately HK\$26 million, respectively. The target groups hold the properties at House 38 and House 39, No. 56 Repulse Bay Road. The share consideration was satisfied by the issue of the 2024 Convertible Bonds of aggregate principal amount of HK\$250,200,000 of which principal amount of HK\$180,000,000 and HK\$70,200,000 was issued to Capital Force and New Capital, respectively. The cash consideration for the assignment of the shareholder's loan was satisfied by cash. The 2024 Convertible Bonds have a term of eight years from the date of issue and carries interest at 5% per annum payable monthly. The transactions, which constituted a major and connected transaction for the Company under the Listing Rules were completed on 30 March 2016. During the period ended 30 June 2017, interest on the 2024 Convertible Bonds of approximately HK\$7 million was paid by the Company to Capital Force and New Capital.
- (vii) On 30 March 2016, the Group entered into the tenancy agreements with Mr. Mak to lease the properties at House 38 and House 39, No. 56 Repulse Bay Road to Mr. Mak from 30 March 2016 to 31 December 2017 for a monthly rental of HK\$270,000 and HK\$260,000 (inclusive of management fee and government rent and rates), respectively. During the period ended 30 June 2017, rental income of approximately HK\$3 million in aggregate was charged to Mr. Mak.



18. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

Notes: *(continued)*

- (viii) The rental income was charged to Silly Thing Company Limited ("**Silly Thing**"), a company controlled by Mr. TK Mak, son of Mr. Mak, by Cyber Profit (HK) Limited ("**Cyber Profit**"), an indirect wholly-owned subsidiary of the Company, for the provision of office space in Hong Kong, at rental determined in accordance with the terms and conditions set out in a tenancy agreement entered into between Cyber Profit and Silly Thing on 19 June 2014, which has a term of three years from 19 June 2014 to 18 June 2017.
- (ix) The Company has complied with the relevant requirements under the Listing Rules in respect of the non-exempted connected transaction and continuing connected transactions set out in paragraphs (vi) and (vii) above.

(b) Outstanding balances with related parties:

Details of the Group's balances with CCT Land Group at the end of the reporting period have been disclosed in the note 9 to the financial statements.

(c) Compensation of key management personnel of the Group:

| HK\$ million | Six months ended 30 June | |
|------------------------------|--------------------------|---------------------|
| | 2017 (Unaudited) | 2016 (Unaudited) |
| Short term employee benefits | 19 | 34 |

(d) The Company has provided corporate guarantee of total amount of HK\$146 million as at 30 June 2017 to a bank in relation to certain banking facilities granted by the bank to the CCT Land Group.

19. APPROVAL OF THE INTERIM REPORT

The interim report was approved by the Board on 29 August 2017.



disclosure of interests

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, the Directors and chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company:

Interests and short positions in the Shares and the underlying Shares as at 30 June 2017

(i) *Long positions in the Shares:*

| Name of the Directors | Number of the Shares interested and nature of interest | | Total | Approximate percentage of the total issued share capital of the Company |
|-----------------------|--|-------------|-------------|---|
| | Personal | Corporate | | |
| | | | | (%) |
| Mr. Mak (Note) | 11,789,652 | 446,025,079 | 457,814,731 | 52.15 |
| Tam Ngai Hung, Terry | 1,148,000 | – | 1,148,000 | 0.13 |

Note: Of the shareholding in which Mr. Mak was interested, an aggregate of 446,025,079 Shares were held by Capital Force, New Capital and Capital Winner, all of which are private corporations wholly-owned by Mr. Mak beneficially. Mr. Mak is deemed to be interested in 446,025,079 Shares under the SFO as he controls the exercise of all the voting power at general meetings of Capital Force, New Capital and Capital Winner.



DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES *(continued)*
Interests and short positions in the Shares and the underlying Shares as at 30 June 2017
(continued)

(ii) *Long positions in the underlying Shares of the 2024 Convertible Bonds issued by the Company:*

| Name of the Director | Number of the underlying Shares interested and nature of interest | | Total | Approximate percentage of the total issued share capital of the Company |
|----------------------|---|-------------|-------------|---|
| | Personal | Corporate | | (%) |
| Mr. Mak (Note) | – | 308,888,888 | 308,888,888 | 35.19 |

Note: The interest disclosed represented 308,888,888 underlying Shares at the existing conversion price of HK\$0.81 per conversion share (subject to adjustments pursuant to the terms and conditions of the convertible bonds) in respect of the 2024 Convertible Bonds issued by the Company to Capital Force and New Capital pursuant to the terms and conditions of the Sale and Purchase Agreement. Mr. Mak is deemed to be interested in such underlying Shares under the SFO as he controls the exercise of all the voting power at general meetings of Capital Force and New Capital.

Save as disclosed above, as at 30 June 2017, none of the Directors and chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the sections headed "Directors' Interests in Shares and underlying Shares" above, at no time during the period for the six months ended 30 June 2017 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.



SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2017, the following persons (not being the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests and short positions in the Shares and the underlying Shares as at 30 June 2017

(i) *Long positions in the Shares:*

| Name of the Shareholders | Number of the Shares held | Approximate percentage of the total issued share capital of the Company |
|------------------------------|---------------------------|---|
| | | (%) |
| Capital Force (Note 1) | 96,868,792 | 11.03 |
| New Capital (Note 1) | 171,357,615 | 19.52 |
| Capital Winner (Note 1) | 177,798,672 | 20.25 |
| Top Pride Limited (Note 2) | 45,454,545 | 5.18 |
| Lee Hung Shing (Notes 2 & 3) | 85,454,545 | 9.73 |

Notes:

- Capital Force, New Capital and Capital Winner are private corporations, the shares in which are wholly-owned by Mr. Mak beneficially, whose interest in such Shares has also been disclosed under the section headed "Directors' Interests in Shares and underlying Shares" above.
- The interest disclosed represented 45,454,545 Shares held directly by Top Pride Limited, the entire shareholding of which is owned by Mr. Lee Hung Shing.
- The interest disclosed represented 40,000,000 Shares held directly by Mr. Lee Hung Shing and 45,454,545 Shares held through his controlling company stated in note 2 above.



SUBSTANTIAL SHAREHOLDERS' INTERESTS *(continued)*
Interests and short positions in the Shares and the underlying Shares as at 30 June 2017
(continued)

(ii) *Long positions in the underlying Shares of the convertible bonds issued by the Company:*

(a) 2024 Convertible Bonds

| Name of the Shareholders | Number of the underlying Shares held | Approximate percentage of the total issued share capital of the Company |
|---------------------------------|---|--|
| | | (%) |
| Capital Force (Note) | 222,222,222 | 25.31 |
| New Capital (Note) | 86,666,666 | 9.87 |

Note: Capital Force and New Capital are private corporations, the shares in which are wholly-owned by Mr. Mak beneficially, whose interest in such underlying Shares has also been disclosed under the section headed "Directors' Interests in Shares and underlying Shares" above.

(b) 2018 Convertible Bonds

| Name of the Shareholders | Number of the underlying Shares held | Approximate percentage of the total issued share capital of the Company |
|---------------------------------|---|--|
| | | (%) |
| Top Pride Limited (Note) | 45,454,545 | 5.18 |
| Lee Hung Shing (Note) | 45,454,545 | 5.18 |

Note: The interest disclosed represented 45,454,545 underlying Shares at the lowest conversion price of HK\$1.1 per conversion share (subject to adjustments pursuant to the terms and conditions of the convertible bonds) in respect of the 2018 Convertible Bonds issued by the Company to Top Pride Limited pursuant to the terms and conditions of the Subscription Agreement. Mr. Lee Hung Shing is deemed to be interested in such underlying Shares under the SFO as he controls the exercise of all the voting power at general meeting of Top Pride Limited.

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any party who, as at 30 June 2017, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.



share option scheme

SHARE OPTION SCHEME OF THE COMPANY

At the AGM of the Company held on 27 May 2011, the Shareholders approved the adoption of the 2011 Scheme which has become effective since 30 May 2011. This is the date on which the Listing Committee of the Stock Exchange granted approval for the listing of, and permission to deal in, any Shares on the Stock Exchange, which may fall to be allotted and issued by the Company pursuant to the exercise of the share options in accordance with the terms and conditions of the 2011 Scheme. Unless otherwise cancelled or amended, the 2011 Scheme will be valid for a period of 10 years from the date of its adoption.

As at 30 June 2017, there was no share option outstanding under the 2011 Scheme. No share option was granted, exercised, cancelled or has lapsed under the 2011 Scheme during the period for the six months ended 30 June 2017.



other information

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed Shares during the period for the six months ended 30 June 2017.

CORPORATE GOVERNANCE

The Company has always recognised the importance of the Shareholders' transparency and accountability. It is the belief of the Board that the Shareholders can maximise their benefits from good corporate governance. The Company is committed to maintaining and ensuring high standards of corporate governance in the interests of the Shareholders.

In the opinion of the Directors, the Company has complied with all the Code Provisions under the CG Code throughout the period from 1 January 2017 to 30 June 2017, except for the following minor deviations from the Code Provisions of the CG Code:

Code Provision A.2.1

The Code Provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

There is no separation of the roles of chairman and chief executive officer of the Company and hence the Company has not complied with the Code Provision A.2.1 for the six months ended 30 June 2017.

Mr. Mak currently assumes the roles of both the Chairman and the CEO. Mr. Mak is an executive of high caliber with a wide range of skills and diversified business expertise. He has substantial experience, strong leadership and a firmly established reputation in the diversified business that is essential to fulfilling the role of the Chairman. At the same time, Mr. Mak has the appropriate management skills and business acumen that are the pre-requisites for assuming the role of the CEO in the day-to-day management of the Group. The Board is composed of three executive Directors (including the Chairman) and three INEDs with a balance of skills and experience appropriate for the requirements of the Group. Furthermore, the roles of the managing director and the general managers of the Company's major operating subsidiaries are performed by other individuals. The Board believes that there is no need to segregate the roles of the Chairman and the CEO as the balance of power and authority is already ensured by the current structure. Furthermore, the Board believes that the combined roles of Mr. Mak enhance the communication between the Board and the management and ensure the effective execution of the Board's strategy by the management because of Mr. Mak's extensive business experience.



CORPORATE GOVERNANCE *(continued)***Code Provision A.4.2**

The Code Provision A.4.2 provides that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the bye-laws of the Company, any Director appointed to fill a casual vacancy shall hold office only until the next following AGM of the Company and shall then be eligible for re-election. The Board considers that such a deviation is not material as casual vacancy of Directors seldom happens and duration between appointment to fill casual vacancy and the immediate following AGM of the Company is less than one year and is considered to be short.

Pursuant to the bye-laws of the Company, the Chairman and the managing Director (who is currently assumed by Mr. Mak) shall not be subject to retirement by rotation or not shall he be taken into account in determining the number of Directors to retire in each year. The Board considers that the continuity of the Chairman and his leadership will be essential for the stability of the key management of the Group. On the other hand, the Board will ensure that all Directors save for the Chairman will rotate at least once every three years in order to comply with the Code Provision A.4.2.

Other information on the corporate governance practices of the Company has been disclosed in the corporate governance report contained in the 2016 Annual Report of the Company issued in April 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted its code of conduct regarding the securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard set out in the Model Code adopted by the Company throughout the six months ended 30 June 2017.

REVIEW OF INTERIM REPORT

The Group's interim report including the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2017 has been reviewed by the Audit Committee.



BOARD AND COMMITTEES OF THE BOARD

Executive Directors

Mak Shiu Tong, Clement (*Chairman and CEO*)

Tam Ngai Hung, Terry (*Deputy Chairman*)

Cheng Yuk Ching, Flora

Independent Non-executive Directors

Tam King Ching, Kenny

Chen Li

Chow Siu Ngor

Audit Committee

Tam King Ching, Kenny (*Chairman*)

Chen Li

Chow Siu Ngor

Remuneration Committee

Chow Siu Ngor (*Chairman*)

Tam King Ching, Kenny

Chen Li

Mak Shiu Tong, Clement

Tam Ngai Hung, Terry

Nomination Committee

Mak Shiu Tong, Clement (*Chairman*)

Tam Ngai Hung, Terry

Tam King Ching, Kenny

Chen Li

Chow Siu Ngor

Company Secretary

Tam Ngai Hung, Terry



glossary of terms

GENERAL TERMS

| | |
|------------------------------|--|
| “2011 Scheme” | The share option scheme conditionally adopted by the Company on 27 May 2011 which took effect on 30 May 2011 |
| “2018 Convertible Bonds” | The 1.5% coupon convertible bonds with the aggregate principal amount of HK\$100,000,000 issued by the Company to Top Pride Limited on 3 June 2016 pursuant to the terms and conditions of the Subscription Agreement |
| “2024 Convertible Bonds” | The 5% coupon convertible bonds with the aggregate principal amount of HK\$250,200,000 issued by the Company to Capital Force and New Capital on 30 March 2016 pursuant to the terms and conditions of the Sale and Purchase Agreement |
| “AGM” | Annual general meeting |
| “AHM” | AHM Engineering Company Limited, a company incorporated in Hong Kong and an indirect non-wholly-owned subsidiary of the Company |
| “Audit Committee” | The audit committee of the Company |
| “Blackbird Automotive Group” | The Blackbird automotive group established by the Company, which is engaged in the multi-facet automotive business |
| “Board” | The board of Directors |
| “Capital Force” | Capital Force International Limited, a company incorporated in the British Virgin Islands, the shares in which are wholly-owned by Mr. Mak |
| “Capital Winner” | Capital Winner Investments Limited, a company incorporated in the British Virgin Islands, the shares in which are wholly-owned by Mr. Mak |
| “CCT Land” | CCT Land Holdings Limited, a company listed on the main board of the Stock Exchange |




| | |
|-----------------------------------|---|
| “CCT Land Group” | CCT Land and its subsidiaries, from time to time |
| “CEO” | The chief executive officer of the Company |
| “CG Code” | The Corporate Governance Code as set out in Appendix 14 to the Listing Rules |
| “Chairman” | The chairman of the Company |
| “Child Products” | Feeding, health care, hygiene, safety, toy and other related products for infants and babies, which are the child products currently traded by the Group |
| “Child Products Trading Business” | The business of trading and sale of the Child Products currently engaged by the Group |
| “Company” | CCT Fortis Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange |
| “Cultural Entertainment Group” | An operating group established by the Company, which is engaged in the cultural entertainment operations including film operations, audio and lighting operations and stage engineering operations |
| “Director(s)” | The director(s) of the Company |
| “Film Group” | An operating group established by the Company, which is engaged in the investment, production and global distribution of films |
| “Group” | The Company and its subsidiaries, from time to time |
| “HHL” | Hip Hing Loong Stage Engineering Company Limited (formerly known as Hip Hing Loong Metal Works Limited), a company incorporated in Hong Kong and an indirect non-wholly-owned subsidiary of the Company |
| “HK” or “Hong Kong” | The Hong Kong Special Administrative Region of the PRC |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |



| | |
|-------------------------------|--|
| “Industrial Group” | An operating group of the Company, which is engaged in the manufacturing and sale of plastic components and the Child Products Trading Business |
| “INED(s)” | Independent non-executive director(s) |
| “Listing Committee” | The listing committee of the Stock Exchange for considering applications for listing and the granting of listing |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange |
| “Mainland China” | The mainland of the PRC |
| “Model Code” | The Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules |
| “Mr. Mak” | Mr. Mak Shiu Tong, Clement, a Director and the controlling shareholder of the Company |
| “N/A” | Not applicable |
| “New Capital” | New Capital Industrial Limited, a company incorporated in the British Virgin Islands, the shares in which are wholly-owned by Mr. Mak |
| “Nomination Committee” | The nomination committee of the Company |
| “Percentage Ratios” | The assets ratio, the profits ratio, the revenue ratio, the consideration ratio and the equity capital ratio as defined under Rule 14.07 of the Listing Rules |
| “PRC” or “China” | The People’s Republic of China |
| “Remuneration Committee” | The remuneration committee of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale and Purchase Agreement” | The agreement dated 27 January 2016 (as amended by the supplemental agreement dated 17 February 2016) entered into between Mr. Mak as vendor and the Company as purchaser in respect of acquisition from Mr. Mak of the entire issued share capital of the companies which hold the properties at House 38 and House 39, No. 56 Repulse Bay Road, Repulse Bay, Hong Kong |





| | |
|--------------------------|--|
| “SFO” | The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | The ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | Holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Agreement” | The agreement dated 30 May 2016 entered into between Top Pride Limited as subscriber and the Company as issuer in respect of subscription and issue of the 2018 Convertible Bonds for cash |
| “US” or “USA” | The United States of America |
| “US\$” or “USD” | United States dollar(s), the lawful currency of the US |
| “%” | Per cent. |

FINANCIAL TERMS

| | |
|---------------------------|---|
| “current ratio” | Current assets divided by current liabilities |
| “earnings per share” | Profit attributable to ordinary equity holders of the parent divided by weighted average number of ordinary shares in issue during the period |
| “gearing ratio” | Total borrowings (representing bank & other borrowings and finance lease payable) divided by total capital employed (i.e. total Shareholders’ fund plus total borrowings) |
| “operating profit/(loss)” | Operating profit/(loss) before finance costs and taxation |



