CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED
中國航天國際控股有限公司

(Stock Code: 31)

INTERIM REPORT 2018

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr Li Hongjun *(President)*
Mr Jin Xuesheng

Non-Executive Directors
Mr Gong Bo *(Chairman)*
Mr Luo Zhenbang *(Independent)*
Ms Leung Sau Fan, Sylvia *(Independent)*
Mr Wang Xiaojun *(Independent)*
Mr Mao Yijin
Mr Xu Liangwei

AUDIT COMMITTEE

Mr Luo Zhenbang *(Chairman)*
Ms Leung Sau Fan, Sylvia
Mr Mao Yijin

REMUNERATION COMMITTEE

Ms Leung Sau Fan, Sylvia *(Chairman)*
Mr Wang Xiaojun
Mr Xu Liangwei

NOMINATION COMMITTEE

Mr Gong Bo *(Chairman)*
Mr Luo Zhenbang
Ms Leung Sau Fan, Sylvia
Mr Wang Xiaojun
Mr Xu Liangwei

COMPANY SECRETARY

Mr Chan Ka Kin, Ken

AUDITOR

Deloitte Touche Tohmatsu

SHARE REGISTRAR

Tricor Standard Limited

LEGAL COUNSEL

Reed Smith Richards Butler

PRINCIPAL BANK & FINANCIAL INSTITUTION

Bank of China (Hong Kong) Limited
Aerospace Science & Technology Finance Company Limited*
(航天科技財務有限責任公司)

REGISTERED OFFICE

Room 1103–1107A, One Harbourfront
18 Tak Fung Street, Hung Hom
Kowloon, Hong Kong
Tel: (852) 2193 8888
Fax: (852) 2193 8899
E-mail: public@casil-group.com
Website: http://www.casil-group.com

* This PRC entity does not have an English name, the English name sets out in this Interim Report is for identification purpose only.

BUSINESS REVIEW

OVERVIEW

For the six months ended 30 June 2018, the Company and its subsidiaries reported an unaudited turnover of HK$1,764,701,000, representing an increase of 5.34% as compared with that of HK$1,675,180,000 for the same period of 2017. Profit for the period was HK$224,028,000, representing a decrease of 16.53% as compared with that of HK$268,386,000 for the same period of 2017. Profit attributable to the shareholders was HK$164,229,000, representing a decrease of 18.43% as compared with that of HK$201,323,000 for the same period of 2017. Basic earnings per share attributable to the shareholders was HK5.32 cents (first half of 2017: HK6.53 cents).

With the support of the controlling shareholder, China Aerospace Science & Technology Corporation ("CASC"), the Company's wholly-owned subsidiary, CASIL New Century Technology Development (Shenzhen) Company Limited* (航科新世紀科技發展(深圳)有限公司), CASC and Bank of Beijing renewed an unsecured loan of RMB500,000,000 for another five years' term in the first half of the year, making it possible for the Company and its subsidiaries to obtain funds to develop the business at stable and low financing costs in the interest rate hike cycle. Details of which please refer to the Company's announcement published on 3 April 2018.

CASC also completed its group restructuring. Upon completion, CASC directly holds 100% interest in Burhill Company Limited ("Burhill"), and Burhill in turn directly holds a total of 1,183,598,636 shares of the Company, accounting for 38.37% of the issued share. Jetcote Investments Limited and Sin King Enterprises Company Limited, the former shareholders, no longer hold any shares in the Company. Details of which please refer to the Company's announcement published on 21 May 2018.

In the first half of 2018, the Company's turnover recorded a stable growth. However, the increase in operating costs affected the gross profit. The gross profit margin reduced from 28.87% of the same period last year to 25.92% of the current period. The operation of Shenzhen Aerospace Science & Technology Plaza contributed stable incomes and profit to the Company. Taking into consideration the Company's development and working capital as a whole, the Board decided not to distribute any interim dividend.

In the face of several adverse factors including the enhanced environment standards, the increase in rent and the production costs of labour, raw materials and energy, and the drastic fluctuation of exchange rates, the hi-tech manufacturing business of the Company underwent many challenges. For the six months ended 30 June 2018, the hi-tech manufacturing business recorded a turnover of HK$1,517,273,000, representing an increase of 4.62% as compared with that of HK$1,450,299,000 for the same period of 2017, and realised an operating profit of HK$94,469,000, representing a decrease of 31.21% as compared with that of HK$137,324,000 for the same period of 2017.

The effort in expanding the plastic products business in the mainland market became noticeable, relationships with new clients were gradually established and certain new products started mass production, offsetting the impact of decreasing orders from some Japanese customers due to their relocation of production sites. The overall market for office equipment was relatively stable, and the newly developed businesses of high-end audio and auto parts became new profit points of plastic product business. As for the electroplating business, with the new electroplating gantry line of electroplating factory in Boluo, Huizhou being put into production step by step, its businesses will mainly focus on electroplating products such as auto parts and household appliances. The intelligent charger business gradually introduced the production of new products such as mini projectors with a view to expand the scope of product structure.

The businesses of rigid printed circuit boards ("PCB"), flexible PCB and surface mounted technology ("SMT") in the printed circuit board business had achieved a growth. Among them, the growth of rigid PCB business mainly contributed from the growth of high-density printed circuit production. However, adverse factors such as the raise of labour and environment protection costs, and depreciation of new plant and equipment all affected earnings performance of the businesses. On-board products of the liquid crystal display ("LCD") business has developed from pure LCD products to Chip-on-Glass ("COG") module products, expanding the market of vehicle-borne products.

In the first half of the year, Shenzhen Aerospace Technology Investment Company Limited* (深圳市航天高科投資管理有限公司) ("Shenzhen Aerospace") and its wholly-owned subsidiary, Shenzhen Aerospace Technology Property Management Company Limited* (深圳市航天高科物業管理有限公司), recorded a total turnover of HK$220,303,000 (first half of 2017: HK$191,408,000) and a segment profit of HK$246,435,000 (first half of 2017: HK$270,805,000), and if not considering the effect of the change in the fair value of the investment property, the operating profit was HK$186,715,000 (first half of 2017: HK$174,138,000). On 30 June 2018, the valuation of Shenzhen Aerospace Science & Technology Plaza was about RMB7,691,000,000 (30 June 2017: RMB7,432,000,000).

Regarding the withdrawal of the Company's joint venture, Hainan Aerospace Investment Management Company Limited* (海南航天投資管理有限公司) ("Hainan Aerospace"), from the development of the project of the Complex Zone of the Launching Site in Hainan, Hainan Aerospace and Municipal Government of Wenchang are discussing arrangements as agreed for the return of the remaining project funds. As of 30 June 2018, the carrying amount of Company's interest in Hainan Aerospace was approximately HK$673,714,000 (30 June 2017: HK$661,228,000). For the first half of the year, loss of Hainan Aerospace attributable to the Company was approximately HK$3,614,000, representing a marked reduction of 48.65% as compared with that of a loss of HK$7,038,000 for the same period of 2017.

The cross-border e-commerce logistics business, the major business of Aerospace Digitnexus Information Technology (Shenzhen) Limited* (航天數聯信息技術(深圳)有限公司) ("Aerospace Digitnexus"), suffered a decline in sales due to the new tax policies. Besides, the business of internet of things application was in the business transformation stage, causing its performance not living up to the expectation. For the six months ended 30 June 2018, turnover of Aerospace Digitnexus and its subsidiary amounted to HK$23,995,000, representing a decrease of 15.77% as compared with that of HK$28,489,000 for the same period of 2017, and operating loss was HK$16,280,000 (first half of 2017: loss of HK$4,630,000).

PROSPECTS

Looking into the second half of the year, trade frictions between China and the United States are getting tenser. It is expected that it will be hard to relieve such tense trade relations in the short run. Rising trade protectionism often brings uncertainty to global trade flows. Trade disputes are expected to intensify that may affect foreign trade, investment and economic confidence, and increase downside risks to the economy.

The industrial enterprises will make every effort to expand the market, expand production capacity, improve the research and development of core technologies and their own technological level, and strengthen the market competitiveness.

Shenzhen Aerospace will commit itself to improve the property management standard of Shenzhen Aerospace Science & Technology Plaza and provide tenants with quality services. Aerospace Digitnexus will strive to develop new business models so as to seek a breakthrough for the business operation.

APPRECIATION

I hereby express my profound gratitude to my fellow Directors and all staff of the Company for their dedication, loyal services and invaluable contributions. Grateful thanks are also due to shareholders, banks, business partners and members of the community who have supported the Company's development all along.

By order of the Board,
Gong Bo
Chairman

Hong Kong, 28 August 2018

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS PERFORMANCE

The unaudited turnover of the Company and its subsidiaries for the six months ended 30 June 2018 was HK$1,764,701,000, representing an increase of 5.34% as compared with that of HK$1,675,180,000 for the same period of 2017. Profit for the period was HK$224,028,000, representing a decrease of 16.53% as compared with that of HK$268,386,000 for the same period of 2017.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

Profit attributable to shareholders of the Company for the current period was HK$164,229,000, representing a decrease of 18.43% as compared with that of HK$201,323,000 for the same period of 2017.

The increase in turnover was mainly due to the increase in the business of hi-tech manufacturing, whereas the decrease in profits attributable to shareholders was mainly due to the decrease in fair value gain of investment properties as compared to the same period of last year, the effect of changes in Renminbi exchange rate and an increase in production costs of hi-tech manufacturing.

Based on the issued share capital of 3,085,022,000 shares during the period, the basic earnings per share was HK5.32 cents, representing a decrease of 18.53% as compared with that of HK6.53 cents for the same period of 2017.

DIVIDENDS

The Board decided not to distribute an interim dividend for 2018.

The distribution of 2017 final dividend of HK3 cents per share was approved by shareholders at the Annual General Meeting in May 2018 and warrants of which were dispatched to all shareholders on 22 June 2018.

RESULTS OF CORE BUSINESSES

The core businesses of the Company and its subsidiaries are hi-tech manufacturing, internet of things application and cross border e-commerce logistics, and the operations of Shenzhen Aerospace Science & Technology Plaza.

The turnover of the hi-tech manufacturing is the main source of the Company's turnover that contributes a significant profit and cash flow. In recent years, the Company has gradually developed other new businesses. With the completion of Shenzhen Aerospace Science & Technology Plaza and that being turned into asset management, it brought in constant rental revenue and relatively minimized the Company's individual business risk.

Hi-tech manufacturing

In the first quarter of 2018, the global economy maintained a steady growth but the growth rate of consumer electronics market still leveled off. With the occurrence of uncertain factors such as US-China trade war and fluctuations of exchange rate in the second quarter of 2018, the already intense competition being faced by hi-tech manufacturing was further impacted. The turnover of the hi-tech manufacturing business for the six months ended 30 June 2018 was HK$1,517,273,000, representing an increase of 4.62% as compared with the same period of last year and operating profit was HK$94,469,000, representing a decrease of 31.21% as compared with the same period of last year. The results of the hi-tech manufacturing business are shown below:

	Turnover (HK$'000)			Operating Profit (HK$'000)		
	First half of 2018	First half of 2017	Changes (%)	First half of 2018	First half of 2017	Changes (%)
Plastic Products	529,937	588,762	(9.99)	19,014	37,773	(49.66)
Printed Circuit Boards	407,710	357,095	14.17	22,735	50,002	(54.53)
Intelligent Chargers	286,834	208,402	37.63	11,405	16,811	(32.16)
Liquid Crystal Display	284,636	288,239	(1.25)	22,673	22,725	(0.23)
Industrial Property Investment	8,156	7,801	4.55	18,642	10,013	86.18
Total	1,517,273	1,450,299	4.62	94,469	137,324	(31.21)

Looking forward to the second half of 2018, the global economy is yet to be optimistic while the competition in the electronic information industry will remain intense. The hi-tech manufacturing continues to put effort in the research and development of new products, enhancing the level of automation in production, and expanding the scale and capacity of production. In the meantime, it strives to reduce inventory and receivables, explore markets and businesses by ways of merger and acquisition or cooperation, and reach the target of market diversification so as to maintain stable business and sustainable development and ensure its continuous and stable growth.

Shenzhen Aerospace Science & Technology Plaza

Shenzhen Aerospace Technology Investment Company Limited* (深圳市航天高科投資管理有限公司) and its wholly-owned subsidiary, Shenzhen Aerospace Technology Property Management Company Limited* (深圳市航天高科物業管理有限公司), respectively holds and manages Shenzhen Aerospace Science & Technology Plaza, recorded a total turnover of HK$220,303,000 (first half of 2017: HK$191,408,000) and a segment profit of HK$246,435,000 (first half of 2017: HK$270,805,000) in the first half of 2018.

As at 30 June 2018, Shenzhen Aerospace Science & Technology Plaza was valued at approximately RMB7,691,000,000.

Internet of Things Application and Cross-border E-commerce Logistics

Facing keen competitions, the clearance centre in Kaiping of Aerospace Digitnexus Information Technology (Shenzhen) Limited* (航天數聯信息技術(深圳)有限公司) ("Aerospace Digitnexus") was striving to raise efficiency and explore markets. Its subsidiary, Jiangmen Aerospace Digitnexus Technology Company Limited* (江門航天數聯科技有限公司), also started a traceable agricultural products project at the end of last year, planning to integrate and upgrade the agricultural product sector in several regions of the country through using Radio Frequency Identification ("RFID") labels so as to provide traceable tracking of delivery time and location information of products. At present, each business is still in the development stage, absolute advantage is yet to be formed. In the first half of 2018, Aerospace Digitnexus and its subsidiary recorded a turnover of HK$23,995,000 (first half of 2017: HK$28,489,000) and an operating loss of HK$16,280,000 (first half of 2017: loss of HK$4,630,000).

In the second half of 2018, Aerospace Digitnexus and its subsidiary will continue to improve the operation of the clearance centre in Kaiping and the development of traceable agricultural products project, while integrating with mature products in the market and forming market influence speedily in order to strive for a record of profit.

ASSETS

(HK$'000)	30 June 2018	31 December 2017	Changes (%)
Non-Current Assets	11,826,047	11,847,675	(0.18)
Current Assets	2,623,665	2,727,433	(3.80)
Total Assets	14,449,712	14,575,108	(0.86)

The non-current assets were more or less the same as compared to the end of last year and the change of which was mainly due to currency translation differences, while the decrease in current assets was mainly due to a decrease in bank deposit balance caused by the payment of dividend and other operating costs. The equity attributable to shareholders of the Company was HK$7,079,802,000, representing a decrease of 0.15% as compared with that of HK$7,090,625,000 as at 31 December 2017. Based on the issued share capital of 3,085,022,000 shares during the period, the net assets per share attributable to shareholders of the Company was HK$2.29.

As at 30 June 2018, a cash deposit of HK$13,501,000 and bills receivable of HK$85,931,000 of the Company and its subsidiaries had been pledged to banks to obtain credit facilities. As to the mortgage of part of Shenzhen Aerospace Science & Technology Plaza at value of approximately RMB1,900,000,000 by Shenzhen Aerospace to Aerospace Science & Technology Finance Company Limited* (航天科技財務有限責任公司), it will be performed once the application of property right certificates is completed.

LIABILITIES

(HK$'000)	30 June 2018	31 December 2017	Changes (%)
Non-Current Liabilities	3,844,182	3,110,127	23.60
Current Liabilities	1,398,530	2,258,769	(38.08)
Total Liabilities	5,242,712	5,368,896	(2.35)

In the first half of the year, a wholly-owned subsidiary of the Company entered into an extension agreement with CASC, the controlling shareholder of the Company, and Bank of Beijing to renew an unsecure loan in the sum of RMB500,000,000 at a fixed interest rate 5% per annum for a period of 5 years. Details of which please refer to the Company's announcement made on 3 April 2018.

The increase in non-current liabilities and the decrease in current liabilities were mainly due to the reclassification of a controlling shareholder's loan from current liabilities to non-current liabilities. As at 30 June 2018, the Company and its subsidiaries had bank and other borrowings of HK$1,420,237,000.

OPERATING EXPENSES

The administrative expenses of the Company and its subsidiaries in the first half of 2018 were HK$147,800,000, representing a decrease of 3.09% as compared with the same period of last year. The finance costs amounted to HK$32,826,000.

CONTINGENT LIABILITIES

As at 30 June 2018, the Company and its subsidiaries did not have any material contingent liabilities.

FINANCIAL RATIOS

	First half of 2018	First half of 2017
Gross Profit Margin	25.92%	28.87%
Return on Net Assets	2.43%	3.18%

	30 June 2018	31 December 2017
Assets-Liabilities Ratio	36.28%	36.84%
Current Ratio	1.88	1.21
Quick Ratio	1.58	1.05

LIQUIDITY

The source of funds of the Company and its subsidiaries mainly relies on internal resources and banking facilities. As at 30 June 2018, the free cash and bank balance amounted to HK$797,704,000, the majority of which were in Hong Kong Dollars and Renminbi.

CAPITAL EXPENDITURE

As at 30 June 2018, the capital commitments of the Company and its subsidiaries contracted for but not provided in the condensed consolidated financial statements was HK$64,690,000, mainly for the acquisition of fixed assets.

FINANCIAL RISKS

The Company and its subsidiaries review the cash flow and financial position periodically and do not presently engage into any financial instruments or derivatives to hedge the exchange and the interest rate risks.

HUMAN RESOURCES AND REMUNERATION POLICIES

The remuneration policy of the Company and its subsidiaries is based on the employee's qualifications, experience and performance on the job, with reference to the current market situation. The Company and its subsidiaries will continue to upgrade the level of human resources management and strictly implement the performance-based appraisal system, in order to motivate employees to make continuous improvement in their individual performance and contributions to the Company.

As at 30 June 2018, the Company and its subsidiaries had a total of approximately 6,850 employees based in the mainland and Hong Kong respectively.

APPRECIATION

The Company hereby expresses its sincere gratitude to its shareholders, banks, business partners, members from various social communities, as well as all staff for their long-time support.

By order of the Board,
Li Hongjun
Executive Director & President

Hong Kong, 28 August 2018

OTHER DISCLOSURES

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, the register of substantial shareholders maintained pursuant to Part XV of the Securities & Futures Ordinance recorded that the following shareholders had declared their interests as having 5% or more of the issued share capital of the Company:

Name	Capacity	Direct interest (Yes/No)	Number of shares interested (Long Position)	Percentage of issued share capital
China Aerospace Science & Technology Corporation	Interests in controlled corporation	No	1,183,598,636	38.37%
Burhill Company Limited	Beneficial owner	Yes	1,183,598,636	38.37%

Note: Burhill Company Limited is a wholly-owned subsidiary of China Aerospace Science & Technology Corporation, the shares held by it form the total number of shares in which China Aerospace Science & Technology Corporation was deemed interested.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital or underlying shares of the Company as at 30 June 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There had been no purchase, sale or redemption of the Company's listed securities by the Company and its subsidiaries during the first half of 2018.

CORPORATE GOVERNANCE

For the six months ended 30 June 2018, the Company complied throughout the period with the provisions of the *Corporate Governance Code* and *Corporate Governance Report* as set out in Appendix 14 of the Listing Rules.

LITIGATION

As at 30 June 2018, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors were aware of, no litigation or arbitration or claim of material importance was pending or threatened by or against any member of the Company.

DIRECTORS' AND EXECUTIVE'S INTERESTS IN SHARES

The Company had adopted the *Model Code for Securities Transactions by Directors of Listed Issuers* as set out in Appendix 10 of the Listing Rules as the required standard for the Directors of the Company to trade the securities of the Company. Having made specific enquiry to all the Directors of the Company and in accordance with information provided, all the Directors have complied with the provisions under the Model Code in the first half of 2018.

As at 30 June 2018, save for Mr Gong Bo, Mr Mao Yijin and Mr Xu Liangwei, the Directors of the Company, are the officers of the substantial shareholder, China Aerospace Science & Technology Corporation, and its subsidiaries, none of the directors, chief executives or their associates have any beneficial or non-beneficial interests or short positions in the share capital, warrants and options of the Company or its subsidiaries or any of its associated corporations which is required to be recorded in the Register of Directors' Interests pursuant to Part XV of the Securities & Futures Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the *Model Code for Securities Transactions by Directors of Listed Issuers*.

AUDIT COMMITTEE

The Audit Committee of the Company has a membership comprising two Independent Non-Executive Directors, Mr Luo Zhenbang (Chairman) and Ms Leung Sau Fan, Sylvia, and a Non-Executive Director, Mr Mao Yijin. The major responsibilities of the Audit Committee include serving as a focal point for communication between the Directors and external auditors in reviewing the Company's financial information as well as overseeing the Company's financial reporting system, risk management and internal control procedures.

The Audit Committee of the Company reviewed, discussed and approved the unaudited condensed consolidated financial statements for the six months ended 30 June 2018 that had been reviewed by the auditor, Deloitte Touche Tohmatsu.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company has a membership comprising two Independent Non-Executive Directors, Ms Leung Sau Fan, Sylvia (Chairman) and Mr Wang Xiaojun, and a Non-Executive Director, Mr Xu Liangwei. The Remuneration Committee takes the role of advisory and proposes to the Board on the emoluments of the Directors and senior management with regard to the operating results of the Company, the individual performance and the comparable market information.

NOMINATION COMMITTEE

The Nomination Committee of the Company has a membership comprising two Non-Executive Directors, Mr Gong Bo (Chairman) and Mr Xu Liangwei, and three Independent Non-Executive Directors, Mr Luo Zhenbang, Ms Leung Sau Fan, Sylvia and Mr Wang Xiaojun. The responsibilities of the Nomination Committee are to review the structure, the number of members and its composition for the execution of the Company's policy.

STATEMENT OF COMPLIANCE

The financial information relating to the year ended 31 December 2017 that is included in the Interim Report 2018 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF
CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Aerospace International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 68, which comprise the condensed consolidated statement of financial position as of 30 June 2018 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	NOTES	Six months ended 30.6.2018 HK$'000 (Unaudited)	30.6.2017 HK$'000 (Unaudited)
Turnover	3	1,764,701	1,675,180
Cost of sales		(1,307,228)	(1,191,586)
Gross profit		457,473	483,594
Other income	4	15,875	29,651
Other gains and losses	4	(4,147)	(11,214)
Selling and distribution expenses		(26,198)	(29,974)
Administrative expenses		(147,800)	(152,513)
Research and development expenses		(41,907)	(37,178)
Fair value changes of investment properties		75,195	105,907
Allowance of doubtful debts		(18,031)	—
Finance costs	5	(32,826)	(27,806)
Share of results of associates		7,176	1,105
Share of results of joint ventures		(3,242)	(6,529)
Profit before taxation	6	281,568	355,043
Taxation	7	(57,540)	(86,657)
Profit for the period		224,028	268,386
Profit for the period attributable to:			
Owners of the Company		164,229	201,323
Non-controlling interests		59,799	67,063
		224,028	268,386
Basic earnings per share	8	HK5.32 cents	HK6.53 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Six months ended 30.6.2018 HK$'000 (Unaudited)	Six months ended 30.6.2017 HK$'000 (Unaudited)
Profit for the period	224,028	268,386
Other comprehensive (expense) income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translating foreign operations		
— subsidiaries	(100,725)	225,367
— associates	(2,066)	4,392
— joint ventures	(8,398)	22,303
Other comprehensive (expense) income for the period	(111,189)	252,062
Total comprehensive income for the period	112,839	520,448
Total comprehensive income for the period attributable to:		
Owners of the Company	81,728	389,546
Non-controlling interests	31,111	130,902
	112,839	520,448

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	NOTES	30.6.2018 HK$'000 (Unaudited)	31.12.2017 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	1,118,637	1,104,487
Prepaid lease payments		94,249	97,390
Investment properties	10	9,518,858	9,568,215
Interests in associates		147,835	142,725
Interests in joint ventures		741,590	753,230
Deposits paid for property, plant and equipment		40,854	56,975
Other long-term assets		164,024	124,653
		11,826,047	11,847,675
Current assets			
Inventories		402,705	348,216
Trade and other receivables	11	1,384,139	1,277,204
Prepaid lease payments		4,299	4,176
Amount due from a related party	18(a)(i)	31	851
Financial assets at fair value through profit or loss	17	13,486	13,720
Pledged bank deposits		13,501	20,098
Short-term bank deposits	12	7,800	—
Bank balances and cash		797,704	1,063,168
		2,623,665	2,727,433

Condensed Consolidated Statement of Financial Position
At 30 June 2018

	NOTES	30.6.2018 HK$'000 (Unaudited)	31.12.2017 HK$'000 (Audited)
Current liabilities			
Trade and other payables	13	1,210,551	1,550,229
Contract liabilities		80,898	—
Taxation payable		79,664	81,241
Unsecured bank borrowings	14	18,935	19,185
Other loan		8,482	8,594
Loan from a controlling shareholder	18(a)(ii)	—	599,520
		1,398,530	2,258,769
Net current assets		1,225,135	468,664
Total assets less current liabilities		13,051,182	12,316,339
Non-current liabilities			
Loan from a controlling shareholder	18(a)(ii)	591,716	—
Loan from a related party	18(a)(iii)	809,586	676,379
Deferred taxation		2,442,880	2,433,748
		3,844,182	3,110,127
		9,207,000	9,206,212
Capital and reserves			
Share capital	15	1,154,511	1,154,511
Reserves		5,925,291	5,936,114
Equity attributable to owners of the Company		7,079,802	7,090,625
Non-controlling interests		2,127,198	2,115,587
		9,207,000	9,206,212

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital HK$'000	Special capital reserve HK$'000	General reserve HK$'000	Translation reserve HK$'000	Property revaluation reserve HK$'000	Other reserves HK$'000	Retained profits HK$'000	Sub-total HK$'000	HK$'000	HK$'000
At 1 January 2018 (audited)	1,154,511	14,044	38,794	164,962	30,523	43,925	5,643,866	7,090,625	2,115,587	9,206,212
Profit for the period	–	–	–	–	–	–	164,229	164,229	59,799	224,028
Exchange difference arising on translating foreign operations										
– subsidiaries	–	–	–	(72,037)	–	–	–	(72,037)	(28,688)	(100,725)
– associates	–	–	–	(2,066)	–	–	–	(2,066)	–	(2,066)
– joint ventures	–	–	–	(8,398)	–	–	–	(8,398)	–	(8,398)
Total comprehensive (expense) income for the period	–	–	–	(82,501)	–	–	164,229	81,728	31,111	112,839
Dividend recognised as distribution (note 9)	–	–	–	–	–	–	(92,551)	(92,551)	–	(92,551)
Dividend paid to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	(19,500)	(19,500)
At 30 June 2018 (unaudited)	1,154,511	14,044	38,794	82,461	30,523	43,925	5,715,544	7,079,802	2,127,198	9,207,000
At 1 January 2017 (audited)	1,154,511	14,044	23,916	(291,509)	11,010	43,925	5,234,261	6,190,158	1,784,976	7,975,134
Profit for the period	–	–	–	–	–	–	201,323	201,323	67,063	268,386
Exchange difference arising on translating foreign operations										
– subsidiaries	–	–	–	161,528	–	–	–	161,528	63,839	225,367
– associates	–	–	–	4,392	–	–	–	4,392	–	4,392
– joint ventures	–	–	–	22,303	–	–	–	22,303	–	22,303
Total comprehensive income for the period	–	–	–	188,223	–	–	201,323	389,546	130,902	520,448
Dividend recognised as distribution (note 9)	–	–	–	–	–	–	(61,700)	(61,700)	–	(61,700)
At 30 June 2017 (unaudited)	1,154,511	14,044	23,916	(103,286)	11,010	43,925	5,373,884	6,518,004	1,915,878	8,433,882

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30.6.2018 HK$'000 (Unaudited)	Six months ended 30.6.2017 HK$'000 (Unaudited)
Net cash from operating activities	20,519	39,786
Net cash used in investing activities		
Payment for development costs incurred in respect of investment properties	(135,507)	(58,364)
Purchase of property, plant and equipment	(100,999)	(45,557)
Deposits paid for acquisition of property, plant and equipment	(39,141)	(29,653)
Placement of pledged bank deposits	(13,905)	(4,419)
Placement of short-term bank deposits	(7,800)	(98,231)
Withdrawal of pledged bank deposits	20,429	322
Proceeds from disposal of property, plant and equipment	531	2,065
Repayment from a joint venture	—	27,778
Other investing cash flows	7,946	9,073
	(268,446)	(196,986)

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2018

	Six months ended	
	30.6.2018 HK$'000 (Unaudited)	30.6.2017 HK$'000 (Unaudited)
Net cash used in financing activities		
Loan from a related party	146,252	27,778
Dividend paid	(92,375)	(38,615)
Dividend paid to non-controlling interests of a subsidiary	(19,500)	—
Other financing cash flows	(48,307)	(42,043)
	(13,930)	(52,880)
Net decrease in cash and cash equivalents	(261,857)	(210,080)
Cash and cash equivalents at 1 January	1,063,168	1,150,271
Effect of foreign exchange rate changes	(3,607)	22,247
Cash and cash equivalents at 30 June, represented by bank balances and cash	797,704	962,438

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2017 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

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

The Group recognises revenue from the following major sources:

- Sales of manufacturing products
- Rendering of building management services
- Rendering of logistic services
- Leasing of investment properties

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" *(continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (continued)

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" *(continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (continued)

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

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

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" *(continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (continued)

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

A point in time revenue recognition

Under the transfer-of-control approach in HKFRS 15, revenue from sales of manufacturing goods to the Group's customers in connection with the production of products are recognised when the goods are passed to the customers, which is the point in time when the customer has the ability to direct the use of the goods and obtain substantially all of the remaining benefits of the goods.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" *(continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (continued)

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" *(continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (continued)

Warranties

If a customer has the option to purchase a warranty separately, the Group accounts for the warranty as a separate performance obligation and allocates a portion of the transaction price to that performance obligation.

If a customer does not have the option to purchase a warranty separately, the Group accounts for the warranty in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" unless the warranty provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications (i.e. service-type warranties).

For service-type warranties, the promised service is a performance obligation. In that case, the Group allocates a portion of the transaction price to the warranty.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" *(continued)*

2.1.2 Summary of effects arising from initial application of HKFRS 15

There are no material impact of transition to HKFRS 15 on retained profits at 1 January 2018. The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

Impact on liabilities as at 1 January 2018

	Note	Carrying amount previously reported at 31 December 2017 HK$'000	Impacts of adopting HKFRS 15 HK$'000	Carrying amount under HKFRS 15 at 1 January 2018 HK$'000
Trade and other payables	a	1,550,229	(100,184)	1,450,045
Contract liabilities	a	—	100,184	100,184

Note:

(a) As at 1 January 2018, advances from customers of HK$100,184,000 in respect of purchase orders of goods placed with the Group previously included in the trade and other payables were reclassified to contract liabilities as the Group has obligations to transfer goods or services to its customers for which the Group has received consideration from the customer.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 15 "Revenue from Contracts with Customers" *(continued)*

2.1.2 Summary of effects arising from initial application of HKFRS 15 (continued)

Impact on liabilities as at 1 January 2018 (continued)

There are no material impact of applying HKFRS 15 on the Group's condensed consolidated statement of profit or loss and other comprehensive income for the current interim period. The following table summarises the impact of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on liabilities as at 30 June 2018

	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Trade and other payables	1,210,551	80,898	1,291,449
Contract liabilities	80,898	(80,898)	—

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments"

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

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

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

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

Classification and measurement of financial assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" *(continued)*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Classification and measurement of financial assets (continued)

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" *(continued)*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Classification and measurement of financial assets (continued)

Equity instruments designated as at fair value through other comprehensive income ("FVTOCI")

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

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" *(continued)*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Classification and measurement of financial assets (continued)

Financial assets at FVTPL

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

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

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. There are no changes in classification and measurement on the Group's financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" *(continued)*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 *(continued)*

Impairment under ECL model

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

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

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" *(continued)*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Impairment under ECL model (continued)

Significant increase in credit risk

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

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

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

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" *(continued)*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Impairment under ECL model (continued)

Significant increase in credit risk *(continued)*

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" *(continued)*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Impairment under ECL model (continued)

Measurement and recognition of ECL

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

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17 "Leases".

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Impacts and changes in accounting policies of application on HKFRS 9 "Financial Instruments" *(continued)*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Impairment under ECL model (continued)

Measurement and recognition of ECL *(continued)*

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and lease receivables for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in note 2.2.2.

2.2.2 Summary of effects arising from initial application of HKFRS 9

Impairment under ECL model

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

Loss allowances for other financial assets at amortised cost mainly comprise of other long-term assets, other receivables, amount due from a related party, pledged bank deposits, short-term bank deposits and bank balances, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, no additional credit loss allowance has been recognised in retained profits as the directors of the Company consider that the amount is immaterial.

3. TURNOVER AND SEGMENT INFORMATION

The Group determines its operating and reportable segments based on the internal reports reviewed by the President, the chief operating decision maker ("CODM") of the Group, that are used to make strategic decisions. There are 8 operating and reportable segments, namely Hi-Tech Manufacturing Business (including plastic products, liquid crystal display, printed circuit boards, intelligent chargers and industrial property investment) and Aerospace Service (including property investment in Shenzhen Aerospace Science & Technology Plaza, Internet of Things and Cross-border e-commerce) which represent the major industries in which the Group is engaged.

3. TURNOVER AND SEGMENT INFORMATION *(continued)*

(a) An analysis of the Group's turnover and results by operating and reportable segments is as follows:

For the six months ended 30 June 2018

	Turnover			
	External sales HK$'000	Inter-segment sales HK$'000	Total HK$'000	Segment results HK$'000
Hi-Tech Manufacturing Business				
Plastic products	529,937	25,307	555,244	19,014
Liquid crystal display	284,636	345	284,981	22,673
Printed circuit boards	407,710	—	407,710	22,735
Intelligent chargers	286,834	912	287,746	11,405
Industrial property investment	8,156	10,574	18,730	18,642
	1,517,273	37,138	1,554,411	94,469
Aerospace Service				
Property investment in Shenzhen Aerospace Science & Technology Plaza	220,303	3,066	223,369	246,435
Internet of Things	28	—	28	(7,255)
Cross-border e-commerce	23,967	—	23,967	(9,025)
	244,298	3,066	247,364	230,155

3. TURNOVER AND SEGMENT INFORMATION *(continued)*

(a) An analysis of the Group's turnover and results by operating and reportable segments is as follows: *(continued)*

	Turnover			
	External sales HK$'000	Inter-segment sales HK$'000	Total HK$'000	Segment results HK$'000
Operating and reportable segment total	1,761,571	40,204	1,801,775	324,624
Elimination	—	(40,204)	(40,204)	—
Other Business	3,130	—	3,130	3,034
	1,764,701	—	1,764,701	327,658
Unallocated corporate income				6,868
Unallocated corporate expenses				(24,066)
				310,460
Share of results of associates				7,176
Share of results of joint ventures				(3,242)
Finance costs				(32,826)
Profit before taxation				281,568

3. TURNOVER AND SEGMENT INFORMATION *(continued)*

(a) An analysis of the Group's turnover and results by operating and reportable segments is as follows: *(continued)*

For the six months ended 30 June 2017

	Turnover			
	External sales HK$'000	Inter-segment sales HK$'000	Total HK$'000	Segment results HK$'000
Hi-Tech Manufacturing Business				
Plastic products	588,762	23,181	611,943	37,773
Liquid crystal display	288,239	52	288,291	22,725
Printed circuit boards	357,095	—	357,095	50,002
Intelligent chargers	208,402	763	209,165	16,811
Industrial property investment	7,801	9,487	17,288	10,013
	1,450,299	33,483	1,483,782	137,324
Aerospace Service				
Property investment in Shenzhen Aerospace Science & Technology Plaza	191,408	402	191,810	270,805
Internet of Things	2	—	2	(1,252)
Cross-border e-commerce	28,487	—	28,487	(3,378)
	219,897	402	220,299	266,175

3. TURNOVER AND SEGMENT INFORMATION *(continued)*

(a) An analysis of the Group's turnover and results by operating and reportable segments is as follows: *(continued)*

	Turnover			
	External sales HK$'000	Inter-segment sales HK$'000	Total HK$'000	Segment results HK$'000
Operating and reportable segment total	1,670,196	33,885	1,704,081	403,499
Elimination	—	(33,885)	(33,885)	—
Other Business	4,984	—	4,984	3,530
	1,675,180	—	1,675,180	407,029
Unallocated corporate income				18,522
Unallocated corporate expenses				(37,278)
				388,273
Share of results of associates				1,105
Share of results of joint ventures				(6,529)
Finance costs				(27,806)
Profit before taxation				355,043

Segment results represent the profit earned/loss incurred by each segment without allocations of interest income, changes in fair value of financial assets at fair value through profit or loss, share of results of joint ventures and associates, interest expenses and other corporate income and corporate expenses.

Inter-segment sales are charged at cost-plus basis.

3. TURNOVER AND SEGMENT INFORMATION *(continued)*

(a) An analysis of the Group's turnover and results by operating and reportable segments is as follows: *(continued)*

Disaggregation of revenue

For the six months ended 30 June 2018

	Timing of revenue recognition	
	A point in time HK$'000	Over time HK$'000
Hi-Tech Manufacturing Business	1,509,117	8,156
Property investment in Shenzhen Aerospace Science & Technology Plaza	–	220,303
Internet of Things	–	28
Cross-border e-commerce	23,967	–
Other Business	671	2,459
	1,533,755	230,946

3. TURNOVER AND SEGMENT INFORMATION *(continued)*

(b) The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

	30.6.2018 HK$'000	31.12.2017 HK$'000
Segment assets		
Hi-Tech Manufacturing Business		
Plastic products	826,274	783,195
Liquid crystal display	417,514	398,278
Printed circuit boards	1,015,333	1,023,911
Intelligent chargers	265,480	275,528
Industrial property investment	315,856	302,826
	2,840,457	2,783,738
Aerospace Service		
Property investment in Shenzhen Aerospace Science & Technology Plaza	9,719,130	9,648,360
Internet of Things	26,223	23,697
Cross-border e-commerce	14,078	10,218
	9,759,431	9,682,275
Total assets for operating and reportable segments	12,599,888	12,466,013
Other Business	102,959	104,077
Interests in associates	147,835	142,725
Interests in joint ventures	741,590	753,230
Unallocated assets	857,440	1,109,063
Consolidated assets	14,449,712	14,575,108

3. TURNOVER AND SEGMENT INFORMATION *(continued)*

(b) The following is an analysis of the Group's assets and liabilities by operating and reportable segments: *(continued)*

	30.6.2018 HK$'000	31.12.2017 HK$'000
Segment liabilities		
Hi-Tech Manufacturing Business		
Plastic products	216,491	236,528
Liquid crystal display	119,642	112,386
Printed circuit boards	272,126	312,859
Intelligent chargers	103,707	105,674
Industrial property investment	10,251	9,033
	722,217	776,480
Aerospace Service		
Property investment in Shenzhen Aerospace Science & Technology Plaza	329,709	462,823
Internet of Things	3,970	5,379
Cross-border e-commerce	6,990	5,935
	340,669	474,137
Total liabilities for operating and reportable segments	1,062,886	1,250,617
Unallocated liabilities	4,179,826	4,118,279
Consolidated liabilities	5,242,712	5,368,896

3. TURNOVER AND SEGMENT INFORMATION *(continued)*

(b) The following is an analysis of the Group's assets and liabilities by operating and reportable segments: *(continued)*

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than bank balances and cash, pledged bank deposits, short-term bank deposits, amount due from a related party, financial assets at fair value through profit or loss, interests in joint ventures, interests in associates and the other unallocated assets; and

- all liabilities are allocated to operating and reportable segments other than taxation payable, deferred taxation, other loan, unsecured bank borrowings, loan from a controlling shareholder, loan from a related party and the other unallocated liabilities.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
The Group's other income mainly comprises:		
Bank interest income	5,930	7,748
The Group's other gains and losses mainly comprise:		
Net gain (loss) from change in fair value of financial assets at fair value through profit or loss	513	(5,542)
Net exchange loss	(5,469)	(5,625)

5. FINANCE COSTS

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
Interest on bank and other borrowings	**32,826**	27,806

6. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Amortisation of prepaid lease payments	**1,584**	1,742
Depreciation of property, plant and equipment	**73,880**	49,807

7. TAXATION

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
Current tax		
Hong Kong Profits Tax	6,710	7,165
PRC Enterprise Income Tax	9,121	14,640
	15,831	21,805
Deferred tax charge	41,709	64,852
	57,540	86,657

Hong Kong Profits Tax and Enterprise Income Tax of the People's Republic of China (the "PRC") have been calculated at 16.5% and 25%, respectively, of the estimated assessable profits for the periods under review other than certain subsidiaries in the PRC that are entitled to High and New Technology Enterprise status of which the applicable income tax rate is 15%.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
Earnings		
Profit for the period attributable to the owners of the Company for the purpose of basic earnings per share	**164,229**	201,323

	30.6.2018	30.6.2017
	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**3,085,022**	3,085,022

No diluted earnings per share is presented as there were no potential dilutive shares in issue for both periods.

9. DIVIDEND

2017 final dividend of HK3 cents (1.1.2017 to 30.6.2017: 2016 final dividend of HK2 cents) per share amounting to HK$92,551,000 (1.1.2017 to 30.6.2017: HK$61,700,000) was declared by the Company during the period. The directors of the Company do not recommend payment of an interim dividend for the interim period.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, the Group spent approximately HK$103,976,000 (1.1.2017 to 30.6.2017: HK$61,890,000) on acquisition of property, plant and equipment.

The fair values of the Group's investment properties at 30 June 2018 and 31 December 2017 have been arrived at on the basis of valuations carried out on that date by Jones Lang LaSalle Corporate Appraisal & Advisory Limited ("Jones Lang") for properties situated in Hong Kong and Knight Frank Petty Limited ("Knight Frank") for properties situated in the PRC. Jones Lang and Knight Frank are independent qualified professional valuers not connected with the Group and are members of the Institute of Valuers. The valuation of investment properties of HK$9,518,858,000 (31.12.2017: HK$9,568,215,000) was arrived at by reference to market evidence of transaction prices for similar properties and/or by capitalisation of income potential of similar properties. The resulting increase in fair value of investment properties of HK$75,195,000 (1.1.2017 to 30.6.2017: HK$105,907,000) has been recognised directly in the condensed consolidated statement of profit or loss.

11. TRADE AND OTHER RECEIVABLES

At 30 June 2018, included in trade and other receivables are trade receivables of HK$971,839,000 (31.12.2017: HK$914,976,000). The Group allows an average credit period of 90 days to its trade customers.

The following is an aged analysis of trade receivables presented based on invoice date, which approximated the revenue recognition date, at the end of the reporting period:

	30.6.2018 HK$'000	31.12.2017 HK$'000
Within 90 days	836,826	840,166
Between 91–180 days	99,476	60,286
Between 181–365 days	35,537	14,524
	971,839	914,976

Included in the Group's trade receivables is bill receivables of HK$152,274,000 (31.12.2017: HK$158,354,000). Included in the Group's other receivables are current portion of other long-term assets of HK$288,793,000 (31.12.2017: HK$289,116,000) and value-added tax recoverable of HK$41,620,000 (31.12.2017: HK$46,430,000).

12. SHORT-TERM BANK DEPOSITS

At 30 June 2018, short-term bank deposits with original maturity more than three months carry a fixed interest of 2.35% per annum (31.12.2017: nil).

13. TRADE AND OTHER PAYABLES

	30.6.2018 HK$'000	31.12.2017 HK$'000
Trade payables	452,493	470,925
Accrued charges	147,494	178,313
Receipts in advance	40,750	132,413
Other payables	569,814	768,578
	1,210,551	1,550,229

Other payables included an amount of HK$54,000,000 (31.12.2017: HK$54,000,000) received from a third party on behalf of China Aerospace Science & Technology Corporation ("CASC"), a controlling shareholder of the Company and payables with respect to development costs for investment properties of HK$251,661,000 (31.12.2017: HK$388,294,000).

The following is an aged analysis of trade payables based on invoice date at the end of the reporting period:

	30.6.2018 HK$'000	31.12.2017 HK$'000
Within 90 days	439,678	377,785
Between 91–180 days	6,960	29,475
Between 181–365 days	64	57,764
Over 1 year	5,791	5,901
	452,493	470,925

14. UNSECURED BANK BORROWINGS

No new unsecured bank borrowings were obtained during both current and prior periods.

15. SHARE CAPITAL

	30.6.2018 & 31.12.2017 HK$'000
Issued and fully paid: — 3,085,022,000 ordinary shares with no par value	**1,154,511**

16. COMMITMENTS

	30.6.2018 HK$'000	31.12.2017 HK$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of: — acquisition of property, plant and equipment	**64,690**	51,061

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The fair value of the financial assets with standard terms and conditions and traded in active liquid markets is determined with reference to quoted market bid prices.

At 30 June 2018, the Group's financial assets at fair value through profit or loss which are stated at fair value include equity securities listed on The Stock Exchange of Hong Kong Limited amounting to HK$13,486,000 (31.12.2017: HK$13,720,000).

The classification of the Group's financial assets (i.e. financial assets at fair value through profit or loss) at 30 June 2018 using the fair value hierarchy is Level 1. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities. The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

18. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed in note 13 and in the condensed consolidated statement of financial position, the Group entered into the following significant related party transactions:

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled or significantly influenced by the PRC government (hereinafter collectively referred to as "government-related entities"). The Company's substantial shareholder with significant influence over the Group, CASC, is a state-owned enterprise under the direct supervision of the State Council of the PRC. During the period, except as disclosed below, the Group did not have any individually significant transactions with government-related entities in its ordinary and usual course of business.

(a) Transactions with the CASC and its subsidiaries

(i) As at 30 June 2018, deposits placed with Aerospace Science & Technology Finance Company Limited ("Aerospace Finance") by the Group amounted to RMB26,000 (equivalent to approximately HK$31,000) (31.12.2017: RMB710,000 (equivalent to approximately HK$851,000)) and are included in amount due from a related party.

18. RELATED PARTY TRANSACTIONS *(continued)*

(a) Transactions with the CASC and its subsidiaries *(continued)*

(ii) During the year ended 31 December 2013, the Group entered into a long-term loan agreement with CASC for an amount of RMB500,000,000 for a period of five years from the first drawdown date and is repayable in March 2018. The loan has been renewed during the period ended 30 June 2018 and is unsecured, bears a fixed interest at 5% per annum and is repayable in March 2023. As at 30 June 2018, the Group has drawn down RMB500,000,000 (equivalent to approximately HK$591,716,000) (31.12.2017: RMB500,000,000 (equivalent to approximately HK$599,520,000)). The interest incurred to CASC during the period ended 30 June 2018 amounted to RMB12,569,000 (equivalent to approximately HK$15,319,000) (1.1.2017 to 30.6.2017: RMB12,569,000 (equivalent to approximately HK$13,966,000)).

(iii) During the year ended 31 December 2016, the Group entered into a facility ("Facility") with Aerospace Finance, for advances up to RMB1,300,000,000 for a period of 12 years from the first drawdown date. The property ownership certificate(s) of a portion of Shenzhen Aerospace Science & Technology Plaza with a valuation amount of approximately RMB1,900,000,000 will be subsequently mortgaged in favour of Aerospace Finance after Shenzhen Aerospace Technology Investment Company Limited has obtained the relevant certificate(s). As at 30 June 2018, the Group has drawn down RMB684,100,000 (equivalent to approximately HK$809,586,000) (31.12.2017: RMB564,100,000 (equivalent to approximately HK$676,379,000)). The interest paid to loans drawn from the Facility in the current period amounted to RMB13,933,000 (equivalent to approximately HK$16,982,000) (1.1.2017 to 30.6.2017: RMB11,809,000 (equivalent to approximately HK$13,121,000)).

18. RELATED PARTY TRANSACTIONS *(continued)*

(a) Transactions with the CASC and its subsidiaries *(continued)*

(iv) During the year ended 31 December 2016, the Group entered into a loan agreement with Hainan Aerospace Investment Management Company Limited ("Hainan Aerospace") for an amount of RMB45,000,000 for a period of two years from the first drawdown date. The loan was early repaid during the period ended 30 June 2017. The interest income from Hainan Aerospace during the period ended 30 June 2017 amounted to RMB364,000 (equivalent to approximately HK$405,000) (1.1.2018 to 30.6.2018: nil).

(b) During the year ended 31 December 2012, the Group entered into electronic commercial service agreements (the "Agreement") with 航天新商務信息科技有限公司 ("新商務信息"), an associate of the Group, for an amount of RMB300,000 per year for a period of five years commencing from the date of the Agreement. CASC and its subsidiaries also have substantial interests and significant influence over 新商務信息. The Agreement was expired during the year ended 31 December 2017.

18. RELATED PARTY TRANSACTIONS *(continued)*

(c) Transactions/balances with other government-related entities in the PRC

Apart from the transactions with CASC Group which have been disclosed above, the Group also conducts business with other government-related entities.

The Group has certain deposits placements, borrowings and other general banking facilities, with certain banks which are government-related entities in its ordinary course of business. Other than the substantial amount of bank balances, unsecured bank borrowings and certain sales transactions, remaining transactions with other government-related entities are individually insignificant.

(d) During the period, the emoluments of key management personnel were HK$1,479,000 (1.1.2017 to 30.6.2017: HK$1,479,000).

19. PLEDGE OF ASSETS

At 30 June 2018, bank deposits of HK$13,501,000 (31.12.2017: HK$20,098,000) and bills receivables of HK$85,931,000 (31.12.2017: HK$104,626,000) were pledged to banks to secure general banking facilities granted to the Group.