中國天然氣集團有限公司
CHINA LNG GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 931)

INTERIM REPORT
2018

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Kan Che Kin, Billy Albert *(Chairman)*
Mr. Chen Li Bo *(Deputy Chairman)*
Mr. Li Kai Yien, Arthur Albert

Non-Executive Directors

Mr. Simon Murray
Dr. Lam, Lee G.

Independent Non-Executive Directors

Mr. Li Siu Yui
Mr. Lam Lum Lee
Mr. Au Yeung Po Fung

AUDIT COMMITTEE

Mr. Li Siu Yui *(Chairman)*
Mr. Lam Lum Lee
Mr. Au Yeung Po Fung

REMUNERATION COMMITTEE

Mr. Li Siu Yui *(Chairman)*
Dr. Kan Che Kin, Billy Albert
Mr. Au Yeung Po Fung

NOMINATION COMMITTEE

Mr. Li Siu Yui *(Chairman)*
Dr. Kan Che Kin, Billy Albert
Mr. Au Yeung Po Fung

COMPANY SECRETARY

Mr. Ha Cheuk Pan

INDEPENDENT AUDITORS

PKF Hong Kong Limited

AUTHORISED REPRESENTATIVES

Dr. Kan Chi Kin, Billy Albert
(appointed on 9 April 2018)
Mr. Ha Cheuk Pan

PRINCIPAL BANKERS

Hang Seng Bank Limited
China Construction Bank (Asia)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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33 Garden Road
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR

SMP Partners (Cayman) Limited

HONG KONG BRANCH SHARE REGISTRAR

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

chinalng.todayir.com

STOCK CODE

931

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Continuing operations			
Revenue	4	**805,653**	163,848
Cost of sales		**(763,220)**	(201,252)
Gross profit/(loss)		**42,433**	(37,404)
Other income and gains		**11,258**	1,522
Share of results of associates		**(208)**	(83)
Selling and distribution expenses		**(14,467)**	(10,712)
Administrative expenses		**(65,817)**	(50,145)
Finance costs	6(a)	**(5,496)**	—
Loss before taxation	6	**(32,297)**	(96,822)
Taxation	7	**(1,491)**	(1,200)
Loss for the period from continuing operations		**(33,788)**	(98,022)
Discontinued operation			
Profit for the period from the discontinued operation	8	**—**	468
Loss for the period		**(33,788)**	(97,554)
Attributable to:–			
Equity shareholders of the Company		**(36,260)**	(71,428)
Non-controlling interests		**2,472**	(26,126)
Loss for the period		**(33,788)**	(97,554)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Notes	**(Unaudited)**	(Unaudited)
		HK$'000	*HK$'000*
(Loss)/earnings per share (HK cents)	*10*		
From continuing and discontinued operations			
– Basic		**(0.644)**	(1.267)
– Diluted		**(0.644)**	(1.267)
From continuing operations			
– Basic		**(0.644)**	(1.275)
– Diluted		**(0.644)**	(1.275)
From discontinued operation			
– Basic		**—**	0.008
– Diluted		**—**	0.008

The notes on pages 10 to 47 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(33,788)**	(97,554)
Other comprehensive (loss)/income for the period, net of tax:–		
Items that may be subsequently reclassified to profit or loss:–		
Exchange differences on translating foreign operations	**(29,576)**	16,350
Total comprehensive loss for the period	**(63,364)**	(81,204)
Total comprehensive loss for the period attributable to:–		
Equity shareholders of the Company	**(60,580)**	(56,880)
Non-controlling interests	**(2,784)**	(24,324)
	(63,364)	(81,204)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	**30 June 2018 (Unaudited) *HK$'000***	31 December 2017 (Audited) *HK$'000*
Non-current assets			
Plant and equipment	*11*	**429,928**	261,086
Land use rights		**6,382**	—
Goodwill		**429**	9,161
Other intangible assets		**2,603**	2,794
Interest in associates		**14,054**	13,676
Financial assets at fair value through profit or loss	*12*	**121,600**	—
Deposits for acquisition of plant and equipment		**73,729**	63,344
Receivables under LNG finance lease arrangements	*13*	**16,725**	31,262
LNG finance lease receivables	*14*	**9,061**	25,082
Statutory deposits		**250**	250
		674,761	406,655
Current assets			
Inventories		**44,921**	34,615
Receivables under LNG finance lease arrangements	*13*	**43,298**	53,046
LNG finance lease receivables	*14*	**51,492**	68,288
Loan receivables	*15*	**173,395**	168,774
Accounts and other receivables	*16*	**404,224**	429,498
Land use rights		**131**	–
Financial assets at fair value through profit or loss	*12*	**19,152**	18,911
Bank balances and cash	*17*	**208,997**	408,373
		945,610	1,181,505
Current liabilities			
Accounts and other payables	*18*	**459,933**	338,555
Income tax payable		**1,782**	5,191
		461,715	343,746

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	**30 June 2018 (Unaudited) *HK$'000***	31 December 2017 (Audited) *HK$'000*
Net current assets		**483,895**	837,759
Net assets		**1,158,656**	1,244,414
Capital and reserves			
Share capital	*19*	**112,876**	112,322
Reserves		**607,015**	649,816
Equity attributable to equity shareholders of the Company		**719,891**	762,138
Non-controlling interests		**438,765**	482,276
Total equity		**1,158,656**	1,244,414

The notes on pages 10 to 47 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to equity shareholders of the Company							
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2017	112,774	428,029	9,370	(53,514)	357,382	854,041	528,237	1,382,278
Non-controlling interest arising from business combination	–	–	–	–	–	–	(51)	(51)
Deemed disposal of partial interest in a subsidiary without loss of control	–	–	–	–	4,053	4,053	(4,053)	–
Dividend paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	(26,043)	(26,043)
Capital contribution from non-controlling interest	–	–	–	–	–	–	5,837	5,837
Loss for the period	–	–	–	–	(71,428)	(71,428)	(26,126)	(97,554)
Other comprehensive income for the period, net of tax:–								
Exchange differences on translating foreign operations	–	–	–	14,548	–	14,548	1,802	16,350
Total comprehensive loss for the period	–	–	–	14,548	(71,428)	(56,880)	(24,324)	(81,204)
At 30 June 2017 (Unaudited)	112,774	428,029	9,370	(38,966)	290,007	801,214	479,603	1,280,817
At 1 January 2018	**112,322**	**401,279**	**9,370**	**6,631**	**232,536**	**762,138**	**482,276**	**1,244,414**
Acquisition of additional interests in subsidiaries	**–**	**–**	**–**	**–**	**(18,952)**	**(18,952)**	**(1,513)**	**(20,465)**
Release upon disposal of a subsidiary (note 24)	**–**	**–**	**–**	**3,625**	**–**	**3,625**	**(39,953)**	**(36,328)**
Capital contribution from non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**739**	**739**
Conversion of convertible notes (note 20)	**554**	**33,106**	**–**	**–**	**–**	**33,660**	**–**	**33,660**
(Loss)/profit for the period	**–**	**–**	**–**	**–**	**(36,260)**	**(36,260)**	**2,472**	**(33,788)**
Other comprehensive loss for the period, net of tax:–								
Exchange differences on translating foreign operations	**–**	**–**	**–**	**(24,320)**	**–**	**(24,320)**	**(5,256)**	**(29,576)**
Total comprehensive loss for the period	**–**	**–**	**–**	**(24,320)**	**(36,260)**	**(60,580)**	**(2,784)**	**(63,364)**
At 30 June 2018 (Unaudited)	**112,876**	**434,385**	**9,370**	**(14,064)**	**177,324**	**719,891**	**438,765**	**1,158,656**

The notes on pages 10 to 47 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	**(85,911)**	83,799
NET CASH USED IN INVESTING ACTIVITIES	**(317,835)**	(122,113)
NET CASH FROM FINANCING ACTIVITIES	**206,361**	29,794
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(197,385)**	(8,520)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	**(1,991)**	3,068
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**408,373**	662,491
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**208,997**	657,039
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**208,997**	655,903
Bank balances and cash included in assets of disposal groups classified as held for sale	**—**	1,136
	208,997	657,039

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATION INFORMATION

China LNG Group Limited (the "Company" together with its subsidiaries, the "Group") was incorporated in the Cayman Islands on 5 December 2000 as an exempted company with limited liability under the Companies Law (2001 Second Revision) Chapter 22 of the Cayman Islands. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 24 October 2001. The address of the registered office and principal place of business of the Company is located at 8/F, St. John's Building, 33 Garden Road, Central, Hong Kong.

The Company is an investment holding company and the principal activities of the Group are development of liquefied natural gas ("LNG") businesses, including (i) in the People's Republic of China (the "PRC"), point-to-point supply and wholesale of LNG, provision of LNG logistic services, sales of LNG vehicles, provision of finance leasing services for LNG vehicles, vessels and equipment as approved by Ministry of Foreign Trade and Economic Cooperation; and (ii) in Hong Kong, trading of securities, provision of securities brokerage, bond placing, margin financing and securities investments and financial services through provision of money lending business. The Group's properties investment business was regarded as a discontinued operation in the preparation of the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2017.

2. BASIS OF PREPARATION

The condensed consolidated financial statements and selected explanatory notes have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable disclosures required by the Rules (the "Listing Rules") governing the Listing of Securities on the Stock Exchange.

2. BASIS OF PREPARATION *(continued)*

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the most recent consolidated financial statements for the year ended 31 December 2017, except for the standards, amendments and interpretations (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards" or "HKFRSs") issued by the HKICPA applicable to the annual period beginning on 1 January 2018. Details of these significant accounting policies change are set out in note 3.

One new significant accounting policy is adopted during the current period:–

Land use rights represent up-front payments to acquire the land use rights. They are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight-line basis over the terms of the leases.

The Group had not applied the HKFRSs that have been issued but were not yet effective for the accounting period of these condensed consolidated financial statements. The Directors anticipate that the application of these HKFRSs will have no material impact on the results and the financial position of the Group.

3. ADOPTION OF NEW HKFRSs AND AMENDMENTS TO HKFRSs

(a) Overview

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, Financial instruments
- HKFRS 15, Revenue from contracts with customers

Under the transition methods chosen, there is no significant cumulative effect of the initial application of HKFRS 9 and HKFRS 15 recognised by the Group as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated.

(b) HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement* and sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has initially adopted HKFRS 9 *Financial instruments* from 1 January 2018. The retrospective application of the new standards in accordance with the transition requirement does not have significant cumulative effect on balances as at 1 January 2018.

(i) Classification of financial assets and financial liabilities

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

3. ADOPTION OF NEW HKFRSs AND AMENDMENTS TO HKFRSs *(continued)*

(b) HKFRS 9, Financial instruments *(continued)*

(i) Classification of financial assets and financial liabilities *(continued)*

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

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

— FVOCI (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

— FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

3. ADOPTION OF NEW HKFRSs AND AMENDMENTS TO HKFRSs *(continued)*

(b) HKFRS 9, Financial instruments *(continued)*

(i) Classification of financial assets and financial liabilities *(continued)*

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

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

There is no reclassification or remeasurement of the financial assets, including bank balances and cash, receivables under LNG finance lease arrangements, LNG finance lease receivables, loan receivables and accounts and other receivables, from the adoption of HKFRS 9.

The measurement categories for all financial liabilities remain the same.

The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

3. ADOPTION OF NEW HKFRSs AND AMENDMENTS TO HKFRSs *(continued)*

(b) HKFRS 9, Financial instruments *(continued)*

(i) Classification of financial assets and financial liabilities *(continued)*

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

(ii) Credit losses

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

The Group applies the new ECL model to financial assets measured at amortised cost (including bank balances and cash, receivables under LNG finance lease arrangements, LNG finance lease receivables, loan receivables and accounts and other receivables).

Impairment of financial assets

The Group recognises loss allowances for ECL on the financial instruments that are not measured at fair value through profit or loss. The Group considers the probability of default upon initial recognition of financial assets and assesses whether there has been a significant increase in credit risk on an ongoing basis.

The Group considers the credit risk on a financial instrument is low if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfill its contractual cash flow obligations.

3. ADOPTION OF NEW HKFRSs AND AMENDMENTS TO HKFRSs *(continued)*

(b) HKFRS 9, Financial instruments *(continued)*

(ii) Credit losses *(continued)*

Impairment of financial assets (continued)

The carrying amount of the receivables is reduced through the use of the receivable impairment charges account. Changes in the carrying amount of the receivable impairment charges account are recognised in profit or loss. The receivable is written off against the receivable impairment charges account when the Group has no reasonable expectations of recovering the receivable.

If, in a subsequent period, the amount of ECLs decreases, the reversal would be adjusted to the receivable impairment charges account at the reporting date. The amount of any reversal is recognised in profit or loss.

(iii) Transition

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

— Information relating to comparative periods has not been restated.

— The assessments have been made on the basis of the facts and circumstances that exist at 1 January 2018 (the date of initial application of HKFRS 9 by the Group) for the determination of the business model within which a financial asset is held.

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

3. ADOPTION OF NEW HKFRSs AND AMENDMENTS TO HKFRSs *(continued)*

(c) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a five-step model comprehensive framework for recognising revenue from contracts with customer: (i) identify the contract; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise 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. HKFRS 15 replaced HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and related interpretations.

Under HKFRS 15, the Group's revenue from sales and distribution of LNG, which includes wholesale of LNG and point-to-point supply of LNG, is recognised when control of the goods has been transferred, being when the goods have been delivered to the customer's specific location. A receivable is recognised by the Group when the goods are delivered and titles have passed to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received consideration from the customer.

In respect of other services, given the short period of time to complete the services, the Group continues to recognise revenue from other services when the services have been rendered upon adoption of HKFRS 15.

The Group has concluded that the initial application of HKFRS 15 does not have a significant impact on the timing of revenue recognition.

The Group has been impacted by HKFRS 15 in relation to the presentation of contract liabilities. The initial application of HKFRS 15 recognised the opening balance of contract liabilities of approximately HK$80,201,000 at 1 January 2018. Comparative information is not restated.

4. REVENUE FROM CONTINUING OPERATIONS

Revenue represents the aggregate of income from the LNG businesses in the PRC, income/(loss) from trading of securities, income from provision of securities brokerage, bond placing, margin financing and securities investments in Hong Kong and income from financial services through provision of money lending business in Hong Kong, and is analysed as follows:–

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Sales and distribution of LNG	**774,985**	201,369
Sales of LNG vehicles	**—**	845
Provision of LNG logistic services	**6,892**	—
Interest income from LNG finance lease arrangements	**2,505**	4,018
LNG finance leases interest income	**2,743**	4,279
Service fee income from leasing of LNG vehicles	**89**	353
Dividend income from financial assets at fair value through profit or loss	**—**	462
Loss on disposal of financial assets at fair value through profit or loss	**—**	(37,003)
Loss on disposal of derivative financial instrument	**—**	(27,864)
Gain on fair value changes of financial assets at fair value through profit or loss	**—**	18
Gain on fair value changes of derivative financial instrument	**—**	2,045
Interest income from loan financing	**10,872**	11,839
Interest income from securities margin financing	**2,523**	2,315
Services fee income	**93**	584
Brokerage income	**701**	588
Bond placing commission income	**4,250**	—
	805,653	163,848

5. SEGMENT INFORMATION

The Group determines its operating segments based on the Directors' decisions. For management purposes, the Group is organised into eight (six months ended 30 June 2017: eight) continuing operating divisions, which are the basis on which the Group reports its segment information.

The Group's principal activities are as follows:

(1) Sales and distribution of LNG including wholesale of LNG and point-to-point supply of LNG;

(2) Provision of LNG logistic services;

(3) Financial provision through finance leasing services for LNG vehicles, vessels and equipment;

(4) Provision of LNG in the midstream and downstream market through fuelling/refuelling of LNG in road refuelling stations for commercial vehicles and water refuelling stations for vessels and specifically designed refuelling facilities for equipment;

(5) Commercial vehicle platform services through the Group's Environmental Green Club ("綠擎匯"), including provision of the commercial vehicles users long distance IT control, insurance handling and purchase/sale of their new/used LNG/diesel vehicles;

(6) Trading of securities;

(7) Provision of securities brokerage, bond placing, margin financing and securities investments in Hong Kong; and

(8) Financial services through provision of money lending business.

The Group's properties investment business was regarded as a discontinued operation, the details of which are set out in note 8.

5. SEGMENT INFORMATION *(continued)*

Segment revenue, expenses and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue and expenses are determined before intra-group transactions and are eliminated as part of the consolidated process, except to the extent that such intra-group transactions are between group enterprises within a single segment. Unallocated items comprise corporate and financial expenses. This is the measure reported to the Group's management for the purposes of resource allocation and assessment of segment performance.

The measure used for reporting segment result is "adjusted EBIT" i.e. adjusted earnings before interest and taxes. To arrive at adjusted EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as other head office or corporate administration costs.

5. SEGMENT INFORMATION *(continued)*

Segment information about the aforementioned business is set out below:–

	Sales and distribution of LNG		Provision of LNG logistic services		Financial provision through finance leasing services for LNG vehicles, vessels and equipment		Provision of LNG in the midstream and downstream market		Provision of commercial vehicle platform services		Trading of securities		Provision of securities brokerage, bond placing, margin financing and securities investments		Financial services through provision of money lending business		Consolidated for continuing operations	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE																		
External	**774,985**	201,369	**6,892**	–	**5,337**	8,650	**-**	491	**-**	845	**-**	(62,342)	**7,567**	2,996	**10,872**	11,839	**805,563**	163,848
RESULTS																		
Segment results	**(5,320)**	(10,923)	**(14,826)**	(4,326)	**1,657**	7	**(709)**	(13,231)	**(1,586)**	(2,144)	**(4,131)**	(68,157)	**2,194**	(1,297)	**10,858**	11,788	**(11,863)**	(88,283)
Other income and gains																	**3,749**	–
Finance costs																	**(5,496)**	–
Share of results of associates																	**(208)**	(83)
Unallocated corporate expenses																	**(18,479)**	(8,456)
Loss before taxation																	**(32,297)**	(96,822)
Taxation																	**(1,491)**	(1,200)
Loss for the period																	**(33,788)**	(98,022)

The Group's operations of the development of LNG businesses including the sales and distribution of LNG, provision of LNG logistic services, provision of finance leasing services for LNG vehicles, vessels and equipment, provision of LNG in the midstream and downstream market and provision of commercial vehicle platform services are located in the PRC and the remaining operations are located in Hong Kong during both periods.

6. LOSS BEFORE TAXATION FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging/(crediting):–		
(a) Finance costs		
Interest expense on loans from a shareholder	**2,745**	—
Interest expense on convertible notes	**2,190**	—
Interest expense on loan from a third party	**561**	—
	5,496	—
(b) Other items		
Amortisation of land use rights	**23**	—
Amortisation of other intangible assets	**157**	113
Depreciation of plant and equipment	**14,292**	5,414
Loss on disposal of plant and equipment	**1,031**	—
Staff costs:–		
Directors' remuneration	**855**	855
Staff cost excluding directors' remuneration	**36,364**	26,929
Retirement benefits scheme contribution, excluding those included in directors' remuneration	**8,401**	5,926
Total staff costs	**45,620**	33,710
Interest income on bank deposits	**(403)**	(726)
Gain on disposal of a subsidiary	**(3,578)**	—
Fair value gain on financial assets at fair value through profit or loss	**(3,729)**	—

7. TAXATION FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**860**	931
PRC Enterprise Income Tax	**631**	269
	1,491	1,200

Provision of Hong Kong Profits Tax and PRC Enterprise Income Tax were calculated at 16.5% and 25% respectively on the estimated assessable profits for the six months ended 30 June 2018 and 2017.

8. DISCONTINUED OPERATION

On 1 June 2017 and 5 June 2017, the Group and Dr. Kan Chi Kin, Billy Albert ("Dr. Kan"), an executive Director and the chairman of the Company, entered into provisional agreements and a supplemental agreement respectively, pursuant to which Dr. Kan agreed to acquire, and the Group agreed to sell the entire equity interests of two wholly-owned subsidiaries, ACE Vantage Investments Limited ("ACE") and Smart Look Limited ("SLL") at a total consideration of HK$67,200,000 (the "ACE and SLL Disposal"). Completion of the ACE and SLL Disposal took place on 7 August 2017 and the consideration has been settled in cash. ACE and SLL ceased to be subsidiaries of the Company thereafter and the Group no longer carried on the business of properties investment. Accordingly, the business segment of properties investment was regarded as a discontinued operation.

8. DISCONTINUED OPERATION *(continued)*

The results from the discontinued operation are as follows: –

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue	—	620
Administrative expenses	—	(152)
Profit before taxation and profit for the period from the discontinued operation	—	468
Profit for the period from the discontinued operation attributable to equity shareholders of the Company	—	468
Profit for the period from discontinued operation includes the following:		
Rental income	—	620
Depreciation	—	62

9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2018 and 2017.

10. (LOSS)/EARNINGS PER SHARE

The calculation of weighted average number of shares of the Company (the "Shares") for the purpose of (loss)/earnings per Share had taken into account the effect of the share consolidation of every ten issued and unissued Shares of HK$0.002 each in the share capital of the Company into one ordinary share of HK$0.02 each ("Share Consolidation") effective on 11 August 2017.

The weighted average number of Shares for (loss)/earnings per Share calculation represents the average number of Shares in issue during the current and preceding periods. These calculations of weighted average number of Shares assume the Share Consolidation was conducted at the beginning of the period on 1 January 2017.

The calculation of diluted loss per Share does not assume the conversion of outstanding convertible notes during the current period which had anti-dilutive effect and would result in a reduction in loss per Share. There was no dilutive instrument at the end of the current period and during the preceding period. Therefore, the diluted loss per Share is same as basic loss per Share during the current and preceding periods.

The calculation of the basic and diluted (loss)/earnings per Share is based on the following data:-

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
(Loss)/profit for the period attributable to equity shareholders of the Company		
From continuing operations	**(36,260)**	(71,896)
From discontinuing operation	**—**	468
	(36,260)	(71,428)

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

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of calculation of both basic and diluted (loss)/earnings per Share	**5,616,123,090**	5,638,707,090
Effect of the conversion of convertible notes	**11,827,812**	–
Adjusted weighted average number of ordinary shares in issue for the purpose of calculation of both basic and diluted (loss)/earnings per Share	**5,627,950,902**	5,638,707,090

11. PLANT AND EQUIPMENT

	30 June 2018	31 December 2017
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
At beginning of the period/year	**261,086**	34,930
Additions	**196,206**	227,465
Business combination	**—**	5,440
Disposal of a subsidiary (note 24)	**(1,867)**	(21)
Depreciation	**(14,292)**	(14,842)
Disposals	**(1,031)**	(823)
Exchange adjustments	**(10,174)**	8,937
At end of the period/year	**429,928**	261,086

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Long-term unlisted investment (note 12(a))	**121,600**	—
Short-term unlisted investment (note 12(b))	**19,152**	18,911

(a) At 30 June 2018, the Group had trust products of approximately HK$121,600,000 (equivalent to RMB102,617,000) (31 December 2017: Nil) offered by Zhonghai Trust Co., Limited ("Zhonghai Trust") in the PRC. These products carried interest at expected maximum interest rate of 5.5% per annum, depending on the market price of the underlying money market instruments and debt instruments invested by Zhonghai Trust, payable on redemption. These products were non-principal guaranteed. The Group expects not to redeem the products before 16 January 2021 and receives the redemption price based on the rate of return as announced by Zhonghai Trust when redeemed.

The trust products have been secured as a deposit of the cooperation agreement with CNOOC Gas and Power Group Co., Limited Trading & Marketing Branch for ensuring the relevant obligations of the cooperation agreement are to be performed by the Group.

(b) At 30 June 2018, the Group had trust products of approximately HK$19,152,000 (equivalent to RMB16,162,000) (31 December 2017: HK$18,911,000) offered by Zhonghai Trust in the PRC. These products carried interest at expected maximum interest rate of 5% per annum, depending on the market price of the underlying money market instruments and debt instruments invested by Zhonghai Trust, payable on redemption. These products were non-principal guaranteed. The Group has the right to redeem the investment on or before 20 December 2022 and receives the redemption price based on the rate of return as announced by Zhonghai Trust when redeemed.

13. RECEIVABLES UNDER LNG FINANCE LEASE ARRANGEMENTS

The Group provides finance leasing services for LNG vehicles and vessels in the PRC. The receivables under these finance lease arrangements are aged as follows:–

	30 June 2018 (Unaudited)	31 December 2017 (Audited)
	HK$'000	*HK$'000*
Within one year	**43,298**	53,046
In the second to fifth years, inclusive	**16,725**	31,262
	60,023	84,308

The Group entered into finance lease arrangements pursuant to which the lessees sold their vehicles and vessels to the Group and leased back the assets with lease period ranging from 2 years to 5 years (31 December 2017: 1.5 year to 5 years) from the date of inception. The ownership of leased assets will be transferred to the lessees at a minimal purchase option upon the settlement of the receivables and the interest accrued under the finance lease arrangements. The lessees retain control of the assets before and after entering into the arrangements. These finance lease arrangements do not constitute leases for accounting purposes.

At 30 June 2018, the effective interest rates applicable to the finance lease arrangements ranged from approximately 7.74% to 12.68% per annum (31 December 2017: 7.74% to 13.78%).

13. RECEIVABLES UNDER LNG FINANCE LEASE ARRANGEMENTS *(continued)*

The maturity profile of receivables under LNG finance lease arrangements at the end of the reporting period is as follows:–

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Neither past due nor impaired	**51,788**	79,271
Past due but not impaired:–		
Within 3 months	**2,323**	2,056
4 to 6 months	**1,498**	1,460
7 to 9 months	**1,567**	1,225
10 to 12 months	**1,394**	150
Over 1 year	**1,453**	146
	60,023	84,308

Receivables which were neither past due nor impaired related to a number of borrowers for whom there was no recent history of default. For those balances which were past due but not impaired, they related to a number of borrowers for which the management have assessed their financial position and performance as well as collaterals and considered the balances will be recovered in full and accordingly, no impairment loss is considered necessary.

The receivables are secured by the leased vehicles and vessels. The Group has obtained guarantees provided by the controlling shareholders of the lessees and other independent third parties for certain finance lease arrangements. The Group has also obtained security deposits for certain finance lease arrangements and these security deposits were interest-free. The lessees are obliged to settle the amounts according to the terms set out in the relevant agreements.

14. LNG FINANCE LEASE RECEIVABLES

	Minimum lease payments 30 June 2018 (Unaudited) HK$'000	Minimum lease payments 31 December 2017 (Audited) HK$'000	Present value of minimum lease payments 30 June 2018 (Unaudited) HK$'000	Present value of minimum lease payments 31 December 2017 (Audited) HK$'000
Within one year	**61,497**	79,522	**51,492**	68,288
In the second to fifth years, inclusive	**10,682**	29,229	**9,061**	25,082
	72,179	108,751	**60,553**	93,370
Less: Unearned finance income	**(11,626)**	(15,381)		
Present value of minimum lease payment receivables	**60,553**	93,370		
Less: Amount receivables within 12 months (shown under current assets)			**(51,492)**	(68,288)
Amount receivables after 12 months			**9,061**	25,082

The Group entered into finance lease contracts pursuant to which the Group purchased new vehicles or equipment from third party manufacturers or distributors of its choice or of the lessees' choice and leased the assets to the lessees with lease period ranging from 2 years to 4.5 years (31 December 2017: 2 years to 4.5 years) from the date of inception. The ownership of the leased assets will be transferred to the lessees at a minimal purchase option upon the settlement of the receivables and the interest accrued under the finance lease contracts. The lessees retain control of the assets after entering into the contracts.

14. LNG FINANCE LEASE RECEIVABLES *(continued)*

At 30 June 2018, the effective interest rates applicable to the finance lease ranged from approximately 7.24% to 12.82% per annum (31 December 2017: 7.24% to 12.82%).

The maturity profile of LNG finance lease receivables at the end of the reporting period is as follows:–

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
Neither past due nor impaired	**42,508**	76,131
Past due but not impaired:–		
Within 3 months	**3,352**	4,787
4 to 6 months	**3,935**	3,905
7 to 9 months	**2,827**	3,160
10 to 12 months	**2,098**	778
Over 1 year	**5,833**	4,609
	60,553	93,370

Receivables which were neither past due nor impaired related to a number of borrowers for whom there was no recent history of default. For those balances which were past due but not impaired, they related to a number of borrowers for which the management have assessed their financial position and performance as well as collaterals and considered the balances will be recovered in full and accordingly, no impairment loss is considered necessary.

The receivables are secured by the leased vehicles and equipment. The Group has obtained guarantees provided by the controlling shareholders of the lessees and other independent third parties for certain finance lease contracts. The Group has also obtained security deposits for certain finance lease contracts and these security deposits were interest-free. The lessees are obliged to settle the amounts according to the terms set out in the relevant agreements.

15. LOAN RECEIVABLES

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Loan receivables	**173,395**	168,774

The Group seeks to maintain strict control over its outstanding loan receivables so as to minimise credit risk. The granting of loans is subject to approval by the management, whilst overdue balances are reviewed regularly by the management. Loan receivables are charged on effective interest rate mutually agreed with the contracting parties, at a fixed rate of 12% to 15% per annum (31 December 2017: 12% to 15%).

The loan receivables are secured. The borrowers are obliged to settle the amounts according to the terms set out in the relevant agreements.

The maturity profile of loan receivables at the end of the reporting period is as follows:–

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Neither past due nor impaired	**139,997**	142,617
Past due but not impaired:–		
Less than 1 month	**1,432**	1,848
Less than 3 months but over 1 month	**2,641**	2,494
Over 3 months	**29,325**	21,815
	173,395	168,774

15. LOAN RECEIVABLES *(continued)*

Receivables which were neither past due nor impaired related to a number of borrowers for whom there was no recent history of default. For those balances which were past due but not impaired, they related to a number of borrowers for which the management have assessed their financial position and performance as well as collaterals. The Directors are of the opinion that no provision for impairment is necessary in respect of loan receivables as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

16. ACCOUNTS AND OTHER RECEIVABLES

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Accounts receivables arising from dealing in securities (note 16(a)):–		
Cash clients	**500**	554
Margin clients	**63,457**	43,195
Hong Kong Securities Clearing Company Limited	**—**	447
Accounts receivables arising from LNG businesses (note 16(b))	**76,362**	72,514
Total accounts receivables	**140,319**	116,710
Prepayments, deposits and other receivables	**215,786**	208,733
Loan to a third party (note 16(c))	**1,908**	1,983
Amounts due from non-controlling shareholders of subsidiaries (note 16(d))	**—**	73,543
Value-added tax recoverable	**46,211**	28,529
Total accounts and other receivables	**404,224**	429,498

16. ACCOUNTS AND OTHER RECEIVABLES *(continued)*

Notes: –

(a) The settlement terms of the accounts receivables from cash clients arising from the business of dealing in securities are two days after trade date.

At 30 June 2018, the accounts receivables from margin clients were repayable on demand, interest-bearing at rate of 9.25% (31 December 2017: 9.25%) per annum and secured by clients' securities that are listed on the Stock Exchange with a total market value of approximately HK$62,709,000 (31 December 2017: HK$52,342,000).

The accounts receivables arising from dealing in securities at 30 June 2018 and 31 December 2017 were not past due nor impaired. No detailed aged analysis is disclosed as in the opinion of the Directors, the aged analysis does not give additional value in view of the nature of securities dealing business.

(b) The following is an aged analysis of accounts receivables arising from LNG businesses presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
Within 3 months	**59,276**	61,839
4 to 6 months	**17,086**	10,675
	76,362	72,514

The following is an aged analysis of accounts receivables arising from LNG businesses which are past due but not impaired. The average credit period is 30 to 90 days.

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
Past due but not impaired:-		
Within 3 months	**7,017**	26,385
4 to 6 months	**13,502**	8,045
	20,519	34,430

16. ACCOUNTS AND OTHER RECEIVABLES *(continued)*

(c) At 30 June 2018, the loan was unsecured, interest-bearing at 8% per annum and repayable within one year. At 31 December 2017, the loan was unsecured, interest-bearing at 8% per annum and repayable on demand.

(d) The balances were fully recovered during the six months ended 30 June 2018. At 31 December 2017, the balances represented capital commitment of HK$10,434,000 payable by non-controlling shareholders and advances of HK$63,109,000 to non-controlling shareholders of certain subsidiaries of the Group. The balances were unsecured, interest-free and repayable on demand.

17. BANK BALANCES AND CASH

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Cash at banks:–		
General accounts	**157,849**	363,581
Client accounts	**51,146**	44,211
Cash in hand	**2**	581
	208,997	408,373

General accounts bear interest at prevailing market rate and have original maturity of three months or less.

The Group maintains client bank accounts with authorised financial institutions to receive and hold money deposited by clients in the course of the conduct of the regulated activities. These clients' monies are maintained in one or more client bank accounts and bear interest at commercial rates. The Group has recognised the corresponding accounts payable to respective clients. However, the Group currently does not have an enforceable right to offset those payables with the deposits placed.

The Group's bank balances are denominated primarily in Hong Kong dollar, Renminbi and United States dollar.

18. ACCOUNTS AND OTHER PAYABLES

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
Accounts payables arising from dealing in securities (note 18(a)):–		
Cash clients (note 18(b))	**7,368**	41,946
Margin clients (note 18(c))	**39,294**	2,702
Hong Kong Securities Clearing Company Limited	**4,484**	—
Accounts payables arising from LNG businesses (note 18(d))	**70,164**	68,510
Total accounts payables	**121,310**	113,158
Accrued charges and other payables	**46,200**	115,860
Contract liabilities	**64,000**	–
Guaranteed deposits on LNG finance leases and finance leases arrangements	**19,683**	19,270
Loans from a shareholder (note 18(e))	**156,991**	30,284
Loan from a third party (note 18(f))	**47,961**	—
Amounts due to non-controlling shareholders of subsidiaries (note 18(g))	**3,788**	59,983
Total accounts and other payables	**459,933**	338,555

Notes: –

(a) The settlement terms of accounts payables arising from the business of dealing in securities are two days after trade date or on demand where held at segregated client bank accounts.

The accounts payable amounting to approximately HK$51,146,000 (31 December 2017: HK$44,211,000) were payable to clients in respect of the segregated client bank balances received and held for clients in the course of the conduct of regulated activities. The carrying amounts of the accounts payable arising from the ordinary course of business of dealing in securities are mainly denominated in Hong Kong dollar.

18. ACCOUNTS AND OTHER PAYABLES *(continued)*

(b) The accounts payables included HK$nil (31 December 2017: HK$29,024,000) which was deposited by Dr. Kan.

(c) The accounts payables included HK$2,129,000 (31 December 2017: HK$2,133,000) which was deposited by a related company in which Dr. Kan has controlling interest.

(d) The following is an aged analysis of accounts payables arising from LNG businesses presented based on invoice date at the end of the reporting period.

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Within three months	**43,675**	57,655
4 to 6 months	**26,489**	10,855
	70,164	68,510

The average credit period on purchases of LNG is 30 to 90 days.

(e) The unsecured loans from a shareholder, Dr. Kan comprised of (i) approximately HK$130,394,000 is interest-bearing at 5% and repayable on demand; (ii) approximately HK$23,700,000 is interest-bearing at 8% and repayable within one year; (iii) approximately HK$2,358,000 is interest-free and repayable on demand; and (iv) the remaining amount is interest-free, and repayable within one year.

(f) The loan is unsecured, repayable within one year and interest-free except for a balance of approximately HK$47,400,000 which is interest-bearing at 8% per annum.

(g) The balances represented advances from non-controlling shareholders of certain subsidiaries of the Group. The balances were unsecured, interest-free and repayable on demand.

19. SHARE CAPITAL

	30 June 2018		31 December 2017	
	Number of shares	**Amount *HK$'000***	Number of shares	Amount *HK$'000*
Shares of HK$0.02 each	**20,000,000,000**	**400,000**	200,000,000,000	400,000
Authorised:–				
At beginning of the period/year				
Share Consolidation (note 19(a))	**—**	**—**	(180,000,000,000)	—
At end of the period/year	**20,000,000,000**	**400,000**	20,000,000,000	400,000
Issued and fully paid:–				
At beginning of the period/year	**5,616,123,090**	**112,322**	56,387,070,908	112,774
Share Consolidation (note 19(a))	**—**	**—**	(50,748,363,818)	—
Share repurchased and cancelled (note 19(b))	**—**	**—**	(22,584,000)	(452)
Conversion of convertible notes (note 19(c))	**27,674,000**	**554**	—	—
At end of the period/year	**5,643,797,090**	**112,876**	5,616,123,090	112,322

Notes:–

(a) Pursuant to the extraordinary general meeting passed on 10 August 2017, Share Consolidation whereby every ten of the issued and unissued ordinary share with a par value of HK$0.002 each in the share capital of the Company be consolidated into 1 ordinary share with a par value of HK$0.02 each ("Consolidated Share(s)"), such that the authorised share capital of the Company becomes HK$400,000,000 divided into 20,000,000,000 Consolidated Shares of par value of HK$0.02 each. The Consolidation Shares rank pari passu in all respects with each other in accordance with the Memorandum and Articles of Association of the Company.

(b) During the year ended 31 December 2017, the Company repurchased a total of 22,584,000 of its own shares through purchases on the Stock Exchange. The difference between total consideration paid of HK$27,202,000 to repurchase these shares and the aggregate nominal value of these shares was charged against share premium.

(c) During the six months ended 30 June 2018, the holder of convertible notes had exercised the conversion option twice to convert the aggregate principal amount of HK$34,000,000 in consideration for conversion of 27,674,000 ordinary shares of the Company in total at conversion prices of HK$1.21258 and HK$1.2523 per conversion share (note 20).

20. CONVERTIBLE NOTES

On 29 January 2018 and 12 February 2018, the Company and Macquarie Bank Limited ("Macquarie") entered into a subscription agreement and amendments agreement, respectively, pursuant to which the Macquarie has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, convertible notes in an aggregate principal amount of HK$800 million, which is to be issued in a single tranche with interest rate at 1% per annum and at the issue price of 99% of the principal amount of the convertible notes ("Convertible Notes"). The Convertible Notes are convertible into ordinary shares of the Company at a conversion price of 95% of the volume weighted average price of the shares of the Company as traded on the Stock Exchange on the trading day immediately preceding the date of delivery of the relevant conversion notice to the Company. The maximum number of conversion shares to be issued upon exercise of conversion rights attached to the Convertible Notes shall be 666,666,000 in any event. To secure the performance of the Company's obligations under, among others, the terms and conditions of the Convertible Notes, on 29 January 2018, the Company entered into a charge over its cash account opened with Macquarie for receiving and holding the net subscription moneys of the Convertible Notes in favour of Macquarie. On 20 February 2018, the Company issued the Convertible Notes in principal amount of HK$800 million to Macquarie. During the current period, Macquarie exercised the conversion rights attached to the Convertible Notes in aggregate principal amount of HK$34 million at average conversion price of HK$1.2286, representing an average discount of 6.56% to the closing market price as quoted on the Stock Exchange immediately preceding day the shares were issued. The net proceeds of approximately HK$33.7 million from issue of conversion shares were used by the Company for general working capital purpose. On 1 June 2018, being the maturity date of the Convertible Notes, all the outstanding Convertible Notes have been redeemed and cancelled by the Company at the remaining principal amount of HK$758.3 million. As at 30 June 2018, the Company has no outstanding Convertible Notes that are convertible into shares of the Company.

21. RELATED PARTY TRANSACTIONS

(a) Apart from the information as disclosed in elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with its related parties during the period.

	Note	Six months ended 30 June **2018** **(Unaudited)** ***HK$'000***	2017 (Unaudited) *HK$'000*
Service fee income from a related company owned by an executive Director and the substantial shareholder	(i)	**—**	93
Brokerage income from an executive Director and the substantial shareholder	(i)	**—**	2
Interest expense on loans from an executive Director and the substantial shareholder	(i)	**2,745**	—

Note: –

(i) These transactions fall within the definition of "Connected transaction" in Chapter 14A of the Listing Rules for the period.

21. RELATED PARTY TRANSACTIONS *(continued)*

(b) *Compensation of key management personnel*

The remuneration of key management personnel during the period was as follows:–

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Short-term benefits	**15,223**	9,890

22. COMMITMENTS

Operating lease commitment

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of plots of land and buildings under non-cancellable operating leases which fall due as follows:–

	30 June	31 December
	2018	2017
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within one year	**9,181**	8,382
In the second to fifth year inclusive	**11,411**	11,443
Over 5 years	**1,068**	1,029
	21,660	20,854

Operating lease payments represent rentals payable by the Group for its office premises and plots of land. The leases are negotiated for terms from one year to thirty years (31 December 2017: six months to thirty years) and does not include contingent rentals. One of the leases is guaranteed by Dr. Kan.

22. COMMITMENTS *(continued)*

Capital commitment

At the end of the reporting period, the Group had outstanding capital commitments as follows:–

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Contracted but not provided for		
Plant and machinery	**819,926**	82,630
Capital contribution to subsidiaries	**3,205,146**	4,075,719
Capital contribution to associates	**3,618**	—
	4,028,690	4,158,349

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The financial assets at fair value through profit or loss held by the Group are carried at fair value. All other financial assets and liabilities are carried at amortised cost and approximate their respective fair values due to the relatively short-term nature of these financial instruments.

The Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:–

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)*

The Group had the following financial instrument carried at fair value which is based on the Level 3 of the fair value hierarchy:–

Financial assets	Fair value as at 30 June 2018	Fair value as at 31 December 2017	Valuation technique and key inputs	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss	Investment in Mainland China with carrying amount of HK$140,752,000	Investment in Mainland China with carrying amount of HK$18,911,000	Key unobservable inputs are expected yields of maximum 5% to 5.5% of money market instruments and debt instruments invested by Zhonghai Trust (Note)	The higher the expected yield, the higher the fair value

Note: The Directors considered that the impact of the fluctuation in expected yields of the money market instruments and debt instruments to the fair value of the investment was insignificant, and therefore no sensitivity analysis was presented.

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)*

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy

The following table provides a reconciliation of the movement between opening and closing balances of Level 3 financial assets at fair value through profit or loss using a valuation technique with significant unobservable inputs:–

	30 June 2018 (Unaudited) *HK$'000*
At beginning of the period	18,911
Additions	123,150
Exchange adjustments	(5,038)
Change in fair value	3,729
At end of the period	140,752
Unrealised gain or losses recognised in profit or loss relating to those assets held at the end of the reporting period	3,729

No gains or losses were recognised in profit or loss relating to the change in fair value of financial assets at fair value through profit or loss classified as Level 3 during the year ended 31 December 2017 as the amount involved was insignificant, and therefore no reconciliation of Level 3 fair value measurements was presented.

During the six months ended 30 June 2018, there were no significant transfers of financial instruments between Level 1, Level 2 or Level 3.

24. DISPOSAL OF A SUBSIDIARY

For the six months ended 30 June 2018 (unaudited)

Pursuant to the sale and purchase agreement dated 4 September 2017 entered into between the Company and the purchaser, Lihua Energy Storage Transportation Co., Ltd* (利華能源儲運股份有限公司), the Company agreed to dispose the issued share capital of Hebei Tiandao Energy Storage Transportation Co. Ltd*. (河北天道能源儲運有限公司)("Hebei Tiandao"), which was a non-wholly-owned subsidiary of the Group, to the purchaser.

On 4 January 2018, the Group completed the disposal of 51% of Hebei Tiandao at an aggregate consideration of approximately RMB47,900,000 and Hebei Tiandao ceased to be a subsidiary of the Group.

** For identification purpose only.*

24. DISPOSAL OF A SUBSIDIARY *(continued)*

The carrying amount of the net assets de-recognised in respect of Hebei Tiandao were as follows:–

	HK$'000
Carrying amount of the net assets de-recognised:	
Plant and equipment	1,867
Goodwill	8,727
Deposit for acquisition of plant and equipment	16,189
Deposits and other receivables	63,147
Cash and bank balances	357
Accounts and other payables	(23)
	90,264
Release of exchange reserve	3,625
Non-controlling interest	(39,953)
	53,936
Consideration received:	
Cash consideration	57,514
Gain on disposal of a subsidiary:	
Consideration received	57,514
Carrying amount of net assets de-recognised	(53,936)
	3,578

24. DISPOSAL OF A SUBSIDIARY *(continued)*

Analysis of net inflow of cash and cash equivalents in respect of the Hebei Tiandao disposal:–

	HK$'000
Cash consideration	57,514
Cash and cash equivalents disposed of	(357)
Net inflow of cash and cash equivalents	57,157

The Group recognised a gain of approximately HK$3,578,000 as a result of the disposal and the gain was included in the consolidated statement of profit or loss for the period.

25. NON ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(i) On 29 June 2018, the Company, through Gangzong Trade (Shanghai) Co., Ltd. (港縱貿易(上海)有限公司), a wholly-owned subsidiary of the Company, entered into an agreement for the acquisition of LNG tank containers with CIMC Enric Energy Equipment (Suzhou) Co., Ltd. (中集安瑞科能源裝備(蘇州)有限公司) at a consideration of RMB475,000,000 (equivalent to approximately HK$570,000,000). The completion will take place upon delivery and full payment. Details of the acquisition were set out in the announcements of the Company dated 3 July 2018, 24 July 2018 and 25 July 2018, and the circular of the Company dated 24 August 2018.

(ii) Subsequent to the end of the reporting period, Dr. Kan entered into certain loan agreements with the Company and its non-wholly-owned subsidiary, Key Fit Group Limited, in respect of unsecured loans to the Company in the aggregate amount of approximately HK$294,752,000. All loans are interest-bearing at 5% and repayable on demand.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

26/F, Citicorp Centre
18 Whitfield Road,
Causeway Bay,
Hong Kong

TO THE BOARD OF DIRECTORS OF CHINA LNG GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 3 to 47 which comprises the condensed consolidated statement of financial position of China LNG Group Limited at 30 June 2018 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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 "HKICPA"). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information 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 HKICPA. A review of interim financial information 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 interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

PKF Hong Kong Limited
Certified Public Accountants
Hong Kong

31 August 2018

Lam Kar Bo
Practising Certificate Number: P05453

HALF YEAR RESULTS ANALYSIS

During the first half of 2018 we continued to expand our logistic delivery fleet of liquefied natural gas ("LNG") refilling trucks (the "Trucks") to 164 at the end of June 2018 (now that number is standing at 215) and accomplished many preparation works for these to commence operations before the winter months in 2018 including 1,275 LNG tank containers for transporting LNG from the southbound to the northbound by sea and then by road to help resolve the envisaged problem of insufficient supply of natural gas in Northern China. The Group can now claim to be the leading LNG logistic operator in the People's Republic of China (the "PRC").

The other main strategy of the Group is to rapidly expand our LNG sales in the PRC. In the first half of 2018 sales revenue increased by 391.7% to HK$805.7 million therein included the LNG sales revenue increase of 284.9% to HK$775.0 million.

The Gross profit margin improved from a loss to a gain of 5.3%, while the loss for the Group in the first half of 2018 improved by 65.4% to HK$33.8 million.

NATURAL GAS/LNG MARKETS IN THE PRC

According to the combined data of the Bureau of Statistics, National Development and Reform Commission and General Administration of Customs, the PRC was reported to have completed natural gas output of 77.50 billion cubic meters, representing an increase of 4.6%, natural gas import of 42.08 million tons, representing an increase of 35.4%, and natural gas consumption of 134.8 billion cubic meters, reaching a growth of 17.5%, in the first half of 2018.

Due to the sustaining economic growth and strong policy support for tackling air pollution, the PRC is forecasted to account for 37% of the increase in global natural gas consumption for the period from 2017 to 2023, which will be higher than all other countries. As the local supply in the PRC cannot keep up with the demand, the PRC will be the largest importer of natural gas in the world starting from 2019. By 2023, its import volume is forecasted to reach 171 billion cubic meters and a majority of the import will be LNG.

PROSPECT OF THE GROUP IN THE SECOND HALF OF 2018

Due to the favourable conditions aforementioned in the natural gas/LNG markets in the PRC and from the strategic preparations made by the Group in the last few years, the Directors of the Group are confident that the revenue for its LNG businesses in the PRC will continue to increase significantly in the second half of 2018 and in reporting a related net after tax profit for the entire year of operations in 2018. The positive performance will be even better by leaps and bounds in the next three years.

BUSINESS REVIEW

LNG

The Group took "Tackling with smog, improving environment" as its mission, promoted the application of LNG in the PRC, pursued a layout over the whole LNG industry chain and invested in the establishment of LNG production and storage facilities, logistics system and end-user utilisation system. As at 30 June 2018, the Group further realised the strategic layout to integrate LNG source, logistics and end-users. Its supply guarantee capability and price advantage were more outstanding, reputation in the industry obviously enhanced and enterprise brand image strengthened.

Based on business needs, the Group established a number of companies with presence in the whole PRC with business scope of lease financing, project investment, trading arm, logistics and end-users market. As at 30 June 2018, the Group has over 900 employees, serving more than 350 industrial users and 200 trade customers. In the first half of 2018, the Group entered into strategic cooperation agreement with the CNOOC Gas and Power Group Co., Limited Trading and Marketing Branch ("CNOOC Gas and Power Group"), and prepared to build a coal-bed methane liquefaction plant and a shale gas liquefaction plant. In the field of LNG logistics, the Group has established the North China logistic & trade base, the East China logistic & trade base, the Northwest China logistic & trade base, built a large-scale LNG reserve storage in Gaoyi Shijiazhuang of the Hebei Province and owned over 160 Trucks. The Group also planned to build South China logistic & trade base and the Southwest logistic & trade base. It actively promoted the transformation of LNG transportation, focusing on the construction of LNG multimodal transport system with LNG tank containers as the main instrument. In the natural gas downstream market, the Group's business covered 14 provinces and cities and a "five in one" downstream business structure was established with industrial gasification stations, Dewar bottle filling stations, LNG refueling stations, centralised heat supply and regional gas pipe network, and the Group has become a comprehensive regional LNG solutions provider.

In the first half of 2018, the Group entered into a strategic cooperation agreement with CIMC Enric Holdings Limited ("CIMC Enric"), and signed a tank container sale and purchase contract with CIMC Enric Energy Equipment (Suzhou) Co., Ltd., a subsidiary of CIMC Enric, for the acquisition of LNG tank containers. In addition, the Group also established cooperation relationship with the Waterway Transportation Institute of the Ministry of Communications of China and the China Classification Society to jointly promote the application of LNG tank container in the water transport industry.

In the first half of 2018, there was loss in the Group's LNG businesses, the causes are as follow:

1. The spot price of LNG in the international market increased significantly, led to serious imbalance between market price and purchase price of the CNOOC Gas and Power Group. To ensure sufficient supply of LNG from CNOOC Gas and Power Group in winter when high profit margin is expected, the Group was still mainly purchasing LNG from the CNOOC Gas and Power Group during the price imbalance period in the first half of the year.

2. Newly purchased Trucks need to go through the formalities of licensing, capital verification, personnel training and assessment before operations. In addition, in order to enable the Trucks entering the receiving station of CNOOC Gas and Power Group to collect the LNG, the Trucks and drivers, escorts and other personnel involved also need to receive training and assessment. The Trucks also need to apply for hazardous chemicals vehicles pass in the areas involved in the transportation process. Therefore, it takes at least half a year for a new LNG refilling truck to be running efficiently.

Sales and distribution of LNG

Point-to-point supply of LNG

As at 30 June 2018, the Group had 264 industrial point-to-point supply end-user projects which have been completed and put into operation, and 150 industrial point-to-point supply end-user projects under construction and under negotiation. The Group recorded LNG of a total volume of approximately 86,745,000 cubic metres under the point-to-point supply end-user projects with related revenue of approximately HK$208.5 million.

Wholesale of LNG

During the six months period ended 30 June 2018 (the "Period"), the Group recorded wholesale of LNG of a total volume of approximately 236,248,000 cubic metres with related revenue of approximately HK$566.5 million.

Distribution of LNG

As at 30 June 2018, the Group's logistic fleet possessed 164 Trucks for transportation, of which 119 Trucks commenced operation, 30 Trucks obtained licenses and were processing other relevant certificates and permits and 15 Trucks were in the process of obtaining licenses. Despite our logistic fleet mainly serve to guarantee LNG supply to end-users, excess transport capacity of the Group's LNG logistic fleet generated revenue amounted to approximately HK$6.9 million.

Finance leasing

As at 30 June 2018, receivables under LNG finance lease arrangements and LNG finance lease receivables were approximately HK$60.0 million and HK$60.6 million respectively. The Group achieved finance income of approximately HK$5.3 million from finance leasing services for LNG vehicles, vessels and equipment.

Trading of securities

The Group conducts its trading of Hong Kong securities business through Key Fit Group Limited which has maintained a good and stable return for many years. During the Period, the stock market in Hong Kong was quite volatile, the Group did not carry out any securities trading for the Period.

Securities brokerage

The Group conducts its securities brokerage business through China Hong Kong Capital Asset Management Limited ("CHKCAML").

CHKCAML is registered as a licensed corporation under the Securities and Futures Commission of Hong Kong (the "SFC") to carry on Type 1 (Dealing in Securities) and Type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (the "SFO"). CHKCAML currently provides mainly brokerage services, bond placing and margin financings to its clients for trading in securities listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Group commenced to provide corporate finance advisory services on bond placing to our clients and generated revenue of HK$4.3 million for the Period.

Financial service

The Group conducts its financial services operation through its money lending business under the Money Lenders Ordinance in Hong Kong.

During the Period, all the loans granted under the money lending business of the Group were secured loans and were funded by internal resources.

As at 30 June 2018, loan receivables derived from the money lending business was approximately HK$173.4 million.

FINANCIAL REVIEW

Revenue

Revenue increased by approximately 391.7% from approximately HK$163.8 million for the six months period ended 30 June 2017 to approximately HK$805.7 million for the Period.

Revenue derived from provision of finance leasing services for LNG vehicles, vessels and equipment decreased by approximately 38.3% from approximately HK$8.7 million for the six months period ended 30 June 2017 to approximately HK$5.3 million for the Period because of the decrease in the number of leases.

Revenue derived from sales and distribution of LNG including point-to-point supply of LNG and wholesale of LNG increased by approximately 284.9% from approximately HK$201.4 million for the six months period ended 30 June 2017 to approximately HK$775.0 million for the Period because of the expansion of LNG businesses.

No revenue was derived from trading of securities for the Period was mainly due to the Group adopts a wait-and-see attitude towards the volatile stock market in Hong Kong.

Revenue derived from provision of securities brokerage, bond placing, margin financing and securities investment business increased by approximately 152.6% from approximately HK$3.0 million for the six months period ended 30 June 2017 to approximately HK$7.6 million for the Period as the Group commenced to provide corporate finance advisory services on bond placing to our clients.

Revenue derived from the financial services through provision of money lending business decreased by approximately 8.2% from approximately HK$11.8 million for the six months period ended 30 June 2017 to approximately HK$10.9 million for the Period because of the partial repayment of the principal amount.

Other income and gains

Other income and gains increased by approximately 639.7% from approximately HK$1.5 million for the six months period ended 30 June 2017 to approximately HK$11.3 million for the Period. The increase was mainly due to (i) a gain on disposal of Hebei Tiandao Energy Storage Transportation Co. Ltd. (河北天道能源儲運有限公司) ("Hebei Tiandao") of HK$3.6 million, (ii) interest income from the investment in trust products of Zhonghai Trust Co., Ltd of HK$3.2 million and (iii) fair value gain on financial assets at fair value through profit or loss of HK$3.7 million for the Period.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 35.1% from approximately HK$10.7 million for the six months period ended 30 June 2017 to approximately HK$14.5 million for the Period because of the increase in staff costs and employee benefit expenses, travelling expenses and entertainment expenses for sales staff due to the continuing expansion of the LNG businesses in the PRC for the Period.

Administrative expenses

Administrative expenses increased by approximately 31.3% from approximately HK$50.1 million for the six months period ended 30 June 2017 to approximately HK$65.8 million for the Period because of the increase in staff costs and employee benefit expenses, travelling expenses and entertainment expenses for administrative and managerial staff due to the continuing expansion of LNG businesses in the PRC for the Period.

Finance costs

Finance costs of approximately HK$5.5 million for the Period was attributed to the issuance of convertible notes to Macquarie Bank Limited ("Macquarie") and loans from Dr. Kan.

Income tax expense

Income tax expense increased by approximately 24.3% from approximately HK$1.2 million for the six months period ended 30 June 2017 to approximately HK$1.5 million for the Period. The income tax expenses mainly attributed to the taxable income from money lending business.

CONVERTIBLE NOTES

On 29 January 2018 and 12 February 2018, the Company and Macquarie entered into a subscription agreement and amendments agreement, respectively, pursuant to which the Macquarie has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, convertible notes in an aggregate principal amount of HK$800 million, which is to be issued in a single tranche with interest rate at 1% per annum and at the issue price of 99% of the principal amount of the convertible notes ("Convertible Notes"). The Convertible Notes are convertible into ordinary shares of the Company at a conversion price of 95% of the volume weighted average price of the shares of the Company as traded on the Stock Exchange on the trading day immediately preceding the date of delivery of the relevant conversion notice to the Company. The maximum number of conversion shares to be issued upon exercise of conversion rights attached to the Convertible Notes shall be 666,666,000 in any event. To secure the performance of the Company's obligations under, among others, the terms and conditions of the Convertible Notes, on 29 January 2018, the Company entered into a charge over its cash account opened with Macquarie for receiving and holding the net subscription moneys of the Convertible Notes in favour of Macquarie. On 20 February 2018, the Company issued the Convertible Notes in principal amount of HK$800 million to Macquarie. During the Period, Macquarie exercised the conversion rights attached to the Convertible Notes in aggregate principal amount of HK$34 million at average conversion price of HK$1.2286, representing an average discount of 6.56% to the closing market price as quoted on the Stock Exchange immediately preceding day the shares were issued. The net proceeds of approximately HK$33.7 million from issue of conversion shares were used by the Company for general working capital purpose. On 1 June 2018, being the maturity date of the Convertible Notes, all the outstanding Convertible Notes have been redeemed and cancelled by the Company at the remaining principal amount of HK$758.3 million. As at 30 June 2018, the Company has no outstanding Convertible Notes that are convertible into shares of the Company.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group had total cash and bank balances of approximately HK$209.0 million as at 30 June 2018 (31 December 2017: approximately HK$408.4 million). The Group's gearing ratio is calculated as net debt divided by total equity was nil as at 30 June 2018 (31 December 2017: Nil). Net debt is calculated as loans from a shareholder and loan from a third party less bank balances and cash. Net assets were approximately HK$1,158.7 million as at 30 June 2018 (31 December 2017: approximately HK$1,244.4 million).

The Group recorded total current assets value of approximately HK$945.6 million as at 30 June 2018 (31 December 2017: approximately HK$1,181.5 million) and total current liabilities value of approximately HK$461.7 million as at 30 June 2018 (31 December 2017: approximately HK$343.7 million). The current ratio of the Group, calculated by dividing the total current assets value by the total current liabilities value, was approximately 2.0 as at 30 June 2018 (31 December 2017: approximately 3.4). The current ratio continues to maintain at a healthy condition.

Currently, the Group's operating and capital expenditures are financed by cash generated from operation, internal liquidity and fund advanced from the controlling shareholder. The Group will plan to expand the shareholders funds and go for outside banks and instituted fundings so as to meet its future capital expenditure and working capital requirements.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend (2017: Nil) for the Period.

RISK MANAGEMENT

Our principal financial instruments include financial assets at fair value through profit or loss, loan receivables, receivables under LNG finance lease arrangements, LNG finance lease receivables, accounts and other receivables and bank balances and cash. The main purpose of these financial instruments is to support our LNG business, trading of securities business, securities brokerage, bond placing, margin financing and securities investments business and money lending business. We also have various financial assets and financial liabilities arising from our business operations. The principal risks arising from our financial instruments are foreign currency risk, credit risk and liquidity risk. We intend to achieve an appropriate balance between these risks and the investment returns so as to minimise the potential adverse impact on our business and financial condition.

Foreign currency

Transactions of the Group were mainly denominated in Hong Kong dollars, Renminbi and United States dollars. In view of the stability of the exchange rate between these currencies, the directors of the Company did not consider that the Group was significantly exposed to foreign exchange risk for the Period. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the six months period ended 30 June 2018 and 2017, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

Credit risk

The Group's credit exposure generally arises from counterparty risk in the course of providing finance leasing services for LNG vehicles, vessels and equipment, engaging in sales and distribution of LNG, provision of LNG logistic services, sales of LNG vehicles, providing securities brokerage, bond placing, margin financing and securities investment services and money lending business. We implement our risk management system according to our plan based on our industry research, understanding of the customer's operations and financial condition. We believe that all of these are able to strengthen our control and management of our credit risk.

Late payment risk – in the event of late payment, we are entitled to charge interest at the default rate on the overdue amount until the same shall be paid. Such interest will accrue on a day-to-day basis. In addition, we may request a security deposit and collaterals which we may apply towards the payment or discharge of any obligation owned by the lessee for the finance leasing business.

We manage, limit and monitor concentration of credit risk wherever they are identified, in particular to assess the lessee's and the borrower's repayment ability periodically for the finance leasing and money lending business.

As to impairment and allowance policies, we assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. No impairment allowance was made for our finance lease receivables, loan receivables, accounts and other receivables and other financial assets of our Group as at 30 June 2018.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from mismatches in amounts or time with regard to the maturity of financial assets and liabilities. Our Group manages its liquidity risk through regularly monitoring with the following objectives: maintaining the stability of the Group's principal business, timely monitoring cash and bank position, projecting cash flows and evaluating the level of current assets to ensure liquidity of the Group.

TREASURY POLICIES

Bank balance and cash held by the Group were denominated in Hong Kong dollars, Renminbi and United States dollars. The Group currently does not have a foreign currency and interest rate hedging policy. However, the management of the Group monitored foreign currency and interest rate exposure from time to time and will consider hedging significant foreign currency and interest rate exposure should the need arise.

PLEDGE OF ASSETS

The Group had no pledged assets as at 30 June 2018 (31 December 2017: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

On 4 September 2017, the Company and Lihua Energy Storage Transportation Co., Ltd* (利華能源儲運股份有限公司) ("Lihua Energy") entered into the sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell and Lihua Energy has conditionally agreed to purchase 51% equity interests in Hebei Tiandao at a consideration of RMB47,900,000. Completion of the share transfer took place on 4 January 2018 and Hebei Tiandao ceased to be a subsidiary of the Group.

SEGMENTAL INFORMATION

Details of segmental information for the Period are set out in note 5 to this condensed consolidated financial statements.

CAPITAL COMMITMENT

As at 30 June 2018, the total capital commitments by the Group amounted to approximately HK$4.0 billion (31 December 2017: HK$4.2 billion) which were mainly made up of contracted/authorised commitments in respect of the acquisition of plant and machinery, capital contribution to subsidiaries and associates.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2018 (31 December 2017: Nil).

STAFF AND REMUNERATION POLICIES

Human resources are our greatest assets. The Group always regards the personal development of our employees as highly important. The Group believes to maintain employees' passion and enthusiasm as the key to its continued success and future development. Therefore, the Group has always placed its emphasis on the importance to talent cultivation and recruitment. The Group invests in regular training and other development courses for employees to enhance their technical and product knowledge as well as management skills.

As at 30 June 2018, the Group had 958 employees (31 December 2017: 682 employees), of whom 172 were administrative staff and operating staff; 329 were LNG truck driver; 239 were technical staff; 101 were managerial staff and the remaining 117 were marketing staff. The Group's total staff costs amounted to approximately HK$45.6 million (For the six months ended 30 June 2017: approximately HK$33.7 million) for the Period. The Group offers competitive remuneration packages to our employees. The Group remunerated its employees mainly based on the industry practice, individual's performance and experience. Apart from the basic remuneration, discretionary bonus and share options may be granted to eligible employees by reference to the Group's performance as well as individual's performance.

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

Neither the Company nor any of its subsidiaries purchased or sold or redeemed any of the Company's listed securities during the Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO) or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in the Company

Name of Director	Name of company in which interests were held	Nature of interests	Long position/ Short position	Number of Shares held	Approximate percentage of shareholding
Dr. Kan Che Kin, Billy Albert	The Company	Beneficial owner	Long position	3,921,083,967 Shares	69.48%
("Dr. Kan")	The Company	Beneficial owner	Short position	76,668,000 Shares	1.36%
Mr. Li Kai Yien, Arthur Albert	The Company	Beneficial owner	Long position	200,000 Shares	0.00%
Mr. Chen Li Bo ("Mr. Chen")	The Company	Beneficial owner	Long position	20,000,000 Shares (Note)	0.35%
Mr. Simon Murray ("Mr. Murray")	The Company	Beneficial owner	Long position	5,000,000 Shares (Note)	0.09%
Dr. Lam, Lee G. ("Dr. Lam")	The Company	Beneficial owner	Long position	10,000,000 Shares (Note)	0.18%

Note:

These Shares represent the option shares, which were beneficially owned by Dr. Kan, were granted by Dr. Kan to Mr. Chen, Mr. Murray and Dr. Lam upon the exercise in full of the rights pursuant to option deed agreements signed between Dr. Kan and each of Mr. Chen, Mr. Murray and Dr. Lam.

Interests in shares in associated corporation(s) of the Company

Director	Name of company in which interests were held	Nature of interests	Number of Shares held in associated corporation	Approximate percentage interests in the capital of the associated corporation
Dr. Kan	Key Fit Group Limited	Beneficial owner	69,982,878 shares	9.99%

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2018.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, so far as was known to the Directors and chief executives of the Company, no other person (other than a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 30 June 2018.

AUDIT COMMITTEE

The principal responsibilities of the audit committee of the Company (the "Audit Committee") include the review and supervision of the Group's financial reporting process, risk management and internal controls. The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2018.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Li Siu Yui, Mr. Au Yeung Po Fung and Mr. Lam Lum Lee.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance. It believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, maintain high standards of accountability and protect interests of shareholders of the Company and other stakeholders.

The Company has complied with the code provisions of the Corporate Governance Code during the Period except for the following deviations:

1. Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate. The positions of chairman and chief executive officer of the Company have been held by Dr. Kan during the Period. The Board believes that holding of both positions of chairman and chief executive officer by the same person allows more effective planning and execution of business strategies. The Board has full confidence in Dr. Kan and believes that his dual roles will be beneficial to the Group.

2. Under the Code Provisions A.4.1 and A.4.2, non-executive Director should be appointed for a specific term and each Director should be subject to retirement by rotation at least once every three years. The existing independent non-executive Directors and non-executive Directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association (the "Articles of Association") of the Company at least once every three years.

3. Under the Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Two of the non-executive directors, Mr. Simon Murray and Dr. Lam, Lee G. were unable to attend the annual general meetings held on 1 June 2018, as they had other business engagements. However, they subsequently requested the company secretary of the Company to report to them on the views of the Shareholders in the general meetings. As such, the Board considers that the development of a balanced understanding of the views of Shareholders among the non-executive Directors and independent non-executive Directors was ensured.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they have confirmed that they complied with the required standards as set out in the Model Code during the six months ended 30 June 2018.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises Dr. Kan Che Kin, Billy Albert, Mr. Chen Li Bo and Mr. Li Kai Yien, Arthur Albert, all being the executive Directors, Mr. Simon Murray and Dr. Lam, Lee G., all being the non-executive Directors and Mr. Li Siu Yui, Mr. Au Yeung Po Fung and Mr. Lam Lum Lee, all being the independent non-executive Directors.

On behalf of the Board
Kan Che Kin, Billy Albert
Chairman

Hong Kong, 31 August 2018