



2018

INTERIM REPORT



AVIC Joy Holdings (HK) Limited

幸福控股(香港)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 260)



CONTENTS

	<i>PAGES</i>
MANAGEMENT DISCUSSION AND ANALYSIS	2-6
OTHER INFORMATION	7-13
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	14-15
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	16
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	17
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	18-19
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	20
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	21-22
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	23-42

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2018 (the "Period"), the principal business activities of AVIC Joy Holdings (HK) Limited (the "Company") and its subsidiaries (the "Group") comprise the operation of compressed natural gas ("CNG") refueling stations; management and operation of light-emitting diode ("LED") energy management contracts ("EMC"); provision of finance lease and loan services and property investment; and provision of land development services and sale of construction materials in the People's Republic of China (the "PRC"). The Group operates LED EMC business through its investment in a joint venture.

During the Period, the revenue of the Group amounted to HK\$70,015,000 (2017: HK\$145,430,000), representing a decrease of approximately 52% as compared with the same period of last year, which mainly attributed to the decrease in revenue generated from sale of construction materials.

The Group's gross profit for the Period was HK\$20,923,000 (2017: HK\$32,582,000), representing a decrease of approximately 36% as compared with the same period of last year, with gross profit margin increased from approximately 22.4% to approximately 29.9%.

The net loss of the Group was HK\$125,065,000 during the Period as compared with the net loss of HK\$125,997,000 in the same period of last year. The decrease in net loss was mainly attributable to (i) an impairment on an available-for-sale investment amounting to HK\$18,839,000 was recognised in the same period of the previous year and the change in fair value of such investment was recognised in other comprehensive income as of 1 January 2018 upon the adoption of certain revised Hong Kong Financial Reporting Standards effective as of 1 January 2018; and (ii) a decrease in gross profit of HK\$11,659,000 compared with the prior period; and offset by the impairment of trade receivables of HK\$33,017,000 in the Period (2017: reversal of impairment: HK\$940,000).

Operational Review

(1) *Gas Business*

During the Period, the total revenue of the gas business reduced to HK\$64,608,000 (2017: HK\$81,629,000), representing a decline of approximately 20.8% as compared with the same period of the previous year due to the drop of sales volume of CNG from 28,086,000 m³ to 16,926,000 m³ as compared to the same period of the previous year. Since the Group commenced its restructure in gas business in late 2014, gas business deteriorated as expected due to various factors which, among others, included (i) the economic slowdown in the provinces of the remaining gas business; and (ii) the intensified market competition due to the changes in government policies.

(2) *Finance Leasing Business and Property Investment*

For the six months ended 30 June 2018, the finance leasing business and property investment segment recorded a slight decrease in revenue from HK\$7,229,000 to HK\$5,407,000 as compared with the same period of the previous year, mainly due to the decrease in finance leasing interest income.

During the first half of 2018, the Grade A office leasing market in Shanghai remained active with solid demand in central business district although the average rent during the first half of 2018 experienced a slight decrease. The commercial property in Shanghai has not been leased out as the Group was formulating and altering its strategy based on market conditions, including leasing the property or realizing the property at an enhanced capital value.

(3) *PPP Class 1 Land Development Business and Sale of Construction Materials*

During the Period, the Group did not generate any revenue from this business segment (2017: HK\$56,572,000) and the net loss of this business segment was HK\$39,234,000 (2017: HK\$9,313,000) due to the impairment of trade receivables amounting to HK\$33,094,000 during the Period (2017: Nil).

Business Outlook

It is expected that the operating environment for gas business of the Group will remain difficult due to the sluggish energy prices and keen market competition. The Group will look for ways to overcome the current situation, including without limitation to continue the restructuring plan and consider the disposal of the gas business when suitable opportunities arise in the future, as well as to take appropriate actions against those local shareholders in order to protect the interests of the Group.

The finance leasing industry in the PRC has grown rapidly over the past decade. It is expected that the trend of government policies in supporting the innovation and technology development under the 13th five-year plan for Economic and Social Development of China will boost production equipment upgrade in most industries such as medical sector, which is favorable for equipment leasing industry. The Group will continue to explore opportunities to enhance its finance leasing business.

At the end of 2016, the Fujian Provincial People's Government issued the "Notice on Further Strengthening of Land Control in the Real Estate Market" (關於進一步加強房地產市場土地調控的通知) to suppress the excessive growth in land prices, and regulate and control land auction approval and procedures. In view of such policies and the recent delay in land auction, the Group will continue to communicate with the local government to speed up the development and land auction progress.

Financial Resources

As at 30 June 2018, the Group's total debts (including trade payables, other payables and accruals, amount due to a joint venture, finance lease payable, interest-bearing bank and other borrowings, loans from related companies, loans from non-controlling shareholders and convertible bonds) amounted to HK\$2,786.8 million (31 December 2017: HK\$2,748.9 million), of which HK\$1,671.5 million (31 December 2017: HK\$1,793.8 million) was related to bank and other borrowings at operating subsidiaries level and the mortgage loan for Shanghai property investment denominated in Renminbi. Cash and bank balances amounted to HK\$55.3 million (31 December 2017: HK\$35 million). Net debt amounted to HK\$2,731.5 million (31 December 2017: HK\$2,714.0 million). As a result, the Group's gearing ratio, representing the ratio of the Group's net debt divided by adjusted capital and net debt of HK\$3,279.2 million (31 December 2017: HK\$3,398.9 million), was 83.3% (31 December 2017: 79.9%).

Interim Dividend

The board (the "Board") of directors (the "Director(s)") of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

Material Acquisition and Disposal

On 11 April 2018, the Company, Jetco Innovations Limited (a direct wholly-owned subsidiary of the Company) ("Jetco Innovations"), Shenzhen Sinogas Environmental Protection Technology Limited (an indirect wholly-owned subsidiary of the Company) ("Shenzhen Sinogas") and Shandong Rui Bang Technology Engineering Co., Ltd. ("Shandong Rui Bang") entered into an equity transfer agreement, pursuant to which, the Company has conditionally agreed to sell and Shandong Rui Bang has conditionally agreed to purchase (i) 100% of the issued share capital in Jetco Innovations, which holds 50% of the equity interest in Shandong Sinogas Company Limited; (ii) 50% of the equity interest in Shandong Sinogas Company Limited held by Shenzhen Sinogas; and (iii) certain debts owed by the disposed companies to the Group for the consideration of RMB25,500,000. For details, please refer to the announcement of the Company dated 11 April 2018.

Save as disclosed above, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures during the first half of 2018.

Event after the Period

The Group invested in the shares of Peace Map Holding Limited ("Peace Map") (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 402)). Such investment was classified as a financial asset at fair value through other comprehensive income amounting to HK\$27,704,000 as at 30 June 2018. On 10 August 2018, joint provisional liquidators were appointed to Peace Map to perform provisional liquidation. If there is no significant change in relation to the provisional liquidation of Peace Map, the financial asset may have to be fully written off to the Group's consolidated other comprehensive income. The Board will pay attention to the winding-up progress of Peace Map and keep assessing the financial effect to the Group. The Company will make further announcement(s) to inform the shareholders of the Company as and when appropriate.

Employees and Remuneration Policies

As at 30 June 2018, the Group had a total of 355 employees (2017: 509). The staff costs for the six months ended 30 June 2018 amounted to approximately HK\$17.2 million (2017: HK\$23.4 million). The Group continues to provide remuneration package to employees according to market practices, their experience, professional qualification and performance. Other benefits include contribution of statutory mandatory provident fund for the employees, medical scheme and share option schemes. There was no major change on staff remuneration policies during the Period.

Human Resources

The Group remunerates and promotes employees according to a balanced mechanism based on individual performance, experience, professional qualification and prevailing market practices. The Group also encourages and subsidizes staff to participate in job related studies, trainings and seminars for all-round development so as to continually enhance their contribution to and the sustainable development of the Group.

Pledge of Assets

As at 30 June 2018, the Group had pledged certain land use rights, properties, finance lease receivables and trade receivables for bank and other borrowings granted.

Changes Since 31 December 2017

There were no other significant changes in the Group's financial position or from the information disclosed under the section headed "Management Discussion and Analysis" in the annual report for the year ended 31 December 2017.

By Order of the Board

GUAN Liqun

Chairman, Executive Director and Chief Executive Officer

Hong Kong, 28 August 2018

As at the date of this interim report, the Board comprises Mr. GUAN Liqun (Chairman and Chief Executive Officer), Mr. ZHANG Zhibiao, Ms. WANG Ying, Mr. FU Fangxing, Ms. MU Yan and Ms. FU Xiao as executive Directors; and Mr. JIANG Ping, Ms. WU Rui and Mr. GUO Wei as independent non-executive Directors.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2018, the interests and short positions of the Directors and the chief executive 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 (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the listing of securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in ordinary shares of the Company (the "Shares"):

Name of Director	Number of Shares held, capacity and nature of interests		Percentage of the Company's issued Shares[#]
	Personal interest	Total	
GUAN Liqun	6,170,000	6,170,000	0.1%

Note:

[#] The total number of issued Shares as at 30 June 2018 is 5,943,745,741 ordinary Shares.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Save as disclosed above, as at 30 June 2018, none of the Directors and the chief executive 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) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's business development and growth and to enable the Group to recruit high-calibre employees and attract or retain human resources valuable to the Group.

The share option scheme adopted by the Company on 15 April 2005 (the "Old Share Option Scheme") for a period of ten years expired on 14 April 2015. The share options that had been granted under the Old Share Option Scheme and remained outstanding as at the date of expiry of the Old Share Option Scheme remain valid and exercisable subject to and in accordance with their respective terms of issue and the terms of the Old Share Option Scheme.

To enable the Company to continue to grant share options as an incentive or reward to eligible participants, a new share option scheme was adopted by the Company on 25 June 2015 (the "New Share Option Scheme"). Up to the date of this interim report, no share option has been granted under the New Share Option Scheme.

SHARE OPTION SCHEME (Continued)

Movements in the outstanding share options of the Company granted under the Old Share Option Scheme during the Period were as follows:

Name or category of participant	Number of share options					At 30 June 2018	Date of grant ¹	Exercise period	Exercise price per share ² HK\$
	At 1 January 2018	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period				
Former Director									
WANG Xiaowei	4,490,000	-	-	-	(4,490,000)	-	13-6-12	13-6-13 to 12-6-22	0.236
	4,490,000	-	-	-	(4,490,000)	-	13-6-12	13-6-14 to 12-6-22	0.236
	8,980,000	-	-	-	(8,980,000)	-			
Consultants									
In aggregate	120,000,000	-	-	-	-	120,000,000	31-8-10	31-8-10 to 30-8-20	0.227
Employees									
In aggregate	86,250,000	-	-	-	-	86,250,000	31-8-10	31-8-10 to 30-8-20	0.227
	215,230,000	-	-	-	(8,980,000)	206,250,000			

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2018, the interests and short positions of the substantial shareholders and other persons, other than the Directors or the chief executive of the Company, in the Shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Notes	Long/ short position	Capacity and nature of interest	Number of ordinary Shares held	Percentage of the Company's issued Shares
Billirich Investment Limited ("Billirich")	(a)	Long	Beneficial owner	1,031,595,000	17.36%
AVIC International Holding (HK) Limited ("AVIC Int'l (HK)")	(a)	Long	Interest of controlled corporation	1,031,595,000	17.36%
Tacko International Limited	(a)	Long	Interest of controlled corporation	1,031,595,000	17.36%
AVIC International (HK) Group Limited	(a)	Long	Beneficial owner and interest of controlled corporation	1,535,618,891	25.84%
AVIC Joy Air Holdings Limited	(b)	Long	Beneficial owner	60,810,000	1.02%
AVIC Joy Air (HK) Group Limited	(b)	Long	Interest of controlled corporation	60,810,000	1.02%
幸福航空控股有限公司	(b)	Long	Interest of controlled corporation	60,810,000	1.02%
AVIC International Holding Corporation	(a), (b)	Long	Interest of controlled corporation	1,596,428,891	26.86%
Aviation Industry Corporation of China ("AVIC")	(a), (b)	Long	Interest of controlled corporation	1,596,428,891	26.86%
Grand Win Overseas Ltd. ("Grand Win")	(c)	Long	Beneficial owner	313,965,000	5.28%
Sun Shining Investment Corp.	(c)	Long	Interest of controlled corporation	313,965,000	5.28%
Tai Yuen Textile Company Ltd.	(c)	Long	Interest of controlled corporation	313,965,000	5.28%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

Notes:

- (a) Billirich is a wholly-owned subsidiary of AVIC Int'l (HK). Tacko International Limited, together with its wholly-owned subsidiary, hold in aggregate approximately 34.34% of the issued share capital of AVIC Int'l (HK). Tacko International Limited is a wholly-owned subsidiary of AVIC International (HK) Group Limited, which in turn is a wholly-owned subsidiary of AVIC International Holding Corporation. AVIC International Holding Corporation is a 62.52% owned subsidiary of AVIC. Accordingly, all these corporations are deemed to be interested in the Shares held by Billirich.
- (b) AVIC Joy Air Holdings Limited is a wholly-owned subsidiary of AVIC Joy Air (HK) Group Limited, which in turn is a wholly-owned subsidiary of 幸福航空控股有限公司. 幸福航空控股有限公司 is owned as to approximately 57.14% by AVIC and as to approximately 42.86% by AVIC International Holding Corporation, which is a 62.52% owned subsidiary of AVIC. Accordingly, all these corporations are deemed to be interested in the Shares held by AVIC Joy Air Holdings Limited.
- (c) Grand Win is a wholly-owned subsidiary of Sun Shining Investment Corp. Tai Yuen Textile Company Ltd. beneficially owns 82.85% equity interest in Sun Shining Investment Corp. and therefore, these corporations are deemed to be interested in the Shares held by Grand Win.

Save as disclosed above, as at 30 June 2018, no other substantial shareholders or persons, other than the Directors or the chief executive of the Company, whose interests are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" above, 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.

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

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

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules during the Period, save and except the following:

- (i) code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. From 28 March 2018, Mr. GUAN Liqun ("Mr. Guan") performed his duties as the chairman and the chief executive officer of the Company. After evaluation of the current situation of the Company and taking the experience of Mr. Guan into account, the Board is of the view that the serving by Mr. Guan as the chairman and the chief executive officer of the Company during current development of the business is beneficial to the consistency of business plans and decision-making of the Company. The Board will continue to review the current management structure from time to time and shall make changes where appropriate and inform the investors of the Company accordingly;
- (ii) code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. The non-executive Directors (including independent non-executive Directors) have been appointed without specific terms. However, the non-executive Directors are subject to retirement by rotation and being eligible for re-election at least once every three years in accordance with the articles of association of the Company; and
- (iii) code provision D.1.4 of the CG Code stipulates that listed issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have letters of appointment for the Directors. However, the Directors shall be subject to retirement by rotation and being eligible for re-election pursuant to the articles of association of the Company. Moreover, the Directors are required to comply with the requirements under statute and common laws, the Listing Rules, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and other applicable legal and regulatory requirements.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Following specific enquiry by the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code during the Period.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee"), comprising all the independent non-executive Directors, namely Mr. GUO Wei (chairman of the Audit Committee), Ms. WU Rui and Mr. JIANG Ping, has reviewed the accounting principles and practices adopted by the Group and discussed matters regarding the interim review, internal control and financial reporting with the management of the Group. The Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2018 have been reviewed by the Audit Committee, which is of the opinion that such financial statements have complied with the applicable accounting standards, the Listing Rules and all legal requirements, and that adequate disclosures have been made.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2018 have been reviewed by the Audit Committee, and have also been reviewed by Ernst & Young in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the members of AVIC Joy Holdings (HK) Limited

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 16 to 42, which comprise the interim condensed consolidated statement of financial position of AVIC Joy Holdings (HK) Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2018 and the related interim condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and 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 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagements, 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 Engagement 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, primary 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 as at 30 June 2018, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong
28 August 2018

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 June 2018

	Notes	For the six months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
REVENUE	5	70,015	145,430
Cost of sales		(49,092)	(112,848)
Gross profit		20,923	32,582
Other income	5	3,668	4,789
Selling and distribution expenses		(9,720)	(16,585)
Administrative expenses		(45,385)	(61,096)
Other operating and non-operating (expenses)/income, net		(36,285)	896
Fair value losses on investment properties, net		-	(1,017)
Impairment of an available-for-sale investment (transfer from available-for-sale investment revaluation reserve)		-	(18,839)
Finance costs	6	(66,180)	(66,225)
Share of profits and losses of joint ventures		8,206	1,692
LOSS BEFORE TAX	7	(124,773)	(123,803)
Income tax expense	8	(292)	(2,194)
LOSS FOR THE PERIOD		(125,065)	(125,997)
Attributable to:			
Owners of the parent		(104,550)	(120,335)
Non-controlling interests		(20,515)	(5,662)
		(125,065)	(125,997)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted		HK(1.76) cents	HK(2.02) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2018

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	(125,065)	(125,997)
OTHER COMPREHENSIVE LOSS		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investment:		
Change in fair value	-	(18,839)
Reclassification adjustment for impairment loss included in the consolidated statement of profit or loss	-	18,839
	-	-
Exchange differences on translation of foreign operations	(2,918)	35,139
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	(2,918)	35,139
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of financial asset at fair value through other comprehensive income	(31,029)	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(159,012)	(90,858)
Attributable to:		
Owners of the parent	(137,124)	(87,406)
Non-controlling interests	(21,888)	(3,452)
	(159,012)	(90,858)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2018

		30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		32,010	39,896
Investment properties		2,030,140	2,047,200
Prepaid land lease payments		17,277	18,269
Goodwill		32,402	32,402
Intangible assets		964,619	964,672
Investments in joint ventures		79,505	71,299
Investment in an associate		-	-
Available-for-sale investment		-	58,733
Financial asset at fair value through other comprehensive income		27,704	-
Other asset		2,680	2,680
Prepayments and deposits		6,986	7,414
Finance lease receivables	12	28,061	26,163
Total non-current assets		3,221,384	3,268,728
CURRENT ASSETS			
Inventories		531	2,634
Contract for services	13	158,279	148,835
Trade receivables	11	40,279	82,158
Prepayments, deposits and other receivables		177,049	206,107
Finance lease receivables	12	8,324	6,943
Promissory note receivable		89,000	89,000
Due from joint ventures		204,803	218,515
Due from a non-controlling shareholder		322	311
Cash and bank balances		55,269	34,867
Assets of a disposal group classified as held for sale	15	18,533	-
Total current assets		752,389	789,370

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2018

	Notes	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
CURRENT LIABILITIES			
Trade payables	14	4,194	20,977
Other payables and accruals		90,049	73,064
Finance lease payable		–	840
Convertible bonds	16	139,103	182,011
Interest-bearing bank and other borrowings		376,353	415,741
Loans from a related company		29,970	–
Due to a joint venture		9,119	9,196
Tax payable		2,356	2,360
		651,144	704,189
Liabilities directly associated with the assets classified as held for sale	15	36,806	–
Total current liabilities		687,950	704,189
NET CURRENT ASSETS			
		64,439	85,181
TOTAL ASSETS LESS CURRENT LIABILITIES			
		3,285,823	3,353,909
NON-CURRENT LIABILITIES			
Finance lease payable		–	288
Interest-bearing bank and other borrowings		1,295,115	1,378,030
Loans from related companies		540,755	372,253
Loans from non-controlling shareholders		302,136	296,509
Deferred tax liabilities		241,733	241,733
Total non-current liabilities		2,379,739	2,288,813
Net assets			
		906,084	1,065,096
EQUITY			
Equity attributable to owners of the parent			
Share capital	17	2,235,799	2,234,815
Equity component of convertible bonds	16	21,291	61,314
Other reserves		(1,709,377)	(1,611,292)
Non-controlling interests			
		547,713	684,837
		358,371	380,259
Total equity			
		906,084	1,065,096

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2017

	Attributable to equity holders of parent												
	Share capital HK\$'000	Share option reserve HK\$'000	Equity component of convertible bonds HK\$'000	Investment revaluation reserve HK\$'000	Capital reserve HK\$'000	Special capital reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Reserve funds HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2017	2,234,815	15,098	61,314	-	58,086	823,357	(46,492)	2,047	9,426	(2,219,712)	937,939	394,577	1,332,516
Loss for the period	-	-	-	-	-	-	-	-	-	(120,335)	(120,335)	(5,662)	(125,997)
Other comprehensive income/(loss) for the period:													
Change in fair value of an available-for-sale investment	-	-	-	(18,839)	-	-	-	-	-	-	(18,839)	-	(18,839)
Reclassification adjustment for impairment loss of an available-for-sale investment included in condensed consolidated statement of profit or loss	-	-	-	18,839	-	-	-	-	-	-	18,839	-	18,839
Exchange differences on translation of foreign operations	-	-	-	-	-	-	32,929	-	-	-	32,929	2,210	35,139
Total comprehensive loss for the period	-	-	-	-	-	-	32,929	-	-	(120,335)	(87,406)	(3,452)	(90,858)
At 30 June 2017 (Unaudited)	2,234,815	15,098	61,314	-	58,086	823,357	(13,563)	2,047	9,426	(2,340,047)	850,533	391,125	1,241,658

Six months ended 30 June 2018

	Attributable to equity holders of parent													
	Notes	Share capital HK\$'000	Share option reserve HK\$'000	Equity component of convertible bonds HK\$'000	Investment revaluation reserve HK\$'000	Capital reserve HK\$'000	Special capital reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Reserve funds HK\$'000	Property revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2018		2,234,815	15,098	61,314	-	58,086	823,357	3,049	2,047	9,426	(2,522,355)	684,837	380,259	1,065,096
Transition adjustment upon adoption of HKFRS 9	3	-	-	-	(86,289)	-	-	-	-	-	86,289	-	-	-
At 1 January 2018 (restated)		2,234,815	15,098	61,314	(86,289)	58,086	823,357	3,049	2,047	9,426	(2,436,066)	684,837	380,259	1,065,096
Loss for the period		-	-	-	-	-	-	-	-	-	(104,550)	(104,550)	(20,515)	(125,065)
Other comprehensive loss for the period:														
Change in fair value of financial asset at fair value through other comprehensive income		-	-	-	(31,029)	-	-	-	-	-	-	(31,029)	-	(31,029)
Exchange differences on translation of foreign operations		-	-	-	-	-	(1,545)	-	-	-	(1,545)	(1,373)	(2,918)	
Total comprehensive loss for the period		-	-	-	(31,029)	-	(1,545)	-	-	-	(104,550)	(137,124)	(21,888)	(159,012)
Redemption of convertible bonds	16	-	-	(40,023)	-	-	-	-	-	-	40,023	-	-	-
Transfer of share option reserve upon lapse of share option	17	984	(984)	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2018 (Unaudited)		2,235,799	14,114*	21,291	(117,318)*	58,086*	823,357*	1,504*	2,047*	9,426*	(2,500,593)*	547,713	358,371	906,084

* These reserve accounts comprise the consolidated debit reserves of HK\$1,709,377,000 (31 December 2017: HK\$1,611,292,000) in the interim condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2018

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(124,773)	(123,803)
Adjustments for:		
Total non-cash adjustments	93,997	89,502
Total working capital adjustments	49,668	(153,522)
Cash generated from/(used in) operations	18,892	(187,823)
Overseas taxes paid	(295)	(3,173)
Net cash flows from/(used in) operating activities	18,597	(190,996)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	87	2,422
Purchases of items of property, plant and equipment	(1,596)	(2,708)
Proceeds from disposal of items of property, plant and equipment	3,187	–
Increase in prepaid land lease payments	(1,132)	(345)
Net cash flows from/(used in) investing activities	546	(631)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Six months ended 30 June 2018

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(52,461)	(518)
Repayment of bank and other borrowings	(131,446)	(1,381,925)
New bank loans	24,188	1,421,514
Advanced of loans from related companies	201,673	46,000
Advance to non-controlling shareholders, net	-	(214)
Repayment of a convertible bond	(38,728)	-
Repayment of finance leases	(1,155)	(437)
Net cash flows from financing activities	2,071	84,420
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	34,867	153,990
Effect of foreign exchange rate changes, net	(812)	31,530
CASH AND CASH EQUIVALENTS AT END OF PERIOD	55,269	78,313
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	55,269	78,313

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

AVIC Joy Holdings (HK) Limited is a limited liability company incorporated in Hong Kong whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (The "Stock Exchange").

During the period, the Group was principally involved in the operation of compressed natural gas ("CNG") refueling stations; management and operation of light-emitting diode ("LED") energy management contracts ("EMC"); provision of finance lease and loan services and property investment; and provision of land development services and sale of construction materials in the People's Republic of China (the "PRC"). The Group operates LED EMC business through its investment in a joint venture.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the HKICPA and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the Group's adoption of certain revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2018 as set out in note 3 below.

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

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies in accordance with Section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised standards for the first time for the current period's financial statements:

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

The Group applied HKFRS 9 and HKFRS 15 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 9 Financial Instruments

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied HKFRS 9 using the modified retrospective method, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under HKAS 39. Differences arising from the adoption of HKFRS 9 have been recognised directly in the interim condensed consolidated statement of financial position as at 1 January 2018.

The nature of these adjustments are described below:

(a) Classification and measurement

Under HKFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of HKFRS 9 did not have a significant impact on the Group. The Group continued measuring at fair value all financial assets previously held at fair value under HKAS 39. The following are the changes in the classification of the Group's financial assets:

- Trade receivables, deposits and other receivables, promissory note receivables, amounts due from joint ventures and a non-controlling shareholder previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as debt instruments at amortised cost.
- Equity investments in listed companies previously classified as available-for-sale (AFS) financial asset are now classified and measured as equity instruments designated at fair value through other comprehensive income. The Group elected to classify irrevocably its listed equity investments under this category as it intends to hold these investments for the foreseeable future. Impairment losses of HK\$86,289,000 were recognised in profit or loss for these investments in prior periods. A transition adjustment of HK\$86,289,000 to decrease the accumulated losses and decrease the investment revaluation reserve was recognised at 1 January 2018.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 9 *Financial Instruments* (continued)

(b) *Impairment*

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. HKFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. This change has no material impact to the interim condensed consolidated financial statements of the Group.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. HKFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

HKFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted HKFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to contracts that are not completed as at 1 January 2018. Other than the additional disclosures required, the adoption of HKFRS 15 has no material impact on the interim condensed consolidated financial statements of the Group.

The comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reporting segments as follows:

- (a) Sale of CNG and petroleum products of the Group's gas station operation;
- (b) Management and operation of LED EMC;
- (c) Provision of finance lease and loan services and property investment; and
- (d) Provision of land development services and sale of construction materials.

Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that interest income, finance costs, impairment of an available-for-sale investment, as well as head office and corporate and other unallocated expenses are excluded from such measurement.

During the period, the Company changed the presentation of operating segment results to include non-operating expenses and certain other expenses as in the opinion of the directors, such presentation can better reflect the overall operating segment results. Accordingly, certain comparative amounts have been reclassified to conform with the current period's presentation.

4. OPERATING SEGMENT INFORMATION (continued)

For the presentation of the Group's geographical information, revenues and results information is attributed to the segments based on the locations of the customers, and assets information is based on the locations of the assets. As the Group's major operations and markets are located in Mainland China, no further geographical information is provided.

All of the revenue from external customers are from sales of goods, which is recognised when the goods are transferred at a point in time.

	Sale of CNG and petroleum products		Management and operation of LED EMC		Provision of finance lease and loan services and property investment		Provision of land development services and sale of construction materials		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:										
Revenue from external customers	64,608	81,629	-	-	-	-	-	56,572	64,608	138,201
Interest income	-	-	-	-	5,407	7,229	-	-	5,407	7,229
	64,608	81,629	-	-	5,407	7,229	-	56,572	70,015	145,430
Segment results	(16,587)	(13,147)	11,127	5,629	(46,699)	(44,690)	(39,234)	(9,313)	(91,393)	(61,521)
<i>Reconciliation:</i>										
Interest income									-	1,276
Impairment of an available-for-sale investment									-	(18,839)
Finance costs									(26,026)	(28,888)
Corporate and other unallocated expenses									(7,354)	(15,831)
Loss before tax									(124,773)	(123,803)
Income tax expense									(292)	(2,194)
Loss for the period									(125,065)	(125,997)

4. OPERATING SEGMENT INFORMATION (continued)

	Sale of CNG and petroleum products		Management and operation of LED EMC		Provision of finance lease and loan services and property investment		Provision of land development services and sale of construction materials		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:										
Depreciation and amortisation	(5,415)	(8,490)	-	-	(470)	(643)	(163)	(244)	(6,048)	(9,377)
Depreciation and amortisation - unallocated									(260)	(605)
Interest income	1,509	24	469	1,643	68	54	882	974	2,928	2,695
Share of profits and losses of joint ventures	(2,469)	(2,301)	10,675	3,993	-	-	-	-	8,206	1,692
Write off of inventories	(291)	-	-	-	-	-	-	-	(291)	-
(Impairment)/reversal of impairment of trade receivables	77	940	-	-	-	-	(33,094)	-	(33,017)	940
Impairment of prepayments, deposits and other receivables	(136)	-	-	-	-	-	-	-	(136)	-
Finance costs	(2,118)	(1,609)	-	-	(34,961)	(32,276)	(3,075)	(3,452)	(40,154)	(37,337)
Fair value losses on investment properties, net	-	-	-	-	-	(1,017)	-	-	-	(1,017)
Capital expenditure*	(1,542)	(2,708)	-	-	-	-	-	-	(1,542)	(2,708)
Capital expenditure - unallocated*									(54)	-

* Capital expenditure consists of additions to property, plant and equipment.

5. REVENUE AND OTHER INCOME

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

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Revenue		
Sale of CNG and petroleum products	64,608	81,629
Sale of construction materials	-	56,572
Interest income on finance leases and loans	5,407	7,229
	70,015	145,430
Other income		
Interest income	88	182
Loan interest income	1,970	1,642
Promissory note interest income	870	2,147
Gross rental income	394	462
Others	346	356
	3,668	4,789

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans and other borrowings (including convertible bonds)		
Bank loans	34,896	36,630
Other borrowings	19,572	18,431
Convertible bonds	9,385	10,458
Amortisation of financing arrangement fees	2,327	706
	66,180	66,225

7. LOSS BEFORE TAX

The Group's loss before tax is arrived after charging/(crediting):

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold and operation costs of gas stations*	49,092	57,726
Cost of construction materials sold*	-	55,122
Depreciation on items of property, plant and equipment	5,535	9,339
Amortisation of prepaid land lease payments	724	595
Amortisation of intangible assets	49	48
(Gain)/loss on disposal of items of property, plant and equipment**	(799)	44
Impairment/(reversal of impairment) of trade receivables**	33,017	(940)
Write off of inventories**	291	-
Impairment of prepayments, deposits and other receivables**	136	-
Compensation expenses**	3,640	-
Impairment of an available-for-sale investment	-	18,839
Fair value losses on investment properties, net	-	1,017

7. LOSS BEFORE TAX (continued)

* Included in "Cost of sales" on the face of the interim condensed consolidated statement of profit or loss.

** Included in "Other operating and non-operating (expenses)/income, net" on the face of the interim condensed consolidated statement of profit or loss.

8. INCOME TAX

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the period (2017: Nil). Taxation on Mainland China profit was calculated on the estimated assessable profits for the period at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Mainland China	292	2,364
Deferred	-	(170)
	292	2,194

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of HK\$104,550,000 (2017: HK\$120,335,000), and the weighted average number of ordinary shares of 5,943,745,741 (2017: 5,943,745,741) in issue during the period.

No adjustment has been made to the basic loss per share amount presented for the periods ended 30 June 2018 and 2017 in respect of a dilution as the impact of the share options and convertible bonds outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

10. INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2018 (2017: Nil).

11. TRADE RECEIVABLES

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Trade receivables	75,408	84,270
Impairment	(35,129)	(2,112)
	40,279	82,158

The Group's trading terms with its other trade customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 90 to 120 days, extending up to 180 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

An aging analysis of the gross trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
0 to 90 days	4,800	55,786
91 to 120 days	-	26,310
121 days to 1 year	68,573	62
Over 1 year	2,035	2,112
	75,408	84,270

As at 30 June 2018, certain trade receivables with aggregate carrying amounts of HK\$1,659,000 (31 December 2017: HK\$1,880,000) were pledged to secure a loan advanced from a third party.

12. FINANCE LEASE RECEIVABLES

The Group provides finance leasing services on equipment in Mainland China. These leases are classified as finance leases and have remaining lease terms ranging from one to five years.

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Finance lease receivables comprise:				
Within one year	12,957	11,052	8,324	6,943
In the second to fifth years, inclusive	35,307	32,776	28,061	26,163
	48,264	43,828	36,385	33,106
Less: unearned finance income	(11,879)	(10,722)		
Present value of minimum lease payments	36,385	33,106		
Analysed for reporting purposes as:				
Current assets	8,324	6,943		
Non-current assets	28,061	26,163		
	36,385	33,106		

The Group's finance lease receivables are denominated in Renminbi ("RMB") which is the functional currency of the relevant group entity.

At 30 June 2018, the Group's finance lease receivables with aggregate carrying amount of HK\$36,385,000 (31 December 2017: HK\$33,106,000) were pledged as security for the Group's certain bank loans.

13. CONTRACT FOR SERVICES

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Contract costs in relation to land development services incurred to date and gross amount due from a contract customer	158,279	148,835

14. TRADE PAYABLES

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

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Within 90 days	262	10,993
91 to 120 days	422	5,667
Over 120 days	3,510	4,317
	4,194	20,977

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

15. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 11 April 2018, the Company, Jetco Innovations Limited, a direct wholly owned subsidiary of the Company, Shenzhen Sinogas Environmental Protection Technology Limited, an indirectly wholly owned subsidiary of the Company, and Shandong Rui Bang Technology Engineering Co., Ltd entered into an equity transfer agreement, pursuant to which, the Company conditionally agreed to sell or procure its subsidiaries to sell and Shandong Rui Bang Technology Engineering Co., Ltd conditionally agreed to purchase (i) 100% of the issued share capital in Jetco Innovations Limited, which holds 50% of the equity interest in Shandong Sinogas Company Limited, an indirectly wholly owned subsidiary of the Company; (ii) 50% of the equity interest in Shandong Sinogas Company Limited held by Shenzhen Sinogas Environmental Protection Technology Limited; and (iii) the certain debts with these subsidiaries; at the aggregate consideration of RMB25,500,000 (equivalent to approximately HK\$31,900,000). The disposal is expected to be completed by the end of September 2018. As at 30 June 2018, the subsidiaries to be disposed were classified as a disposal group held for sale and the assets and liabilities thereof are separately disclosed as held for sale in the interim condensed consolidated statement of financial position accordingly.

16. CONVERTIBLE BONDS

The convertible bonds issued were split into the liability and equity components, and the movement in the convertible bonds are analysed as follows:

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
<u>Nominal value</u>		
At 1 January	191,776	191,776
Derecognition during the period/year (note)	(51,776)	-
At period/year end	140,000	191,776
<u>Liability components</u>		
At 1 January	182,011	167,000
Repayment during the period/year (note)	(38,728)	-
Interest expenses	9,385	21,646
Interest paid	(13,565)	(6,635)
At period/year end	139,103	182,011

16. CONVERTIBLE BONDS (continued)

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
<u>Equity components</u>		
At 1 January	61,314	61,314
Transfer to accumulated losses upon maturity of convertible bonds (note)	(40,023)	–
At period/year end	21,291	61,314

Note:

On 17 November 2016, the Group issued convertible bonds with principal amounts of HK\$140,000,000. The bonds are convertible at the option of the bondholders into ordinary shares at the initial conversion prices of HK\$0.14 per share. Any convertible bond not converted will be redeemed at par in two years after the dates of issuance or will be further extended as agreed between the bondholders and the Group. The convertible bonds bear interest at 4% per annum payable semi-annually or annually in arrears or at the maturity date or the conversion date (as the case may be).

On 6 March 2012 (extended on 6 March 2015), the Group issued a convertible bond with principal amounts of HK\$51,776,000. The bond was convertible at the option of the bondholders into ordinary shares at the initial conversion prices of HK\$0.23 (adjusted) per share. Any convertible bond not converted was redeemed at par in three years after the dates of issuance or was further extended as agreed between the bondholders and the Group. The convertible bond bore interest at 2% per annum payable semi-annually or annually in arrears or at the maturity date or the conversion date (as the case may be). The convertible bond remained unexercised upon the maturity on 6 March 2018. The liability portion of HK\$38,728,000 was fully derecognised after the repayment of the convertible bond and the equity portion of HK\$40,023,000 was released to the accumulated losses within the statement of changes in equity.

The fair values of the liability components were estimated at the issuance dates using equivalent market interest rates for similar bonds without a conversion option. The residual amounts are assigned as the equity components and are included in shareholders' equity.

17. SHARE CAPITAL

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Issued and fully paid: 5,943,745,741 ordinary shares	2,235,799	2,234,815

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK\$'000
At 1 January 2017, 31 December 2017 and 1 January 2018	5,943,745,741	2,234,815
Transfer of share option reserve upon lapse of share options	–	984
At 30 June 2018	5,943,745,741	2,235,799

18. COMMITMENTS

The Group had capital commitments in respect of the acquisition of items of property, plant and equipment of HK\$8,205,000 (31 December 2017: HK\$21,028,000) contracted but not provided for in the interim condensed consolidated financial statements as at the end of the reporting period.

19. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these interim condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

	Notes	For the six months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Interest expenses to related companies	(i)	12,011	8,290
Interest expenses to a non-controlling shareholder	(ii)	5,646	5,646
Interest income from joint ventures	(iii)	5,695	7,503

Notes:

- (i) The interest expenses paid to related companies whose ultimate holding company is the ultimate holding company of the Company's major shareholder were charged at an interest rate ranging from 5% to 6% per annum and RMB loan interest rate issued by the People's Bank of China, respectively.
- (ii) The interest expenses paid to a non-controlling shareholder were charged at interest rate of 5% per annum.
- (iii) The interest income received from joint ventures, was charged at interest rates ranging from 4% to 11% per annum.

19. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

- (i) The loans from related companies are unsecured, bear interest rates ranging from the RMB loan interest rate issued by the People's Bank of China to 6% per annum and are repayable in 2019.
- (ii) The loan from a non-controlling shareholder is unsecured, bear interest rate at 5% per annum and are repayable in 2019.
- (iii) All remaining balances with non-controlling shareholders and joint ventures are unsecured, non-interest-bearing and have no fixed terms of repayment.

The carrying amounts of these balances approximate to their fair values.

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

	For the six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Short term employee benefits	317	249
Post-employment benefits	-	-
	317	249

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, cash and bank balances, trade payables, financial liabilities included in other payables and accruals, current portions of financial assets included in deposits and other receivables, finance lease receivables, promissory note receivables, finance lease payable, current portions of convertible bonds, loans from related companies, interest-bearing bank and other borrowings, amount due from/to joint ventures and an amount due from a non-controlling shareholder approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of finance lease receivables, finance lease payable, non-current portions of deposits, loans from related companies, loans from non-controlling shareholders and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for non-current portion of interest-bearing bank and other borrowings as at 30 June 2018 was assessed to be insignificant. The fair value of the liability portion of the convertible bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bonds with consideration of the Group's own non-performance risk.

The fair values of listed equity investments are based on quoted market prices.

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group's financial instrument:

Assets measured at fair value:

As at 30 June 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial asset at fair value through other comprehensive income	27,704	-	-	27,704

As at 31 December 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Available-for-sale investment	58,733	-	-	58,733

The Group did not have any financial liabilities measured at fair value as at 30 June 2018 and 31 December 2017.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 December 2017: Nil).

21. EVENTS AFTER THE REPORTING PERIOD

As at 30 June 2018, the Group invested in the shares of Peace Map Holding Limited ("Peace Map"), which are listed on the Stock Exchange, and have been classified as a financial asset at fair value through other comprehensive income amounting to HK\$27,704,000. On 10 August 2018, joint provisional liquidators were appointed to Peace Map to perform provisional liquidation. In the opinion of the directors, if there is no significant change in relation to the provisional liquidation of Peace Map, the financial asset may have to be fully written off to the Group's consolidated other comprehensive income.