



**TFG**  
富元國際

**TFG International Group Limited**  
**富元國際集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

**Stock Code : 542**

# 2018

## Interim Report

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## **CORPORATE INFORMATION**

### **EXECUTIVE DIRECTORS**

YANG Lijun (*Chairman*)  
WONG Kui Shing, Danny  
(*Chief Executive Officer*)  
WAN Jianjun  
YU Kam Hung  
(*appointed on 12 July 2018*)

### **INDEPENDENT NON-EXECUTIVE DIRECTORS**

CHAN Hoi Ling  
SO Wai Lam  
SUNG Yat Chun

### **COMPANY SECRETARY**

WOO Chung Ping

### **PRINCIPAL BANKERS**

Bank of Communications Co., Ltd.  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

### **AUDITOR**

CCTH CPA Limited  
Unit 5–6, 7/F., Greenfield Tower  
Concordia Plaza  
1 Science Museum Road  
Tsim Sha Tsui, Kowloon  
Hong Kong

### **HONG KONG SHARE REGISTRAR**

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

### **REGISTERED OFFICE**

The Offices of Sterling Trust (Cayman) Limited  
Whitehall House, 238 North Church Street  
George Town, Grand Cayman KY1-1102  
Cayman Islands

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Suite 1101, 11/F., Tower A  
Cheung Kei Center  
18 Hung Luen Road  
Hung Hom, Kowloon  
Hong Kong

## UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board”) of TFG International Group Limited (the “Company”) hereby announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2018 together with the comparative figures for the year 2017 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Note</i>	For the six months ended 30 June	
		2018	2017
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<b>CONTINUING OPERATIONS</b>			
REVENUE	5	<b>8,236</b>	21,985
Cost of sales	8	<b>(2,073)</b>	(4,396)
<hr/>			
Gross profit		<b>6,163</b>	17,589
Other income	6	<b>2,629</b>	21,960
Selling expenses		<b>(1)</b>	(200)
Administrative expenses		<b>(57,440)</b>	(26,023)
Fair value changes on available-for-sale investments		<b>–</b>	(261)
Loss on disposal of property, plant and equipment		<b>(644)</b>	–
Loss on deregistration of subsidiaries		<b>–</b>	(7,582)
Impairment of trade receivables reversed/ (recognised)	8, 12	<b>3,685</b>	(11,946)
Finance costs	7	<b>(12,225)</b>	(2,808)
Share of profit of a joint venture		<b>4,453</b>	–
<hr/>			
LOSS BEFORE TAX	8	<b>(53,380)</b>	(9,271)
Income tax (expense)/credit	9	<b>(3,082)</b>	741
<hr/>			
Loss for the period from continued operations		<b>(56,462)</b>	(8,530)
Loss for the period from discontinued operations		<b>–</b>	(2,191)
<hr/>			
<b>LOSS FOR THE PERIOD</b>		<b>(56,462)</b>	(10,721)
<hr/>			

	<b>For the six months ended 30 June</b>	
	<b>2018</b>	2017
<i>Note</i>	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Attributable to:		
Owners of the Company		
Loss for the period from continuing operations	<b>(48,230)</b>	(7,522)
Loss for the period from discontinued operations	–	(2,191)
Non-controlling interests		
Loss for the period from continuing operations	<b>(8,232)</b>	(1,008)
	<b>(56,462)</b>	(10,721)

#### **LOSS PER SHARE**

10

From continuing and discontinued operations

— Basic

**HK(0.71) cents**

HK(0.19) cents

— Diluted

**HK(0.71) cents**

HK(0.19) cents

From continuing operations

— Basic

**HK(0.71) cents**

HK(0.15) cents

— Diluted

**HK(0.71) cents**

HK(0.15) cents

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	<u>(56,462)</u>	(10,721)
<b>OTHER COMPREHENSIVE INCOME/(LOSS):</b>		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	<u>187</u>	(1,346)
Other comprehensive income/(loss) for the period, net of tax	<u>187</u>	(1,346)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><b>(56,275)</b></u>	(12,067)
Total comprehensive loss for the period attributable to:		
Owners of the Company		
Comprehensive loss for the period from continuing operations	(48,043)	(8,868)
Comprehensive loss for the period from discontinued operations	–	(2,191)
Non-controlling interests		
Comprehensive loss for the period from continuing operations	<u>(8,232)</u>	(1,008)
	<u><b>(56,275)</b></u>	(12,067)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2018	At 31 December 2017
	<i>Note</i>	<b>HK\$'000</b> <b>(Unaudited)</b>	<b>HK\$'000</b> <b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>403,118</b>	418,360
Land for development		<b>508,105</b>	–
Prepaid land lease payments		<b>56,263</b>	57,405
Licensing rights		<b>25,072</b>	26,699
Interest in a joint venture		–	32,862
Pledged bank balances		<b>23,005</b>	1,064
Deferred tax assets	<i>11</i>	<b>5,879</b>	10,056
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,021,442</b>	546,446
<b>CURRENT ASSETS</b>			
Properties held for sale under development		<b>68,274</b>	69,046
Properties held for sale		<b>6,455</b>	6,539
Inventories		<b>26</b>	41
Loan receivables	<i>13</i>	–	–
Trade receivables	<i>12</i>	<b>2,444</b>	77
Prepayments, deposits and other receivables		<b>10,431</b>	11,464
Amount due from a joint venture		–	160,633
Cash and cash equivalents		<b>93,793</b>	70,418
<b>TOTAL CURRENT ASSETS</b>		<b>181,423</b>	318,218
<b>TOTAL ASSETS</b>		<b>1,202,865</b>	864,664
<b>CURRENT LIABILITIES</b>			
Trade payables, other payables and accruals	<i>14</i>	<b>20,465</b>	18,125
Loan and borrowings — due within one year	<i>15</i>	<b>14,226</b>	10,807
<b>TOTAL CURRENT LIABILITIES</b>		<b>34,691</b>	28,932
<b>NET CURRENT ASSETS</b>		<b>146,732</b>	289,286

		At 30 June 2018	At 31 December 2017
	<i>Note</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Loan and borrowings — due after one year	15	77,058	85,257
Notes payable	16	158,081	—
Amount due to non-controlling shareholder	19	164,217	—
Deferred tax liabilities	11	45,498	33,247
		<hr/>	<hr/>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>444,854</b>	118,504
		<hr/>	<hr/>
<b>NET ASSETS</b>			
		<b>723,320</b>	717,228
		<hr/>	<hr/>
Share capital	18	69,464	67,816
Reserves		579,164	586,579
		<hr/>	<hr/>
Equity attributable to owners of the Company		648,628	654,395
Non-controlling interests		74,692	62,833
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>723,320</b>	717,228
		<hr/>	<hr/>



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company								
	Share capital	Share premium account	Foreign currency translation reserve	Capital reduction reserve	Other reserve	Retained Profits	Non-controlling interests	Total Equity	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(Unaudited)	
At 1 January 2018	67,816	738,538	(1,325)	191,925	19,154	(361,713)	654,395	62,833	717,228
Loss for the period	-	-	-	-	-	(48,230)	(48,230)	(8,232)	(56,462)
Other comprehensive income/ (loss) for the period	-	-	187	-	-	-	187	-	187
Total comprehensive income/ (loss) for the period	-	-	187	-	-	(48,230)	(48,043)	(8,232)	(56,275)
Issue of ordinary shares	1,648	40,354	-	-	-	-	42,002	-	42,002
Acquisition of subsidiaries	-	-	-	-	-	-	-	20,443	20,443
Deregistration of subsidiaries	-	-	-	-	-	274	274	-	274
Other adjustments	-	-	-	-	-	-	-	(352)	(352)
At 30 June 2018	69,464	778,892	(1,138)	191,925	19,154	(409,669)	648,628	74,692	723,320
At 1 January 2017	56,816	551,326	2,499	191,925	19,154	(341,852)	479,868	59,297	539,165
Loss for the period	-	-	-	-	-	(9,713)	(9,713)	(1,008)	(10,721)
Other comprehensive income/ (loss) for the period	-	-	(1,346)	-	-	-	(1,346)	-	(1,346)
Total comprehensive income/ (loss) for the period	-	-	(1,346)	-	-	(9,713)	(11,059)	(1,008)	(12,067)
Disposal of subsidiaries	-	-	-	-	-	7,490	7,490	-	7,490
Other adjustments	-	-	-	-	-	-	-	1,369	1,369
At 30 June 2017	56,816	551,326	1,153	191,925	19,154	(344,075)	476,299	59,658	535,957

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(5,904)	(12,566)
NET CASH GENERATED FROM INVESTING ACTIVITIES	3,313	20,044
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	26,487	(7,937)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	23,896	(459)
Cash and cash equivalents at the beginning of period	70,418	60,123
Effect of foreign exchange rate changes, net	(521)	(5,766)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<b>93,793</b>	53,898
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>93,793</b>	53,898

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

*TFG International Group Limited was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The registered office and principal place of business of the Company are Whitehall House, 238 North Church Street, George Town, Grand Cayman KY1-1102, Cayman Islands and Suite 1101, 11/F., Tower A, Cheung Kei Center, 18 Hung Luen Road, Hung Hom, Kowloon, Hong Kong respectively. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").*

*During the period, the Group's activities mainly comprised properties development and hotel business in the People's Republic of China (the "PRC").*

### 2. BASIS OF PREPARATION

*These unaudited consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").*

*The unaudited consolidated financial statements for the six months ended 30 June 2018 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 the basis of preparation adopted in the preparation of these unaudited interim consolidated financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as disclosed in Note 3 below.*

*The unaudited consolidated financial statements for the six months ended 30 June 2018 have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value and are presented in Hong Kong Dollars and all values are rounded to the nearest thousand except when otherwise indicated. The functional currency of the Group is Renminbi and the presentation currency is Hong Kong Dollars.*

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

For the six months ended 30 June 2018, the Group have applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to the Group for the preparation of the Group’s condensed consolidated financial statements:

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

The application of the above amendments to HKFRSs for the six months ended 30 June 2018 has had no material effect on the amounts reported in the unaudited consolidated financial statements and/or disclosures set out in the unaudited consolidated financial statements. The Group has not applied any new standard or amendment that is not effective for the current accounting period.

### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group identifies reportable segments, on the basis of the products and services, for internal reports about components of the Group that are regularly reviewed by the chief operation decision makers for the purpose of allocating resources to segments and assessing their performances. There are two reportable operating segments identified as follows:

- (a) The property development segment comprises the development and sales of properties;
- (b) The hotel business segment comprises the sub-licensing rights to hotel operators and certain hotel management activities.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment results represent the profit or loss earned before tax from continuing operations before taking into account interest income from bank deposits, unallocated other income, unallocated corporate expenses (including central administration costs and directors’ remuneration) and finance costs. This is the measure reported to the chief operation decision makers and the board of directors for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	For the six months ended 30 June					
	Property Development		Hotel Business		Total	
	2018	2017	2018	2017	2018	2017
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>Segment revenue:</i>						
Sales to external customers	951	3,655	7,285	18,330	8,236	21,985
Other income	1,070	721	653	616	1,723	1,337
<i>Total segment revenue</i>	<b>2,021</b>	<b>4,376</b>	<b>7,938</b>	<b>18,946</b>	<b>9,959</b>	<b>23,322</b>
Amortisation of licensing rights	-	-	(1,591)	(2,839)	(1,591)	(2,839)
Depreciation of property, plant and equipment	(233)	(214)	(14,907)	(19,746)	(15,140)	(19,960)
Amortisation of prepaid land lease payments	(37)	(34)	(963)	(950)	(1,000)	(984)
Impairment of trade receivables reversed/ (recognised)	-	-	3,685	(11,946)	3,685	(11,946)
<i>Segment results</i>	<b>(3,746)</b>	<b>(1,854)</b>	<b>(8,940)</b>	<b>(11,186)</b>	<b>(12,686)</b>	<b>(13,040)</b>
<i>Reconciliation:</i>						
Unallocated expenses					(32,711)	(4,603)
					(45,397)	(17,643)
Bank interest income					433	231
Loss on deregistration of subsidiaries					-	(7,582)
Loss on disposal of property, plant and equipment					(644)	-
Gain on disposal of subsidiaries					-	18,531
Share of profit of a joint venture					4,453	-
Finance costs (see Note 7)					(12,225)	(2,808)
<i>Loss before tax from continuing operations</i>					<b>(53,380)</b>	<b>(9,271)</b>

## Geographical information

The Group operates in two main geographical areas — Hong Kong and the PRC.

	<i>For the six months ended 30 June</i>	
	<i>2018</i>	<i>2017</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>REVENUE</b>		
— Hong Kong	—	—
— PRC	8,236	21,985
	<hr/>	<hr/>
	8,236	21,985
	<hr/>	<hr/>
	<i>At 30 June</i>	<i>At 31 December</i>
	<i>2018</i>	<i>2017</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
<b>NON-CURRENT ASSETS</b>		
— Hong Kong	1,300	717
— PRC	991,258	534,609
— Other countries	—	—
	<hr/>	<hr/>
	992,558	535,326
	<hr/>	<hr/>

The non-current asset information above is based on the locations of the assets and excludes financial instruments, pledged bank balances and deferred tax assets.

## Information about a major customer

Sales to external customers of approximately of HK\$5,379,370 (2017: HK\$10,671,000) was derived from one single customer of hotel business segment.

5. REVENUE

Revenue represents income from sub-licensing of operating rights, and proceeds from the sales of properties held for sale and services rendered to external customers during the period.

*For the six months ended 30 June*

	2018	2017
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<i>Continuing operations</i>		
licensing income	7,285	18,330
Sales of properties held for sale and rendering of services	951	3,655
	<hr/>	<hr/>
	8,236	21,985
	<hr/>	<hr/>

6. OTHER INCOME

*For the six months ended 30 June*

	2018	2017
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<i>Continuing operations</i>		
Bank interest income	433	231
Loan interest income	848	848
Gain on disposal of subsidiaries	–	18,531
Rental income	644	615
Others	704	1,735
	<hr/>	<hr/>
	2,629	21,960
	<hr/>	<hr/>

7. FINANCE COSTS

	2018	2017
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest on loan and borrowings	3,483	2,808
Interest on notes payable	7,943	–
Imputed interest on notes (Note 16)	267	–
Other interest	532	–
	<hr/>	<hr/>
	12,225	2,808
	<hr/>	<hr/>

8. *LOSS BEFORE TAX*

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

	<i>For the six months ended 30 June</i>	
	<i>2018</i>	<i>2017</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Cost of sales</i>		
<i>Cost of inventories sold</i>	482	588
<i>Cost of properties sold</i>	-	969
<i>Amortisation of licensing rights</i>	1,591	2,839
	2,073	4,396
<i>Foreign exchange differences</i>	23,986	(5,945)
<i>Depreciation</i>	15,588	19,987
<i>Amortisation of prepaid land lease payments</i>	1,000	984
<i>Impairment of trade receivables (reversed)/recognised</i>	(3,685)	11,946
<i>Minimum lease payments under operating lease in respect of     land and building</i>	3,055	697
<i>External auditors' remuneration</i>		
— <i>Audit services — for current period</i>	118	133
<i>Staff costs (including directors' remuneration)</i>		
— <i>Wages and salaries</i>	6,588	4,766
— <i>Retirement benefits scheme contributions</i>	309	198
<i>Interest Income</i>		
<i>Bank interest income</i>	(433)	(231)
<i>Loan interest income</i>	(848)	(848)
	(1,281)	(1,079)



9. *INCOME TAX (EXPENSE)/CREDIT*

*Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year under review. Subsidiaries in the PRC are subject to PRC Enterprise Income Tax at 25% (2017: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.*

	<i>For the six months ended 30 June</i>	
	<i>2018</i>	<i>2017</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Current tax:</i>		
<i>Hong Kong</i>	<i>–</i>	<i>–</i>
<i>PRC</i>	<i>–</i>	<i>–</i>
	<hr/>	<hr/>
	<i>–</i>	<i>–</i>
<i>Adjustment for prior year over-provision</i>	<i>–</i>	<i>–</i>
<i>Deferred tax (charge)/credit</i>	<i>(3,082)</i>	<i>741</i>
	<hr/>	<hr/>
<i>Income tax (expense)/credit</i>	<i>(3,082)</i>	<i>741</i>
	<hr/>	<hr/>

10. *LOSS PER SHARE*

*The calculation of basic and diluted loss per share amounts is based on the loss attributable to ordinary equity holders of the Company for the period ended 30 June 2018, and the weighted average number of ordinary shares of 6,789,783,139 (2017: 5,681,638,040) in issue during the period.*

11. DEFERRED TAX ASSETS AND LIABILITIES

As at 30 June 2018 and 31 December 2017, the Group's deferred tax assets and liabilities shown in the consolidated statement of financial position are as follows:

	<b>At 30 June 2018 HK\$'000 (Unaudited)</b>	<b>At 31 December 2017 HK\$'000 (Audited)</b>
Deferred tax assets	5,879	10,056
Deferred tax liabilities	(45,498)	(33,247)

The movements in deferred tax assets/(liabilities) for the period ended 30 June 2018 were as follows:

**Deferred tax assets and liabilities**

	<b>Tax losses and provision for impairments HK\$'000</b>	<b>Accelerated tax depreciation HK\$'000</b>	<b>Changes in fair value of land for development HK\$'000</b>	<b>Total HK\$'000</b>
At 1 January 2018	10,056	(33,247)	–	(23,191)
Acquisition of subsidiaries (Note 17)	–	–	(13,218)	(13,218)
(Charged)/credited to profit or loss	(4,049)	967	–	(3,082)
Exchange realignment	(128)	–	–	(128)
At 30 June 2018	5,879	(32,280)	(13,218)	(39,619)

Deferred tax assets are recognized for tax losses and provision for impairments to the extent that the realization of the related benefit through the future taxable profits is probable.

12. TRADE RECEIVABLES

	<i>At 30 June</i> <b>2018</b> <i>HK\$'000</i> <i>(Unaudited)</i>	<i>At 31 December</i> <b>2017</b> <i>HK\$'000</i> <i>(Audited)</i>
<i>Trade receivables, gross</i>	<b>88,942</b>	91,293
<i>Impairment loss recognised</i>	<b>(86,498)</b>	(91,216)
	<b>2,444</b>	77

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

	<i>At 30 June</i> <b>2018</b> <i>HK\$'000</i> <i>(Unaudited)</i>	<i>At 31 December</i> <b>2017</b> <i>HK\$'000</i> <i>(Audited)</i>
<i>Within 1 month</i>	<b>1,258</b>	77
<i>1–3 months</i>	<b>1,186</b>	–
	<b>2,444</b>	77

*The movement in provision for impairment of trade receivables are as follows:*

	<i>At 30 June</i> <b>2018</b> <i>HK\$'000</i> <i>(Unaudited)</i>	<i>At 31 December</i> <b>2017</b> <i>HK\$'000</i> <i>(Audited)</i>
<i>At 1 January</i>	<b>91,216</b>	73,135
<i>Impairment loss (reversed)/recognized for the period (Note)</i>	<b>(3,685)</b>	11,772
<i>Exchange realignment</i>	<b>(1,033)</b>	6,309
<i>At 30 June/31 December</i>	<b>86,498</b>	91,216

Note: In the year of 2016, the hotel operating rights holders defaulted in the payment of fixed monthly fee and royalty fee. The Group repeatedly made requests and demand from the hotel operating rights holders to settle all monies outstanding. On 14 March 2017, the Group instituted legal actions against the hotel operating rights holders to claim damages and other costs suffered by the Group. Accordingly, the Group made impairment of trade receivables due to uncertainties about recoverability underlying the claims. On 24 January 2018, the Group signed and executed a settlement agreement with one of the previous hotel operating rights holders who committed to settle the outstanding debts of approximately of RMB14.6 million by 30 monthly instalments. As at 30 June 2018, the hotel operating rights holder had repaid RMB3 million according to the repayment schedule and a corresponding amount of impairment loss previously made was reversed accordingly.

13. LOAN RECEIVABLES

	<i>At 30 June</i> <b>2018</b> <i>HK\$'000</i> <i>(Unaudited)</i>	<i>At 31 December</i> <b>2017</b> <i>HK\$'000</i> <i>(Audited)</i>
<i>Loan receivables</i>	<b>19,000</b>	19,000
<i>Less: impairment loss recognised</i>	<b>(19,000)</b>	(19,000)
	<hr/> <b>–</b>	<hr/> <b>–</b>

14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	<i>At 30 June</i> <b>2018</b> <i>HK\$'000</i> <i>(Unaudited)</i>	<i>At 31 December</i> <b>2017</b> <i>HK\$'000</i> <i>(Audited)</i>
<i>Amount received in advance for the rental</i>	<b>350</b>	–
<i>Other payables and accruals</i>	<b>20,115</b>	18,125
	<hr/> <b>20,465</b>	<hr/> <b>18,125</b>

15. LOAN AND BORROWINGS

	<i>At 30 June</i> <b>2018</b> <i>HK\$'000</i> <i>(Unaudited)</i>	<i>At 31 December</i> 2017 <i>HK\$'000</i> <i>(Audited)</i>
<i>Loans and borrowings repayables:</i>		
<i>Within 1 year</i>	<b>14,226</b>	10,807
<i>After 1 year but within 2 years</i>	<b>77,058</b>	14,410
<i>After 2 years but within 5 years</i>	–	70,847
	<b>91,284</b>	96,064
<i>Less: Portion repayable within one year included in current liabilities</i>	<b>(14,226)</b>	(10,807)
<i>Portion not repayable within one year included in non-current liabilities</i>	<b>77,058</b>	85,257

At 30 June 2018, loan and borrowings lent by a financial institution to a subsidiary of the Group were secured by the leasehold land and buildings located in Maoming City, the PRC.

16. NOTES PAYABLE

	<b>At</b> <b>30 June</b> <b>2018</b> <i>HK\$'000</i> <i>(Unaudited)</i>	<i>At</i> <i>31 December</i> 2017 <i>HK\$'000</i> <i>(Audited)</i>
<i>Unsecured notes, at amortised cost</i>	–	–
<i>At date of issue, 31 January 2018</i>	<b>157,814</b>	–
<i>Imputed interest on notes</i>	<b>267</b>	–
<i>At 30 June 2018</i>	<b>158,081</b>	–

Notes were issued by the Group as part of consideration payable for the acquisition of subsidiaries which had been completed on 31 January 2018. The notes with principal amount of HK\$160,000,000 bear 12.0% coupon and are unsecured and matured on the third anniversary from the date of issue. The notes were initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

17. ACQUISITION OF SUBSIDIARIES

On 31 January 2018, the Group completed the acquisition of the remaining 50% equity interests in the joint venture not owned by the Group and shareholder's loan due to its former shareholders. The purchase consideration for the acquisition was satisfied by the cash payment of HK\$15,000,000 and non-convertible 3-year 12% coupon notes with principal amount of HK\$160,000,000 (Note 16). Fair values of the identifiable assets acquired, liabilities assumed and consideration given for the acquisition were as follows:

	<b>Fair value recognised on acquisition HK\$'000</b>
<i>Fair value of the identifiable assets acquired and liabilities assumed</i>	
<i>Land for development</i>	518,551
<i>Pledged bank balances</i>	45,773
<i>Prepayments, deposits and other receivables</i>	19
<i>Cash and cash equivalents</i>	13,191
<i>Trade payables, other payables and accruals</i>	(1,320)
<i>Amount due to a non-controlling shareholder</i>	(164,217)
<i>Deferred tax liabilities</i>	(13,218)
	<hr/>
<i>Total identifiable assets at fair value</i>	<b>398,779</b>
	<hr/>
<i>Satisfied by</i>	
<i>Fair value of consideration given</i>	
<i>Cash</i>	15,000
<i>Notes at fair value, at amortised cost (Note 16)</i>	157,814
<i>Equity interest previously held by the Group</i>	37,889
<i>Amount due from a subsidiary</i>	167,633
<i>Non-controlling interest</i>	20,443
	<hr/>
<i>Total</i>	<b>398,779</b>
	<hr/>

18. SHARE CAPITAL

<i>At 30 June</i>	<i>At 31 December</i>
<b>2018</b>	2017
<b>HK\$'000</b>	HK\$'000
<b>(Unaudited)</b>	(Audited)

*Authorised:*

100,000,000,000 (31 December 2017: 100,000,000,000)

ordinary shares of HK\$0.01 (31 December 2017:

HK\$0.01) each

**1,000,000**

1,000,000

*Issued and fully paid:*

6,946,350,040 (31 December 2017: 6,781,638,040)

ordinary shares of HK\$0.01 (31 December 2017:

HK\$0.01) each

**69,464**

67,816

On 22 June 2018, the Company allotted and issued 164,712,000 shares at HK\$0.255 each share for a total consideration of approximately HK\$42 million under the General Mandate

19. AMOUNT DUE TO NON-CONTROLLING SHAREHOLDER

Amount due to a non-controlling shareholder is due after three years from date of borrowing, unsecured and interest free.

20. OPERATING LEASE ARRANGEMENTS

(a) *As lessor*

The Group leases part of its property in Maoming City, the PRC under a non-cancellable operating lease agreement, with lease terms for five years. The lease agreement requires the tenant to pay security deposit of the lease.

At 30 June 2018, the Group had total future minimum lease receivables falling due as follows:

<i>At 30 June</i>	<i>At 31 December</i>
<b>2018</b>	2017
<b>HK\$'000</b>	HK\$'000
<b>(Unaudited)</b>	(Audited)

**Continuing operations**

Within one year

**473**

1,175

In the second to fifth years, inclusive

–

–

**473**

1,175

(b) *As lessee*

The Group leases certain of its office properties under operating lease commitments. Leases for properties are negotiated for terms ranging from one to five years. None of the leases includes contingent rentals.

Minimum lease payments under operating leases during the period:

	<i>At 30 June 2018 HK\$'000 (Unaudited)</i>	<i>At 31 December 2017 HK\$'000 (Audited)</i>
<b>Continuing operations</b>		
Office premises	<b>3,055</b>	1,428

At 30 June 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<i>At 30 June 2018 HK\$'000 (Unaudited)</i>	<i>At 31 December 2017 HK\$'000 (Audited)</i>
<b>Continuing operations</b>		
Within one year	5,027	6,059
In the second to fifth years, inclusive	2,075	5,059
	<b>7,102</b>	11,118

21. CONTINGENT LIABILITIES

As at 30 June 2018, the Group had contingent liabilities amounting to approximately of HK\$105,000 (31 December 2017: HK\$2,414,000) in respect of the buy-back guarantee in favor of banks to secure mortgage loans facilities granted to the purchasers of the Group's properties held for sales.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the accounts for the guarantees.



22. CAPITAL COMMITMENTS

*The Group did not have any significant capital commitments as at 30 June 2018 (31 December 2017: HK\$175 million).*

23. DIVIDEND

*No dividend was paid or proposed for the period ended 30 June 2018, nor has any dividend been proposed since the end of the reporting period (31 December 2017: Nil).*

24. EVENTS AFTER REPORTING PERIOD

*On 29 August 2018, the Group succeeded in an auction which was administered by Chengdu Public Resources Exchange Services Center to bid two parcels of land with site area of 42,050.54 square meters and 33,262.93 square meters, respectively. Total consideration for acquiring the two land parcels is approximately of RMB176.82 million. The land parcels are located in Chengdu City, the PRC and designated for residential use with land use rights of a term of 70 years. The total consideration will be funded by the Group's internal resources and/or by way of equity and/or debt financing.*

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF FINANCIAL RESULTS

#### BUSINESS REVIEW

For the six months ended at 30 June 2018, the Group's revenue amounted to HK\$8.2 million, compared to HK\$22.0 million for the corresponding period 2017. The Group recorded a loss before tax of HK\$53.4 million, compared to the loss of HK\$9.3 million for the corresponding period 2017. Such loss is, amongst other things, mainly attributable to (i) the increase in foreign exchange loss due to the adverse movement of exchange rate in Renminbi during the six months ended 30 June 2018 giving rise to exchange loss upon translation of the assets and liabilities of the Group the functional currency of which are Renminbi into Hong Kong Dollars, (ii) the amortisation and depreciation of leasehold land and property, plant and equipment of the Group, and (iii) interest expenses incurred in respect of the notes issued in January 2018 as part of the consideration for the acquisition of subsidiaries.

The Group's consolidated loss attributable to the owners of the Company for the six months ended 30 June 2018 amounted to HK\$48.2 million, compared to the loss of HK\$9.7 million for the corresponding period 2017.

#### PROPERTY DEVELOPMENT SEGMENT

For the six months ended 30 June 2018, sales of the property development segment amounted to HK\$1.0 million, compared to HK\$3.7 million for the corresponding period 2017. Loss of the segment for the six months ended 30 June 2018 was HK\$3.7 million, compared to the loss of HK\$1.9 million for the corresponding period 2017.

As at 30 June 2018, approximately 99.9% of residential units of Morning Star Villa ("MSV") and approximately 98.1% of all residential and commercial units of Morning Star Plaza ("MSP") were sold.

The Group continues focusing on the sale of completed unsold properties, and is actively looking for profitable investment opportunities relating to property development business which is consistently the major business focus of the Group.

#### HOTEL BUSINESS SEGMENT

For the six months ended 30 June 2018, the hotel business segment recorded revenue from the sub-licensing of operating right amounting to HK\$7.3 million, compared to HK\$18.3 million for the corresponding period 2017. Loss of the segment amounted to HK\$8.9 million for the six months ended 30 June 2018, compared to a loss of HK\$11.2 million for the corresponding period 2017. The loss is mainly attributable to the finance cost, depreciation of property plant and equipment and amortisation of prepaid land lease payment.

## GEOGRAPHICAL SEGMENT

During the period, the Group did not have revenue generated from Hong Kong, and those revenue generated from elsewhere in the PRC mainly relating to hotel business and property development.

## MATERIAL ACQUISITIONS

On 31 January 2018, the Group completed an acquisition of a number of subsidiaries (“the Subsidiaries”) for a total consideration of HK\$175 million which was divided into cash payment of HK\$15 million and non-convertible 3-year 12% coupon notes of HK\$160 million. Principal assets of the Subsidiaries comprise a land parcel located in Zhuhai Hengqin District, the PRC with a total area of 60,339.83 square meters. Given the unique location and the positive economic prospects of the land parcel, the Group plans to develop the land parcel into research and development complexes and commercial properties with a view for selling and/or leasing with potential capital appreciation and/or steady stream of income.

On 29 August 2018, the Group succeeded in an auction which was administered by Chengdu Public Resources Exchange Services Center to bid two parcels of land with site area of 42,050.54 square meters and 33,262.93 square meters, respectively. Total consideration for acquiring the two land parcels is approximately of RMB176.82 million. The land parcels are located in Chengdu City, the PRC and designated for residential use with land use rights of a term of 70 years. The total consideration will be funded by the Group’s internal resources and/or by way of equity and/or debt financing.

## REVIEW OF FINANCIAL POSITION

### OVERVIEW

Non-current assets of the Group as at 30 June 2018, consisted mainly of property, plant and equipment, prepaid land lease payment, land for development and licensing rights amounting to HK\$1,021.4 million, compared to HK\$546.4 million as at 31 December 2017. Current assets of as at 30 June 2018 amounted to HK\$181.4 million, compared to HK\$318.2 million as at 31 December 2017. Current liabilities as at 30 June 2018 amounted to HK\$34.7 million, compared to HK\$28.9 million as at 31 December 2017. Non-current liabilities as at 30 June 2018 amounted to HK\$444.9 million, compared to HK\$118.5 million as at 31 December 2017.

### CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, the Group’s total interest bearing borrowings amounted to HK\$249.4 million (31 December 2017: HK\$96.1 million) which is mainly attributable to a borrowing from a financial institution and notes issued for the acquisition of subsidiaries. As at 30 June 2018, the Group’s available banking facilities not utilised is nil (31 December 2017: nil).

The Group’s total equity as at 30 June 2018 was HK\$723.3 million (31 December 2017: HK\$717.2 million).

The Group's gearing ratio as at 30 June 2018 was 34.5% (31 December 2017: 13.4%). The gearing ratio was calculated on the basis of total interest bearing borrowings over the total equity of the Group.

As part of treasury management, the Group centralises funding for all of its operations at the Group level. The Group's foreign currency exposure relates mainly to Renminbi, which is derived from its hotel business and the sales of property units in Zhongshan, the PRC.

## CAPITAL COMMITMENTS

The Group did not have any capital commitments as at 30 June 2018 (31 December 2017: HK\$175.0 million).

## CONTINGENT LIABILITIES

As at 30 June 2018, the Group had contingent liabilities amounting to approximately of HK\$0.1 million (31 December 2017: HK\$2.4 million) which were mainly in respect of buy-back guarantees in favour of banks to secure mortgage facilities granted to the purchasers of the properties developed by MSV and MSP.

The directors consider that in case of default in payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision for loss in this respect is required to be made in the consolidated financial statements.

## FUND RAISING ACTIVITIES

On 22 June 2018, the Company allotted and issued an aggregate of 164,712,000 Subscription Shares under the General Mandate at the Subscription Price of HK\$0.255 per Subscription Share, for a total consideration of approximately HK\$42 million. The net proceeds, after deduction related expenses of approximately HK\$1 million will be approximately HK\$41 million, will be applied as general working capital of the Group.

## CHARGES ON GROUP ASSETS

As at 30 June 2018, part of the Group's leasehold land and buildings with a carrying value approximately of HK\$442.4 million (31 December 2017: HK\$459.4 million) had been pledged to a financial institution to secure mortgage loans.

In addition, non-current bank balances (i) approximately of HK\$1.0 million (31 December 2017: HK\$1.1 million) were pledged to certain banks to secure mortgage loan facilities granted to purchasers of the Group's properties held for sale, and (ii) approximately of HK\$22.0 million were pledged to a bank to secure the issuance of a performance guarantee to honour the Group's obligations under a Land Grant Contract with Zhuhai Land Bureau for the acquisition of a land parcel located in Hengqin Zhuhai, the PRC.

## **STAFF ANALYSIS**

The total number of staff employed by the Group as at 30 June 2018 was 58, compared to 53 as at 31 December 2017. As part of the Group's human resources policy, employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus scale. Currently, the Group continues to implement its overall human resource training and development programme and to equip its employees with the necessary knowledge, skills and experience to deal with the existing and future requirements and challenges.

## **OUTLOOK**

### **OUTLOOK AND PLAN**

Looking ahead to the second half of 2018, trade war poses threats and uncertainties on global economic environment. Nevertheless, China's economy grows continuously at an orderly pace with steady demand for residential and commercial properties. The Group is bullish on the prospect of property market in China and overseas and will continue to look for other property development projects and investment opportunities. The Group's core businesses continue to be property development and hotel business.

## **SHARE OPTION SCHEME**

A new share option scheme (the "Scheme") was adopted pursuant to an ordinary resolution passed by the shareholders of the Company at a general meeting on 8 June 2011. The purpose of the Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to eligible participants.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any options to be granted under any other scheme must not in aggregate exceed 10% of the aggregate of the Shares in issue as at 10 June 2011 (the "Adoption Date").

With the approval of the Shareholders in general meeting, the total number of shares available for issue upon the exercise of all options to be granted under the Scheme and any other scheme under the limit as "refreshed" shall not exceed 10% of the shares in issue of the Company as at the date on which the shareholders approve the "refreshed" limit.

The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and all outstanding options granted and yet to be exercised under any other scheme shall not exceed 30% of the shares in issue from time to time. No options may be granted under the Scheme and no options may be granted under any other schemes if this will result in the limit being exceeded.

The Scheme became effective on the Adoption Date, subject to earlier termination at any time decided by the Board of Directors and approved in advance by shareholders of the Company by ordinary resolution in a general meeting. The Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further options under the Scheme will be granted. As of the date of this report, the remaining life of the Scheme is approximately 33 months.

During the six months ended 30 June 2018, no options were granted nor were there any option outstanding under the Scheme.

As of the date of this report, the total number of shares available for issue under the Scheme may not exceed 694,635,004 shares, which represent 10% of the shares in issue of the Company.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

Details of the interests, long or 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") or otherwise notified to the Company and the Stock Exchange pursuant to the Appendix 10 of the Listing Rules (the Modal Code") as at 30 June 2018 were as follows:

Long positions in Shares:

Name of Directors	Notes	Number of Shares held and nature of interest			Total	Percentage of issued share capital
		Personal	Corporate	Other		
Yang Lijun	1	2,872,000	4,150,195,152	–	4,153,067,152	59.79%
Wan Jianjun		4,608,000	–	–	4,608,000	0.07%

Note:

- (1) *The Shares are held by All Great International Holdings Limited. All Great International Holdings Limited is owned as to 51% by Jade Leader International Investment Limited, 35% by Honor Huge Investment Holdings Limited and 14% by Ever Star International Investment Limited. Mr. Yang Lijun is the sole beneficial owner of Jade Leader International Investment Limited and Honor Huge Investment Holdings Limited. Therefore, he is deemed to be interested in the 4,150,195,152 Shares held by All Great International Holdings Limited under the SFO.*

Save as disclosed above, the Company had not been notified of any interests, long 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 or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code) during the six months ended 30 June 2018.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2018, the following Shareholders had interest in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

<b>Name of Shareholders</b>	<b>Notes</b>	<b>Number of shares and underlying shares held (Long Position)</b>	<b>Percentage of issued share capital</b>
All Great International Holdings Limited	1	4,150,195,152	59.75%
Honor Huge Investment Holdings Limited	2	4,150,195,152	59.75%
Jade Leader International Investment Limited	2	4,150,195,152	59.75%

*Notes:*

- (1) The above interests of All Great International Holdings Limited have also been disclosed as corporate interests of Mr. Yang Lijun in the section headed "Directors' and Chief Executive's Interests in Shares" above.*
- (2) These parties were deemed to have interests in the 4,150,195,152 shares by virtue of their equity interests in All Great International Holdings Limited.*

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high corporate governance standards and uphold accountability and transparency.

During the six months ended 30 June 2018, the Company has applied the principles of and complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules, except for certain deviations which are summarized below:

#### CODE PROVISIONS A.6.7

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other business engagements, two (2) Executive Directors and one (1) Independent Non-executive Directors could not attend the AGM of the Company held on 28 May 2018. However, there were some Executive Directors and Independent Non-Executive Directors present to enable the Board to develop a balanced understand of the views of the Shareholders.

## CODE PROVISION E.1.2

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate to attend. These persons should be available to answer questions at the annual general meeting.

Due to other business engagements, Mr. Yang Lijun, Chairman of the Board (“Mr. Yang”) could not attend the annual general meeting (the “AGM”) held on 28 May 2018. However, Ms. Chan Hoi Ling, an Independent Non-executive Director of the Company took the chair of the AGM. Chairmen of Audit Committee and Remuneration Committee were present thereat to be available to answer any question to ensure effective communication with the Shareholders.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry to the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code during the period.

## CHANGE IN DIRECTORS’ INFORMATION

The changes in Director’s information, which are required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules, are set out below:

- With effect from 1 January 2018, Mr. Yang, Executive Director and Chairman of the Board, has been offered a director’s fee of HK\$150,000 per month plus year end discretionary bonus which is determined with reference to Mr. Yang’s performance, responsibilities with the Company and the terms of the Company’s remuneration policy.
- Mr. Yu Kam Hung (“Mr. Yu”) has been appointed as Executive Director of the Company for a period of three (3) years with effect from 12 July 2018. Mr. Yu is entitled to a director’s fee of HK\$100,000 per month plus an annual discretionary bonus which is determined at the Board’s absolute discretion.
- With effect from 1 September 2018, Mr. Wan Jianjun (“Mr. Wan”), Executive Director of the Company, will be offered a director’s fee of HK\$150,000 per month plus year end discretionary bonus which is determined with reference to Mr. Wan’s performance, responsibilities with the Company and the terms of the Company’s remuneration policy.

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.



## **REVIEW OF INTERIM RESULTS**

The Group's unaudited interim results for the six months ended 30 June 2018 have been reviewed by the Audit Committee and the management. The Audit Committee constitutes three Independent Non-Executive Directors of the Company.

By order of the Board  
**TFG International Group Limited**  
**Yang Lijun**  
*Chairman*

Hong Kong, 29 August 2018