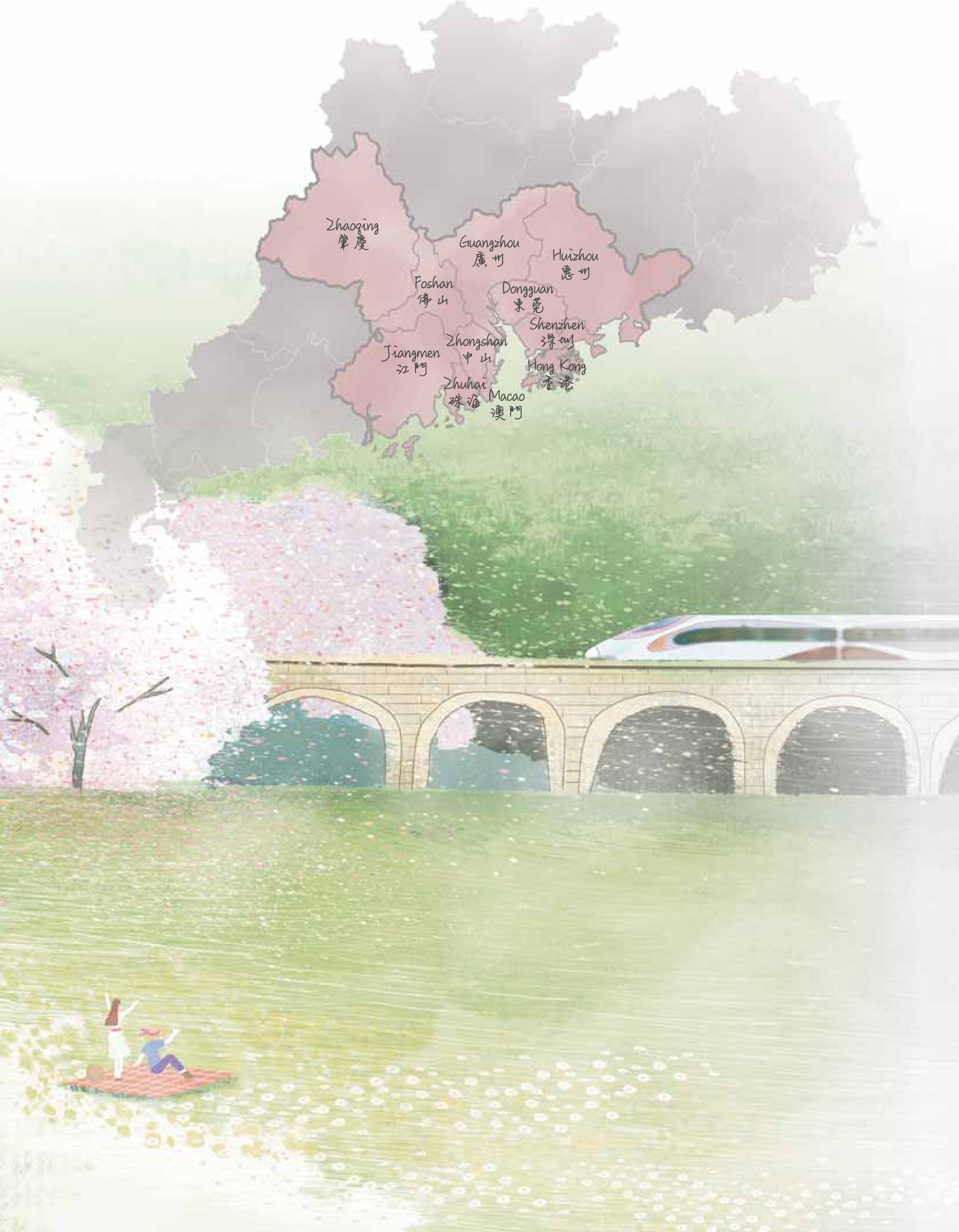
Interim Report 中期報告 2018

POLYTEC ASSET HOLDINGS LIMITED
保利達資產控股有限公司

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 208)
(於開曼群島註冊成立之有限公司) (股份代號: 208)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珠海
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澳門

POLYTEC ASSET HOLDINGS LIMITED

Polytec Asset Holdings Limited (Stock Code: 208) has previously focused on the property market in Macau, with its major acquisitions of The Macau Square in 2004 and an 80% interest in property development projects in the Orient Pearl District of Macau in 2006. The development project of La Marina was just completed last year. Going forward, the Group intends to explore more property development and investment opportunities in Mainland China, especially within the Greater Bay Area, with two proposed acquisitions of development projects in Zhongshan and Zhuhai respectively. It currently is also engaged in the ice and cold storage business in Hong Kong and the oil business in Kazakhstan.

Contents

Corporate Information

Board of Directors and Committees

Board of Directors

Executive Directors
Mr. Or Wai Sheun *(Chairman)*
Mr. Yeung Kwok Kwong
Ms. Wong Yuk Ching
Ms. Chio Koc Ieng

Non-executive Directors
Mr. Lai Ka Fai
Ms. Or Pui Ying, Peranza

Independent Non-executive Directors
Mr. Liu Kwong Sang
Dr. Tsui Wai Ling, Carlye
Prof. Dr. Teo Geok Tien Maurice

Committees

Executive Committee
Mr. Yeung Kwok Kwong *(Chairman)*
Ms. Wong Yuk Ching
Mr. Lai Ka Fai

Audit Committee
Mr. Liu Kwong Sang *(Chairman)*
Dr. Tsui Wai Ling, Carlye
Mr. Lai Ka Fai

Remuneration Committee
Dr. Tsui Wai Ling, Carlye *(Chairman)*
Mr. Liu Kwong Sang
Mr. Yeung Kwok Kwong

Nomination Committee
Mr. Or Wai Sheun *(Chairman)*
Mr. Liu Kwong Sang
Dr. Tsui Wai Ling, Carlye

Corporate and Shareholders' Information

Company Secretary
Mr. Lee Chi Ming

Independent Auditor
KPMG
Certified Public Accountants

Authorised Representatives
Mr. Yeung Kwok Kwong
Mr. Lai Ka Fai

Principal Share Registrar and Transfer Office
The R&H Trust Co. Ltd.
Windward 1
Regatta Office Park
P.O. Box 897
Grand Cayman KY1-1103
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office
Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

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

Corporate and Shareholders' Information *(continued)*

Head Office and Principal Place of Business

23rd Floor, Pioneer Centre
750 Nathan Road
Kowloon
Hong Kong

Website

www.polytecasset.com

Stock Code

The Stock Exchange of Hong Kong Limited: 208

Principal Bankers

Hang Seng Bank
Bank of China

Financial Calendar for Interim Results 2018

Interim results announcement	22 August 2018
Ex-dividend date for interim dividend	23 November 2018
Closure of Register of Members	27 November 2018 – 28 November 2018 (both dates inclusive)
Interim dividend payable	12 December 2018

04 Group's Business Structure

POLYTEC ASSET HOLDINGS LIMITED
(A member of the Polytec Group)
Stock Code: 208

MACAU PROPERTY

Property Development

Major development project:

- La Marina#

Development Landbank:
145,000 sq. m.

Property Investment

Major investment property:

- The Macau Square

Investment Landbank:
18,000 sq. m.

ENERGY BUSINESS

Oil

Oil production and exploration in Kazakhstan

OTHERS

Ice & Cold Storage

The Hong Kong Ice & Cold Storage Company Limited is one of the largest ice making distributors in Hong Kong

The development of the project is under the co-investment agreement with a wholly-owned subsidiary of the ultimate holding company of the Company.

05 Highlights

- The Group's unaudited net profit attributable to equity shareholders of the Company for the first half of 2018 increased considerably to HK$648 million from HK$48.6 million for the corresponding period in 2017.

- Excluding revaluation gains from its investment properties net of tax and fair value gains on its interests in the property development projects, the Group's underlying net profit attributable to equity shareholders of the Company for the first half of 2018 rose significantly to HK$183 million from HK$10.7 million in the same period of 2017, an increase of over 16 times. The underlying net interim earnings per share for 2018 was 4.13 HK cents compared to the underlying net interim earnings per share of 0.24 HK cent in 2017.

- Interim dividend per share for 2018 amounted to 1.20 HK cents (2017: 0.20 HK cent).

Chairman's Statement

Interim Results and Dividends

For the six months ended 30 June 2018, the unaudited net profit attributable to equity shareholders of the Company and its subsidiaries (collectively the "Group") for the first half of 2018 increased considerably to HK$648 million from HK$48.6 million in the corresponding period of 2017. The interim earnings per share for 2018 amounted to 14.60 HK cents compared to 1.09 HK cents in 2017.

Excluding revaluation gains from its investment properties net of tax and fair value gains on its interests in the property development projects, the Group's underlying net profit attributable to equity shareholders of the Company for the first six months of 2018 rose significantly to HK$183 million from HK$10.7 million in the same period of 2017, an increase of over 16 times. The underlying net interim earnings per share for 2018 was 4.13 HK cents compared to the underlying net interim earnings per share of 0.24 HK cent in 2017.

The Board of Directors has declared an interim dividend per share for 2018 of 1.20 HK cents (2017: 0.20 HK cent). The interim dividend will be payable to shareholders on Wednesday, 12 December 2018.

Business Review

The Group's unaudited net profit attributable to equity shareholders of the Company for the first half of 2018 rose considerably to HK$648 million from HK$48.6 million for the corresponding period in 2017. The significant increase was mainly due to the second batch of net income distribution of HK$180 million from the Group's interests in the La Marina development project following the first batch income distribution in the second half of 2017, as well as fair value gains of HK$447 million on the Group's interests in its development projects for the period under review.

On 22 June 2018, the Group entered into two sale and purchase agreements with Polytec Holdings International Limited ("Polytec Holdings"), the ultimate controlling shareholder of the Company, pursuant to which the Group has conditionally agreed to acquire certain interests of the two development projects in Zhongshan and Zhuhai respectively. The Group intends to acquire 50% equity interest together with 50% sale loan of the company holding property development project in Zhongshan covering a site area of approximately 234,802 square meters, for a preliminarily agreed consideration of HK$1,200.1 million, which is subject to a maximum adjustment of HK$312 million if the gross floor area ultimately increases with a higher than currently approved plot ratio. The Group also intends to acquire 60% equity interest together with 60% sale loan of the company holding the property development project in Zhuhai, which covers a total site area of approximately 43,656 square meters, for a total consideration of HK$644.4 million.

The completion of the above two acquisitions is subject to the fulfillment or waiver of certain conditions precedent as set out in the respective sale and purchase agreements as well as the respective independent shareholders' approval at the extraordinary general meetings to be held by the Company and its intermediate holding company Kowloon Development Company Limited. Please refer to the joint announcement made by the Company and Kowloon Development Company Limited on 22 June 2018 for the details of the above two acquisitions.

Property Development

In respect of the La Marina development project in Macau, approximately 50% of total residential units were pre-sold or sold as of end-June 2018, with total sales proceeds attributable to the Group amounting to over HK$6 billion. For the period under review, the Group received the second batch of net income distribution of HK$180 million from its interest in this development project. Together with the first batch of net income distribution, total net income received from its interests in this development project has amounted to HK$680 million.

In respect of the Pearl Horizon development project in Macau, the Court of Final Appeal rejected the application by Polytex Corporation Limited ("PCL") for invalidating the decision made by the Chief Executive of Macau to terminate the land concession of the project on 23 May 2018. However, based on the factual information, PCL has grounds to seek compensation from the Macau Government for related losses and damages. Therefore, a claim for related losses and damages against the Macau Government will be made by the legal representative of PCL. In case the above mentioned claim and all other possible approaches failed to protect the Group's interests, Polytec Holdings is committed to indemnifying related losses incurred by the Group for the Pearl Horizon development project. Therefore, there should not have any adverse effects on the financial position of the Group due to the repossession of the development land by the Macau Government.

Property Investment

For the period under review, the Group's share of gross rental income generated from its investment properties fell to HK$41.1 million, representing a decrease of 3.5% over the corresponding period of 2017. The decline in rental income was mainly due to a decrease in income from The Macau Square, the Group's 50%-owned investment property in Macau, with its share of total rental income of the property falling by HK$1.5 million to HK$38.1 million for the first half of 2018 when compared to the same period in 2017.

Oil

The oil segment recorded an operating loss of HK$8.7 million for the six months ended 30 June 2018, compared to a loss of HK$9.5 million over the same period in 2017. The reduced operating loss was mainly due to the rise in oil prices during the period under review when compared to the first half of 2017.

Ice Manufacturing and Cold Storage

For the period under review, the total operating profit for the combined ice manufacturing and cold storage segment amounted to HK$9.6 million, a decrease of 9.4% over the corresponding period in 2017. The decline in operating profit was attributable to the decrease in revenue from ice manufacturing business.

Prospects

The recovery of the Macau economy seemed to be sustainable in the first half of 2018, with its real gross domestic product (GDP) rising 9.2% year-on-year in the first quarter of 2018 following a growth rate of 9.1% in 2017. However, with increasing uncertainty and anticipation of adverse impacts from the trade war initiated by the US and further interest rate hikes, the market sentiment appears to be weakening and the sale activity in the property market will likely slow down over the short term with waning investors' appetite.

Nevertheless, the remaining residential units of the recently completed La Marina development project, which is situated in a prime location adjacent to the Hong Kong-Zhuhai-Macau Bridge, have recently been put on to the market for sale and this quality project has been well received by the market. Sales are expected to continue to go steadily for the remaining of 2018. Due to this development project's considerable size, with total gross floor area over 182,000 square meters, the income to be received from La Marina is expected to be an important contribution to the Group's earnings in the coming years.

In regards to the oil segment, the Group will continue to assess the sustainability of the recent recovery of oil prices to adjust the business strategy. Both the Group's investment property portfolio in Macau and ice manufacturing and cold storage business in Hong Kong are expected to generate stable income for the second half of 2018.

As mentioned in its 2017 Annual Report, the Group has been actively exploring the property development and investment opportunities elsewhere in other regions, including the Pearl River Delta region to significantly increase its capacity with its vision of building a solid foundation for sustainable growth for the Group. In June 2018, the Group announced that it conditionally agreed to acquire two property development projects in Zhuhai and Zhongshan, which the Group considers to possess great development potentials due to their excellent locations.

The Zhuhai development project is situated in the Xiangzhou District which is at the southwest corner of the Pearl River Delta, with a site area of 44,000 square meters. The district is the political, financial, transit and cultural centre of the Zhuhai city and it is only within a 10-minute driving distance to the Macau-Gongbei border gate.

The Zhongshan development project covers a relatively sizeable site area of 235,000 square meters and is located in the Southern District of Shiqi, with beautiful panorama river view. Based on the Zhongshan City official transit network plan, a proposed light rail station in the Southern District would be built within walking distance of the development site. In addition, the project will be benefitted from the proposed Shenzhen-Zhongshan Crossing, which is currently under construction. Upon completion of this crossing, it would take approximately 40 minutes to travel by car from the development site to Qianhai in Shenzhen.

In addition, to be sure, both the above two development projects will be greatly benefitted from the central government's strategic development of the Greater Bay area and the upcoming opening of the HongKong-Zhuhai-Macau Bridge. Going forward, the Group will continue to actively explore more quality development projects in Mainland China, mainly within the Greater Bay Area, aiming to build a solid foundation to support sustainable growth of the Group's results in the coming years.

Looking forward to the second half of 2018, as the La Marina development project has recorded satisfactory sales in the first half of 2018 and further sales proceeds are expected to be collected gradually throughout the second half of 2018 increasing available income for distribution, barring unforeseen circumstances, the Group's results for 2018 are expected to achieve substantial growth compared to that of 2017.

I would like to take this opportunity to extend my appreciation to my fellow directors for their valuable advice and to thank all staff for their commitment and hard work.

Or Wai Sheun
Chairman

Hong Kong, 22 August 2018

Financial Review

Liquidity, Financial Resources and Capital Structure

The Group continued to maintain a sound financial liquidity position for the period under review. As at 30 June 2018, the Group maintained a balance of cash and bank of HK$266.0 million (31 December 2017: HK$271.1 million), which was mainly denominated in Hong Kong dollars. The Group maintained a robust current ratio of 1.17 times (31 December 2017: 1.46 times).

As at 30 June 2018, the Group had bank borrowings of HK$1,354.8 million (31 December 2017: HK$1,354.8 million), being repayable within one year. The amount due to immediate holding company was HK$900.9 million (31 December 2017: HK$943.7 million) which was unsecured, denominated in Hong Kong dollars, interest bearing at prevailing market rates and repayable after more than one year.

The Group had banking facilities of HK$1,354.8 million (31 December 2017: HK$1,354.8 million), which were fully utilised as at 30 June 2018 (31 December 2017: fully utilised). The banking facilities were secured by the Group's leasehold land and buildings and the joint venture's investment properties, denominated in Hong Kong dollars and interest bearing at prevailing market rates, which are subject to review from time to time.

As at 30 June 2018, total equity attributable to equity shareholders of the Company amounted to HK$12,821.6 million (31 December 2017: HK$12,262.2 million). The Group's gearing ratio, expressed as a percentage of total borrowings (including bank borrowings and amount due to immediate holding company) less cash and bank balances over the total equity attributable to equity shareholders of the Company, decreased from 16.5% as at 31 December 2017 to 15.5% as at 30 June 2018.

Treasury Policies

Apart from the Group's oil business, the majority of the Group's sales and purchases are denominated in Hong Kong dollars and Macau Patacas. Due to the fact that the Macau Pataca is pegged to the Hong Kong dollar, the Group's exposure to this foreign exchange risk is relatively low. In respect of the Group's oil business in Kazakhstan, the Group is exposed to the exchange fluctuations in the Tenge ("KZT"), the local currency of Kazakhstan, because the majority of operating expenses and capital expenditure are denominated in KZT, while a significant portion of its revenue is denominated in United States dollars. As at 30 June 2018, the Group did not have any outstanding financial instruments entered into for hedging purposes. Nevertheless, the Group is closely monitoring its overall foreign exchange exposure and interest rate exposure and will adopt a proactive but prudent approach to minimise the relevant exposures when necessary.

Capital Commitments

As at 30 June 2018, the Group had no capital commitments contracted but not provided for (31 December 2017: Nil).

Charges on Assets

As at 30 June 2018, certain assets of the Group and the joint venture, with aggregate net book values of approximately HK$105.2 million (31 December 2017: HK$107.0 million) and HK$3,342 million (31 December 2017: HK$3,302 million), were pledged to secure the banking facilities of the Group.

Contingent Liabilities

As at 30 June 2018, the Group did not have any significant contingent liabilities (31 December 2017: Nil).

Consolidated Income Statement

	Note	Six months ended 30 June 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)
Revenue	3	268,447	89,021
Cost of sales		(29,076)	(27,385)
Gross profit		239,371	61,636
Other income		4,793	4,931
Selling and distribution expenses		(23,511)	(22,944)
Administrative expenses		(20,603)	(20,865)
Other operating expenses		(25,055)	(26,650)
Fair value changes on interests in property development		447,153	–
Profit/(Loss) from operations		622,148	(3,892)
Finance costs	4	(21,352)	(17,332)
Share of profit of joint venture		49,510	72,054
Profit before taxation	5	650,306	50,830
Income tax	6	(1,060)	(1,205)
Profit for the period		649,246	49,625
Attributable to:			
Equity shareholders of the Company		648,172	48,581
Non-controlling interests		1,074	1,044
Profit for the period		649,246	49,625
Earnings per share – Basic/Diluted	7	14.60 HK cents	1.09 HK cents

The notes on pages 16 to 32 form part of these interim financial statements.

Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	649,246	49,625
Other comprehensive income for the period		
Item that may be reclassified subsequently to profit or loss:		
Changes in fair value of interests in property development	–	80,616
Other comprehensive income for the period, net of tax	–	80,616
Total comprehensive income for the period	649,246	130,241
Attributable to:		
Equity shareholders of the Company	648,172	129,197
Non-controlling interests	1,074	1,044
Total comprehensive income for the period	649,246	130,241

The notes on pages 16 to 32 form part of these interim financial statements.

Consolidated Statement of Financial Position

	Note	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	9	416,455	425,456
Oil exploitation assets	9	27,902	28,175
Interests in property development	10	11,197,759	10,586,970
Interest in joint venture		1,495,146	1,473,345
Deposit	11	300,028	–
Deferred tax assets		42,227	42,227
Goodwill		16,994	16,994
		13,496,511	12,573,167
Current assets			
Interests in property development	10	1,100,381	1,264,017
Amount due from a fellow subsidiary	13(a)	180,000	500,000
Inventories		84,755	86,024
Trade and other receivables	11	209,396	43,377
Cash and bank balances		265,985	271,109
		1,840,517	2,164,527
Current liabilities			
Trade and other payables	12	154,119	71,159
Bank loans		1,354,800	1,354,800
Current taxation		59,117	57,752
		1,568,036	1,483,711
Net current assets		272,481	680,816
Total assets less current liabilities		13,768,992	13,253,983

	Note	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Non-current liabilities			
Amount due to immediate holding company	*13(b)*	900,868	943,666
Other payables		18,474	18,615
Deferred tax liabilities		16,518	16,824
		935,860	979,105
NET ASSETS		12,833,132	12,274,878
CAPITAL AND RESERVES			
Share capital		443,897	443,897
Reserves		12,377,701	11,818,308
Total equity attributable to equity shareholders of the Company		12,821,598	12,262,205
Non-controlling interests		11,534	12,673
TOTAL EQUITY		12,833,132	12,274,878

Approved and authorised for issue by the Board of Directors on 22 August 2018.

Consolidated Statement of Changes in Equity

	Note	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
		Share capital	Share premium	Fair value reserve	Retained profits	Total		
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2018		443,897	5,912,600	4,354,987	1,550,721	12,262,205	12,673	12,274,878
Impact on initial application of HKFRS 9	*2(b)*	–	–	(4,354,987)	4,354,987	–	–	–
At 1 January 2018 (adjusted)		443,897	5,912,600	–	5,905,708	12,262,205	12,673	12,274,878
Profit and total comprehensive income for the period		–	–	–	648,172	648,172	1,074	649,246
Dividends approved in respect of the previous year	*8(b)*	–	–	–	(88,779)	(88,779)	–	(88,779)
Dividends paid to non-controlling interests		–	–	–	–	–	(2,213)	(2,213)
At 30 June 2018 (unaudited)		443,897	5,912,600	–	6,465,101	12,821,598	11,534	12,833,132
At 1 January 2017		443,897	5,912,600	4,764,840	1,312,273	12,433,610	13,006	12,446,616
Profit for the period		–	–	–	48,581	48,581	1,044	49,625
Other comprehensive income		–	–	80,616	–	80,616	–	80,616
Total comprehensive income		–	–	80,616	48,581	129,197	1,044	130,241
Dividends approved in respect of the previous year	*8(b)*	–	–	–	(22,195)	(22,195)	–	(22,195)
Dividends paid to non-controlling interests		–	–	–	–	–	(2,360)	(2,360)
At 30 June 2017 (unaudited)		443,897	5,912,600	4,845,456	1,338,659	12,540,612	11,690	12,552,302

The notes on pages 16 to 32 form part of these interim financial statements.

Condensed Consolidated Cash Flow Statement

	Six months ended 30 June 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)
Net cash generated/(used in) from operating activities	570,025	(21,130)
Net cash generated from investing activities	25,319	39,688
Net cash (used in)/generated from financing activities	(600,468)	32,692
Net (decrease)/increase in cash and cash equivalents	(5,124)	51,250
Cash and cash equivalents at 1 January	271,109	163,825
Cash and cash equivalents at 30 June	265,985	215,075

The notes on pages 16 to 32 form part of these interim financial statements.

Notes to the Unaudited Interim Financial Statements

1. Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2. Changes in Accounting Policies

(a) Overview

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

(i) HKFRS 9, *Financial instruments*

(ii) HKFRS 15, *Revenue from contracts with customers*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses, whereas the Group has not been impacted by HKFRS 15. Details of the changes in accounting policies are discussed in note 2(b) for HKFRS 9.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated.

2. Changes in Accounting Policies *(continued)*

(b) HKFRS 9, *Financial instruments*

The adoption of HKFRS 9 has resulted in the following changes in accounting policies for interests in property development:

In prior reporting periods, interests in property development were classified as available-for-sale financial assets and changes in fair value were recognised in other comprehensive income. Upon the adoption of HKFRS 9, interests in property development are classified as investments measured at fair value through profit or loss ("FVPL") and changes in fair value of the investments (including interest) are recognised in profit or loss.

The above changes in accounting policies have been applied retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39, Financial instruments: recognition and measurement.

The following table summarises the impact of transition to HKFRS 9 on retained profits and fair value reserve at 1 January 2018.

	HK$'000
Retained profits	
Transferred from fair value reserve relating to financial assets now measured at FVPL	4,354,987
Increase in retained profits at 1 January 2018	4,354,987
Fair value reserve	
Transferred to retained profits relating to financial assets now measured at FVPL	(4,354,987)
Decrease in fair value reserve at 1 January 2018	(4,354,987)

2. Changes in Accounting Policies *(continued)*

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

The following table shows the original measurement category for available-for-sale financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 December 2017 *HK$'000*	Reclassification *HK$'000*	**HKFRS 9 carrying amount at 1 January 2018** ***HK$'000***
Financial assets carried at FVPL under HKFRS 9			
Interests in property development *(note (i))*	–	11,850,987	11,850,987
Financial assets classified as available-for-sale under HKAS 39			
Interests in property development *(note (i))*	11,850,987	(11,850,987)	–

Note:

(i) Under HKAS 39, interests in property development were classified as available-for-sale financial assets. They are classified as financial assets carried at FVPL under HKFRS 9.

The measurement categories for all financial assets and financial liabilities measured at amortised cost remain the same. The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

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

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. The application of the expected credit loss model will result in earlier recognition of credit losses, but with no material financial impact to the Group.

3. Segment Reporting

The Group manages its businesses by segments which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of assessing segment performance and allocating resources between segments, the Group has identified four operating segments for the period which comprise properties investment, trading and development related activities and interests in property development ("Properties"), oil exploration and production related activities ("Oil"), manufacturing of ice and provision of cold storage and related services ("Ice and Cold Storage") and other miscellaneous operations ("Others").

Segment revenue, expenses, results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment, but exclude exceptional items.

Reportable segment result represents result before taxation by excluding fair value changes on interests in property development, share of profit of joint venture, finance costs and head office and corporate expenses.

Segment assets include all tangible, intangible assets and current assets with exception of interest in joint venture, deferred tax assets and other corporate assets.

3. Segment Reporting *(continued)*

Information regarding the Group's reportable segments as provided to the Group's senior management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Six months ended 30 June 2018				
	Properties	Oil	Ice and Cold Storage	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	180,000	36,584	51,863	–	268,447
Reportable segment result	183,304	(8,664)	9,597	–	184,237
Fair value changes on interests in property development	447,153	–	–	–	447,153
Head office and corporate expenses					(9,242)
Profit from operations					622,148
Finance costs					(21,352)
Share of profit of joint venture	49,510	–	–	–	49,510
Profit before taxation					650,306

	At 30 June 2018				
	Properties	Oil	Ice and Cold Storage	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment assets	13,017,828	363,882	151,393	–	13,533,103
Interest in joint venture	1,495,146	–	–	–	1,495,146
Deferred tax assets					42,227
Head office and corporate assets					266,552
					15,337,028

3. Segment Reporting *(continued)*

	Six months ended 30 June 2017				
	Properties	Oil	Ice and Cold Storage	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	–	31,469	57,552	–	89,021
Reportable segment result	3,118	(9,515)	10,629	–	4,232
Head office and corporate expenses					(8,124)
Loss from operations					(3,892)
Finance costs					(17,332)
Share of profit of joint venture	72,054	–	–	–	72,054
Profit before taxation					50,830

	At 31 December 2017				
	Properties	Oil	Ice and Cold Storage	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment assets	12,431,196	366,591	152,196	–	12,949,983
Interest in joint venture	1,473,345	–	–	–	1,473,345
Deferred tax assets					42,227
Head office and corporate assets					272,139
					14,737,694

4. Finance Costs

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Interest expense on		
Bank borrowings wholly repayable within five years	**15,282**	12,358
Amount due to ultimate holding company repayable after more than one year	**–**	3,441
Amount due to immediate holding company repayable after more than one year	**5,555**	980
	20,837	16,779
Other finance costs	**515**	553
	21,352	17,332

5. Profit Before Taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Depreciation and amortisation#	11,655	13,926

\# Cost of sales includes HK$7,650,000 (six months ended 30 June 2017: HK$9,521,000) relating to depreciation and amortisation expenses.

6. Income Tax

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax	320	703
– Overseas income tax	1,046	976
Deferred tax	(306)	(474)
	1,060	1,205

The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2017: 16.5%) of the estimated assessable profits for the six months ended 30 June 2018. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

7. Earnings Per Share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$648,172,000 (six months ended 30 June 2017: HK$48,581,000) and 4,438,967,838 (six months ended 30 June 2017: 4,438,967,838) ordinary shares in issue during the period.

(b) Diluted earnings per share

There were no dilutive potential shares in existence during the six months ended 30 June 2018 and 2017.

8. Dividends

(a) Dividends attributable to the interim period

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Interim dividend declared after the interim period of 1.20 HK cents (six months ended 30 June 2017: 0.20 HK cent) per share	53,268	8,878

The interim dividend declared after the interim period has not been recognised as a liability at the interim period end date.

(b) Dividends attributable to the previous financial year and approved during the interim period

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved during the interim period, of 2.00 HK cents (six months ended 30 June 2017: 0.50 HK cent) per share	88,779	22,195

9. Oil Production Assets and Oil Exploitation Assets

As at 30 June 2018, the Group had oil production assets of HK$303,276,000 (31 December 2017: HK$309,402,000) (included in property, plant and equipment) and oil exploitation assets of HK$27,902,000 (31 December 2017: HK$28,175,000). Oil production assets and oil exploitation assets are stated at cost less accumulated depreciation/amortisation and impairment losses.

Oil production and exploitation assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amounts may exceed the recoverable amounts, which is considered to be the higher of the fair value less costs of disposal and value in use. The fair value for oil production and exploitation assets is determined based on the present value of estimated future cash flows arising from the continued use of the assets. Cash flows are discounted to their present value using a discount rate that reflects the time value of money and the risks specific to the assets. Determination as to whether and how much an asset is impaired involves management judgements in estimating future crude oil prices, the discount rate used in discounting the projected cash flows and the production profile. The impairment reviews and calculations are based on assumptions that are consistent with the Group's business plan and on the assumptions that all relevant licences and permits are obtained. However, the business environment, including crude oil prices, is affected by a wide range of global and domestic factors, which are all beyond the control of the Group. Any adverse change in the key assumptions could increase the impairment provision.

The gas flaring permit to flare associated gas for conducting normal crude oil production in the South Alibek Oilfield of Caspi Neft TME, a wholly-owned subsidiary of the Company, in Kazakhstan will expire on 31 December 2018. Caspi Neft TME has been taking all necessary steps to obtain a gas flaring permit valid for a longer period so as to enable it to continue to conduct normal crude oil production after 31 December 2018 and is also currently considering several alternatives to resolve the issue regarding the treatment and utilisation of associated gas permanently, including obtaining approvals from the relevant authorities of the Kazakhstan Government and engaging in active communication with other external parties in order to substantiate the other alternatives. Based on the above, the Group considers that there is no indication that gas flaring permits will not be renewed in the future.

As at 30 June 2018, management reassessed the operation and the risk exposures of the Group's oil exploration and production business as a whole and estimated that the estimated recoverable amounts of the oil production and exploitation assets exceeded their carrying values. No further impairment loss is considered necessary for the six months ended 30 June 2018. The recoverable amounts of oil production and exploitation assets were determined based on value in use calculations applying a discount rate of 12.5% (31 December 2017: 12.5%).

9. Oil Production Assets and Oil Exploitation Assets *(continued)*

Crude oil price assumptions were based on market expectations. At 30 June 2018, it is estimated that an increase/decrease of 20% (31 December 2017: 20%) in the estimated crude oil price used in the assessment, with all other variables held constant would have increased/decreased the carrying amounts of the oil production and exploitation assets by HK$183,290,000/HK$180,449,000 (31 December 2017: HK$147,618,000/HK$171,862,000). The discount rate used represents the rate to reflect the time value of money and the risks specific to the assets. It is estimated that an increase/decrease of 200 basis points (31 December 2017: 200 basis points) in the discount rate used in the assessment, with all other variables held constant would have decreased/increased the carrying amounts of the oil production and exploitation assets by HK$31,967,000/HK$35,602,000 (31 December 2017: HK$26,053,000/HK$28,655,000).

10. Interests in Property Development

Interests in property development represent the Group's interests in the development of various properties located at Lote P and Lotes T+T1 of Novos Aterros da Areia Preta in Macau under two co-investment agreements with two wholly-owned subsidiaries of Polytec Holdings International Limited ("Polytec Holdings"), the ultimate holding company of the Company. Pursuant to the terms of the co-investment agreements, the Group will provide funding to cover any shortfall in the funding of the property development projects which is subject to an aggregate maximum amount. In return, the two wholly-owned subsidiaries of Polytec Holdings will pay to the Group cash flows from the property development projects according to the formulae set out in the co-investment agreements. Details of the funding arrangement and other key terms of the co-investment agreements were disclosed in the Company's Circular dated 23 May 2006. Interests in property development are stated at fair value at the end of the reporting period.

In respect of the development project at Lote P, its land concession was agreed in December 1990 whereby the proposed use of land was successfully converted from industrial to residential and commercial in 2006, with a lease term of 25 years ended on 25 December 2015 (the "Expiry Date"). If the project had been completed on or before the Expiry Date, it would have become a definite land concession which is renewable every 10 years until 2049. However, in September 2013, the Macau Special Administrative Region Government (the "Macau SAR Government") promulgated the Macau New Land Law (the "MNLL") which came into effect in March 2014. The MNLL provides that the Macau SAR Government will have the right to resume the land of any property development that is not completed and/or where the conditions as stated in the land concession for which have not been fulfilled by the stipulated expiry date without any compensation to the property owner. Owing to the delays caused by the Macau SAR Government in granting the requisite approvals and permits for the development of the project, the project could not commence until August 2014. As a result, the construction work could not be completed by the Expiry Date and all construction work is currently suspended. An application had been made to the Macau SAR Government for an extension of the Expiry Date but it was declined by the relevant department of the Macau SAR Government.

10. Interests in Property Development *(continued)*

On 23 May 2018, the Tribunal de Ultima Instancia (the Court of Final Appeal) of the Macau SAR rejected the application of final appeal by Polytex Corporation Limited ("PCL"), the registered owner of the property of the project and a wholly-owned subsidiary of Polytec Holdings, for invalidating the decision made by the Chief Executive of the Macau SAR to terminate the land concession of the project. According to the legal opinion obtained by the Company, it is expected that the principal application by PCL to the Tribunal Administrativo (the Administrative Court) of the Macau SAR requesting compensation of time (by way of extension of the concession) for the project will cease to proceed, due to the aforesaid unfavourable judgement of the Tribunal de Ultima Instancia (the Court of Final Appeal) of the Macau SAR.

Based on the legal opinion obtained by the Company, management is of the view that PCL has strong legal grounds and arguments to seek compensation from the Macau SAR Government for losses and damages, including but not limited to all actual losses suffered and all loss of profit as expected to be derived upon completion of the project, as a result of the procedural delay in granting the requisite approvals and permits for the development of the project which caused the incompletion of the project before the Expiry Date. In this regard, a claim for losses and damages against Macau SAR Government will be made as soon as practicable by the legal representative of PCL.

In addition, pursuant to the co-investment agreement for the development of the project, in the event that PCL fails to complete the project under the co-investment agreement, Polytec Holdings will be required to indemnify the Group in respect of any loss suffered. Therefore, any loss to the Group due to the repossession of the land of the project by the Macau SAR Government will be indemnified by Polytec Holdings. Accordingly, no impairment for the interests in the project was considered necessary at 30 June 2018.

In respect of the development project at Lotes T+T1, the occupation permit had been obtained in 2017. The pre-sold residential units have been gradually delivered to the purchasers since late December of 2017, and the unsold residential units have been putting on the market for sale in phases.

During the period, pursuant to the co-investment agreements, distribution of HK$180,000,000 was made by a wholly-owned subsidiary of Polytec Holdings, in relation to the property development project at Lotes T+T1 (six months ended 30 June 2017: nil). Income from interests in property development recognised in income statement from the distribution during the period amounted to HK$180,000,000 (six months ended 30 June 2017: nil).

As at 30 June 2018, interests in property development of HK$1,100,381,000 (31 December 2017: HK$1,264,017,000) was expected to be recoverable within one year and was classified as current assets.

11. Deposit/Trade and Other Receivables

The following is an ageing analysis (based on the due date) of trade receivables:

	At 30 June 2018 *HK$'000*	At 31 December 2017 *HK$'000*
Current	24,757	17,048
Within 3 months	7,154	7,316
More than 3 months	5	–
Trade receivables	31,916	24,364
Deposits and other receivables*	477,508	19,013
	509,424	43,377
Representing:		
Non-current	300,028	–
Current	209,396	43,377
	509,424	43,377

Other receivables of the Group of HK$3,146,000 (31 December 2017: HK$3,090,000) are expected to be recovered after more than one year.

The Group has established different credit policies for each of the Group's businesses and allows a credit period of not more than 90 days to its trade customers.

* As at 30 June 2018, included in deposits and other receivables were deposits paid to Polytec Holdings for the proposed acquisitions of certain interests of two wholly-owned subsidiaries of Polytec Holdings together with the assignment of loans from Polytec Holdings for an aggregate amount of HK$461,123,000 (31 December 2017: nil), of which HK$300,028,000 was classified as non-current assets. During the period, the Group has paid the deposits of HK$461,123,000 for the proposed acquisitions through the loan from immediate holdings company. Details of the acquisitions were disclosed in the joint announcement of the Company and its intermediate holding company, Kowloon Development Company Limited, dated 22 June 2018.

12. Trade and Other Payables

The following is an ageing analysis (based on due date) of trade payables:

	At 30 June 2018 HK$'000	At 31 December 2017 HK$'000
Current	1,253	1,109
Within 3 months	50	187
More than 3 months	3	3
Trade payables	1,306	1,299
Other payables		
– Government fees and levies	5,649	4,220
– Others	147,164	65,640
	152,813	69,860
	154,119	71,159

13. Material Related Party Transactions

In addition to the transactions and balances disclosed above, the Group also entered into the following material related party transactions:

(a) The amount due from a fellow subsidiary was arisen from the distribution from the interests in property development. The amount was unsecured, interest free and subsequently settled after the period ended 30 June 2018.

(b) The amount due to immediate holding company was unsecured, interest bearing at a premium over HIBOR and repayable after more than one year. During the period, HK$5,555,000 (six months ended 30 June 2017: HK$980,000) was payable to the interest of immediate holding company.

(c) During the period, the Group paid rental expenses and building management fees amounting to HK$536,000 (six months ended 30 June 2017: HK$529,000) in aggregate to an intermediate holding company of the Company for the leasing of administrative offices in Hong Kong.

(d) On 22 June 2018, a wholly-owned subsidiary of the Group had entered into two agreements with Polytec Holdings for the proposed acquisition of 50% and 60% equity interest of two wholly-owned subsidiaries of Polytec Holdings together with the assignment of loans from Polytec Holdings for an aggregate consideration of HK$1,200,111,000 and HK$644,378,000 respectively. The assets held by the subsidiaries comprised of development projects located in Zhongshan and Zhuhai, Mainland China, respectively. As at 30 June 2018, deposits in total of HK$461,123,000 had been paid to Polytec Holdings.

14. Fair Value Measurement of Financial Instruments

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13 "Fair value measurement", with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

Level 3: fair values measured using valuation techniques in which any significant input is not based on observable market data

14. Fair Value Measurement of Financial Instruments *(continued)*

	At 30 June 2018 *HK$'000*	At 31 December 2017 *HK$'000*
Assets		
Level 3		
Interests in property development	12,298,140	11,850,987

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	2018 *HK$'000*	2017 *HK$'000*
At 1 January	11,850,987	12,060,840
Distribution	(180,000)	(500,000)
Changes in fair value recognised in profit or loss/other comprehensive income*	627,153	90,147
Net changes in fair value	447,153	(409,853)
Additional funding	–	200,000
At 30 June/31 December	12,298,140	11,850,987

* As a result of the adoption of HKFRS 9, fair value changes on interests in property development are recognised in profit or loss (see note 2(b)).

14. Fair Value Measurement of Financial Instruments *(continued)*

Interests in property development are stated at their fair value measured using a discounted cash flow model. In preparing the discounted cash flow model, the Group estimates the future cash flows expected to arise from the interests in property development and a suitable discount rate based on the past performance, current market conditions, development and building plans, sale and marketing plans and management's expectations for the market development and terms provided under the co-investment agreements. Any adverse change in the key assumption could decrease the fair value.

The Group has a team reporting to the senior management which performs the valuation of the interests in property development required for financing reporting purposes. Discussions of valuation processes and results are held between the senior management and the team at least once every six months, in line with the Group's half-yearly reporting dates. The key unobservable market data used in the model of development project at Lotes T+T1 in Macau include estimated selling prices of the underlying properties which are derived from observable market data, including average market prices of residential properties in Macau, with certain adjustments to reflect the impact of those factors on the development. The adjustments to the average market selling price range from −10% to +10%.

The fair value measurement is positively correlated to adjustments to the selling prices of the underlying properties. As at 30 June 2018, it is estimated that an increase/decrease of 5% in the expected/forecast selling price of the underlying properties at Lotes T+T1 (31 December 2017: all underlying properties) of the Group's interests in property development, with all other variables held constant, would have increased/decreased the Group's profit or loss by HK$253,671,000/HK$253,672,000 (31 December 2017: the Group's fair value reserve by HK$730,104,000/HK$730,106,000).

15. Capital Commitments

As at 30 June 2018, the Group had no capital commitments contracted but not provided for (31 December 2017: Nil).

16. Contingent Liabilities

As at 30 June 2018, the Group did not have any significant contingent liabilities (31 December 2017: Nil).

17. Pledges of Assets

As at 30 June 2018, the banking facilities granted to the Group were secured by legal charge over:

(a) all of the Group's medium term leasehold land with an aggregate net book value of HK$81,785,000 (31 December 2017: HK$83,196,000);

(b) all of the Group's buildings with an aggregate net book value of HK$23,399,000 (31 December 2017: HK$23,803,000); and

(c) the joint venture's investment properties with an aggregate book value of HK$3,342,000,000 (31 December 2017: HK$3,302,000,000).

18. Comparative Figures

The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is not restated. Further details of changes in accounting policies are disclosed in note 2.

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2018, the interests or short positions of the Directors of the Company in the shares and underlying shares 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") were as follows:

Long positions in the shares of the Company

Directors	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary share capital *(Note 1)*
Mr. Or Wai Sheun *(Notes 2 and 4)*	Founder and beneficiary of a trust	3,260,004,812	73.44%
Mr. Yeung Kwok Kwong	Personal	2,000,000	0.05%
Ms. Wong Yuk Ching	Personal	6,655,000	0.15%
Ms. Chio Koc Ieng	Personal	270,000	0.01%
Mr. Lai Ka Fai	Personal	430,000	0.01%
Ms. Or Pui Ying, Peranza *(Notes 3 and 4)*	Beneficiary of a trust	3,260,004,812	73.44%
	Personal	7,000,000	0.16%

Directors' Interests and Short Positions in Shares and Underlying Shares *(continued)*

Long positions in the shares of associated corporations

– Kowloon Development Company Limited ("KDC")

Directors	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary share capital *(Note 6)*
Mr. Or Wai Sheun *(Notes 2 and 5)*	Founder and beneficiary of a trust	830,770,124	70.61%
	Corporate	277,500	0.02%
Mr. Yeung Kwok Kwong	Personal	180,000	0.02%
Ms. Wong Yuk Ching	Personal	1,170,000	0.10%
Ms. Chio Koc Ieng	Personal	225,000	0.02%
Mr. Lai Ka Fai	Personal	751,000	0.06%
Ms. Or Pui Ying, Peranza *(Notes 3 and 5)*	Beneficiary of a trust	830,770,124	70.61%

– Ors Holdings Limited

Directors	Capacity and nature of interests	Number of ordinary share held	Percentage of the issued ordinary share capital
Mr. Or Wai Sheun *(Note 7)*	Founder and beneficiary of a trust	1	100.00%
Ms. Or Pui Ying, Peranza *(Note 7)*	Beneficiary of a trust	1	100.00%

Directors' Interests and Short Positions in Shares and Underlying Shares *(continued)*

Notes:

1. As at 30 June 2018, the total number of issued shares of the Company was 4,438,967,838 ordinary shares.

2. Mr. Or Wai Sheun was deemed to be interested in 830,770,124 ordinary shares in KDC as the founder and one of the beneficiaries of a discretionary family trust. Mr. Or Wai Sheun was also deemed to be interested in 277,500 ordinary shares in KDC owned by China Dragon Limited due to his corporate interest therein.

   Mr. Or Wai Sheun was also deemed to be interested in 3,260,004,812 ordinary shares in the Company through his interest in KDC.

3. Ms. Or Pui Ying, Peranza was deemed to be interested in 830,770,124 ordinary shares in KDC as one of the beneficiaries of a discretionary family trust.

   Ms. Or Pui Ying, Peranza was also deemed to be interested in 3,260,004,812 ordinary shares in the Company through her interest in KDC.

4. The interest in 3,260,004,812 ordinary shares in the Company as disclosed respectively by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza mentioned in this section and as disclosed respectively by KDC, Ors Holdings Limited and HSBC International Trustee Limited mentioned in the section under the heading of "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" were the same interests in the Company.

5. The interest in 830,770,124 ordinary shares in KDC as disclosed above by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza respectively were the same interests in KDC.

6. As at 30 June 2018, the total number of issued shares of KDC was 1,176,631,296 ordinary shares.

7. The interest in 1 ordinary share in Ors Holdings Limited as disclosed above by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza respectively were the same interests in Ors Holdings Limited.

Save as disclosed above, as at 30 June 2018, none of the Directors or Chief Executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations 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.

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 persons, other than the Directors and Chief Executives, 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:

Long positions

Substantial Shareholders	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary share capital *(Note 1)*
Ors Holdings Limited *(Notes 2 and 4)*	Corporate	3,260,004,812	73.44%
HSBC International Trustee Limited *(Notes 3 and 4)*	Trustee	3,260,004,812	73.44%
Kowloon Development Company Limited *(Notes 4 and 5)*	Corporate	3,260,004,812	73.44%

Notes:

1. As at 30 June 2018, the total number of issued shares of the Company was 4,438,967,838 ordinary shares.

2. Ors Holdings Limited held 830,770,124 ordinary shares in KDC (being 70.61% of the issued ordinary shares of KDC) and therefore was deemed to be interested in 3,260,004,812 ordinary shares in the Company.

3. Based on information available to the Company, HSBC International Trustee Limited held 831,617,074 ordinary shares in KDC (being 70.68% of the issued ordinary shares of KDC) and therefore was deemed to be interested in 3,260,004,812 ordinary shares in the Company.

4. The interest in 3,260,004,812 ordinary shares in the Company as disclosed respectively by KDC, Ors Holdings Limited and HSBC International Trustee Limited mentioned in this section and as disclosed respectively by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza mentioned in the section under the heading of "Directors' Interests and Short Positions in Shares and Underlying Shares" were the same interests in the Company.

5. According to the register of the Company, as at 30 June 2018, KDC was interested in 3,245,004,812 ordinary shares in the Company (being 73.10% of the issued ordinary shares of the Company). On specific enquiries made, KDC had confirmed that as at 30 June 2018, it was interested in 3,260,004,812 ordinary shares in the Company. There was a difference of 15,000,000 ordinary shares between the actual number of shares interested in of KDC and the number of shares interested in as disclosed by KDC because KDC did not have any obligations pursuant to the SFO to disclose such interest in 15,000,000 ordinary shares of the Company.

Save as disclosed above, as at 30 June 2018, no person 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 has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

Compliance with the Model Code

The Company has adopted the Model Code as a code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the period under review and all the Directors have confirmed that they had fully complied with the required standard set out in the Model Code.

Review of Interim Report

The Audit Committee of the Company has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2018.

Human Resources

As at 30 June 2018, the total number of employees of the Group was about 270 (31 December 2017: 280). Staff costs (excluding directors' emoluments) during the period totalled HK$27,125,000 (six months ended 30 June 2017: HK$27,851,000). The Group remunerates its employees by means of salary and bonus based on their performance, working experience, degree of hardship and prevailing market practice. The emolument policy of the Group is reviewed by the members of the Remuneration Committee and approved by the Board.

The emoluments of the Directors of the Company are recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics and approved by the Board.

The Group believes that the quality of its human resources is critical for it to maintain a strong competitive edge. The Group has encouraged its employees to take training courses to strengthen their all-round skills and knowledge, aiming to well equip them to cope with its development in the ever-changing economy.

Compliance with the Corporate Governance Code

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2018.

Change in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors of the Company required to be disclosed are set out below:

The monthly salary of the following Directors has been changed as follows with effect from 1 July 2018:

	Before change	After change
Mr. Yeung Kwok Kwong	HK$190,400	HK$194,200
Ms. Wong Yuk Ching	HK$118,200	HK$122,300
Ms. Chio Koc Ieng	HK$119,900	HK$124,100

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Closure of Register of Members

The interim dividend per share for 2018 of 1.20 HK cents will be payable on Wednesday, 12 December 2018 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 28 November 2018. For the purpose of determining shareholders who qualify for the interim dividend, the Register of Members of the Company will be closed from Tuesday, 27 November 2018 to Wednesday, 28 November 2018, both dates inclusive. During this period, no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 pm on Monday, 26 November 2018.

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