Macrolink Capital Holdings Limited
新華聯資本有限公司

(Formerly known as Junefield Department Store Group Limited)
(Incorporated in Bermuda with limited liability)

(Stock Code : 758)

Interim Report
2018

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Fu Kwan *(Chairman)*
(appointed on 1 August 2018)
Mr. Zhang Jian
(appointed on 1 August 2018)
Mr. Zhang Bishu
(appointed on 1 August 2018)
Ms. Liu Jing
(appointed on 1 August 2018)
Mr. Chan Yeuk
(appointed on 1 August 2018)
Mr. Zhou Jianren
Mr. Zhou Chu Jian He
(resigned on 22 August 2018)
Mr. Zhang Min
(resigned on 22 August 2018)
Mr. Xiang Xianhong
(resigned on 22 August 2018)
Mr. Lei Shuguang
(resigned on 22 August 2018)

NON-EXECUTIVE DIRECTOR

Mr. Jorge Edgar Jose Muñiz Ziches
(resigned on 22 August 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Man Sum, Albert
Mr. Cao Kuangyu
Mr. Cheung Ka Wai

AUDIT COMMITTEE

Mr. Lam Man Sum, Albert *(Chairman)*
Mr. Cao Kuangyu
Mr. Cheung Ka Wai

REMUNERATION COMMITTEE

Mr. Cheung Ka Wai *(Chairman)*
Mr. Lam Man Sum, Albert
Mr. Cao Kuangyu

NOMINATION COMMITTEE

Mr. Fu Kwan *(Chairman)*
(appointed on 1 August 2018)
Mr. Zhang Jian
(appointed on 1 August 2018)
Mr. Lam Man Sum, Albert
Mr. Cao Kuangyu
Mr. Cheung Ka Wai
Mr. Zhou Chu Jian He
(resigned on 22 August 2018)

SHARE REGISTRARS AND TRANSFER OFFICE

PRINCIPAL REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building, 69 Pitts Bay Road
Pembroke HM08, Bermuda

HONG KONG BRANCH REGISTRAR

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

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15/F., COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

COMPANY SECRETARY

Mr. Chan Kin Lung

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F., Gloucester Tower, The Landmark
11 Pedder Street, Central, Hong Kong

STOCK CODE

758

WEBSITE

http://macrolinkcapital.etnet.com.hk

The board of directors (the "Board") of Macrolink Capital Holdings Limited (formerly known as Junefield Department Store Group Limited) (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018 together with the comparative figures for corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	Note	Six months ended 30 June **2018** **(Unaudited)** ***HK$'000***	 2017 (Unaudited) *HK$'000*
Revenue	*5*	**20,553**	23,015
Cost of sales and services		**(16,058)**	(19,659)
Gross profit		**4,495**	3,356
Other income and gains	*5*	**217**	5,480
Administrative expenses		**(25,174)**	(29,705)
Other operating expenses		**(9,351)**	(4,245)
Fair value gains on investment properties		**1,158**	2,611
Gain on disposal of available-for-sale investment		**–**	4,263
Operating loss	*6*	**(28,655)**	(18,240)
Finance costs	*7*	**(2,392)**	(2,421)
Loss before tax		**(31,047)**	(20,661)
Income tax expense	*8*	**(404)**	(1,616)
Loss for the period		**(31,451)**	(22,277)
Attributable to:			
Owners of the Company		**(26,319)**	(15,833)
Non-controlling interests		**(5,132)**	(6,444)
		(31,451)	(22,277)
Loss per share attributable to owners of the Company	*9*		
Basic and diluted *(HK cents per share)*		**(2.52)**	(1.51)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(31,451)**	(22,277)
Other comprehensive (expense)/income, net of tax		
Item that will not be reclassified to profit or loss:		
Change in fair value of equity investments at fair value through other comprehensive income	**(999)**	–
	(999)	–
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale investment	**–**	948
Reclassification adjustment relating to disposal of available-for-sale investment	**–**	(4,387)
Exchange differences on translation of foreign operations	**(1,656)**	7,054
	(1,656)	3,615
Other comprehensive (expense)/income for the period, net of tax	**(2,655)**	3,615
Total comprehensive expense for the period	**(34,106)**	(18,662)
Attributable to:		
Owners of the Company	**(27,751)**	(14,619)
Non-controlling interests	**(6,355)**	(4,043)
	(34,106)	(18,662)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Note	**30 June 2018 (Unaudited) *HK$'000***	31 December 2017 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment	*11*	**137,747**	149,400
Investment properties	*12*	**75,406**	75,105
Prepaid land lease payments	*13*	**18,648**	19,399
Other intangible assets	*11*	**65,917**	66,779
Available-for-sale investment		**–**	2,064
Equity investments at fair value through other comprehensive income	*14*	**1,065**	–
Deferred tax assets		**358**	357
Total non-current assets		**299,141**	313,104
Current assets			
Stock of properties	*15*	**5,775**	5,768
Inventories		**11,339**	12,829
Loan receivable	*16*	**–**	397
Accounts receivable	*17*	**1,041**	1,105
Prepayments, deposits and other receivables		**55,850**	58,473
Amounts due from related companies		**13,007**	13,196
Financial instrument at fair value through profit or loss		**–**	1,047
Tax recoverable		**–**	86
Cash and bank balances		**13,421**	34,290
Total current assets		**100,433**	127,191
Current liabilities			
Accounts payable	*18*	**5,827**	5,169
Other payables and accruals		**42,506**	47,612
Interest-bearing bank and other borrowings	*19*	**34,603**	9,728
Amount due to the ultimate holding company		**–**	29
Amounts due to related companies		**3,825**	3,818
Tax payable		**6,533**	6,428
Total current liabilities		**93,294**	72,784
Net current assets		**7,139**	54,407
Total assets less current liabilities		**306,280**	367,511

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

At 30 June 2018

	Note	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Non-current liabilities			
Interest-bearing bank and other borrowings	19	**4,382**	31,196
Deferred tax liabilities		**41,356**	41,667
Total non-current liabilities		**45,738**	72,863
Net assets		**260,542**	294,648
Equity			
Equity attributable to owners of the Company			
Share capital	20	**104,540**	104,540
Reserves		**109,545**	137,296
		214,085	241,836
Non-controlling interests		**46,457**	52,812
Total equity		**260,542**	294,648

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company											
	Share capital (Unaudited) *HK$'000* *(Note 20)*	**Share premium account** (Unaudited) *HK$'000*	**Statutory surplus reserve** (Unaudited) *HK$'000*	**Share option reserve** (Unaudited) *HK$'000*	**Investments revaluation reserve** (Unaudited) *HK$'000*	**Fair value through other comprehensive income reserve** (Unaudited) *HK$'000*	**Property revaluation reserve** (Unaudited) *HK$'000*	**Exchange fluctuation reserve** (Unaudited) *HK$'000*	**Retained profits** (Unaudited) *HK$'000*	**Total** (Unaudited) *HK$'000*	**Non-controlling interests** (Unaudited) *HK$'000*	**Total equity** (Unaudited) *HK$'000*
At 31 December 2017	**104,540**	**78,399**	**18,380**	**1,673**	**1,195**	**-**	**1,132**	**6,517**	**30,000**	**241,836**	**52,812**	**294,648**
Reclassification upon initial application of Hong Kong Financial Reporting Standard 9 *(Note 3(a))*	**-**	**-**	**-**	**-**	**(1,195)**	**1,195**	**-**	**-**	**-**	**-**	**-**	**-**
At 1 January 2018	**104,540**	**78,399**	**18,380**	**1,673**	**-**	**1,195**	**1,132**	**6,517**	**30,000**	**241,836**	**52,812**	**294,648**
Profit or loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(26,319)**	**(26,319)**	**(5,132)**	**(31,451)**
Other comprehensive expense												
Change in fair value of equity investments at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**-**	**(999)**	**-**	**-**	**-**	**(999)**	**-**	**(999)**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(433)**	**-**	**(433)**	**(1,223)**	**(1,656)**
Total comprehensive expense for the period	**-**	**-**	**-**	**-**	**-**	**(999)**	**-**	**(433)**	**(26,319)**	**(27,751)**	**(6,355)**	**(34,106)**
At 30 June 2018	**104,540**	**78,399**	**18,380**	**1,673**	**-**	**196**	**1,132**	**6,084**	**3,681**	**214,085**	**46,457**	**260,542**
At 1 January 2017	104,540	78,399	18,380	1,673	3,439	–	–	(2,488)	74,895	278,838	65,880	344,718
Profit or loss	–	–	–	–	–	–	–	–	(15,833)	(15,833)	(6,444)	(22,277)
Other comprehensive income/(expense)												
Change in fair value of available-for-sale investment	–	–	–	–	948	–	–	–	–	948	–	948
Reclassification adjustment relating to disposal of available-for-sale investment	–	–	–	–	(4,387)	–	–	–	–	(4,387)	–	(4,387)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	4,653	–	4,653	2,401	7,054
Total comprehensive (expense)/income for the period	–	–	–	–	(3,439)	–	–	4,653	(15,833)	(14,619)	(4,043)	(18,662)
At 30 June 2017	104,540	78,399	18,380	1,673	–	–	–	2,165	59,062	264,219	61,837	326,056

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operations	**(15,477)**	(12,090)
Bank interest received	**8**	35
Overseas tax paid	**(45)**	(1,310)
Net cash flows used in operating activities	**(15,514)**	(13,365)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**1**	54
Receipt of loan receivable	**397**	–
(Increase)/decrease of restricted cash	**(3)**	341
Purchases of items of property, plant and equipment	**(25)**	(279)
Additions to other intangible assets	**(2,872)**	(2,287)
Proceeds from disposal of available-for-sale investment	**–**	6,026
Net cash flows (used in)/from investing activities	**(2,502)**	3,855
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(1,353)**	(1,404)
Loan arrangement fee paid	**(1,500)**	(1,500)
Repayment of bank loan	**(1,802)**	–
(Decrease)/increase in amount due to the ultimate holding company	**(29)**	32
Receipt of loan receivable	**–**	176
New other loan	**–**	25,000
Net cash flows (used in)/from financing activities	**(4,684)**	22,304

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(22,700)**	12,794
Cash and cash equivalents at beginning of the period	**34,201**	33,373
Effect of foreign exchange rate changes, net	**1,828**	(2,926)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**13,329**	43,241
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**13,421**	43,487
Less: Restricted cash	**(92)**	(246)
Cash and cash equivalents as stated in the statement of cash flows	**13,329**	43,241

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Macrolink Capital Holdings Limited (formerly known as Junefield Department Store Group Limited) (the "Company") is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business in Hong Kong of the Company are disclosed in the "Corporate Information" section on page 2 of this interim report.

During the six months ended 30 June 2018, the Company and its subsidiaries (collectively referred to as the "Group") engaged in the following principal activities:

- property investment and development;
- manufacture and sale of construction materials;
- securities investments;
- trading of mineral concentrates;
- coal mining; and
- sale of parts of mining equipment.

Pursuant to the special resolution passed at the special general meeting of the Company held on 23 July 2018, the English name of the Company was changed from Junefield Department Store Group Limited to Macrolink Capital Holdings Limited and a Chinese name "新華聯資本有限公司" has been adopted and registered as the secondary name of the Company. The Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Register of Companies in Bermuda on 20 August 2018.

In the opinion of the directors of the Company, prior to 26 July 2018, the immediate holding company of the Company was Prime Century Investments Limited, a company incorporated in the British Virgin Islands ("BVI"), and the ultimate holding company of the Company was Junefield (Holdings) Limited ("JHL"), a company incorporated in Hong Kong. Since 26 July 2018 and pursuant to the announcements of the Company dated 1 June 2018, 22 June 2018 and 26 July 2018 in relation to the sale and purchase of shares in the Company, the immediate holding company and the ultimate holding company of the Company changed to Macrolink International Holdings Limited and Truly Industry Investment Company Limited, which are incorporated in Cayman Islands and BVI respectively.

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2017.

The accounting policies adopted in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards and amendments effective as of 1 January 2018 below.

The Group has adopted the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") for the first time in these unaudited condensed consolidated financial statements:

HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
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 40	*Transfers of Investment Property*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as further explained below regarding the impact of HKFRS 9 and HKFRS 15, the adoption of the new and revised HKFRSs has had no material impact on the Group's unaudited condensed consolidated financial statements. The principal effects for adopting HKFRS 9 and HKFRS 15 are as follows:

(a) HKFRS 9 Financial instruments – Impact of adoption

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

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(a) *HKFRS 9 Financial instruments – Impact of adoption* *(continued)*

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

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVTOCI") and at fair value through profit or loss ("FVTPL"). On initial recognition the Group makes an election to designate the equity investments at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from equity investments, irrespective of whether classified as at FVTPL or FVTOCI (non-recycling), are recognised in profit or loss as other income when the Group's right to receive payments is established.

The Group's financial assets measured at amortised cost and FVTPL continue with their respective classification and measurements upon initial application of HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liabilities' credit risk to be recognised in other comprehensive income (non-recycling). The Group does not have any financial liabilities designated at FVTPL and therefore the new requirement on financial liabilities does not have any impact on the Group.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(a) *HKFRS 9 Financial instruments – Impact of adoption* *(continued)*

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with ECL model. Under the ECL 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. From 1 January 2018, the Group applies the new ECL model to financial assets measured at amortised cost. The Group applies the simplified approach permitted by HKFRS 9 for trade receivables which requires expected lifetime losses to be recognised from initial recognition of the receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Summary of effects arising from initial application of HKFRS 9

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The Group elected to present in other comprehensive income for the fair value changes of its equity investments previously classified as available-for-sale investment, of which previously measured at fair value under HKAS 39, as the investments are not held for trading and not expected to be sold in the foreseeable future. As at the date of initial application of HKFRS 9, financial assets with a fair value of approximately HK$2,064,000 were reclassified from available-for-sale investment to equity investments at FVTOCI and reserve amount of approximately HK$1,195,000 were reclassified from the investments revaluation reserve to the FVTOCI reserve.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(a) HKFRS 9 Financial instruments – Impact of adoption *(continued)*

Summary of effects arising from initial application of HKFRS 9 (continued)

The table below illustrates the classification of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018. Line items that were not affected by the changes have not been included.

	Available-for-sale investment HK$'000	Equity investments at FVTOCI HK$'000	Investments revaluation reserve HK$'000	FVTOCI reserve HK$'000
Closing balances at 31 December 2017 – HKAS 39	2,064	–	1,195	–
Reclassification upon initial application of HKFRS 9	(2,064)	2,064	(1,195)	1,195
Opening balances at 1 January 2018	–	2,064	–	1,195

(b) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations. The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018.

Previously, revenue arising from provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(b) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption (continued)

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised goods or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised goods or service is regarded as being transferred over time:

A – When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B – When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C – When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The Group has the revenue which is recognised at a point in time under HKFRS 15, namely (i) sale of mineral concentrates and (ii) sale of parts of mining equipment. Gross rental income and the provision of aircraft sub-leasing services of the Group are specifically excluded from the scope of HKFRS 15. Management has performed an assessment and the implementation of HKFRS 15 does not result in any significant impact on the Group's financial position and results of operations.

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(b) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption (continued)

HKFRS 15 does not prohibit an entity from using alternative descriptions in the statement of financial position for contract assets and contract liabilities, provided that sufficient information is available for a financial statements user to distinguish between receivables and contract assets, payables and contract liabilities. The Group does not have any significant contract asset and continues to include contract liability in "deposits received" under "Other payables and accruals" in the condensed consolidated statement of financial position. The amounts of contract liability were approximately HK$1,945,000 and HK$6,876,000 as at 30 June 2018 and 31 December 2017 respectively.

4. SEGMENT INFORMATION

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

(a) the property investment and development segment engages in leasing and sale of properties;

(b) the manufacture and sale of construction materials segment engages in the manufacture and sale of slag powder;

(c) the securities investments segment engages in investing in listed securities;

(d) the trading of mineral concentrates segment engages in the trading of mineral concentrates;

(e) the coal mining segment engages in the exploration and development of coal mine concessions and sale of coal; and

(f) the others segment engages in the sale of parts of mining equipment and provision of aircraft sub-leasing services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that bank interest income and other unallocated income and gains, finance costs and gain on disposal of available-for-sale investment as well as other unallocated head office and corporate expenses are excluded from such measurement.

4. SEGMENT INFORMATION *(continued)*

Segment assets exclude deferred tax assets, cash and cash equivalents, amounts due from related companies and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, amount due to the ultimate holding company, amounts due to related companies and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Segment results

An analysis of the Group's segment results by reportable segment is as follows:

For the six months ended 30 June 2018

	Property investment and development (Unaudited) *HK$'000*	Securities investments (Unaudited) *HK$'000*	Manufacture and sale of construction materials (Unaudited) *HK$'000*	Trading of mineral concentrates (Unaudited) *HK$'000*	Coal mining (Unaudited) *HK$'000*	Others (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue:							
Sales to/revenue from external customers*	1,697	-	-	15,792	-	3,026	20,515
Investment income	-	38	-	-	-	-	38
Total revenue and investment income	1,697	38	-	15,792	-	3,026	20,553
Segment results	(2,497)	3	(13,644)	309	(1,975)	(3,198)	(21,002)
Bank interest income and other unallocated income and gains							54
Corporate and other unallocated expenses							(7,707)
Unallocated finance costs							(2,392)
Loss before tax							(31,047)

* *Since the amount of intersegment sales is insignificant, no reconciliation has been made.*

4. SEGMENT INFORMATION *(continued)*

Segment results *(continued)*

For the six months ended 30 June 2017

	Property investment and development (Unaudited) *HK$'000*	Securities investments (Unaudited) *HK$'000*	Manufacture and sale of construction materials (Unaudited) *HK$'000*	Trading of mineral concentrates (Unaudited) *HK$'000*	Coal mining (Unaudited) *HK$'000*	Others (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue:							
Sales to/revenue from external customers*	2,654	–	–	18,611	–	2,028	23,293
Investment income	–	(278)	–	–	–	–	(278)
Total revenue and investment income	2,654	(278)	–	18,611	–	2,028	23,015
Segment results	5,188	(27)	(17,183)	839	(312)	(2,632)	(14,127)
Bank interest income and other unallocated income and gains							90
Corporate and other unallocated expenses							(8,466)
Unallocated finance costs							(2,421)
Gain on disposal of available-for-sale investment							4,263
Loss before tax							(20,661)

* *Since the amount of intersegment sales is insignificant, no reconciliation has been made.*

4. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

An analysis of the Group's segment assets and liabilities by reportable segment is as follows:

As at 30 June 2018

	Property investment and development (Unaudited) *HK$'000*	Securities investments (Unaudited) *HK$'000*	Manufacture and sale of construction materials (Unaudited) *HK$'000*	Trading of mineral concentrates (Unaudited) *HK$'000*	Coal mining (Unaudited) *HK$'000*	Others (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Assets and liabilities:							
Segment assets	94,431	1,065	129,559	32,463	48,921	7,148	313,587
Corporate and other unallocated assets							85,987
Total assets							399,574
Segment liabilities	42,885	-	22,481	10,960	563	3,363	80,252
Corporate and other unallocated liabilities							58,780
Total liabilities							139,032

As at 31 December 2017

	Property investment and development (Audited) *HK$'000*	Securities investments (Audited) *HK$'000*	Manufacture and sale of construction materials (Audited) *HK$'000*	Trading of mineral concentrates (Audited) *HK$'000*	Coal mining (Audited) *HK$'000*	Others (Audited) *HK$'000*	Total (Audited) *HK$'000*
Assets and liabilities:							
Segment assets	94,333	3,721	142,871	37,456	45,697	6,589	330,667
Corporate and other unallocated assets							109,628
Total assets							440,295
Segment liabilities	42,522	40	23,945	16,839	379	1,260	84,985
Corporate and other unallocated liabilities							60,662
Total liabilities							145,647

4. SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The People's Republic of China (the "PRC")	**17,489**	21,265
Peru	**3,026**	2,028
Hong Kong	**38**	(173)
Australia	**–**	(105)
	20,553	23,015

The revenue information above is based on the location of the customers.

(b) Non-current assets

	30 June 2018	31 December 2017
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
The PRC	**202,834**	215,773
Peru	**94,435**	93,910
Australia	**1,065**	2,064
Ecuador	**439**	501
Hong Kong	**361**	848
Colombia	**7**	8
	299,141	313,104

The non-current assets information above is based on the location of assets.

Information about major customer

Revenue from customer of corresponding period contributing over 10% of total revenue of the Group is as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Customer A (attributable to trading of mineral concentrates segment)	**15,792**	18,611

5. REVENUE AND OTHER INCOME AND GAINS

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

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Sale of mineral concentrates	**15,792**	18,611
Sale of parts of mining equipment	**3,026**	1,488
Gross rental income	**1,697**	2,654
Fair value gains/(losses), net:		
Equity investments at fair value through profit or loss – held for trading	**38**	(278)
Provision of aircraft sub-leasing services	**–**	540
	20,553	23,015
Other income and gains		
Bank interest income	**8**	35
Interest income on other loans	**1**	53
Net foreign exchange gains	**–**	5,162
Others	**208**	230
	217	5,480

Revenue from sale of mineral concentrates and sale of parts of mining equipment is recognised at a point in time. Gross rental income and provision of aircraft sub-leasing services are recognised on a time proportion basis over the lease terms.

6. OPERATING LOSS

The Group's operating loss is arrived at after charging/(crediting):

	Note	Six months ended 30 June 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Employee benefits expense (including directors' remuneration)	*(i)*		
Salaries, wages and other benefits in kind		**10,958**	10,174
Contributions to retirement benefits schemes		**902**	969
		11,860	11,143
Amortisation of other intangible assets – supplier contract	*(ii)*	**3,251**	4,245
Amortisation of prepaid land lease payments		**236**	240
Cost of inventories recognised as an expense		**15,570**	17,490
Depreciation of property, plant and equipment	*(iii)*	**9,432**	10,969
Net foreign exchange losses		**1,868**	–
Minimum lease payments under operating leases in respect of:			
– Land and buildings		**103**	293
– Aircraft (included in cost of sales and services)		**–**	67
Gross rental income from investment properties		**(1,697)**	(2,654)
Less:			
Direct operating expenses incurred for investment properties that generated rental income during the period		**–**	–
Direct operating expenses incurred for investment properties that did not generate rental income during the period		**–**	–
		(1,697)	(2,654)

6. OPERATING LOSS *(continued)*

Notes:

(i) Amounts excluded expenses capitalised in exploration and evaluation assets and construction in progress of approximately HK$2,023,000 (six months ended 30 June 2017: HK$1,626,000) and Nil (six months ended 30 June 2017: approximately HK$32,000) respectively. Employee benefits expense of Nil (six months ended 30 June 2017: approximately HK$960,000) and approximately HK$11,860,000 (six months ended 30 June 2017: HK$10,183,000) were charged to cost of sales and services and administrative expenses respectively.

(ii) Amounts are included in "Other operating expenses" in the condensed consolidated statement of profit or loss.

(iii) Amounts excluded expenses capitalised in exploration and evaluation assets of approximately HK$335,000 (six months ended 30 June 2017: HK$185,000). Depreciation of approximately HK$3,332,000 (six months ended 30 June 2017: HK$10,969,000) and HK$6,100,000 (six months ended 30 June 2017: Nil) were charged to administrative expenses and other operating expenses respectively.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	**1,642**	1,671
Loan arrangement fee for other loan	**750**	750
	2,392	2,421

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong	**150**	182
Current – Elsewhere		
Charge for the period	**–**	360
Under-provision in prior period	**88**	866
Deferred tax charge	**166**	208
Total tax charge for the period	**404**	1,616

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 1,045,399,967 (six months ended 30 June 2017: 1,045,399,967) in issue during the period.

The calculations of basic and diluted loss per share are based on:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company, used in the basic and diluted loss per share calculation	**(26,319)**	(15,833)

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(continued)*

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	**1,045,399,967**	1,045,399,967

The computation of diluted loss per share for the six months ended 30 June 2018 and 2017 did not assume the exercise of the Company's potential ordinary shares granted under the Company's share option scheme since their exercise would have an anti-dilutive effect.

10. DIVIDENDS

The directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

11. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

During the six months ended 30 June 2018, the Group acquired property, plant and equipment amounting to approximately HK$25,000 (six months ended 30 June 2017: HK$279,000). As at 30 June 2018, the Group had property, plant and equipment with carrying amount of approximately HK$46,181,000 (31 December 2017: HK$46,973,000) pledged to secure term loan facilities to the Group, details of which are included in note 19 to the condensed consolidated financial statements.

In addition, the Group had additions to other intangible assets amounting to approximately HK$3,207,000 (six months ended 30 June 2017: HK$2,472,000) during the six months ended 30 June 2018. No other intangible asset was disposed of for the six months ended 30 June 2018 and 2017.

12. INVESTMENT PROPERTIES

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
Carrying amount, beginning of the period/year	**75,105**	63,023
Net gain from fair value adjustment	**1,158**	5,422
Transferred from property, plant and equipment	**–**	322
Transferred from prepaid land lease payments	**–**	4,064
Exchange realignment	**(857)**	2,274
Carrying amount, end of the period/year	**75,406**	75,105

The carrying amount of investment properties shown above comprises:

	30 June 2018 (Unaudited) ***HK$'000***	31 December 2017 (Audited) *HK$'000*
Held under medium-term lease in the PRC	**75,406**	75,105

The Group's investment properties were revalued on 30 June 2018 with reference to a valuation performed by RHL Appraisal Limited, an independent professional qualified valuer, on an open market value basis by direct comparison method with the major input as the price per unit on floor area. Certain investment properties are leased to third parties under operating leases, further summary details of which are included in note 21(a) to the condensed consolidated financial statements.

As at 30 June 2018, certain of the Group's investment properties with carrying amount of approximately HK$39,376,000 (31 December 2017: HK$39,199,000) were pledged to secure general facilities granted to the Group, details of which are included in note 19 to the condensed consolidated financial statements.

13. PREPAID LAND LEASE PAYMENTS

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Carrying amount, beginning of the period/year	**19,399**	19,676
Recognised during the period/year	**(236)**	(446)
Transferred to investment properties	**–**	(1,290)
Exchange realignment	**(515)**	1,459
Carrying amount, end of the period/year	**18,648**	19,399

The leasehold land is held under medium term leases and is situated in the PRC.

14. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Listed equity investment – Elsewhere	**1,065**	–

The listed equity investment represented equity interest in Latin Resources Limited ("LRS", a company listed on Australian Securities Exchange Limited). As at 30 June 2018, the Group held approximately 30,699,000 (31 December 2017: 30,699,000) fully paid ordinary shares of LRS, representing approximately 1% (31 December 2017: 1%) of its issued share capital.

14. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. As at the date of initial application of HKFRS 9, financial assets with a fair value of approximately HK$2,064,000 were reclassified from available-for-sale investment to equity investments at FVTOCI. Details of the changes in accounting policies and impacts are disclosed in note 3(a) to the condensed consolidated financial statements.

15. STOCK OF PROPERTIES

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Completed properties for sale	**5,775**	5,768

16. LOAN RECEIVABLE

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Current		
Loan receivable from LRS – unsecured, repayable within one year	**–**	397

The above unsecured loan to LRS was denominated in Australian dollars and bore interest at a rate of 12% per annum.

17. ACCOUNTS RECEIVABLE

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Accounts receivable	**2,015**	2,105
Impairment	**(974)**	(1,000)
	1,041	1,105

Accounts receivable are usually due immediately from the date of billing. The Group has a policy of allowing credit periods ranging generally from 30 days to 60 days.

The following is an aged analysis of the Group's accounts receivable as at the end of the reporting period, based on invoice date and net of provisions:

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Within 1 month	**226**	647
1 to 3 months	**722**	355
Over 3 months	**93**	103
	1,041	1,105

18. ACCOUNTS PAYABLE

The following is an aged analysis of the Group's accounts payable as at the end of the reporting period, based on invoice date:

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Within 1 month	**39**	1,086
1 to 3 months	**2,414**	85
Over 3 months	**3,374**	3,998
	5,827	5,169

19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Note	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Current			
Bank loan – secured	*(i)*	**3,756**	3,718
Other loan – secured	*(ii)*	**25,000**	–
Other loan – unsecured	*(iii)*	**5,847**	6,010
		34,603	9,728
Non-current			
Bank loan – secured	*(i)*	**4,382**	6,196
Other loan – secured	*(ii)*	**–**	25,000
		4,382	31,196
Total		**38,985**	40,924

	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000
Analysed into:		
Bank and other borrowings repayable:		
– Within one year or on demand	**34,603**	9,728
– In the second year	**3,756**	28,718
– In the third to fifth years, inclusive	**626**	2,478
	38,985	40,924

19. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes:

(i) As at 30 June 2018, the Group had a bank loan of approximately USD1,037,000 or equivalent to approximately HK$8,138,000 (31 December 2017: USD1,276,000 or equivalent to approximately HK$9,914,000) from a local bank in Peru for financing its mining projects in Peru. The loan is denominated in USD, interest-bearing at annual rate of London Interbank Offered Rate ("LIBOR") plus 6.4% per annum (31 December 2017: annual rate of LIBOR plus 6.4% per annum) and will be expired in August 2020.

The bank loan is secured by certain of the Group's property, plant and equipment situated in Peru with aggregate carrying value of approximately HK$46,181,000 (31 December 2017: HK$46,973,000) as at 30 June 2018.

(ii) The secured other loan is for facilitating the general working capital needs of the Group. The secured other loan is denominated in HK$, interest-bearing at 8% per annum and will be repayable in January 2019.

The loan is secured by certain of the Group's investment properties with carrying value of approximately HK$39,376,000 as at 30 June 2018 (31 December 2017: HK$39,199,000) and corporate guarantee given by the Company.

(iii) The unsecured other loan is denominated in Renminbi ("RMB"), bears interest at a rate of 9.5% per annum and repayable on demand.

20. SHARE CAPITAL

	Number of shares		**Share capital**	
	2018	2017	**2018** ***HK$'000***	2017 *HK$'000*
Ordinary shares of HK$0.10 each				
Authorised:				
At 30 June and 31 December	**25,000,000,000**	25,000,000,000	**2,500,000**	2,500,000
Issued and fully paid:				
At 30 June (unaudited) and 31 December (audited)	**1,045,399,967**	1,045,399,967	**104,540**	104,540

21. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its investment properties to tenants under operating lease arrangements, which leases negotiated for terms ranging from one to three years (31 December 2017: one to three years).

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

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Within one year	**2,480**	3,361
In the second to fifth years, inclusive	**1,225**	1,602
	3,705	4,963

(b) As lessee

The Group leases its office properties under operating lease arrangements. Lease for property is negotiated for terms ranging from one to two years (31 December 2017: one to three years).

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

	30 June 2018 (Unaudited) *HK$'000*	31 December 2017 (Audited) *HK$'000*
Within one year	**141**	279
In the second to fifth years, inclusive	**–**	30
	141	309

22. OUTSTANDING LITIGATION

Junefield (Building Material) Limited ("Junefield Building Material"), a wholly-owned subsidiary of the Company, filed an arbitral application with the China International Economics and Trade Arbitration Commission ("Arbitration Commission") for claiming against the minority shareholder of Hunan Taiji Construction Material Co., Ltd. (the Group's indirect 60%-owned subsidiary, "Hunan Taiji"), 漣源鋼鐵集團有限公司 (Lianyuan Steel Group Limited, "Lianyuan Steel") in May 2017, on the decrease of the profits due to the shortage of supply of granulated steel slag for production ("Steel Slag Supply") for the period from 1 September 2013 to 31 August 2016 for compensation of approximately RMB71,485,000 on, inter alia, failing to procure the requested amount of Steel Slag Supply under Hunan Taiji's joint venture agreement.

In January 2015, Junefield Building Material was awarded the arbitral ruling in respect of another claim against Lianyuan Steel on the decrease of the profits due to the shortage of Steel Slag Supply for the period from 1 January 2011 to 31 August 2013 by the Arbitration Commission. Junefield Building Material ultimately received the compensation from Lianyuan Steel on 2 August 2017.

Up to the date of this report, the ruling on the above arbitral application has not been given yet.

Based on the legal opinion of the Group's legal advisors in the PRC, the directors of the Company are of the opinion that the ruling on the above arbitral application is cautiously optimistic.

23. CAPITAL COMMITMENTS

As at 30 June 2018, the Group had no significant capital commitments (31 December 2017: Nil).

24. CHARGE OF ASSETS

As at 30 June 2018, certain of the Group's property, plant and equipment and investment properties with carrying amounts of approximately HK$46,181,000 (31 December 2017: HK$46,973,000) and HK$39,376,000 (31 December 2017: HK$39,199,000) respectively have been pledged to bank and other lender to secure loan facilities. Details of the Group's interest-bearing bank and other borrowings are included in note 19 to the condensed consolidated financial statements.

25. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

(a) Significant transactions with related parties

		Six months ended 30 June	
	Note	**2018 (Unaudited) *HK$'000***	2017 (Unaudited) *HK$'000*
Commission charged by a related company	*(i)*	**118**	301
Management fees paid to JHL	*(ii)*	**540**	316
Rental expenses paid to JHL	*(ii)*	**–**	187
Sub-leasing fee paid to a related company	*(iii)*	**–**	67
Sub-leasing service fee income received from a related company	*(iv)*	**–**	217

Notes:

(i) Like Top Corporation Limited ("Like Top"), an indirect wholly-owned subsidiary of the Company, entered into the sourcing agent agreement with Ecuamining Mineral S.A. ("Ecuamining Mineral"), pursuant to which Like Top agreed to appoint and Ecuamining Mineral agreed to act as sourcing agent of Like Top to procure the supply of the mineral concentrates or its related products in Ecuador for a term of two years. Ecuamining Mineral is a company incorporated in Ecuador and is ultimately wholly-owned by Mr. Zhou Chu Jian He ("Mr. Zhou"), the former chairman and executive director of the Company who resigned on 22 August 2018.

(ii) The Group paid rental expenses and management fees to JHL, the ultimate holding company of the Company prior to 26 July 2018, and the monthly rental expenses and management fees were mutually agreed between the contracting parties.

25. RELATED PARTY TRANSACTIONS *(continued)*

(a) *Significant transactions with related parties* *(continued)*

Notes: (continued)

(iii) Lima Airlines S.A.C. ("Lima Airlines"), an indirect wholly-owned subsidiary of the Company, entered into a sub-leasing of aircraft agreement with Total Genius Iron Mining S.A.C. ("Total Genius"). Total Genius is a company incorporated in Peru and is ultimately wholly-owned by Mr. Zhou.

(iv) Lima Airlines received sub-leasing service fee income from Junefield Group S.A. during the six months ended 30 June 2017. Junefield Group S.A. is a company incorporated in Peru and is ultimately wholly-owned by Mr. Zhou.

The related party transactions in respect of item (i) above constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) *Compensation of key management personnel of the Group*

	Six months ended 30 June	
	2018 (Unaudited) *HK$'000*	2017 (Unaudited) *HK$'000*
Short term employee benefits	**1,320**	1,320
Post-employment benefits	**9**	9
Total compensation paid to key management personnel	**1,329**	1,329

The above related party transactions do not constitute connected transactions or continuing connected transactions in Chapter 14A of the Listing Rules.

26. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, loan receivable, accounts receivable, financial assets included in prepayments, deposits and other receivables, amounts due from related companies, accounts payable, financial liabilities included in other payables and accruals, amount due to the ultimate holding company and amounts due to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The financial assets at FVTOCI and FVTPL are based on quoted market prices. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in consolidated statement of profit or loss and other comprehensive income for financial instruments at FVTPL, equity investments at FVTOCI and available-for-sale investment respectively, are reasonable, and that they were the most appropriate values at the end of the reporting period.

All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Assets measured at fair value

	Level 1 *HK$'000*	**Level 2** *HK$'000*	**Level 3** *HK$'000*	**Total** *HK$'000*
As at 30 June 2018 (unaudited):				
Equity investments at FVTOCI				
– Listed equity investment	**1,065**	**–**	**–**	**1,065**

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
As at 31 December 2017 (audited):				
Available-for-sale investment				
– Listed equity investment	2,064	–	–	2,064
Financial instruments at FVTPL				
– Listed equity investment (Hong Kong)	1,047	–	–	1,047
	3,111	–	–	3,111

During the six months ended 30 June 2018 and the year ended 31 December 2017, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

27. EVENT AFTER THE REPORTING PERIOD

On 9 May 2018, the Company entered a conditional subscription agreement (which is supplemented and amended by two supplemental agreements, collectively referred to as the "Subscription Agreement") with Macrolink International Holdings Limited as a subscriber (the "Subscriber") to issue the convertible bonds with a principal amount of HK$100,000,000 or net proceeds of approximately HK$97,000,000 after the deduction of related expenses (the "Convertible Bonds"). As the Subscriber was deemed to be a connected person under Rule 14A.20 of the Listing Rules, the issue of the Convertible Bonds to the Subscriber was deemed to be a connected transaction of the Company. An ordinary resolution approving the issue of the Convertible Bonds was duly passed by independent shareholders of the Company at a special general meeting held on 23 July 2018.

Pursuant to the Subscription Agreement, the Convertible Bonds were issued by the Company to the Subscriber on 26 July 2018. Based on the conversion price of HK$0.6217 per share, a maximum of 160,849,284 shares of the Company may be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full.

The net proceeds of approximately HK$97,000,000, after the deduction of related expenses, from the issue of Convertible Bonds was intended to be applied (i) as to approximately HK$40,700,000 or 42% of the net proceeds for maintaining the securities investments business; (ii) as to approximately HK$32,000,000 or 33% of the net proceeds for maintaining the trading of mineral concentrates business; (iii) as to approximately HK$14,600,000 or 15% of the net proceeds for repayment of the existing secured other borrowings; and (iv) as to approximately HK$9,700,000 or 10% of the net proceeds for general working capital of the Group. Further details of the Convertible Bonds are set out in the circular issued by the Company on 29 June 2018.

28. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board on 30 August 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the six months ended 30 June 2018, the Group's revenue was approximately HK$20,553,000 (six months ended 30 June 2017: HK$23,015,000), decreased by 11% over the same period last year while the consolidated loss attributable to owners of the Company was approximately HK$26,319,000 (six months ended 30 June 2017: HK$15,833,000), representing a significant increase of 66% over the same period last year. The decrease in turnover was mainly attributable to the revenue from the trading of mineral concentrates dropped due to the keen competition in exploring suppliers with stable supplies of the mineral concentrates. The significant increase in the loss attributable to owners of the Company was mainly attributable to increase in exchange loss and absence of gain on disposal of available-for-sale investment during the period under review.

OPERATIONS REVIEW AND OUTLOOK

Trading of mineral concentrates business

The trading of mineral concentrates business segment principally operates by sourcing mineral concentrates from Ecuador and Peru and exporting them to the customers in the People's Republic of China (the "PRC"). During the period under review, both the sales volume and net profit margin of this segment continued declining due to the keen competition in exploring local suppliers with stable supplies of the mineral concentrates, particularly in Ecuador. The Group has started to explore the sourcing of mineral concentrates market in Peru since 2017 and the purchases volume gradually increased. The Group recorded the revenue and net profit of approximately HK$15,792,000 (six months ended 30 June 2017: HK$18,611,000) and HK$160,000 (six months ended 30 June 2017: HK$677,000), representing decreases of 15% and 76% respectively compared to the same period last year.

As stated in the circular of the Company dated 29 June 2018, the Company believes that the issue of convertible bonds with a principal amount of HK$100,000,000 or net proceeds of approximately HK$97,000,000 after the deduction of related expenses (the "Convertible Bonds") would be able to strengthen the financial performance of the trading of mineral concentrates business by applying 33% of the net proceeds or approximately HK$32,000,000 to expand its trading portfolio to nickel. Mr. Fu Kwan ("Mr. Fu") is currently an executive director and chairman of the board of directors of the Company (the "Board") who has over 12 years of experience in mineral trading business, particularly in exporting nickel from Indonesia to the PRC and future trades of nickel in the PRC. In addition, Mr. Fu also has a good relationship with certain international well-known nickel companies including Norilsk Nickel (Asia) Limited. The Board believes that the Group could leverage on Mr. Fu's extensive experience and his business background to expand its trading business.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

OPERATIONS REVIEW AND OUTLOOK *(continued)*

Securities investments

During the period under review, there was an unrealised fair value loss of approximately HK$999,000 for equity investments at fair value through other comprehensive income ("FVTOCI"), and fair value gain of approximately HK$948,000 was recorded for the six months ended 30 June 2017 which was classified as change in fair value of available-for-sale investment. These fair value loss and gain were charged to the FVTOCI reserve and credited to the investments revaluation reserve respectively for the six months ended 30 June 2018 and 2017. The Group held less than 5% of the issued share capital of its equity investments at FVTOCI as at 30 June 2018.

In addition, this segment also recognised fair value gain of approximately HK$38,000 (six months ended 30 June 2017: loss of approximately HK$278,000) arising from the securities investments held for trading during the period under review. This segment recorded a net gain of approximately HK$5,000 (six months ended 30 June 2017: HK$4,289,000), representing significant decrease of 100% as compared to the same period last year due to the absence of realised gain on disposal of available-for-sale investment.

As stated in the circular of the Company dated 29 June 2018, in view of the prosperity of the securities market in Hong Kong and the PRC, the Company intends to apply 42% of the net proceeds or approximately HK$40,700,000 from the issue of Convertible Bonds to invest in the listed securities of companies engaged in financial services in Hong Kong and/or the PRC with a view to generate dividend income and seizing capital appreciation in medium or long term. Mr. Fu, Mr. Zhang Bishu and Ms. Liu Jing are currently the new appointed executive directors of the Board who have extensive experience in engaging in investment in A-shares in the PRC stock market and securities in the Hong Kong stock market.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

OPERATIONS REVIEW AND OUTLOOK *(continued)*

Construction material business

Hunan Taiji Construction Material Co., Ltd. ("Hunan Taiji"), the Group's indirect 60%-owned subsidiary engaged in manufacture and sale of slag powder business in the PRC, has being in suspension of production since August 2016 after its sole supplier served a written notice to suspend the supply of the granulated steel slag for production ("Steel Slag Supply") in March 2016 and no turnover was generated since August 2016. During the period under review, it made a net loss of approximately HK$12,830,000 (six months ended 30 June 2017: HK$16,110,000), representing a decrease of 20% compared to the same period last year and the decrease was due to the drop in amounts of the depreciation and the amortisation on the intangible assets charged to the condensed consolidated statement of profit or loss for the period under review.

Currently, the Group is waiting for the ruling for the arbitral application with the China International Economics and Trade Arbitration Commission ("Arbitration Commission") for claiming compensations from Hunan Taiji's minority shareholder on the decrease of the profits due to the shortage of Steel Slag Supply for the period from 1 September 2013 to 31 August 2016 (the "Second Taiji Arbitration Application").

As stated in the Company's announcement dated 29 May 2018 (the "Supplementary Announcement"), pursuant to which the Board provided further supplementary information in relation to the annual results announcement and the annual report of the Company for the year ended 31 December 2017, further to the meeting between the Group and the minority shareholder of Hunan Taiji in February 2018, Hunan Taiji held another meeting with local authority of Loudi City (the "Loudi Authority") in Hunan Province of the PRC in April 2018 to follow up the production resumption of Hunan Taiji in view of the benefits of both the local community and Hunan Taiji. At the meeting, the Loudi Authority urged the minority shareholder of Hunan Taiji to procure the Steel Slag Supply for production and assist Hunan Taiji to seek for financial supports for production resumption. The Loudi Authority indicated its intention to liaise with the minority shareholder of Hunan Taiji to try to come up with a solution for the signing of contract of Steel Slag Supply.

Pursuant to the arbitral ruling in 2015, the Arbitration Commission ruled that the minority shareholder of Hunan Taiji should pay the Group compensation on the decrease of the profits due to the shortage of Steel Slag Supply for the period from 1 January 2011 to 31 August 2013 and continue to honour its obligations by procuring the Steel Slag Supply in accordance with the joint venture agreement of Hunan Taiji until 2021. The Group believes that it would be in a better position to enforce the procurement obligation of the minority shareholder of Hunan Taiji upon the rulings of the Second Taiji Arbitration Application is granted. Currently, the Group continues to liaise with the minority shareholder of Hunan Taiji on the timely resumption of production which is targeted in the second half of 2018. In view of the prolonged production suspension of Hunan Taiji, the Company currently does not have any new development plan on its construction material business.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*
OPERATIONS REVIEW AND OUTLOOK *(continued)*

Coal mining business

As stated in the Company's Supplementary Announcement, there are two coal mines in Peru under development with one of them is being under progress for formal production (the "New Coal Mine") and another one is currently under suspension (the "Suspended Coal Mine"). During the period under review, the New Coal Mine has not started its formal production and therefore no turnover was recorded from this segment (six months ended 30 June 2017: Nil). This segment recorded a net loss of approximately HK$2,328,000 (six months ended 30 June 2017: HK$716,000), representing an increase of 225% as compared to the same period last year. The loss was mainly due to an exchange loss of approximately HK$564,000 charged while an exchange gain of approximately HK$1,528,000 credited, to the condensed consolidated statement of profit or loss for the six months ended 30 June 2018 and 2017 respectively.

Currently, the New Coal Mine has started its formal production in August 2018 with an initial monthly production volume of around 1,000 tonnes. The Group estimates that its production volume will gradually increase to a monthly production volume of 3,000 tonnes of coal by year end of 2018. The Group also expects that revenue would be recognised in the Group's consolidated financial statements for the year ending 31 December 2018.

The Group plans to prepare operation resumption of the Suspended Coal Mine once the production of the New Coal Mine becomes stable and expects it would resume operation in the fourth quarter of 2018 or by the first quarter of 2019. The Group anticipates that the coal products from the Suspended Coal Mine would be changed from domestic market to export market and it would rely heavily on the customer base of the New Coal Mine and its logistics as synergy.

Property investment and development

Investment properties in Beijing

During the period under review, the rental income from property leasing in Beijing, the PRC was approximately HK$1,697,000 (six months ended 30 June 2017: HK$2,654,000), representing a decrease of 36% compared to the same period last year. The decrease was due to the lease contracts of certain office units have not being renewed upon the expiry. These investment properties in Beijing also recorded fair value gains of approximately HK$1,158,000 (six months ended 30 June 2017: HK$2,611,000) in respect of the revaluation which resulted in a net loss of approximately HK$943,000 (six months ended 30 June 2017: profit of approximately HK$1,053,000), representing a significant decrease of 190% compared to the same period last year. The Group expects these investment properties in Beijing currently held on hand will keep generating a stable rental income stream and capture potential appreciation.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

OPERATIONS REVIEW AND OUTLOOK *(continued)*

Property investment and development *(continued)*

Property development in Peru

During the period under review, the property development in Peru recorded net loss of approximately HK$4,369,000 (six months ended 30 June 2017: HK$17,000) which was due to an exchange loss of approximately HK$1,040,000 charged to the condensed consolidated statement of profit of loss (six months ended 30 June 2017: gain of approximately HK$3,072,000) by the Group's indirect wholly-owned subsidiary in Peru, Lima Junefield Plaza S.A.C. ("Lima Junefield Plaza"). Meanwhile, Lima Junefield Plaza still retains four units pending for sale and it is going to sell the remaining units when the property market in Peru is improving.

Future Outlook

Following the introduction of new directors of the Company on 1 August 2018 and the successful fund raising through the issue of Convertible Bonds on 26 July 2018, the Board is envisaging the opportunity of enlarging the existing securities investments and trading of mineral concentrates businesses.

Our business strategies include enlarging our revenue base through expanding our core businesses, tapping into different markets with expanded business initiatives and endeavour to increase value for shareholders. With the extensive expertise in the securities investments and trading of mineral concentrates from our new management, the Group will devote increased resources to these businesses and is currently planning to set up wholly-owned subsidiaries in Hong Kong and the PRC, with the view to strengthening our all-round business position. In addition, with the belief of "value investment", the Board expects to further develop the Group's securities investments business so as to add value to the shareholders of the Company. Currently, the Group has a healthy cash flow position which enables the Group to seize business opportunities with comparably positive growth and return in the coming future. In addition, the Group will further strengthen its financial position and also consider raising funds by suitable means when investment opportunities arise.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions and disposals during the period under review.

BANKING AND OTHER FACILITIES

As at 30 June 2018, the Group had aggregate banking and other facilities of approximately HK$37,806,000 (31 December 2017: HK$39,582,000) and had unutilised banking and other facilities of approximately HK$4,668,000 available for drawdown (31 December 2017: HK$4,668,000).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, the Group had net assets of approximately HK$260,542,000 (31 December 2017: HK$294,648,000) with total assets of approximately HK$399,574,000 (31 December 2017: HK$440,295,000) and total liabilities of approximately HK$139,032,000 (31 December 2017: HK$145,647,000). The Group's current ratio, which equals to current assets divided by current liabilities, was 1.08 (31 December 2017: 1.75).

As at 30 June 2018, the Group had secured bank loan, secured other loan and unsecured other loan amounted to approximately HK$8,138,000 (31 December 2017: HK$9,914,000), HK$25,000,000 (31 December 2017: HK$25,000,000) and HK$5,847,000 (31 December 2017: HK$6,010,000) respectively. The secured bank loan is denominated in United States dollars ("USD"), interest-bearing at an annual rate of London Interbank Offered Rate plus 6.4% per annum and will be expired in August 2020. The secured other loan is denominated in HK$, interest-bearing at 8% per annum and will be repayable in January 2019. The unsecured other loan is denominated in Renminbi ("RMB") and interest-bearing at 9.5% per annum and repayable on demand. The Group's gearing ratio, as a ratio of total interest-bearing bank and other borrowings to total assets as at 30 June 2018, was 0.10 (31 December 2017: 0.09).

The Group's cash and bank balances which were mainly denominated in Hong Kong dollars, USD, RMB and Peruvian Soles ("Soles"), amounted to approximately HK$13,421,000 as at 30 June 2018 (31 December 2017: HK$34,290,000).

The directors believe that the Group currently has sufficient financial resources for its operations. However, the Group will remain cautious in its liquidity management.

CAPITAL STRUCTURE AND TREASURY POLICIES

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

CAPITAL COMMITMENTS

As at 30 June 2018, the Group had no significant capital commitments (31 December 2017: Nil).

CHARGE OF ASSETS

Details of charge of assets are set out in note 24 to the condensed consolidated financial statements.

OUTSTANDING LITIGATION

Details of outstanding litigation are set out in note 22 to the condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

EXCHANGE RATE EXPOSURE

During the period under review, the business activities of the Group were mainly denominated in Hong Kong dollars, RMB, USD and Soles. The Board does not consider that the Group is significantly exposed to any foreign currency exchange risk. For the six months ended 30 June 2018, the Group did not commit to any financial instruments to hedge its potential exchange rate exposure.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2018, the Group had about 184 employees (30 June 2017: 171) with the majority based in the PRC and Peru. The number of workers employed by the Group varies from time to time depending on the industry need and they are remunerated under the employment term which is based on industry practice. The remuneration policy and package of the Group's employees are periodically reviewed by the Company's Remuneration Committee and approved by the executive directors. Apart from the pension funds, discretionary bonuses and share options are awarded to certain employees according to the assessment of individual performance.

EVENTS AFTER THE REPORTING PERIOD

Issue of Convertible Bonds

Details of the issue of the Convertible Bonds are set out in note 27 to the condensed consolidated financial statements.

Change of Company name

Pursuant to the special resolution passed at the Company's special general meeting held on 23 July 2018, the name of the Company has been changed from Junefield Department Store Group Limited to Macrolink Capital Holdings Limited and has adopted and registered a Chinese name "新華聯資本有限公司" as its secondary name.

Change of directors of the Company

With effect from 1 August 2018, Mr. Fu Kwan was appointed as an executive director and the chairman of the Company; and (2) each of Mr. Zhang Jian, Mr. Zhang Bishu, Ms. Liu Jing and Mr. Chan Yeuk was appointed as an executive director of the Company.

Each of Mr. Zhou Chu Jian He, Mr. Zhang Min, Mr. Xiang Xianhong, Mr. Lei Shuguang and Mr. Jorge Edgar Jose Muñiz Ziches was resigned as director of the Company on 22 August 2018.

SUPPLEMENTARY INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2018, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise required to be 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") were as follows:

(a) Long position – ordinary shares of HK$0.10 each of the Company

Name of director	Number of shares held	Percentage of the Company's issued share capital
Mr. Zhou Chu Jian He (resigned on 22 August 2018)	697,837,417 (Note)	66.75%

Note: These 697,837,417 shares were held by Prime Century Investments Limited ("PCI"), a wholly-owned subsidiary of Junefield (Holdings) Limited ("JHL"). Mr. Zhou Chu Jian He is the beneficial owner of the entire issued share capital of JHL.

SUPPLEMENTARY INFORMATION *(continued)*

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES *(continued)*

(b) Long position in underlying shares – share options

The following directors of the Company have personal interests in options to subscribe for shares of the Company:

Name	Date of grant	Exercisable period	Number of share options				Exercise price per share
			Balance as at 1 January 2018	Granted during the period	Exercised during the period	Balance as at 30 June 2018	*HK$*
Mr. Zhou Chu Jian He (resigned on 22 August 2018)	6 July 2009	6 July 2009 – 5 July 2019	9,980,000	–	–	9,980,000	0.229
Mr. Lam Man Sum, Albert	6 July 2009	6 July 2009 – 5 July 2019	3,300,000	–	–	3,300,000	0.229
			13,280,000	–	–	13,280,000	

Note: The cash consideration paid by each of the directors for the grant of share option is HK$1.00.

Save as disclosed above, as at 30 June 2018, so far as is known to the directors and chief executives of the Company, no other person had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register as required to be kept by the Company under section 352 of the SFO or as otherwise pursuant to the Model Code, notified to the Company and the Stock Exchange.

SUPPLEMENTARY INFORMATION *(continued)*

MANDATORY UNCONDITIONAL CASH OFFER

On 9 May 2018, a sale and purchase agreement (which is subsequently supplemented and amended by supplemental agreement on 31 May 2018) was entered into by Macrolink International Holdings Limited (as purchaser, "Macrolink International") with PCI (as vendor), pursuant to which PCI agreed to sell and Macrolink International agreed to purchase 697,837,417 shares of the Company, representing approximately 66.75 % of the entire issued share capital of the Company for a total cash consideration of HK$433,845,522.15. Completion of the above sale and purchase agreement took place on 26 July 2018.

In accordance with Rule 26.1 of The Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission, Macrolink International made (1) a mandatory unconditional cash offer to acquire all the issued shares of the Company (the "Share Offer") and (2) a mandatory unconditional option offer for the cancellation of all the outstanding share options of the Company (the "Option Offer") (other than those already owned or agreed to be acquired by Macrolink International and parties acting in concert with it) in accordance with the terms as set out in the composite document and the response document (the "Composite Document") jointly despatched by the Company and Macrolink International on 1 August 2018.

As of the close of the Share Offer and Option Offer on 22 August 2018, Macrolink International received (i) valid acceptances in respect of a total of 11,458,772 shares of the Company under the Share Offer, representing approximately 1.10% of the Company's entire issued share capital and (ii) valid acceptances in respect of a total of 13,280,000 options under the Option Offer, representing 100% of the total number of outstanding share options of the Company.

Further information regarding the Share Offer and Option Offer was detailed in the Composite Document.

SUPPLEMENTARY INFORMATION *(continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2018, so far as is known to the directors and chief executives of the Company, the interests or short positions of the persons (other than directors or chief executives of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO are as follows:

Name	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
Mr. Fu Kwan (Note 1)	Interest of controlled corporation	697,837,417	66.75%
Truly Industry Investment Company Limited	Interest of controlled corporation	697,837,417	66.75%
Macrolink International	Beneficial owner	697,837,417	66.75%
PCI (Note 2)	Directly beneficially owned	697,837,417	66.75%
JHL (Note 2)	Through a controlled corporation	697,837,417	66.75%
CMBC International Holdings Limited	Person having a security interest in shares	697,837,417	66.75%

Notes:

1. Mr. Fu Kwan was appointed as the chairman of the Board and executive director of the Company on 1 August 2018.

2. Prior to 26 July 2018, these 697,837,417 shares were held by PCI, a wholly-owned subsidiary of JHL and Mr. Zhou Chu Jian He is the beneficial owner of the entire issued share capital of JHL. On 26 July 2018, the said shares were sold to Macrolink International.

Save as disclosed above, as at 30 June 2018, the Company had not been notified of any person (other than the directors or chief executives of the Company) having any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

SUPPLEMENTARY INFORMATION *(continued)*

SHARE OPTION SCHEME

The Company adopted the current share option scheme (the "Share Option Scheme") at a special general meeting of the Company held on 29 June 2009 and terminated the former share option scheme at the same meeting.

The total number of shares available for issue (save for those granted but yet to be exercised) under the Share Option Scheme is 54,124,796 representing approximately 5% of the Company's issued share capital as at the date of this interim report.

The principal terms of the Share Option Scheme have been set out in the 2017 annual report. During the six months ended 30 June 2018, details of the movements of the outstanding share options granted under the Share Option Scheme are as follows:

			Number of share options				
	Date of grant	Exercisable period	Balance as at 1 January 2018	Granted during the period (Note 2)	Exercised during the period	Balance as at 30 June 2018	Exercise price per share *HK$*
Directors (Note 1)	6 July 2009	6 July 2009 – 5 July 2019	13,280,000	–	–	13,280,000	0.229

Notes:

1. Movements of the share options granted to the directors of the Company are shown under the section headed "Directors' and Chief Executives' Interests in Securities" on page 47 of this interim report.

2. No share options have been granted during the six months ended 30 June 2018.

SUPPLEMENTARY INFORMATION *(continued)*

INTERIM DIVIDEND

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

AUDIT COMMITTEE

The Audit Committee, which comprises three independent non-executive directors of the Company, has discussed with the management of the Company on the accounting principles and practices adopted by the Group, internal controls, risk management and financial reporting matters. The Audit Committee has also reviewed and discussed with the management about the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2018.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 15 July 2005, which currently comprises three independent non-executive directors of the Company, namely Mr. Cheung Ka Wai (chairman of the Remuneration Committee), Mr. Lam Man Sum, Albert and Mr. Cao Kuangyu.

NOMINATION COMMITTEE

The Nomination Committee was established on 29 March 2013, which currently comprises two executive directors of the Company, namely Mr. Fu Kwan (chairman of the Nomination Committee), Mr. Zhang Jian and three independent non-executive directors of the Company, namely Mr. Lam Man Sum, Albert, Mr. Cao Kuangyu and Mr. Cheung Ka Wai.

SUPPLEMENTARY INFORMATION *(continued)*

CORPORATE GOVERNANCE CODE

In the opinion of the directors, the Company had complied with the code provisions set out in the Corporate Governance Code ("CG Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange during the six months ended 30 June 2018, save as the deviation from code provision E.1.2 which is explained as follows:

– Under code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. The chairman of the Board did not attend the annual general meeting of the Company held on 4 June 2018 (the "AGM") due to other business engagement. The chairman of the Audit Committee and the chairman of the Remuneration Committee were present at the AGM to answer the shareholders' questions.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding the directors' securities transactions. The Company has made specific enquiry of all directors whether they have complied with the Model Code and all directors confirmed that they have complied with the required standard set out in the Model Code for the six months ended 30 June 2018.

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

During the period under review, the Company has not redeemed any of its shares and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares.

By Order of the Board
Fu Kwan
Chairman

Hong Kong, 30 August 2018