百德國際有限公司
Pak Tak International Limited

(Incorporated in Bermuda with limited liability)
Stock Code: 2668

Interim Report 2018

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Jian
(Chairman and Chief Executive Officer)
Mr. Feng Guoming
Ms. Qian Pu

Non-executive Directors

Mr. Law Fei Shing
Mr. Shin Yick Fabian

Independent Non-executive Directors

Mr. Liu Kam Lung
Mr. Xie Xiabiao *(Resigned on 3 April 2018)*
Mr. Chan Kin Sang *(Appointed on 3 April 2018)*
Mr. Zheng Suijun

AUDIT COMMITTEE

Mr. Liu Kam Lung *(Chairman)*
Mr. Xie Xiabiao *(Resigned on 3 April 2018)*
Mr. Chan Kin Sang *(Appointed on 3 April 2018)*
Mr. Zheng Suijun

NOMINATION COMMITTEE

Mr. Liu Kam Lung *(Chairman)*
Ms. Qian Pu
Mr. Xie Xiabiao *(Resigned on 3 April 2018)*
Mr. Chan Kin Sang *(Appointed on 3 April 2018)*
Mr. Zheng Suijun

REMUNERATION COMMITTEE

Mr. Liu Kam Lung *(Chairman)*
Ms. Qian Pu
Mr. Xie Xiaobiao *(Resigned on 3 April 2018)*
Mr. Chan Kin Sang *(Appointed on 3 April 2018)*
Mr. Zheng Suijun

STRATEGIC COMMITTEE

Mr. Wang Jian *(Chairman)*
Ms. Qian Pu
Mr. Shin Yick Fabian

INVESTMENT AND FUND RAISING COMMITTEE

Mr. Wang Jian *(Chairman)*
Ms. Qian Pu
Mr. Shin Yick Fabian

COMPANY SECRETARY

Mr. Sze Kat Man

AUTHORISED REPRESENTATIVES

Ms. Qian Pu
Mr. Sze Kat Man

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office Nos. 2 and 3, 22nd Floor
Tower 2 Lippo Centre
No. 89 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

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

AUDITOR

Baker Tilly Hong Kong Limited
2nd Floor, 625 King's Road
North Point
Hong Kong

HONG KONG LEGAL ADVISER

Chiu & Partners
40/F, Jardine House
1 Connaught Place,
Central, Hong Kong

PRINCIPAL BANKERS

Chong Hing Bank Limited
DBS Bank (Hong Kong) Limited
Hang Sang Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

STOCK CODE

2668

WEBSITE

www.paktakintl.com

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2018, the principal activities of the Group are: (i) manufacture and trading of garments, (ii) money lending business, (iii) securities investment, (iv) leasing business, (v) general trading and (vi) property investment. Following the completion of the disposal of the new energy development business companies, the Group ceased to operate such business on 26 September 2017.

BUSINESS REVIEW

Continuing Operations

Garments Business

In the unstable global economy environments, the garment business was full of challenges, i.e. the potential outbreak of the U.S.A. – China trade war. Undoubtedly additional cost may be incurred, but we may or may not be able to pass on such cost to our customers. In addition, the sales volumes of the garment business would be affected by the change of the seasonality of operation. The Group will closely monitor this business segment and keep up with the changing business environment caused especially by the emerging trade wars worldwide.

Money Lending Business

As at 30 June 2018, the loans receivables of the Group was HKD41.0 million which are repayable within a year, and recognised the loan interest income of HKD3.8 million for the six months ended 30 June 2018. The rate of return of the money lending business of the Group is in the range of 8% to 11%. As at the date of this report, all the loans receivables as at 30 June 2018 have been subsequently settled. In order to ensure a healthy development for its money lending business, the Group will continue to adopt a prudent risk management policy, and also to carry out regularly review of credit risk over the existing borrowers.

Securities Investment

The Group has in the ordinary and normal course of business conducted its securities investment activities included listed securities. The Group adopted a prudent investment strategy for short-term investments and long-term investments and will closely monitor the market changes and adjust its investment portfolio as and when necessary.

Leasing Business

As at 30 June 2018, the aggregate finance lease receivables was HKD69.9 million and recognised the revenue of HKD4.2 million for the six months ended 30 June 2018. As at the date of this report, all the finance lease receivables as at 30 June 2018 have been collected and received on time. The Group adopted a prudent approach in the finance leasing business to minimise its credit and business risks.

General Trading

During the six months ended 30 June 2018, the general trading business segment recorded a revenue of HKD350.2 million, including but not limited to the trading of non-ferrous metal, the marine products, construction materials and metals materials, of which the customers and the suppliers include listed companies and private companies in the PRC.

Property Investment

During the six months ended 30 June 2018, the investment properties located in Yunfu, PRC with the fair value amounted to HKD193.8 million, representing a fair value gains on investment properties of HKD5.3 million and recorded a revenue of rental income of HKD2.3 million.

Discontinued Operation

Disposal of the New Energy Development Business

On 19 September 2017, the major transaction in relation to the disposal of new energy development business companies (the "**Taihe Group**") at the consideration of RMB38 million (the "**Disposal**") was approved by the shareholders of the Company. The Taihe Group is principally engaged in the research and development of (i) power electric battery; (ii) system of power electric battery; (iii) technologies related to range extended electric vehicles; and (iv) other products related to a battery system. All the conditions precedent under the equity transfer agreement have been fulfilled and the disposal was completed on 26 September 2017 in accordance with the terms and conditions of the equity transfer agreement. Upon completion of the Disposal, the Taihe Group has ceased to be part of the Group. Details of the Disposal were disclosed in the Company's announcements dated 1 August 2017 and 26 September 2017 and the Company's circular dated 1 September 2017.

FINANCIAL REVIEW

Below is an analysis of our key financial information including, but not limited to revenue, expenses and profit for the period, which reflected the financial position of the business.

Revenue

For the six months ended 30 June 2018, the Group recorded a total revenue of HKD461.5 million, increased by 172.0% against the six months ended 30 September 2017 of HKD169.7 million. Such increase was mainly attributable to the revenue generated in the general trading of HKD350.2 million as compared with HKD21.4 million for the six months ended 30 September 2017. The revenue in garment business for the six months ended 30 June 2018 was declined to HKD98.1 million as compared with the six months ended 30 September 2017 of HKD135.0 million.

The total revenue from money lending, finance leasing and property investment was amounted to approximately HKD10.3 million as compared with the six months ended 30 September 2017 of HKD4.8 million.

For the period under review, the major market of the Group was in Asia, which accounted for 81.6% of the Group's total revenue, whereas 17.2% of the Group's total revenue was attributed to sales to the U.S.A. and Europe.

Expenses

The Group's direct costs and operating expenses was significantly increased by HKD299.7 million from HKD143.8 million for the six months ended 30 September 2017 to HKD443.5 million for the six months ended 30 June 2018. The increase in direct costs and operating expenses is mainly resulted from the significant growth in general trading business whereas the revenue from general trading was accounted for 75.9% of the Group's total revenue.

The Group's administrative expenses was increased by HKD1.7 million from HKD20.0 million for the six months ended 30 September 2017 to HKD21.7 million for the six months ended 30 June 2018. The increase was attributable to the increase in staff cost in securities investment and general trading and commission fee in securities investment.

The Group's selling expenses was decreased by HKD1.6 million from HKD3.6 million for the six months ended 30 September 2017 to HKD2.0 million for the six months ended 30 June 2018. All the selling expenses were related to the garment business.

Profit for the period

For the six months ended 30 June 2018, the Group recorded a net profit of HKD0.2 million as compared to a net profit of HKD35.6 million for the six months ended 30 September 2017, such significant decrease of net profit was mainly due to, (a) a substantial decrease of HKD57.6 million in the fair value gain on investment properties; and (b) the absence of a one-off gain on disposal of the new energy development business companies of HKD10.5 million which recorded in the six months ended 30 September 2017.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2018, the net current assets of the Group amounted to HKD51.5 million (31 December 2017: HKD378.7 million) of which HKD363.4 million (31 December 2017: HKD535.8 million) were cash and cash equivalents (excluded bank overdraft). The Group had borrowings and overdraft of which HKD343.3 million (31 December 2017: HKD336.8 million) are repayable within one year and HKD50.3 million (31 December 2017: HKD89.4 million) are repayable after one year.

EQUITY FUND RAISING ACTIVITIES

Set out below is the equity fund raising activities of the Company during the past twelve months immediately prior to the date of this report:

Date of announcement	Fund raising activity	Net proceeds	Proposed use of the net proceeds	Actual use of the net proceeds as at the date of this report
15 September 2017	Subscription of 339,600,000 new shares under general mandate	Approximately HK$78.0 million	(i) approximately HK$50.0 million for the expansion of the Group's existing businesses including the money lending, leasing business, securities trading and investment, and general trading; (ii) approximately HK$20.0 million for repayment of loans; and (iii) approximately HK$8.0 million as general working capital of the Group.	Used as intended
11 October 2017	Placing of 326,750,000 new shares under specific mandate and subscription of 535,650,000 new shares under specific mandate	Approximately HK$192 million	(i) approximately HK$33.9 million for repayment of loans;	(i) used as intended;
			(ii) approximately HK$60.0 million for acquisition of property for use as office of the Company in Hong Kong;	(ii) approximately HKD7.2 million used as deposit paid for acquisition of property and the remaining balance to be paid at completion of the acquisition;
			(iii) approximately HK$30.0 million for the Group's finance leasing business;	(iii) approximately HKD16.9 million used as intended and the remaining balance to be used as intended;
			(iv) approximately HK$30.0 million for the Group's money lending business;	(iv) used as intended;
			(v) approximately HK$20.0 million for the Group's securities trading and investment;	(v) used as intended;

Date of announcement	Fund raising activity	Net proceeds	Proposed use of the net proceeds	Actual use of the net proceeds as at the date of this report
			(vi) approximately HK$10.0 million for the prepayment or deposit payable to the suppliers for Group's general trading; and	(vi) used as intended;
			(vii) approximately HK$8.1 million as general working capital of the Group mainly for the administrative expenses and operation expenses, including salaries and office rental expenses.	(vii) used as intended.

UNLISTED WARRANTS

On 27 August 2015, the Company issued an aggregate of 283,000,000 unlisted warrants at the issue price of HKD0.02 per warrant to the subscribers, each of which would entitle the warrant holder(s) to subscribe in cash for one share at the exercise price of HKD3.00 (subject to adjustment) at any time during a period of 3 years commencing after the issue date of the unlisted warrants (the "**Unlisted Warrants**"). Upon full exercise of the subscription rights attaching to the Unlisted Warrants, a total of 283,000,000 warrant shares will be issued. The warrant shares, when fully paid and allotted will rank pari passu in all respects with the then existing issued shares of the Company. The Unlisted Warrants were expired on 27 August 2018.

As at 30 June 2018, no Unlisted Warrants was exercised by the warrant holder(s).

FOREIGN EXCHANGE AND INTEREST RATE RISKS MANAGEMENT

The Group adopts strict and cautious policies in managing its exchange rate risk and interest rate risk. The principal foreign currency exchange risk stems from the exchange rate movements of the Hong Kong dollar, which is pegged to the United States dollar, and Renminbi. The sales of the Group and purchases of raw materials are mainly denominated in Renminbi and United States dollar, while the Group's operations in the PRC, the location of its production, are primarily conducted in Renminbi, its Hong Kong operations are conducted in Hong Kong dollar. The management will closely monitor such risk and will consider hedging significant foreign currency exposure should the need arise.

The interest rate risk arises from the borrowings and overdrafts, which obtained at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through variety of means.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2018, the significant investments held by the Group are as follows:

	30 June 2018 *HKD'000*	31 December 2017 *HKD'000*
Investment in an associate	**168,200**	–
Financial assets at fair value through other comprehensive income	**114,800**	–
Financial assets at fair value through profit or loss	**35,611**	26,329
	318,611	26,329

The Group holds its investment in an associate through a direct wholly owned subsidiary and details of the associates as at 30 June 2018 was as follows:

Name of company	**Place of incorporation/ operation**	**Effective percentage of shares and voting right held by the Group**	**Principal activities**
Golden Affluent Limited	BVI/Hong Kong and PRC	28%	Investment holding and its subsidiaries are engaged in provision of financial and bullion services in Hong Kong and private investment management services in PRC

Information in relation to the financial assets at fair value through other comprehensive income and the financial assets at fair value through profit or loss as at 30 June 2018 are set out as follows:

Stock Code	Name of investee company	Nature of investment	Number of shares held	Percentage of shareholding in such stock	Fair value as at 30 June 2018 *HKD'000*	Percentage to the Group's total assets as at 30 June 2018	Change in fair value for the six months ended 30 June 2018 *HKD'000*
Financial assets at fair value through other comprehensive income							
0299	New Sports Group Limited	Investment in shares	36,500,000	0.89%	32,120	2.7%	1,187
1282	China Goldjoy Group Limited	Investment in shares	85,000,000	0.33%	36,550	3.1%	(5,517)
8057	Madison Holdings Group Limited	Investment in shares	25,100,000	0.59%	43,172	3.7%	608
Other					2,958		(665)
Sub-total					114,800		(4,387)
Financial assets at fair value through profit or loss							
6158	Zhenro Properties Group Limited	Investments in shares	7,443,000	0.18%	35,280	3.0%	5,582
Other					331		61
Sub-total					35,611		5,643
Total					150,411		1,256

The principal activities of the securities are as follows:

1. New Sports Group Limited is a Hong Kong-based investment holding company and is principally engaged in information technology (IT) businesses which are divided into three segments: (1) software segment is engaged in the provision of outsourcing software development services and technical support services; (2) provision of online game services segment is engaged in the design, development and operation of mobile and web games; and (3) peer-to-peer (P2P) financial intermediary services segment is engaged in the provision of P2P financial intermediary services and other related consultancy services.

2. China Goldjoy Group Limited is an investment holding company principally engaged in the manufacture of high-technology products, and the trading of automation-related equipment. The company operates through three business segments: automation, manufacturing and securities investment. The company is also engaged in the research and development, trading of software, manufacturing of printed circuit board touch pad, as well as the development of business and the marketing of products through its subsidiaries.

3. Madison Holdings Group Limited is an investment holding company and is principally engaged in the retailing and wholesaling of alcoholic beverages. It is also engaged in the provision of wine storage services through its subsidiaries. Its products are mainly purchased from wine merchants and wineries, auction houses and individual wine collectors. Its business is mainly conducted in Hong Kong.

4. Zhenro Properties Group Limited is an investment holding company and is principally engaged in the sale of properties. Along with its subsidiaries, it provides sales of properties, property leasing business, provision of commercial property management services, and sales of goods and provision of design consultation services.

Save as disclosed above, the Group had also invested in other shares listed in The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The fair value of these shares represented less than 1% of the total assets of the Group as at 30 June 2018.

Save as disclosed above, there were no significant investments held by the Group for the six months ended 30 June 2018.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES

Discloseable Transaction in Relation to the Acquisition of the Property in Hong Kong

In March 2018, the Company through its direct wholly-owned subsidiary, entered into a provisional sale and purchase agreement with the independent third party in relation to the acquisition of the entire interest in and loan to a property holding company at a cash consideration of HKD71,632,000. The property held by that company is situated at Unit 1902, 19/F, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong and is a commercial property with a gross floor area of approximately 1,900 square feet, which is intended to be used as the office premises of the Group. Up to the date of this report, the above transaction is not yet completed.

Discloseable Transaction in Relation to the Acquisition of Minority Interest in Financial Services Companies

In June 2018, the Company through its direct wholly-owned subsidiary, entered into a share transfer agreement with an independent third party in relation to the acquisition of 28% of the issued share capital of Golden Affluent Limited at the cash consideration of HKD168,200,000. The acquisition was completed on 29 June 2018. Part of the consideration of HKD10,000,000 was paid and the remaining balance of the consideration of HKD158,200,000 had been included in the other payables as at 30 June 2018 and was fully settled after the end of the reporting period. After the acquisition, Golden Affluent Limited and its subsidiaries, which was principally engaged in the provision of financial and bullion services in Hong Kong and private investment management services in the PRC, became the associates of the Company.

Save as disclosed above, there were no other material acquisitions and disposals of subsidiaries by the Group for the six months ended 30 June 2018.

INTERIM DIVIDEND

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

PLEDGED ON GROUP ASSETS

As at 30 June 2018 and 31 December 2017, certain of the Group's investment properties located in Yunfu, PRC with net carrying amount of HKD193.8 million (31 December 2017: HKD191.7 million) were pledged to secure the banking facilities and certain of the Group's listed equity securities of HKD35,280,000 (31 December 2017: Nil) were charged to secure the margin loans payable.

FINANCIAL GUARANTEES ISSUED

As at 30 June 2018, the Company had provided corporate guarantees amounting to HKD151.6 million (31 December 2017: HKD151.1 million) in favour of certain banks and lenders in connection with facilities granted to certain subsidiaries of the Group.

The guarantees were provided by the Company at nil consideration. The transactions were not at arm's length, and it is not possible to measure reliably the fair value of these transactions in accordance with HKFRS 9, Financial instruments, had they been at arm's length. Accordingly, the guarantees have not been accounted for as financial liabilities and measured at fair value.

As at 30 June 2018, the Directors considered it was not probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees provided amounted to the facilities drawn down by the subsidiaries of HKD82.8 million (31 December 2017: HKD66.5 million).

CAPITAL EXPENDITURES AND COMMITMENTS

During the period under review, the Group invested HKD4.3 million (31 December 2017: HKD120.8 million) on properties, plant and equipment and investment properties, which included leasehold improvements, plant and machinery, furniture, fixtures and equipment and motor vehicles. As at 30 June 2018, the Group had capital commitments of approximately HKD64.5 million (31 December 2017: Nil) in acquisition of the subsidiary.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group had a total of approximately 500 employees (30 September 2017: approximately 470 employees). The total staff cost of the Group amounted to approximately HKD26.4 million during the period, representing 5.7% of the Group's turnover. Employees' remuneration and bonuses are based on their responsibilities, performances, experience and the prevailing industry practice. The Group's remuneration policies and packages were reviewed periodically by the management of the Company. The Group provides relevant training to its employees in accordance with the skills required for different positions.

EVENTS AFTER THE REPORTING PERIOD

On 9 July 2018, the Company entered into a placing agreement (the "**Placing Agreement**") with the placing agent (the "**Placing Agent**") pursuant to which the placing agent conditionally agreed to procure, the placees to subscribe for up to 580,000,000 new shares of the Company at the price of HK$0.18 per placing share (the "**Placing**"). The placing shares would be issued under the general mandate granted to the Directors pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 25 May 2018.

On 27 July 2018, due to the current market sentiment, the Company and the Placing Agent have mutually agreed to unconditionally terminate the Placing Agreement. The Placing was not proceeded and no new shares were issued under the Placing.

Details of the Placing have been disclosed in the announcements of the Company dated 9 July 2018 and 27 July 2018, respectively.

FUTURE PROSPECTS

The Group will continue its diversified strategy to expand and simulate its business and would focus on the development of financial services, and the Group has first implemented such strategy by acquiring minority interest in a group of companies engaging in financial services during the period, in order to bring about better return to the Group.

Regarding the existing businesses of the Group, the operating condition is expected to be challenging, especially for the garments business, the Group will continue to monitor closely and take any possible solutions to improve the overall performance of the Group. Nevertheless, the Group is still optimistic about the future prospect of the Group and expected its long-term growth can be achieved.

The Group will continue to explore new investment opportunities with the aim to provide a stable income and growth to the Group's long-term performance. In the meantime, the Group will consider or reallocate any available resources of the Group, to maximize the returns to the shareholders of the Company.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules were as follow:

Name of Directors	**Number of Shares Held** *(Note 1)*	**Capacity**	**Approximate % of shareholding** *(Note 2)*
Mr. Feng Guoming ("**Mr. Feng**") *(Note 3)*	812,000,000	Interests of controlled corporation	28.00%
Mr. Wang Jian ("**Mr. Wang**")	396,200,000	Beneficial owner	13.66%

Notes:

1. All interests disclosed above represent long positions in the shares/underlying shares of the Company.

2. The percentage was calculated based on the total number of shares of the Company in issue as at 30 June 2018, which was 2,900,000,000.

3. These 812,000,000 shares are owned by Tengyue Holding Limited ("**Tengyue Holding**") which is wholly owned by Beyond Glory Holdings Limited ("**Beyond Glory**") which in turn is wholly owned by Mr. Feng. Accordingly, Beyond Glory and Mr. Feng are deemed to be interested in all the shares held by Tengyue Holding by virtue of SFO.

Save as disclosed above, as at 30 June 2018, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2018, so far as is known to the Directors and chief executive of the Company, other than the interests of the Directors and chief executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follow:

Name of Shareholders	**Number of Shares Held** *(Note 1)*	**Capacity**	**Approximate % of shareholding** *(Note 2)*
Tengyue Holding	812,000,000	Beneficial owner *(Note 3)*	28.00%
Beyond Glory	812,000,000	Interest of controlled corporation *(Note 3)*	28.00%
Chua Lee Holdings Limited ("**Chua Lee**")	283,377,950	Beneficial owner *(Note 4)*	9.77%
TAI Capital LLC ("**TAI Capital**")	283,377,950	Interest of controlled corporation *(Note 4)*	9.77%
Mr. Huang Shilong	275,500,000	Beneficial owner	9.50%

Notes:

1. All interests disclosed above represent long positions in the shares/underlying shares of the Company.

2. The percentage was calculated based on the total number of shares of the Company in issue as at 30 June 2018, which was 2,900,000,000.

3. These 812,000,000 shares are owned by Tengyue Holding which is wholly owned by Beyond Glory. In addition, Beyond Glory is wholly owned by Mr. Feng. Accordingly, Beyond Glory and Mr. Feng are deemed to be interested in all the shares held by Tengyue Holding by virtue of SFO.

4. These 283,377,950 shares are owned by TAI Capital which is wholly owned by Chua Lee. Accordingly, Chua Lee is deemed to be interested in all shares held by TAI Capital by virtue of SFO.

Save as disclosed above, as at 30 June 2018, the Company had not been notified of any other person or corporation (other Directors or chief executive of the Company) as being interested or deemed to have interests or short positions in shares or underlying Shares of the Company which would fall to be disclosed to the Company or the Stock Exchange under Part XV of the SFO.

SHARE OPTION SCHEME

A share option scheme ("**Scheme**") was adopted by the Company on 23 August 2011. No options have been granted exercised or cancelled since the adoption of the Scheme up to the date of this interim report.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

CHANGE IN INFORMATION OF DIRECTORS

Upon specific enquiry by the Company and the Directors' confirmations, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2017 annual report of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wang served as the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Wang has extensive experience in the construction and engineering industry and is responsible for the overall corporate strategies, planning and business development of the Group. Accordingly, the Board believes that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decision efficiently and consistently, and the balance of power and authority is adequately ensured by the operation of the Board which comprises experienced and high caliber individuals, with majority of non-executive Directors (including independent non-executive Directors);

Under code provision A.4.1, non-executive directors should be appointed for a specific term and are subject to re-election. Mr. Law Fei Shing ("**Mr. Law**"), who is a non-executive Director of the Company, was not appointed for specific term but is subject to retirement by rotation and re-election at annual general meeting at least once every three years in accordance with the Bye-laws of the Company; and

Under code provision A.6.7 and E.2.1, the chairman of the board should attend the annual general meeting, and independent non-executive directors and other non-executive directors should attend the general meeting. Mr. Wang, Mr. Law and Mr. Shin Yick Fabian were unable to attend the annual general meeting of the Company held on 25 May 2018, due to other pre-arranged business commitments which had to attend.

The Board will continuously review the effectiveness of the corporate governance structure of the Company and effect changes whenever necessary.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code for the six months ended 30 June 2018.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the unaudited condensed consolidated financial statements of Company for the six months ended 30 June 2018 ("**Interim Results**") with no disagreement. At the request of the Directors, the Group's external auditors have carried out a review of the Interim Results in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity"issued by the HKICPA.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company maintains a sufficient public float with more than 25% of the issued share of the Company being held by the public as at 30 June 2018.

By order of the Board
Pak Tak International Limited
Wang Jian
Chairman and Chief Executive Officer

Hong Kong, 29 August 2018

BAKER TILLY
HONG KONG | 天職香港

TO THE BOARD OF DIRECTORS OF
PAK TAK INTERNATIONAL LIMITED
(Incorporated in the Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements set out on pages 18 to 44 which comprises the condensed consolidated statement of financial position of Pak Tak International Limited (the "**Company**") and its subsidiaries (together the "**Group**") as at 30 June 2018 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and other explanatory notes (the "**interim financial information**"). The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of the interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of this interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information are not prepared, in all material respects, in accordance with HKAS 34.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 29 August 2018
Choi Kwong Yu
Practising certificate number P05071

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	Note	**Six months ended 30 June 2018** *HKD'000* **(unaudited)**	Six months ended 30 September 2017 *HKD'000* (unaudited)
Continuing operations			
Revenue	*4*	**461,525**	169,692
Other revenue	*7*	**2,810**	969
Other net gains/(losses)	*7*	**8,209**	(966)
Fair value gain on investment properties		**5,313**	62,879
Direct costs and operating expenses		**(443,522)**	(143,843)
Administrative expenses		**(21,680)**	(20,028)
Selling expenses		**(1,969)**	(3,628)
Profit from operations	*8*	**10,686**	65,075
Finance costs	*9*	**(3,797)**	(3,942)
Profit before taxation		**6,889**	61,133
Income tax expense	*10*	**(6,698)**	(17,905)
Profit from continuing operations		**191**	43,228
Discontinued operations			
Loss for the period from discontinued operations	*6(a)*	**–**	(7,581)
Profit for the period		**191**	35,647
Attributable to:			
Equity shareholders of the Company		**192**	44,342
Non-controlling interests		**(1)**	(8,695)
		191	35,647

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

For the six months ended 30 June 2018

	Note	**Six months ended 30 June 2018** ***HKD'000*** **(unaudited)**	Six months ended 30 September 2017 *HKD'000* (unaudited)
		HK cents	*HK cents*
Earnings per share	*11*		
From continuing and discontinued operations			
– Basic and diluted		**0.01**	2.77
From continuing operations			
– Basic and diluted		**0.01**	2.70

The notes on pages 25 to 44 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Six months ended 30 June 2018 *HKD'000* **(unaudited)**	Six months ended 30 September 2017 *HKD'000* (unaudited)
Profit for the period	**191**	35,647
Other comprehensive (loss)/income for the period:		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**(3,001)**	12,174
Items that will not be reclassified subsequently to profit or loss:		
– Fair value change of financial assets at fair value through other comprehensive income, net of tax	**(4,387)**	–
Total comprehensive (loss)/income for the period	**(7,197)**	47,821
Attributable to:		
Equity shareholders of the Company	**(7,196)**	56,673
Non-controlling interests	**(1)**	(8,852)
	(7,197)	47,821

The notes on pages 25 to 44 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	At 30 June 2018 HKD'000 (unaudited)	At 31 December 2017 HKD'000 (audited)
Non-current assets			
Property, plant and equipment	13	**19,203**	19,137
Investment properties	14	**193,831**	191,677
Investment in an associate	15	**168,200**	–
Deposits paid for acquisition of a subsidiary		**7,163**	–
Finance lease receivables	17	**36,654**	43,210
Financial assets at fair value through other comprehensive income	16	**114,800**	–
		539,851	254,024
Current assets			
Inventories		**70,400**	26,952
Trade and bills receivables	18	**51,318**	40,242
Loan receivables	19	**41,017**	60,451
Current portion of finance lease receivables	17	**33,202**	29,845
Other receivables, prepayments and deposits		**42,831**	19,954
Financial assets at fair value through profit or loss	20	**35,611**	26,329
Cash and cash equivalents		**363,421**	535,822
		637,800	739,595
Assets classified as held for sale	21	**–**	33,000
		637,800	772,595
Current liabilities			
Trade and bills payables	22	**36,498**	26,646
Other payables and accrued charges		**183,544**	29,368
Margin loans payable	23	**20,997**	–
Borrowings and overdraft	24	**343,327**	336,762
Tax payable		**1,976**	1,081
		586,342	393,857

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2018

	Note	**At 30 June 2018 *HKD'000* (unaudited)**	At 31 December 2017 *HKD'000* (audited)
Net current assets		**51,458**	378,738
Total assets less current liabilities		**591,309**	632,762
Non-current liabilities			
Borrowings	*24*	**50,290**	89,382
Deferred tax liabilities		**19,882**	14,397
Provision and other accrued charges		**14,177**	14,841
		84,349	118,620
NET ASSETS		**506,960**	514,142
CAPITAL AND RESERVES	*25*		
Share capital		**58,000**	58,000
Reserves		**448,946**	456,142
Equity attributable to equity shareholders of the Company		**506,946**	514,142
Non-controlling interests		**14**	–
TOTAL EQUITY		**506,960**	514,142

Approved and authorised for issue by the board of directors on 29 August 2018.

Feng Guoming	**Qian Pu**
Director	*Director*

The notes on pages 25 to 44 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

		Attributable to equity shareholders of the Company								
	Note	Share capital HKD'000	Share premium HKD'000	Warrant reserve HKD'000	Financial assets at fair value through other comprehensive income reserve HKD'000	Exchange reserve HKD'000	Retained profits HKD'000	Sub-total HKD'000	Non-controlling interests HKD'000	Total equity HKD'000
Balance at 1 April 2017 (audited)		28,300	41,308	5,490	–	(5,205)	37,205	107,098	95,021	202,119
Changes in equity for the six months ended 30 September 2017:										
Profit/(loss) for the period		–	–	–	–	–	44,342	44,342	(8,695)	35,647
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax		–	–	–	–	12,331	–	12,331	(157)	12,174
Total comprehensive income/(loss) for the period		–	–	–	–	12,331	44,342	56,673	(8,852)	47,821
Issue of new shares	25	12,452	144,896	–	–	–	–	157,348	–	157,348
Disposal of subsidiaries	6(c)	–	–	–	–	(4,789)	4,789	–	(86,169)	(86,169)
Balance at 30 September 2017 (unaudited)		40,752	186,204	5,490	–	2,337	86,336	321,119	–	321,119
Balance at 1 January 2018 (audited)		58,000	362,134	5,490	–	7,321	81,197	514,142	–	514,142
Changes in equity for the six months ended 30 June 2018:										
Profit/(loss) for the period		–	–	–	–	–	192	192	(1)	191
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax		–	–	–	–	(3,001)	–	(3,001)	–	(3,001)
Fair value change of financial assets at fair value through other comprehensive income, net of tax		–	–	–	(4,387)	–	–	(4,387)	–	(4,387)
Total comprehensive income/(loss) for the period		–	–	–	(4,387)	(3,001)	192	(7,196)	(1)	(7,197)
Capital contribution by non-controlling interests of a subsidiary		–	–	–	–	–	–	–	15	15
Balance at 30 June 2018 (unaudited)		58,000	362,134	5,490	(4,387)	4,320	81,389	506,946	14	506,960

The notes on pages 25 to 44 form part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June 2018 *HKD'000* **(unaudited)**	Six months ended 30 September 2017 *HKD'000* (unaudited)
Net cash (used in)/generated from operating activities	**(38,233)**	19,755
Investing activities		
Purchase of property, plant and equipment	**(4,260)**	(2,698)
Purchase of financial assets at fair value through other comprehensive income	**(119,187)**	–
Deposits paid for acquisition of a subsidiary	**(7,163)**	–
Acquisition of investment properties	**–**	(56,204)
Acquisition of a subsidiary	**–**	(33,000)
Acquisition of an associate	**(10,000)**	–
Disposal of subsidiaries	**–**	(17,019)
Proceeds from disposal of assets classified as held for sale	**34,560**	–
Other investing cash flows	**1,773**	(7,945)
Net cash used in investing activities	**(104,277)**	(116,866)
Financing activities		
Issuance of new shares	**–**	157,348
Bank loans raised, net	**(39,224)**	61,247
Increase in margin loans payable	**20,997**	–
Other financing cash flows	**(6,314)**	(6,193)
Net cash (used in)/generated from financing activities	**(24,541)**	212,402
Net (decrease)/increase in cash and cash equivalents	**(167,051)**	115,291
Cash and cash equivalents at beginning of the period	**516,028**	93,381
Effect of foreign exchange rate changes	**(5,198)**	(3,083)
Cash and cash equivalents at end of the period	**343,779**	205,589
Analysis of cash and cash equivalents:		
Cash and cash equivalents in the condensed consolidated statement of financial position	**363,421**	224,024
Bank overdraft	**(19,642)**	(18,435)
	343,779	205,589

The notes on pages 25 to 44 form part of this interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL

Pak Tak International Limited (the "**Company**") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal office in Hong Kong was Office Nos 2 and 3, 22nd Floor, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in manufacture and trading of garment, money lending, leasing business, property investment, securities investment and general trading.

2. BASIS OF PRESENTATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange, including compliance with Hong Kong Accounting Standard 34 ("**HKAS 34**") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This condensed interim financial information should be read in conjunction with the Company's annual consolidated financial statements for the period from 1 April 2017 to 31 December 2017 which has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 31 December 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 below in Note 3.

Pursuant to a written resolution of the Board of Directors of the Company dated 6 December 2017, the Company's financial year end date has been changed from 31 March to 31 December in order to align with the financial year end date of the Company with that of its subsidiaries established in the People's Republic of China (the "**PRC**"). Accordingly, the current financial period covers the six months ended 30 June 2018. The comparative figures cover a six-month period from 1 April 2017 to 30 September 2017, which may not be comparable with the amounts shown for the current period.

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

3. CHANGES IN ACCOUNTING POLICIES

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 unaudited condensed consolidated financial statements:

- HKFRS 9, Financial instruments
- HKFRS 15, Revenue from contracts with customers and related amendments
- HK(IFRIC) Int 22, Foreign currency transactions and advance consideration

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

- Amendments to HKFRS 2, Share-based payment: Classification and measurement of share-based payment transactions

- Amendments to HKAS 28, Annual improvements to HKFRSs 2014-2016 cycle

- Amendments to HKAS 40, Investment property: Transfers of investment property

Other than as further explained below, the directors do not anticipate that the adoption of the new and amended HKFRSs will have a material impact on the condensed consolidated financial statements for the current and prior periods and the related disclosure.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 and the related clarification to HKFRS 15 (hereinafter referred to as "**HKFRS 15**") presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue related Interpretations. HKFRS 15 establishes a single comprehensive model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

HKFRS 15 has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits at 1 January 2018. In accordance with the transition guidance, HKFRS 15 has only been applied to contracts that are incomplete as at 1 January 2018.

The adoption of HKFRS 15 has no material impact on the Group's condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of cash flows.

HKFRS 9 "Financial instruments"

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

There is no significant impact on the classification and measurement of the Group's financial assets as the Group does not have:

- Debt instruments that are classified as available-for-sale financial assets; and

- Debt instruments classified as held-to-maturity and measured at amortised cost.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities which are subject to HKFRS 9.

The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The Group has trade and lease receivables and loan receivables that are subject to HKFRS 9's new expected credit loss model, and the Group revised its impairment methodology under HKFRS 9 for these receivables.

Based on the assessments undertaken by the directors, the Group does not identify material change to the loss allowance for these receivables.

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

Financial assets – impairment

From 1 January 2018, the Group assesses on a forward-looking basis the expected credit losses ("**ECLs**") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For loan receivables, the ECLs are determined based on the 12 months ECLs. The 12 months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the end of the reporting period. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including available forward-looking information. The Group's loan receivables at amortised cost are considered to have low credit risk since there was no recent history of default of the debtor and it has good settlement record with the Group.

For trade and lease receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents and other receivables are also subject to the impairment requirements of HKFRS 9, however, no material impairment loss was identified up to the report date.

The Group has not applied any new standards and amendments that are not yet effective for the current accounting period.

4. SEGMENT REPORTING

The chief operating decision-maker ("**CODM**") has been identified as the executive directors of the Company. The CODM reviews the Group's internal reporting for purpose of allocating resources to, and assessing the performance of, the Group's various businesses.

The Group is organised into business units based on their products and services and has seven reportable operating segments under HKFRS 8 Operating Segments which were as follows:

(i) Manufacturing and trading of garment;

(ii) Money lending business;

(iii) Securities investment;

(iv) Leasing business;

(v) General trading;

(vi) Property investment; and

(vii) New energy development.

After the disposal of subsidiaries as described in Note 6, the new energy development business was discontinued.

The Group's operations are monitored with strategic decisions which are made on the basis of operating results, consolidated assets and liabilities as reflected in the condensed consolidated financial statements.

4. SEGMENT REPORTING *(Continued)*

The following is an analysis of the Group's revenue and results by reportable segments:

Six months ended 30 June 2018 (unaudited)	Continuing operations							Discontinued operations	
	Manufacturing and trading of garment *HKD'000*	Money lending business *HKD'000*	Securities investment *HKD'000*	Leasing business *HKD'000*	General trading *HKD'000*	Property investment *HKD'000*	Subtotal *HKD'000*	New energy development *HKD'000*	Total *HKD'000*
Revenue from external customers	**98,126**	**3,764**	**2,913**	**4,190**	**350,235**	**2,297**	**461,525**	**–**	**461,525**
Segment result	**(5,596)**	**1,770**	**6,401**	**2,450**	**(1,462)**	**7,299**	**10,862**	**–**	**10,862**
Reconciliation:									
Interest income									**306**
Other net gains									**2,566**
Corporate and other unallocated expenses									**(3,048)**
Finance costs									**(3,797)**
Profit before taxation									**6,889**
Income tax expense									**(6,698)**
Profit for the period									**191**

Six months ended 30 September 2017 (unaudited)	Continuing operations							Discontinued operations	
	Manufacturing and trading of garment *HKD'000*	Money lending business *HKD'000*	Securities investment *HKD'000*	Leasing business *HKD'000*	General trading *HKD'000*	Property investment *HKD'000*	Subtotal *HKD'000*	New energy development *HKD'000*	Total *HKD'000*
Revenue from external customers	134,991	1,456	8,520	3,014	21,353	358	169,692	–	169,692
Segment result	(1,871)	129	7,192	1,442	592	62,872	70,356	(5,458)	64,898
Reconciliation:									
Interest income									322
Unallocated gains									114
Corporate and other unallocated expenses									(5,550)
Finance costs									(6,193)
Profit before taxation									53,591
Income tax expense									(17,944)
Profit for the period									35,647

4. SEGMENT REPORTING *(Continued)*

The Group's revenue from continuing operations from external customers by geographical market is as follows:

	Six months ended 30 June 2018 ***HKD'000*** **(unaudited)**	Six months ended 30 September 2017 *HKD'000* (unaudited)
United States of America ("**U.S.A.**")	**63,024**	102,143
Europe	**16,434**	19,104
Asia	**376,404**	46,573
Others	**5,663**	1,872
	461,525	169,692

The Group's revenue from continuing operations from external customers by recognition is as follows:

	Six months ended 30 June 2018 ***HKD'000*** **(unaudited)**	Six months ended 30 September 2017 *HKD'000* (unaudited)
A point in time	**450,790**	164,766
Over time	**10,735**	4,926
	461,525	169,692

5. SEASONALITY OF OPERATIONS

The Group normally experiences lower demands for manufacturing and trading of garment for the period from January to March and higher demands for the period from July to September. As a result, the Group reports lower revenue and results in the first half of the year in 2018 than in the second half of the same year.

For other business segments, the Group expects a pattern more or less to be linked to economic situation and demand of the Group's services or products from time to time.

6. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES

On 1 August 2017, the Group entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with the purchaser pursuant to which the Group has conditionally agreed to dispose of the entire equity interest in Shenzhen Taihe Yutong New Energy Technology Company Limited and its subsidiaries (the "**Taihe Group**") involving in new energy development business for a cash consideration of RMB38,000,000 (equivalent to HKD44,600,600) to the purchaser (the "**Disposal**"). Completion of the Disposal under the Equity Transfer Agreement took place on 26 September 2017 on which date control of the Taihe Group was passed to the purchaser. After the completion of the Disposal, the Taihe Group ceased to be subsidiaries of the Company and the assets, liabilities and financial results of the Taihe Group are no longer consolidated in the condensed consolidated financial statements of the Group. Details of the Disposal was set out in the announcements of the Company dated 1 August 2017 and 26 September 2017 and the circular of the Company dated 1 September 2017.

6. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES *(Continued)*

The results from the discontinued new energy development business for the current and preceding interim periods are analysed below.

(a) Results of discontinued operations

	1 January to 30 June 2018 ***HKD'000*** **(unaudited)**	1 April to 26 September 2017 *HKD'000* (unaudited)
Revenue	–	–
Cost of sales	–	–
	–	–
Other revenue	–	167
Other net gains	–	10,497
Research and development costs	–	(2,808)
Administrative expenses	–	(13,147)
Loss from operations	–	(5,291)
Finance costs	–	(2,251)
Loss before taxation	–	(7,542)
Income tax expense	–	(39)
Loss for the period from discontinued operations	–	(7,581)
Attributable to:		
Equity shareholders of the Company	–	1,114
Non-controlling interests	–	(8,695)
	–	(7,581)

(b) The net cash flows incurred by discontinued operations

	1 January to 30 June 2018 ***HKD'000*** **(unaudited)**	1 April to 26 September 2017 *HKD'000* (unaudited)
Net cash used in operating activities	–	(5,585)
Net cash used in investing activities	–	(804)
Net cash outflows	–	(6,389)

6. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(c) Disposal of subsidiaries

The net assets of those disposed subsidiaries at the date of disposal were as follows:

	HKD'000 (unaudited)
Net assets disposed of:	
Property, plant and equipment	22,973
Goodwill	14,518
Deposits paid for acquisition of property, plant and equipment	80,769
Capitalised development costs	9,450
Other receivables, prepayments and deposits	4,944
Amount due from a fellow subsidiary	2,354
Cash and cash equivalents	61,620
Other payables and accrued charges	(19,978)
Borrowings	(56,338)
Tax payable	(39)
	120,273
Non-controlling interests	(86,169)
Net assets	34,104
Consideration received:	
Cash received	44,601
Less: net assets disposed of	(34,104)
Gain on disposal of subsidiaries	10,497
Outflow of cash arising from disposal of subsidiaries:	
Consideration received in cash	44,601
Cash and cash equivalents in subsidiaries disposed of	(61,620)
Net cash outflows from disposal of subsidiaries	(17,019)

7. OTHER REVENUE AND OTHER NET GAINS/(LOSSES)

	Six months ended 30 June 2018 *HKD'000* (unaudited)	Six months ended 30 September 2017 *HKD'000* (unaudited)
Other revenue		
Discount received	**66**	142
Dividend income	**77**	–
Other interest income	**306**	155
Reversal of long service payments	**563**	–
Sales of scrap and unused raw materials	**3**	35
Sundry	**1,795**	637
	2,810	969
Other net gains/(losses)		
Exchange gain/(loss), net	**930**	(1,080)
Gain on disposal of property, plant and equipment	**76**	114
Gain on disposal of assets classified as held for sale	**1,560**	–
Fair value change of financial assets at fair value through profit or loss	**5,643**	–
	8,209	(966)

8. PROFIT FROM OPERATIONS

	Six months ended 30 June 2018 *HKD'000* (unaudited)	Six months ended 30 September 2017 *HKD'000* (unaudited)
Profit from operations has been arrived at after charging:		
Depreciation on property, plant and equipment	**3,786**	4,020

9. FINANCE COSTS

The finance costs represent interests on margin loans payable, bank loans and overdraft for the respective period.

10. INCOME TAX EXPENSE

	Six months ended 30 June 2018 ***HKD'000*** **(unaudited)**	Six months ended 30 September 2017 *HKD'000* (unaudited)
Current tax		
– Hong Kong	**868**	–
– The PRC	**37**	–
	905	–
Deferred tax		
– Hong Kong	**3,917**	1,094
– The PRC	**1,876**	16,811
	5,793	17,905
Income tax expense	**6,698**	17,905

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2018. No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2017 as the subsidiaries in the Group either do not have assessable profits or have agreed tax losses brought forward in excess of any estimated assessable profits.

The subsidiaries in the PRC are subject to a corporation income tax rate of 25%. Provision for income tax has been made by the Group's subsidiaries for the six months ended 30 June 2018. No provision for income tax has been made by the Group's subsidiaries for the six months ended 30 September 2017 as they either do not have assessable profit or have agreed tax losses brought forward in excess of any estimated assessable profits.

11. EARNINGS PER SHARE

The diluted earnings per share for the six months ended 30 June 2018 and 30 September 2017 was the same as the basic earnings per share. The computation of diluted earnings per share does not assume the exercise of the Company's warrants because the exercise price of those warrants was higher than the average market price of the shares for the six months ended 30 June 2018 and 30 September 2017.

Basic earnings per share is calculated by dividing the earnings attributable to equity shareholders of the Company by weighted average number of ordinary shares in issue during the interim period.

	Six months ended 30 June 2018 ***HKD'000*** **(unaudited)**	Six months ended 30 September 2017 *HKD'000* (unaudited)
Earnings		
Profit attributable to equity shareholders of the Company		
– From continued operations	**192**	43,228
– From discontinued operations	**–**	1,114
	192	44,342
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares in issue	**2,900,000**	1,603,357

Basic earnings are the same as the diluted earnings per share as the Company has no dilutive potential shares.

12. DIVIDEND

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

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment at a cost of HKD4,260,000 (six months ended 30 September 2017: HKD2,698,000).

During the six months ended 30 September 2017, assets with a carrying amount of HKD22,973,000 were disposed of as part of the discontinued operations (see Note 6).

14. INVESTMENT PROPERTIES

	At 30 June 2018 *HKD'000* (unaudited)	At 31 December 2017 *HKD'000* (audited)
At the beginning of the period	**191,677**	–
Additions	**–**	113,895
Exchange realignment	**(3,159)**	5,004
Fair value gain	**5,313**	72,778
At the end of the period	**193,831**	191,677

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties are situated in the PRC and are held under a medium-term lease.

At 30 June 2018, the Group's investment properties with an aggregate carrying amount of HKD193,831,000 (31 December 2017: HKD191,677,000), were pledged to bank for bank loans granted to the Group (Note 24(a)).

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties is measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

The fair value of the Group's investment properties at 30 June 2018 and 31 December 2017 have been arrived at on the basis of valuation by 深圳市遂興房地產評估有限公司, an independent qualified professional valuer not connected with the Group.

The valuation of the Group's investment properties at 30 June 2018 and 31 December 2017 are derived by recent comparable sales transactions in the relevant property market in the PRC together with unobservable inputs and are therefore grouped into Level 3 of fair value measurement. During the reporting period, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

14. INVESTMENT PROPERTIES *(Continued)*

Fair value measurement of the Group's investment properties *(Continued)*

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	At 30 June 2018	At 31 December 2017
	HKD'000	*HKD'000*
	(unaudited)	(audited)
At the beginning of the period	**191,677**	–
Additions	**–**	113,895
Exchange realignment	**(3,159)**	5,004
Fair value gain	**5,313**	72,778
At the end of the period	**193,831**	191,677

15. INVESTMENT IN AN ASSOCIATE

	At 30 June 2018	At 31 December 2017
	HKD'000	*HKD'000*
	(unaudited)	(audited)
Share of net assets other than goodwill	**137,441**	–
Goodwill	**30,759**	–
At the end of the period	**168,200**	–

On 3 June 2018, Hua Tong Group Limited, the direct wholly-owned subsidiary of the Company, has acquired 28% equity interest in Golden Affluent Limited, for a cash consideration of HKD168,200,000 from an independent third party. The acquisition was completed on 29 June 2018.

At 30 June 2018 and 31 December 2017, the Group has interests in the following associate:

Name	**Form of entity**	**Country of incorporation**	**Principal place of operation**	**Class of shares held**	**Proportion of nominal value of issued capital held by the Group**		**Principal activities**
					At 30 June 2018	At 31 December 2017	
Golden Affluent Limited *(Note)*	Limited liability	British Virgin Islands	Hong Kong	Ordinary shares	**28%**	–	Investment holding

Note: Golden Affluent Limited is principally engaged in investment holding and its subsidiaries are engaged in the provision of financial and bullion services in Hong Kong and private investment management services in the PRC.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 30 June 2018	At 31 December 2017
	HKD'000	*HKD'000*
	(unaudited)	(audited)
Financial assets at fair value through other comprehensive income – Listed equity securities in Hong Kong	**114,800**	–

Changes in fair value of the above equity securities are recognised in other comprehensive income and accumulated within the financial assets at fair value through other comprehensive income reserve within equity. The Group transfers amounts from this reserve to retained profits when the relevant equity securities are derecognised.

17. FINANCE LEASE RECEIVABLES

	At 30 June 2018	At 31 December 2017
	HKD'000	*HKD'000*
	(unaudited)	(audited)
Non-current finance lease receivables	**36,654**	43,210
Current finance lease receivables	**33,202**	29,845
	69,856	73,055

The total minimum lease payments receivable under finance leases and their present values are as follows:

	Minimum lease payments receivable		**Present value of minimum lease payments**	
	At 30 June 2018	At 31 December 2017	**At 30 June 2018**	At 31 December 2017
	HKD'000	*HKD'000*	***HKD'000***	*HKD'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Within one year	**38,244**	34,767	**33,202**	29,845
Later than one year and not later than five years	**39,733**	45,230	**36,654**	43,210
	77,977	79,997	**69,856**	73,055
Unearned interest income	**(8,121)**	(6,942)	**–**	–
Present value of minimum lease payments receivable	**69,856**	73,055	**69,856**	73,055

Certain motor vehicles and machinery are leased out under finance leases. The terms of finance leases are from 36 months to 48 months (31 December 2017: 36 months). The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is approximately 6% to 8% (31 December 2017: 8%) per annum.

Finance lease receivables are secured over the motor vehicles and machinery leased. The Company is not permitted to sell or repledge the collateral in the absence of default by the lessee. The finance lease receivables at 30 June 2018 and 31 December 2017 are neither past due nor impaired.

18. TRADE AND BILLS RECEIVABLES

At 30 June 2018, the Group discounted bills receivable amounted to HKD25,583,000 (31 December 2017: HKD9,430,000) to banks with recourse and continue to be recognised as assets in the condensed consolidated financial statements as the Group has not transferred substantially the risks and rewards of ownership of the bills receivable taking into account the credit rating of the issuers of the bills. Accordingly, the liabilities associated with such bills, were shown as bank borrowings, as disclosed in Note 24.

The ageing analysis of trade and bills receivables (net of allowance for impairment of doubtful debts) as of the end of the reporting period, based on invoice date, is as follows:

	At 30 June 2018	At 31 December 2017
	HKD'000	*HKD'000*
	(unaudited)	(audited)
Within 1 month	**38,458**	35,897
1 to 3 months	**12,768**	2,728
3 to 12 months	**92**	1,617
	51,318	40,242

Individual credit evaluations are performed on all customers for trading of garments requiring credit over a certain amount. Trade receivables are due within 30 to 60 days from the date of billing. Debtors with balances over 90 days are monitored tightly and regularly. Normally, the Group does not obtain collateral from customers. Default risk of the industry and country are influenced on a lesser extent because most of the Group's customers mainly come from the U.S.A. with high credit-ratings.

19. LOAN RECEIVABLES

The loan receivables from the money lending line of business is provided to independent third parties after a credit assessment on the borrower, bear interest ranging from 8% to 11% per annum and repayable within 1 year (31 December 2017: interest ranging from 8% to 11% per annum and repayable within 1 year).

As at 30 June 2018, the loan receivables of amounting to HKD41,017,000 are secured by the charges on certain shares of a company listed on the Main Board of the Stock Exchange held by the borrower and the personal guarantee given by the borrower.

As at 31 December 2017, the loan receivables of amounting to HKD18,015,000 are secured by the charges on certain shares of a company listed on the Main Board of the Stock Exchange held by the borrower and the personal guarantee given by the sole director of the borrower, amounting to HKD18,010,000 are secured by the charges on certain shares of a private company incorporated in Hong Kong held by the borrower, and amounting to HKD24,426,000 are secured by the personal guarantee given by the sole director and sole shareholder of the borrower.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2018	At 31 December 2017
	HKD'000	*HKD'000*
	(unaudited)	(audited)
Held for trading investments at fair value		
– Listed equity securities in Hong Kong	**35,611**	26,329

As at 30 June 2018, out of the total listed equity securities investments in Hong Kong with a fair value amount of HKD35,280,000 have been pledged to a financial institution to secure the margin loans payable granted to the Group. Details of margin loans payable are set out in Note 23.

21. ASSETS CLASSIFIED AS HELD FOR SALE

	At 30 June 2018 ***HKD'000*** **(unaudited)**	At 31 December 2017 *HKD'000* (audited)
Non-current assets held for sale:		
Available-for-sale financial assets	**–**	33,000

In December 2017, the Group has disposed 10.66% equity investment in CVP Financial Holdings Limited, a private entity established in the British Virgin Islands. The assets, which were sold on 28 February 2018, have been classified as assets held for sale and are presented separately in the condensed consolidated statement of financial position. The net proceeds of disposal exceeded the net carrying amount of the relevant assets and therefore, up to the report date, no impairment loss has been recognised.

22. TRADE AND BILLS PAYABLES

The ageing analysis of trade and bills payables as of the end of the reporting period, based on invoice date, is as follows:

	At 30 June 2018 ***HKD'000*** **(unaudited)**	At 31 December 2017 *HKD'000* (audited)
Within 1 month	**26,705**	21,564
1 to 3 months	**6,727**	4,310
3 to 12 months	**2,616**	764
Over 12 months	**450**	8
	36,498	26,646

23. MARGIN LOANS PAYABLE

As at 30 June 2018, the margin loans payable of approximately HKD20,997,000 (31 December 2017: Nil) was secured by the listed equity securities (Note 20) held by the Group and placed in a financial institution under the margin accounts.

The margin loans payable is repayable on demand if it is subject to margin call from the financial institution and carried at a simple interest rate of 5.3% per annum (31 December 2017: Nil).

24. BORROWINGS AND OVERDRAFT

	At 30 June 2018 HKD'000 (unaudited)	At 31 December 2017 HKD'000 (audited)
Bank loans, secured *(Note (a))*	**111,952**	78,734
Bank advances for discounted bills *(Note 18)*	**25,583**	9,430
Bank overdraft *(Note (a))*	**19,642**	19,794
Other borrowings, unsecured *(Note (b))*	**236,440**	318,186
	393,617	426,144

The maturity profile of borrowings and overdraft, based on the scheduled repayment dates set out in relevant loan agreements, is as follows:

	At 30 June 2018 HKD'000 (unaudited)	At 31 December 2017 HKD'000 (audited)
Within 1 year	**343,327**	336,762
After 1 year but within 2 years	**4,702**	4,633
After 2 years but within 5 years	**45,588**	84,749
	393,617	426,144
Less: Amount due within one year or repayable on demand classified as current liabilities	**(343,327)**	(336,762)
	50,290	89,382

Notes:

(a) At 30 June 2018, bank loans of HKD57,244,000 (31 December 2017: HKD21,028,000) were secured by corporate guarantee from the Company, legal charges on leasehold properties of companies controlled by and personal guarantees from Mr. Cheng Kwai Chun ("**Mr. Cheng**"), a director of a wholly owned subsidiary of the Company. Bank loan of HKD54,708,000 (31 December 2017: HKD57,706,000) was secured by investment properties of the Group. Bank overdraft of HKD19,642,000 (31 December 2017: HKD19,794,000) was secured by legal charge on certain assets of Mr. Cheng.

(b) Other borrowings are obtained from independent third parties. At 30 June 2018, all other borrowings amount of HKD236,440,000 is unsecured, interest-bearing at 1% per month and is repayable within 1 year.

At 31 December 2017, other borrowings amount of HKD282,165,000 is unsecured, interest-bearing at 1.5% per month and is repayable within 1 year. The remaining other borrowings amount of HKD36,021,000 is secured by corporate guarantee from the Company, interest-bearing at 6% per annum and is repayable within 2 years.

25. CAPITAL AND RESERVES

On 27 August 2015, the Company issued 283,000,000 unlisted warrants at HKD0.02 each to six independent third parties raising HKD5,490,000 in net. The warrants entitled the holders to subscribe for 283,000,000 ordinary shares of the Company at a subscription price of HKD3.00 each at any time during a period of 36 months commencing from the date of issue of the warrants.

At 30 June 2018, the Company had 283,000,000 (31 December 2017: 283,000,000) outstanding warrants. Exercise in full of such outstanding warrants would result in the issue of 283,000,000 (31 December 2017: 283,000,000) additional ordinary shares.

On 12 June 2017, the Company issued 283,000,000 new ordinary shares under placing agreement to not less than six placees, at the placing price HKD0.28 per share for a total cash consideration of approximately HKD79,240,000.

On 22 September 2017, the Company issued 339,600,000 new ordinary shares under subscription agreement at the subscription price of HKD0.23 per share for a total cash consideration of approximately HKD78,108,000.

On 19 December 2017, the Company issued 862,400,000 new ordinary shares under placing agreement and subscription agreements at the placing/subscription price of HKD0.224 per share for a total cash consideration of approximately HKD193,177,600.

At 30 June 2018 and 31 December 2017, the Company had issued 2,900,000,000 ordinary shares at HKD0.02 each.

26. PLEDGE OF ASSETS

At 30 June 2018, the investment properties of the Group with carrying amount of approximately HKD193,831,000 (31 December 2017: approximately HKD191,677,000) have been pledged to secure a bank loan granted to the Group.

27. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June 2018 ***HKD'000*** **(unaudited)**	Six months ended 30 September 2017 *HKD'000* (unaudited)
Salaries, allowances and other benefits	**2,651**	2,068
Contributions to defined contribution retirement plan	**63**	45
	2,714	2,113

(b) Financing arrangements

At 30 June 2018, certain general banking facilities totaling HKD112,500,000 (31 December 2017: HKD75,000,000) were secured by legal charges on leasehold properties of companies controlled by Mr. Cheng, the director and legal representative of certain major subsidiaries of the Group, legal charges on certain assets of Mr. Cheng and personal guarantees from Mr. Cheng. At 30 June 2018, these facilities were utilised by the Group to the extent of HKD102,461,000 (31 December 2017: HKD50,253,000).

(c) Other related party transactions

The Group also entered into the following material related party transactions during the period:

Related parties	**Nature of transactions**	**Six months ended 30 June 2018** ***HKD'000*** **(unaudited)**	Six months ended 30 September 2017 *HKD'000* (unaudited)
Companies in which Mr. Cheng has interests or significant influence	Sales of goods	**952**	4,750
	Rental and other income received	**149**	159
	Commission paid	**–**	262
	Overdue interest income	**21**	5
	License fee paid	**451**	451
	Rental expenses paid	**1,920**	1,917
A shareholder of the Company	Interest paid	**–**	666

Trade and bills receivables at 30 June 2018 included amounts of Nil (31 December 2017: HKD2,741,000) were due from the above related parties.

Other payables and accrued charges at 30 June 2018 included amounts of HKD2,284,000 (31 December 2017: Nil) were due to the above related parties.

28. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

Financial assets	Fair value as at 30 June 2018 HKD'000	Fair value as at 31 December 2017 HKD'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at fair value through other comprehensive income	**114,800**	–	Level 1	Quoted bid prices in an active market
Financial assets at fair value through profit or loss	**35,611**	26,329	Level 1	Quoted bid prices in an active market

29. ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions including unobservable inputs. In relying on the valuation report, the directors of the Company have exercised their judgments and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of fair value gain or loss that would be recognised in profit or loss. Details of these are set out in Note 14.

30. CAPITAL COMMITMENTS

Capital commitments outstanding at the end of the reporting period not provided for in the condensed consolidated financial statements were as follows:

	At 30 June 2018	At 31 December 2017
	HKD'000	*HKD'000*
	(unaudited)	(audited)
Contracted for but not provided for		
– Acquisition of a subsidiary	**64,467**	–

31. EVENT AFTER THE END OF THE REPORTING PERIOD

On 5 March 2018, Golden Flourish Property Limited ("**Purchaser**"), a wholly-owned subsidiary of the Company, entered into a provisional agreement for sale and purchase with an individual third party ("**Vendor**") and the agent, pursuant to which the Purchaser conditionally agreed to purchase the entire issued share ("**Sale Share**") of Confield Worldwide Limited ("**Target Company**"), a company incorporated in the British Virgin Islands with limited liability, and take up the assignment of the all such sum of money advanced by the Vendor to the Target Company and due and owing by Target Company to the Vendor as at the completion date ("**Shareholder's Loan**"), and the Vendor conditionally agreed to sell the Sale Share and assign the Shareholder's Loan, at the consideration of HKD71,632,000 (subject to adjustments). The Target Company, which is principally engaged in property investment in Hong Kong, is the sole legal and beneficial owner of the property located at Unit 1902, 19/F, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong.

The directors of the Company are of the opinion that the acquisition of the Target Company is in substance an asset acquisition rather than business combination.

As at the date of this report, deposit of HKD7,163,000, being 10% of the consideration, has been paid and the transaction is still in progress.