AVIC Joy Holdings (HK) Limited
幸福控股（香港）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 260)

Interim Report 2019

Contents

FINANCIAL REVIEW

For the six months ended 30 June 2019 (the "**Period**"), the principal business activities of AVIC Joy Holdings (HK) Limited (the "**Company**" together with its subsidiaries, collectively the "**Group**") comprise the operation of compressed natural gas ("**CNG**") refueling stations; management and operation of light-emitting diode ("**LED**") energy management contracts ("**EMC**"); provision of finance lease and loan services and property investment; and provision of land development services in the People's Republic of China (the "**PRC**" or "**China**"). The Group operates LED EMC business through its investment in a joint venture.

During the Period, the revenue of the Group amounted to HK$36,814,000 (2018: HK$70,015,000), representing a decrease of 47.4% as compared with the same period of last year, which was mainly attributable to the disposal of subsidiaries in gas business in the second half of last year and the decrease in revenue of the remaining gas business during the Period.

The Group's gross profit for the Period was HK$14,025,000 (2018: HK$20,632,000), representing a decrease of 32.0% as compared with the same period of last year, with gross profit margin increased from 29.5% to 38.1%.

The net loss of the Group was HK$73,263,000 during the Period as compared with the net loss of HK$125,065,000 in the same period of last year. The decrease in the net loss was mainly attributable to (i) a decrease in impairment losses under expected credit loss ("**ECL**") model, net of reversal compared with the same period of last year from HK$33,153,000 to HK$1,244,000; and (ii) a decrease in administrative expenses of HK$18,297,000 compared with the same period of last year.

OPERATIONAL REVIEW

(1) Gas Business

During the Period, the total revenue of the gas business reduced to HK$32,845,000 (2018: HK$64,608,000), representing a decline of 49.2% as compared with the same period of last year as the sales volume of CNG dropped from 16,926,000 m^3 during the same period of last year to 11,022,000 m^3 during the Period. Since the Group commenced its restructuring in gas business in late 2014, the performance of the Group's gas business deteriorated as expected due to the various factors included, among others, (i) the economic slowdown in the provinces of the remaining gas business; (ii) the intensified market competition due to the changes in government policies; and (iii) the divergence of investment and operating strategies between the Group and local shareholders in certain business regions.

(2) Finance Lease and Loan Services and Property Investment Business

For the six months ended 30 June 2019, the finance lease and loan services and property investment business recorded a slight decrease in revenue from HK$5,407,000 to HK$3,969,000 as compared with the same period of last year, mainly due to the decrease in finance leasing interest income.

During the first half of 2019, the Grade A office leasing markets in Shanghai remain active with solid demand in central business district although the average rent during the first half of 2019 experienced a slight decrease. The commercial property in Shanghai has not been leased out as the Group was formulating and altering its strategy based on market conditions, including leasing the property or realizing the property at an enhanced capital value.

(3) PPP Class 1 Land Development Business

During the Period, the net loss of this business segment reduced to HK$2,534,000 (2018: HK$39,234,000) mainly due to a decrease in impairment loss on trade receivables under ECL model, net of reversal compared with the same period of last year from HK$33,094,000 to HK$3,876,000.

BUSINESS OUTLOOK

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

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

In October 2017, Fujian Provincial Government issued the "Notice of Eight Measures for Further Strengthening the Regulation of Real Estate Market*" (關於進一步加強房地產市場調控八條措施的通知) to further regulate and control the land transfer procedures against excessive growth in land prices. In view of such policies and delayed schedule in land auction in relation to the PPP Class 1 land development of New Central Coastal City* (中部濱海新城) located at Fuqing City, Fujian Province of the PRC, the Group will make efforts to speed up the land development and land auction progress.

* *English translation for reference only*

FINANCIAL RESOURCES

As at 30 June 2019, the Group's total debts (including trade payables, other payables and accruals, loans from joint ventures, interest-bearing bank and other borrowings, loans from related companies and loans from non-controlling shareholders) amounted to HK$2,714.5 million (31 December 2018: HK$2,674.2 million), of which HK$1,620.9 million (31 December 2018: HK$1,684.2 million) was related to bank and other borrowings at operating subsidiaries level and the mortgage loan for Shanghai property investment denominated in Renminbi. Cash and bank balances amounted to HK$38.5 million (31 December 2018: HK$40.5 million). Net debt amounted to HK$2,676.0 million (31 December 2018: HK$2,633.7 million). As a result, the Group's gearing ratio, representing the ratio of the Group's net debt divided by adjusted capital and net debt of HK$2,679.9 million (31 December 2018: HK$2,716.4 million), was 99.9% (31 December 2018: 97.0%).

INTERIM DIVIDEND

The board (the "**Board**") of directors (the "**Directors**") of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: Nil).

MATERIAL ACQUISITION AND DISPOSAL AND SIGNIFICANT INVESTMENT

The Group invested in the shares of Peace Map Holding Limited ("**Peace Map**") (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 402)). Such investment was classified as an equity instrument at fair value through other comprehensive income amounting to HK$6,622,000 as at 30 June 2019 (31 December 2018: HK$16,622,000). On 10 August 2018, joint provisional liquidators were appointed to Peace Map to perform provisional liquidation. On 1 February 2019, joint liquidators were appointed to Peace Map with a committee of inspection which is composed of 5 members. References are made to the announcements of Peace Map dated 3 July 2018, 10 July 2018, 16 July 2018, 17 July 2018, 27 July 2018, 8 August 2018, 14 August 2018, 26 September 2018, 12 November 2018, 12 February 2019, 20 February 2019, 19 March 2019, 29 March 2019, 8 April 2019, 16 April 2019, 16 May 2019, 19 July 2019 and 12 August 2019. As disclosed in the announcement of Peace Map dated 12 August 2019, the said joint liquidators continue to hold exploratory discussions with various parties regarding the possibility of restructuring Peace Map and other options available to Peace Map for the formulation of a viable resumption plan, but no other exclusivity agreement has been entered into. Save as disclosed above, there is no further update on Peace Map's business operations, progress of implementing the resumption plan or progress of satisfying the resumption conditions imposed by the Stock Exchange. If there is no significant change in relation to the liquidation of Peace Map, the equity instrument may have to be fully written off to the Group's consolidated other comprehensive income. The Board will pay attention to the winding-up progress of Peace Map and keep assessing the financial effect to the Group. The Company will make further announcement(s) to inform the shareholders of the Company as and when appropriate.

Save as disclosed herein, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures or significant investment or updates in relation thereto during the first half of 2019.

EVENTS AFTER THE PERIOD

On 12 July 2019, the Company, Crystal Concept Investments Limited ("**Crystal Concept**"), Favour King Holdings Limited ("**Favour King**") and Winfield Innovations Limited entered into a share transfer agreement (the "**Share Transfer Agreement**"), pursuant to which, the Company conditionally agreed to sell and Favour King conditionally agreed to purchase the entire issued share capital of Crystal Concept, at a consideration of RMB35,840,000 (equivalent to HK$40,858,000). The completion of the Share Transfer Agreement is subject to, among other things, the approval from the shareholders of the Company at a general meeting in respect of the Share Transfer Agreement and the transactions contemplated thereunder. On 12 September 2019, the resolution regarding the Share Transfer Agreement and the transactions contemplated thereunder was duly passed as an ordinary resolution of the Company at the general meeting of the Company. For details, please refer to the announcements of the Company dated 12 July 2019 and 12 September 2019 and the circular of the Company dated 28 August 2019.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group had a total of 127 employees (2018: 355). The staff costs for the Period amounted to HK$8.3 million (2018: HK$16.8 million). The Group continues to provide remuneration package to employees according to market practices, their experience, professional qualification and performance. Other benefits include contribution of statutory mandatory provident fund for the employees, medical scheme and share option schemes. There was no major change on staff remuneration policies during the Period.

HUMAN RESOURCES

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

PLEDGE OF ASSETS

As at 30 June 2019, the Group had pledged certain land use rights, properties and finance lease receivables for bank and other borrowings granted.

CHANGES SINCE 31 DECEMBER 2018

Save as disclosed above, there were no other significant changes in the Group's financial position or from the information disclosed under the section headed "Management Discussion and Analysis" in the annual report for the year ended 31 December 2018.

By order of the Board

GUAN Liqun
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 28 August 2019

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

As at 30 June 2019, the interests and short positions of the Directors and the chief executive of the Company in the shares (the "**Shares**"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), were as follows:

Long positions in the Shares:

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

Note:

The total number of issued Shares as at 30 June 2019 was 5,943,745,741.

Save as disclosed above, as at 30 June 2019, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

At the annual general meeting of the Company held on 25 June 2015, the Company adopted a share option scheme (the "**Share Option Scheme**"), following the Company's old share option scheme having expired on 14 April 2015 (the "**Expired Share Option Scheme**"), for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's business development and growth and to enable the Group to recruit high-calibre employees and attract or retain human resources valuable to the Group. Up to the date of this interim report, no share option has been granted under the Share Option Scheme. The Expired Share Option Scheme was valid and effective for a period of 10 years from the date of its adoption i.e. 15 April 2005.

Movements in the Company's outstanding share options granted under the Expired Share Option Scheme, which shall continue to be valid and exercisable, during the Period were as follows:

	Number of share options								
Name or category of participant	**At 1 January 2019**	**Granted during the Period**	**Exercised during the Period**	**Cancelled during the Period**	**Lapsed during the Period**	**At 30 June 2019**	**Date of grant**	**Exercise period**	**Exercise price per share[1] HK$**
Consultants									
In aggregate	120,000,000	–	–	–	–	120,000,000	31-8-10	31-8-10 to 30-8-20	0.227
Other employees									
In aggregate	86,250,000	–	–	–	–	86,250,000	31-8-10	31-8-10 to 30-8-20	0.227
	206,250,000	–	–	–	–	206,250,000			

Note:

1. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

Save as disclosed above, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Share in, or debentures of, the Company or any other body corporate at any time during the Period or at the end of the Period.

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

As at 30 June 2019, the interests and short positions of the substantial shareholders of the Company and other persons, other than the Directors or the chief executive of the Company, in the Shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

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

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY *(continued)*

Notes:

(a) Billirich is a wholly-owned subsidiary of AVIC Int'l (HK). Tacko International Limited, together with its wholly-owned subsidiary, hold in aggregate approximately 20.37% of the issued share capital of AVIC Int'l (HK). Tacko International Limited is a wholly-owned subsidiary of AVIC International (HK) Group Limited, which in turn is a wholly-owned subsidiary of AVIC International Holding Corporation. AVIC International Holding Corporation is a 76.82% owned subsidiary of AVIC. Accordingly, all these companies are deemed to be interested in the Shares held by Billirich.

(b) AVIC Joy Air Holdings Limited is a wholly-owned subsidiary of AVIC Joy Air (HK) Group Limited, which in turn is a wholly-owned subsidiary of 幸福航空控股有限公司. 幸福航空控股有限公司 is owned as to approximately 57.14% by AVIC and as to approximately 42.86% by AVIC International Holding Corporation, which is a 76.82% owned subsidiary of AVIC. Accordingly, all these companies are deemed to be interested in the Shares held by AVIC Joy Air Holdings Limited.

(c) Grand Win is a wholly-owned subsidiary of Sun Shining Investment Corp. Tai Yuen Textile Company Ltd. beneficially owns 82.85% equity interest in Sun Shining Investment Corp. and therefore, these companies are deemed to be interested in the Shares held by Grand Win.

Save as disclosed above, as at 30 June 2019, so far as known to any Director or the chief executive of the Company, no other person (other than the Directors or the chief executives of the Company) had an interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was directly or indirectly, interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

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

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

CORPORATE GOVERNANCE PRACTICES

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

(i) code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. From 28 March 2018, Mr. GUAN Liqun ("**Mr. Guan**") performed his duties as the chairman and the chief executive officer of the Company. After evaluation of the current situation of the Company and taking the experience of Mr. Guan into account, the Board is of the view that the serving by Mr. Guan as the chairman and the chief executive officer of the Company during the current development of the Group's businesses is beneficial to the consistency of business plans and decision-making of the Company. The Board will continue to review the current management structure from time to time and shall make changes where appropriate and inform the shareholders and investors of the Company accordingly;

(ii) code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. The non-executive Directors (including independent non-executive Directors) have been appointed without specific terms. However, the non-executive Directors are subject to retirement by rotation and being eligible for re-election at least once every three years in accordance with the articles of association of the Company; and

(iii) code provision D.1.4 of the CG Code stipulates that listed issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have letters of appointment for the Directors. However, the Directors shall be subject to retirement by rotation and being eligible for re-election pursuant to the articles of association of the Company. Moreover, the Directors are required to comply with the requirements under statute and common laws, the Listing Rules, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and other applicable legal and regulatory requirements.

Compliance with Model Code

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

Audit Committee

The audit committee of the Company (the "**Audit Committee**"), comprising all the independent non-executive Directors, namely Mr. GUO Wei (chairman of the Audit Committee), Ms. WU Rui and Mr. JIANG Ping, has reviewed the accounting principles and practices adopted by the Group and discussed the interim review, internal control and financial reporting matters with the management of the Group. The Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2019 have been reviewed by the Audit Committee, which is of the opinion that such financial statements have complied with the applicable accounting standards, the Listing Rules and all legal requirements, and that adequate disclosures have been made.

Review of Interim Financial Statements by Auditor

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2019 have been reviewed by the Audit Committee, and have also been reviewed by Deloitte Touche Tohmatsu 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 (the "**HKICPA**").

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF AVIC JOY HOLDINGS (HK) LIMITED
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of AVIC Joy Holdings (HK) Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 2 to 32, which comprise the condensed consolidated statement of financial position as of 30 June 2019 and the related interim condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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" ("**HKSRE 2410**") issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Other Matter

The comparative condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2018 and the relevant explanatory notes included in these condensed consolidated financial statements were reviewed by another auditor who expressed an unmodified opinion on those statements on 28 August 2018.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
28 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June 2019 (Unaudited) HK$'000	2018 (Unaudited) HK$'000
REVENUE	4		
Sales of goods		**32,845**	64,608
Interest		**3,969**	5,407
Total revenue		**36,814**	70,015
Cost of sales		**(22,789)**	(49,383)
Gross profit		**14,025**	20,632
Other income, gains and losses	5	**1,722**	2,567
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	6	**(1,244)**	(33,153)
Selling and distribution expenses		**(4,758)**	(9,720)
Administrative expenses		**(25,188)**	(43,485)
Other expenses		**(12)**	(3,640)
Finance costs	7	**(57,881)**	(66,180)
Share of profits of joint ventures		**357**	8,206
LOSS BEFORE TAX	8	**(72,979)**	(124,773)
Income tax expense	9	**(284)**	(292)
LOSS FOR THE PERIOD		**(73,263)**	(125,065)
Attributable to:			
Owners of the Company		**(69,681)**	(104,550)
Non-controlling interests		**(3,582)**	(20,515)
		(73,263)	(125,065)
LOSS PER SHARE	10		
Basic and diluted		**HK(1.17) cents**	HK(1.76) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
LOSS FOR THE PERIOD	**(73,263)**	(125,065)
OTHER COMPREHENSIVE INCOME/(EXPENSES):		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**890**	(2,918)
Item that will not be reclassified subsequently to profit or loss:		
Fair value loss on investment in equity instrument at fair value through other comprehensive income	**(10,000)**	(31,029)
Other comprehensive expenses for the period	**(9,110)**	(33,947)
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD	**(82,373)**	(159,012)
Total comprehensive expenses attributable to:		
Owners of the Company	**(78,794)**	(137,124)
Non-controlling interests	**(3,579)**	(21,888)
	(82,373)	(159,012)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	**30 June 2019 (Unaudited) HK$'000**	31 December 2018 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**17,968**	20,495
Right-of-use assets		**10,899**	–
Prepaid land lease payments		**–**	6,466
Investment properties	12	**1,707,264**	1,707,264
Goodwill		**29,285**	29,285
Intangible assets	13	**540,731**	540,776
Investments in joint ventures		**65,606**	65,249
Equity instrument at fair value through other comprehensive income		**6,622**	16,622
Other asset		**2,680**	2,680
Prepayments and deposits		**5,044**	5,285
Finance lease receivables	15	**17,937**	22,340
		2,404,036	2,416,462
CURRENT ASSETS			
Inventories		**11**	11
Contract costs	16	**291,421**	289,918
Trade receivables	14	**27,947**	31,437
Prepayments, deposits and other receivables		**49,591**	53,915
Finance lease receivables	15	**9,203**	8,807
Promissory note receivable		**89,000**	89,000
Amounts due from joint ventures		**141,127**	158,640
Bank balances and cash		**38,518**	40,484
		646,818	672,212

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
CURRENT LIABILITIES			
Trade payables	17	8,268	8,720
Other payables and accruals		116,262	99,854
Interest-bearing bank and other borrowings	18	469,286	487,573
Loans from joint ventures		8,736	8,736
Lease liabilities		2,952	–
Tax payable		3,239	3,226
		608,743	608,109
NET CURRENT ASSETS		38,075	64,103
TOTAL ASSETS LESS CURRENT LIABILITIES		2,442,111	2,480,565
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	18	1,151,652	1,196,598
Loans from related companies	18	646,873	564,982
Loans from non-controlling shareholders		313,424	307,779
Lease liabilities		1,329	–
Deferred tax liabilities		135,770	135,770
		2,249,048	2,205,129
NET ASSETS		193,063	275,436
CAPITAL AND RESERVES			
Share capital	20	2,234,815	2,234,815
Other reserves		(2,230,958)	(2,152,164)
Equity attributable to owners of the Company		3,857	82,651
Non-controlling interests		189,206	192,785
		193,063	275,436

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company												
	Share capital HK$'000	Share option reserve HK$'000	Equity component of convertible bonds HK$'000	Investment revaluation reserve HK$'000	Capital reserve HK$'000	Special capital reserve HK$'000	Exchange fluctuation reserve HK$'000	Reserve funds HK$'000	Property revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2018	2,234,815	15,098	61,314	–	58,086	823,357	3,049	2,047	9,426	(2,522,355)	684,837	380,259	1,065,096
Transition adjustment upon adoption of HKFRS 9	–	–	–	(86,289)	–	–	–	–	–	86,289	–	–	–
At 1 January 2018 (restated)	2,234,815	15,098	61,314	(86,289)	58,086	823,357	3,049	2,047	9,426	(2,436,066)	684,837	380,259	1,065,096
Loss for the period	–	–	–	–	–	–	–	–	–	(104,550)	(104,550)	(20,515)	(125,065)
Other comprehensive expenses the period:													
Fair value loss on investment in equity instrument at fair value through other comprehensive income	–	–	–	(31,029)	–	–	–	–	–	–	(31,029)	–	(31,029)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(1,545)	–	–	–	(1,545)	(1,373)	(2,918)
Total comprehensive loss for the period	–	–	–	(31,029)	–	–	(1,545)	–	–	(104,550)	(137,124)	(21,888)	(159,012)
Redemption of convertible bonds (note 19)	–	–	(40,023)	–	–	–	–	–	–	40,023	–	–	–
Transfer upon forfeiture of options	–	(984)	–	–	–	–	–	–	–	984	–	–	–
At 30 June 2018 (Unaudited)	2,234,815	14,114	21,291	(117,318)	58,086	823,357	1,504	2,047	9,426	(2,499,609)	547,713	358,371	906,084

	Attributable to owners of the Company											
	Share capital HK$'000	**Share option reserve HK$'000**	**Investment revaluation reserve HK$'000**	**Capital reserve HK$'000**	**Special capital reserve HK$'000**	**Exchange fluctuation reserve HK$'000**	**Reserve funds HK$'000**	**Property revaluation reserve HK$'000**	**Accumulated losses HK$'000**	**Total HK$'000**	**Non-controlling interests HK$'000**	**Total HK$'000**
At 1 January 2019	**2,234,815**	**14,114**	**(128,400)**	**58,086**	**823,357**	**(39,955)**	**1,707**	**9,426**	**(2,890,499)**	**82,651**	**192,785**	**275,436**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(69,681)**	**(69,681)**	**(3,582)**	**(73,263)**
Other comprehensive income/(expense) for the period:												
Fair value loss on investment in equity instrument at fair value through other comprehensive income	**-**	**-**	**(10,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,000)**	**-**	**(10,000)**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**887**	**-**	**-**	**-**	**887**	**3**	**890**
Total comprehensive income/(expenses) for the period	**-**	**-**	**(10,000)**	**-**	**-**	**887**	**-**	**-**	**(69,681)**	**(78,794)**	**(3,579)**	**(82,373)**
At 30 June 2019 (Unaudited)	**2,234,815**	**14,114**	**(138,400)**	**58,086**	**823,357**	**(39,068)**	**1,707**	**9,426**	**(2,960,180)**	**3,857**	**189,206**	**193,063**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	For the six months ended 30 June 2019 (Unaudited) HK$'000	2018 (Unaudited) HK$'000
OPERATING ACTIVITIES		
Loss for the period	**(72,979)**	(124,773)
Adjustment for:		
Finance costs	**57,881**	66,180
Depreciation of property, plant and equipment	**1,966**	5,535
Others	**1,980**	22,283
Operating cash flows before movements in working capital	**(11,152)**	(30,775)
Decrease in prepayments, deposits and other receivables	**9,068**	21,646
Decrease/(increase) in finance lease receivables	**4,078**	(3,279)
Others	**14,183**	31,300
Cash generated from operations	**16,177**	18,892
Income tax paid	**(271)**	(295)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**15,906**	18,597
INVESTING ACTIVITIES		
Interest received	**65**	87
Purchases of items of property, plant and equipment	**(102)**	(1,596)
Proceeds from disposal of items of property, plant and equipment	**–**	3,187
Increase in prepaid land lease payments	**–**	(1,132)
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES	**(37)**	546

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
FINANCING ACTIVITIES		
Advanced of loans from related companies	**82,271**	201,673
Repayment of bank and other borrowings	**(63,234)**	(131,446)
Interest paid	**(35,368)**	(52,461)
Repayment of lease liabilities	**(1,935)**	–
New bank loans	**–**	24,188
Repayment of a convertible bond	**–**	(38,728)
Repayment of finance leases	**–**	(1,155)
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	**(18,266)**	2,071
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(2,397)**	21,214
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**40,484**	34,867
Effect of foreign exchange rate changes	**431**	(812)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**38,518**	55,269
CASH AND CASH EQUIVALENTS AT END OF PERIOD, represented by:		
Bank balances and cash	**38,518**	55,269

1. CORPORATE INFORMATION

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

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

The financial information relating to the year ended 31 December 2018 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from the application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in these condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

Application of new and amendments to HKFRSs (continued)

Except as described below, the application of the new and amendments to HKFRSs and the interpretation in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases ("**HKAS 17**"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-term leases

The Group applies the short-term lease recognition exemption of office premises that have a lease of term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.1 *Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)*

2.1.1 *Key changes in accounting policies resulting from application of HKFRS 16 (continued)*

As a lessee *(continued)*

Right-of-use assets *(continued)*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the condensed consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within "investment properties".

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.1 *Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)*

2.1.1 *Key changes in accounting policies resulting from application of HKFRS 16 (continued)*

As a lessee *(continued)*

Lease liabilities *(continued)*

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.1 *Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (continued)

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 *Revenue from Contracts with Customers* ("**HKFRS 15**") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Sales and lease back transactions

The Group acts as a buyer-lessor

For a transfer of asset that does not satisfy the requirements of HKFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor does not recognise the transferred and recognises a loan receivable equal to the transfer proceeds within the scope HKFRS 9.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) — Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases *(continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 *(continued)*

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of in the PRC was determined on a portfolio basis.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rate applied by the relevant group entities is 4.75%.

	At 1 January 2019 HK$'000
Operating lease commitments disclosed as at 31 December 2018	7,046
Less: Recognition exemption — short-term leases	(777)
Operating lease commitments as at 1 January 2019	6,269
Lease liabilities as at 1 January 2019 discounted at relevant borrowing rates	6,088
Analysed as	
Current	3,662
Non-current	2,426
	6,088

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases *(continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 *(continued)*

As a lessee *(continued)*

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Notes	Right-of-use assets HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		6,088
Reclassified from prepaid land lease payments	(a)	6,667
Adjustments on rental deposits at 1 January 2019	(b)	52
		12,807
By class:		
Leasehold lands		6,667
Land and buildings		6,140
		12,807

Notes:

(a) Upfront payments for leasehold lands in the PRC were classified as prepaid land lease payments as at 31 December 2018. Upon application of HKFRS 16, the non-current and current portion of prepaid land lease payments amounting to HK$6,466,000 and HK$201,000 respectively were reclassified to right-of-use assets.

(b) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK$52,000 was adjusted to refundable rental deposits paid and right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.1 *Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

As a lessor *(continued)*

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect. The discounting effect had no material impact on the condensed consolidated financial statement of the Group.

Effective on 1 January 2019, the Group has applied HKFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current period.

Sales and leaseback transactions

The Group acts as a buyer-lessor

In accordance with the transition provisions of HKFRS 16, sales and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of HKFRS 16, the Group as a buyer-lessor does not recognise the transferred asset if such transfer does not satisfy the requirements of HKFRS 15 as a sale. The application of HKFRS 16 as a buyer-lessor has no material impact on condensed consolidated financial statements of the Group for the current period as there is no new sales and leaseback arrangement commenced during the period.

The application of HKFRS 16 has no material impact on accumulated losses at 1 January 2019.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31 December 2018 HK$'000	Adjustments HK$'000	**Carrying amounts under HKFRS 16 at 1 January 2019 HK$'000**
Non-current Assets				
Prepaid land lease payments	(a)	6,466	(6,466)	**–**
Right-of-use assets		–	12,807	**12,807**
Prepayments and deposits	(b)	5,285	(9)	**5,276**
Current Assets				
Prepayment, deposits and other receivables	(a), (b)	53,915	(244)	**53,671**
Current Liabilities				
Lease liabilities		–	3,662	**3,662**
Non-current Liabilities				
Lease liabilities		–	2,426	**2,426**

Note: For the purpose of reporting cash flows under indirect method for the six months ended 30 June 2019, movements have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.1 *Impacts and changes in accounting policies of application on HKFRS 16 Leases (continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (continued)

The application of HKFRS 16 as a lessor has no material impact on the Group's condensed consolidated statement of financial position as at 30 June 2019 and its condensed consolidated statements of profit or loss and other comprehensive income and cash flows for the current interim period.

3. OPERATING SEGMENT INFORMATION

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

(a) Sale of CNG and petroleum products of the Group's gas station operation;

(b) Management and operation of LED EMC;

(c) Provision of finance lease and loan services and property investment; and

(d) Provision of land development services.

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 finance costs, depreciation and amortisation, as well as corporate and other unallocated expenses are excluded from such measurement.

3. OPERATING SEGMENT INFORMATION *(continued)*

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

The following table sets out the revenue and profit/(loss) recorded by each of the Group's operating segments for the six months ended 30 June 2019 and 2018:

	Sale of CNG and petroleum products		Management and operation of LED EMC		Provision of finance leases and loan services and property investment		Provision of land development services		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue:										
Revenue form external customers	**32,845**	64,608	**-**	–	**-**	–	**-**	–	**32,845**	64,608
Interest income	**-**	–	**-**	–	**3,969**	5,407	**-**	–	**3,969**	5,407
	32,845	64,608	**-**	–	**3,969**	5,407	**-**	–	**36,814**	70,015
Segment results	**(846)**	(16,587)	**333**	11,127	**(41,972)**	(46,699)	**(2,534)**	(39,234)	**(45,019)**	(91,393)
Reconciliation:										
Finance costs										
– unallocated									**(21,350)**	(26,026)
Corporate and other unallocated expenses									**(6,610)**	(7,354)
Loss before tax									**(72,979)**	(124,773)
Income tax expense									**(284)**	(292)
Loss for the period									**(73,263)**	(125,065)
Other segment information:										
Depreciation and amortisation	**(3,210)**	(5,415)	**-**	–	**(558)**	(470)	**(129)**	(163)	**(3,897)**	(6,048)
Depreciation and amortisation – unallocated									**(97)**	(260)
Interest income	**6**	1,509	**-**	469	**58**	68	**871**	882	**935**	2,928
Share of profits and losses of joint ventures	**-**	(2,469)	**357**	10,675	**-**	–	**-**	–	**357**	8,206
Write off of inventories	**-**	(291)	**-**	–	**-**	–	**-**	–	**-**	(291)
Impairment losses under ECL model, net of reversal:										
– trade receivables	**(1,177)**	77	**-**	–	**-**	–	**(3,876)**	(33,094)	**(5,053)**	(33,017)
– other receivables	**-**	(136)	**-**	–	**-**	–	**3,809**	–	**3,809**	(136)
Finance costs	**(883)**	(2,118)	**-**	–	**(34,834)**	(34,961)	**(814)**	(3,075)	**(36,531)**	(40,154)
Capital expenditure*	**(6)**	(1,542)	**-**	–	**(96)**	–	**-**	–	**(102)**	(1,542)
Capital expenditure – unallocated*									**-**	(54)

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

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

Segments	For the six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Types of goods		
Sale of CNG and petroleum products recognised at a point in time to retail customers in the PRC	**32,845**	64,608

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the six months ended 30 June 2019 HK$'000 (Unaudited)	2018 HK$'000 (Unaudited)
Sale of CNG and petroleum products	**32,845**	64,608
Revenue from contracts with customers	**32,845**	64,608
Interest income on finance leases and loans	**3,969**	5,407
Total revenue	**36,814**	70,015

All CNG and petroleum products are delivered within periods of less than one year. As permitted under HKFRS 15, the transaction price allocated to those unsatisfied contracts is not disclosed.

(ii) Performance obligations for contracts with customers

Sales of CNG and petroleum products (revenue recognised at one point in time)

The Group sells CNG and petroleum products to the customers through its own retail CNG stations.

The revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the CNG stations. For retail customers, payment of the transaction price is due immediately at the point the customer purchases the goods. For corporate customers, the payment terms are mainly on credit and the credit period is generally 90 to 120 days.

5. OTHER INCOME, GAINS AND LOSSES

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

	For the six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Other income		
Interest income	**65**	88
Loan interest income	**–**	1,970
Promissory note interest income	**870**	870
Gross rental income	**619**	394
	1,554	3,322
Other gains and losses, net		
Exchange gains/(losses), net	**91**	(1,900)
Gain on disposal of property, plant and equipment	**–**	799
Others	**77**	346
	168	(755)
	1,722	2,567

6. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	For the six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net impairment losses recognised/(reversed) on:		
— Trade receivables	**5,053**	33,017
— Other receivables	**(3,809)**	136
	1,244	33,153

6. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL *(continued)*

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of Group's annual financial statements for the year ended 31 December 2018.

During the current interim period, the Group provided HK$1,177,000 impairment allowance based on the provision matrix. In addition, impairment allowance of HK$3,876,000 were made on individual debtors with credit-impaired due to delay in repayment by certain debtors with significant balances.

During the current interim period, the Group reversed HK$3,809,000 (2018: recognised HK$136,000) impairment allowance on other receivables due to improvement in repayment by certain debtors.

7. FINANCE COSTS

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

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Interest on bank loans and other borrowings	**37,142**	36,784
Interest on convertible bonds	**–**	9,385
Interest on loans from related companies	**12,679**	12,012
Interest on loans from non-controlling shareholders	**5,646**	5,646
Interest on finance lease payable	**–**	26
Interests on lease liabilities	**128**	–
Amortisation of financing arrangement fees	**1,469**	2,327
Others	**817**	–
	57,881	66,180

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	For the six months ended 30 June 2019 (Unaudited) HK$'000	2018 (Unaudited) HK$'000
Cost of inventories sold and operation costs of gas stations*	**22,789**	49,092
Auditor's remuneration	**690**	1,733
Depreciation on items of property, plant and equipment	**1,966**	5,535
Depreciation on right-of-use assets	**1,982**	–
Amortisation of prepaid land lease payments	**–**	724
Amortisation of intangible assets	**46**	49
Write off of inventories*	**–**	291
Compensation expenses**	**–**	3,640
Minimum lease payments under operating leases in respect of land and buildings	**–**	3,321
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages, salaries, allowances and benefits in kind	**8,216**	16,758
Pension scheme contributions	**58**	82
	8,274	16,840

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

** Included in "Other expenses" on the face of the condensed consolidated statement of profit or loss.

9. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the period (2018: Nil). Taxation on PRC profit was calculated on the estimated assessable profits for the period at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June 2019 (Unaudited) HK$'000	2018 (Unaudited) HK$'000
Current – PRC Enterprise Income Tax	**284**	292

10. LOSS PER SHARE

The calculation of the basic loss per share amount is based on the loss for the period attributable to the owners of the Company of HK$69,681,000 (2018: HK$104,550,000), and the weighted average number of ordinary shares of 5,943,745,741 (2018: 5,943,745,741) in issue during the period.

11. DIVIDENDS

No dividends were paid, declared or proposed during the interim period (2018: Nil). The directors of the Company do not recommend the payment of any interim dividend to shareholders for the six months ended 30 June 2019.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the current interim period, the Group spent HK$102,000 (2018: HK$1,596,000) on acquisition of property, plant and equipment.

In the opinion of the directors of the Company, the aggregate carrying amount of the Group's investment properties as at the end of the current interim period that is carried at revalued amounts does not differ significantly from their estimated fair value. Consequently, no revaluation surplus or deficit has been recognised in the current interim period.

13. INTANGIBLE ASSETS

As at 30 June 2019, there is a carrying amount of HK$540,184,000 (31 December 2018: HK$540,184,000) intangible assets in respect of land development contracts in relation to the land development of New Central Coastal City (中部濱海新城) (the "**Project Land**") and construction work of Ronggang Boulevard (融港大道) (collectively referred to as the "**Project**").

AVIC International (Fujian) Industrial Co., Ltd. ("**AVIC Fujian**"), a subsidiary of the Group, together with two parties formed a joint committee to manage the Project.

In February 2013, AVIC Fujian and Fuqing City Municipal Government (the "**Fuqing Government**") entered into the Master Investment and Construction Co-operation Agreement ("**MICCA**"). Pursuant to the MICCA, the Fuqing City Municipal Government is responsible for land planning, securing land, relocating residents and ensuring that all requisite legal and other necessary approvals. AVIC Fujian is primarily responsible for funding and managing (i) the development work associated with the Project Land to meet the land sale requirement; and (ii) the construction of Ronggang Boulevard.

13. INTANGIBLE ASSETS *(continued)*

In November 2017, the Fuqing Government issued a notice to AVIC Fujian together with the two parties of the joint committee of the Project, pursuant to which, the Fuqing Government (i) terminated the MICCA; (ii) revoked the land development right in the Project Land; and (iii) allowed AVIC Fujian or the joint committee to proceed the negotiation with the Fuqing Government on the compensation due to the termination of the MICCA (the "**Notice**"), on the grounds that the MICCA violates certain rules and regulations in the PRC, namely《中華人民共和國招投標法》,《中華人民共和國預算法》,《國務院辦公廳關於規範國有土地使用權出讓收支管理的通知》,《財政部、國土資源部、中國人民銀行〈關於印發國有土地使用權出讓收支管理辦法〉的通知》and《中華人民共和國擔保法》and therefore, the Fuqing Government is unable to execute the MICCA. The Group took several measures including the continuous negotiation with the Fuqing Government and the filing of appeal in May 2019 to the Higher People's Court of Putian Municipality (莆田市中級人民法院), aiming to request the Fuqing Government to continue to execute the MICCA in accordance with the terms of the agreement. As at the date of this report, the court order is not yet released. The directors of the Company, having sought legal advice, considered that the Fuqing Government does not have sufficient legal grounds to terminate the MICCA and are in the opinion that the Group will succeed in the appeal. Taking into account of the possible outcome of the appeal and the estimated shorten period of the Project due to the delay of the Project, no additional impairment was made in the condensed consolidated statement of profit or loss for the current period. As at 30 June 2019, the impairment on the intangible assets of the project amounted to HK$423,816,000 (31 December 2018: HK$423,816,000).

14. TRADE RECEIVABLES

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
Trade receivables	**66,566**	65,090
Less: Allowance for credit losses	**(38,619)**	(33,653)
	27,947	31,437

For the sale of CNG and petroleum products, the Group's trading terms with its corporate customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 90 to 120 days, extending up to 180 days for major customers. Each customer has a maximum credit limit.

The Group has concentration of credit risk as 65% (31 December 2018: 71%) of the total trade receivables was due from the Group's largest customer. In order to minimise the credit risk, the management of the Company has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. The Group performs impairment assessment under ECL model on trade balances based on provision matrix except for significant gross balances of HK$57,251,000 (31 December 2018: HK$59,421,000) which are assessed individually. The management has based on the past repayment pattern with forward looking information to determine the provision rate of ECL for significant gross balances. In this regard, the directors of the Company consider that the Company's credit risk is significantly reduced.

14. TRADE RECEIVABLES *(continued)*

The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

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

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
0 to 90 days	**6,204**	3,714
91 to 120 days	**4**	1
121 days to 1 year	**–**	5
Over 1 year	**60,358**	61,370
	66,566	65,090

As at 30 June 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$21,739,000 (31 December 2018: HK$27,722,000) which are past due. All of the past due balances has been past due 90 days or more and is not considered as in default as the management expects that the debtor is able and likely to pay for the debts based on repayment history.

No trade receivables were pledged to secure any interest-bearing bank and other borrowings as at 30 June 2019. As at 31 December 2018, certain trade receivables with aggregate carrying amounts of HK$1,757,000 were pledged to secure a loan advanced from a third party.

15. FINANCE LEASE RECEIVABLES

The Group provides finance leasing services on equipment in PRC. These leases are classified as finance leases and have remaining lease terms ranging from two to four years.

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000	**30 June 2019 (Unaudited) HK$'000**	31 December 2018 (Audited) HK$'000
Finance lease receivables comprise:				
Within one year	**12,412**	12,412	**9,203**	8,807
In the second to fifth years, inclusive	**22,390**	28,097	**17,937**	22,340
	34,802	40,509	**27,140**	31,147
Less: unearned finance income	**(7,662)**	(9,362)		
Present value of minimum lease payments	**27,140**	31,147		
Analysed for reporting purposes as:				
Current assets	**9,203**	8,807		
Non-current assets	**17,937**	22,340		
	27,140	31,147		

Effective interest rates of the above finance leases range from 8.4% to 9.3% (31 December 2018: 8.4% to 9.3%).

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

Finance lease receivables are secured over the plant and machinery leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

At 30 June 2019, the Group's finance lease receivables with aggregate carrying amount of HK$27,140,000 (31 December 2018: HK$31,147,000) were pledged as security for the Group's certain bank loans.

16. CONTRACT COSTS

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Pre-contract/setup costs to fulfil contracts relation to land development services incurred to date	**291,421**	289,918

Contract costs capitalised relate to contribution costs in relation to land development services incurred up to date.

17. TRADE PAYABLES

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

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
Within 90 days	**7,531**	7,548
91 to 120 days	**–**	1
Over 120 days	**737**	1,171
	8,268	8,720

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

18. INTEREST-BEARING BANK AND OTHER BORROWINGS AND LOANS FROM RELATED COMPANIES

During the period, the Group obtained advances from related companies amounting to HK$82,271,000 (2018: HK$201,673,000). The loans carry interest at fixed market rates of 5.6% and are repayable in 2 years. The Group also repaid bank and other borrowing amounting to HK$63,234,000 (2018: HK$131,446,000).

19. CONVERTIBLE BONDS

The convertible bonds issued were split into the liability and equity components, and the movement in the convertible bonds for the six months ended 30 June 2018 are analysed as follows:

	HK$'000 (Unaudited)
Nominal value	
At 1 January 2018	191,776
Derecognition and transferred during the period	(51,776)
At 30 June 2018	140,000
Liability components	
At 1 January 2018	182,011
Repayment during the period (note a)	(38,728)
Interest expense	9,385
Interest paid	(13,565)
At 30 June 2018	139,103
Equity components	
At 1 January 2018	61,314
Transfer to accumulated losses upon maturity of convertible bonds	(40,023)
At 30 June 2018	21,291

On 6 March 2012 (extended to 6 March 2015), and 17 November 2016, the Group issued convertible bonds with principal amounts of HK$51,776,000, and HK$140,000,000 respectively. The bonds were convertible at the option of the bondholders into ordinary shares at the initial conversion prices of HK$0.23(adjusted), and HK$0.14 per share, respectively, anytime after the issuance of the convertible bonds. Any convertible bond not converted would be redeemed at par in three years, two years, two years and two years, respectively, after the dates of issuance or would be further extended as agreed between the bondholders and the Group. The convertible bonds bore interest at 2%, and 4% per annum, respectively, and were payable semi-annually or annually in arrears or at the maturity date or the conversion date (as the case may be).

(a) On 20 January 2015, the Company and a bondholder, Billirich Investment Limited, entered into a deed of amendment pursuant to which the maturity date of the convertible bond with a principal amount of HK$51,776,000 was extended for three years from 6 March 2015 to 6 March 2018. No other terms and conditions of such convertible bond had been amended. Further details were set out in the Company's circular dated 9 February 2015. On 6 March 2018, the Company redeemed the above convertible bond in full upon maturity. Further details were set out in the Company's announcement dated 6 March 2018.

19. CONVERTIBLE BONDS *(continued)*

(b) During the year of 2018, the convertible bonds held by 2 bondholders with total principal amount of HK$56,000,000, which remained unexercised upon maturity in 17 November 2018, was extended to 17 November 2019 with interest at 5.2% per annum. The balances of HK$56,000,000 had been transferred to other borrowings accordingly. The equity portions of the corresponding convertible bonds were released to the accumulated losses in the consolidated statement of changes in equity.

(c) As at the date of this report, the Company is still negotiating with the bondholders of convertible bonds with principal amount of HK$84,000,000, which remained unexercised upon maturity in 17 November 2018 for further repayment arrangement. The balances are considered as past due and repayable on demand. During the year of 2018, it was transferred to other borrowings accordingly and the equity portions of the corresponding convertible bonds were released to the accumulated losses in the consolidated statement of changes in equity.

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

20. SHARE CAPITAL

	30 June 2019 (Unaudited) HK$'000	31 December 2018 (Audited) HK$'000
Issued and fully paid:		
5,943,745,741 ordinary shares	**2,234,815**	2,234,815

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

	Number of shares in issue	**Share capital** HK$'000
At 1 January 2018, 30 June 2018, 1 January 2019 and 30 June 2019	5,943,745,741	2,234,815

21. COMMITMENTS

The Group had capital commitments in respect of the acquisition of items of property, plant and equipment of HK$1,745,000 (31 December 2018: HK$3,543,000) contracted but not provided for in the condensed consolidated financial statements as at the end of the reporting period.

22. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the period:

	Notes	For the six months ended 30 June **2019** **(Unaudited)** **HK$'000**	 2018 (Unaudited) HK$'000
Interest expenses to related companies	(i)	**12,679**	12,011
Interest expenses to a non-controlling shareholder	(ii)	**5,646**	5,646
Interest income from joint ventures	(iii)	**1,941**	5,695

Notes:

(i) The interest expenses paid to related companies whose ultimate holding company is one of the Company's substantial shareholder were charged at interest rates ranging from 5% to 5.8% (2018: 5% to 6%) per annum.

(ii) The interest expenses paid to a non-controlling shareholder were charged at interest rate of 5% (2018: 5%) per annum.

(iii) The interest income received from joint ventures, was charged at interest rate of 4% (2018: ranging from 4% to 11%) per annum.

(b) Outstanding balances with related parties:

(i) The loans from related companies are unsecured, bear interest rates ranging from 5% to 5.8% (31 December 2018: 5% to 5.8%) per annum and are repayable in 2021 (31 December 2018: repayable in 2020).

(ii) The loan from a non-controlling shareholder is unsecured, bear interest rate at 5% (31 December 2018: 5%) per annum and is repayable in 2021 (31 December 2018: repayable in 2020).

(iii) All remaining balances with non-controlling shareholders and joint ventures are unsecured, non-interest-bearing and have no fixed terms of repayment.

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

22. RELATED PARTY TRANSACTIONS *(continued)*

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

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Short term employee benefits	**422**	317

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

The fair values of the non-current portion of finance lease receivables, non-current portion of financial assets included in deposits, loans from related companies, loans from non-controlling shareholders and non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for non-current portion of interest-bearing bank and other borrowings as at 30 June 2019 was assessed to be insignificant.

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Equity instrument at fair value through other comprehensive income	**–**	**–**	**6,622**	**6,622**

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Equity instrument at fair value through other comprehensive income	16,622	–	–	16,622

The Group did not have any financial liabilities measured at fair value as at 30 June 2019 and 31 December 2018.

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Reconciliation of Level 3 fair value measurements of financial assets

	HK$'000
At 1 January 2018, 30 June 2018 and 1 January 2019	–
Transfer into Level 3	16,622
Loss recognised in other comprehensive expenses	(10,000)
At 30 June 2019	6,622

During the current interim period, a listed equity instrument was transferred from level 1 into level 3 due to the disappearance of quoted price in an active market for it. Apart from this, there were no transfers of fair value measurements between levels for both periods.

All loss included in other comprehensive expenses for the current interim period (2018: nil) relates to equity instrument at fair value through other comprehensive income held at the end of the reporting period and is reported as changes of "investment revaluation reserve".

24. EVENTS AFTER THE REPORTING PERIOD

In 12 July 2019, the Company, Crystal Concept Investments Limited ("**Crystal Concept**"), Favour King Holdings Limited ("**Favour King**") and Winfield Innovations Group Limited entered into a share transfer agreement (the "**Share Transfer Agreement**"), pursuant to which, the Company conditionally agreed to sell and Favour King conditionally agreed to purchase the entire issued share capital of Crystal Concept, at a consideration of RMB35,840,000 (equivalent to HK$40,858,000). The completion of the Share Transfer Agreement is subject to, including but not limited to, the obtain of the approval from the shareholders of the Company at a general meeting in respect of the Share Transfer Agreement and the transactions contemplated thereunder. The details of the Share Transfer Agreement were disclosed in the Company's announcement dated 12 July 2019 and the circular of the Company dated 28 August 2019.

25. COMPARATIVE FIGURES

Certain comparative figures set out in the condensed consolidated statement of profit or loss has been reclassified to conform with current period's presentation.