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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "**Board**") of Eternity Investment Limited (the "**Company**") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2018 together with the comparative figures for 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	*3*	**101,629**	16,658
Cost of sales		**(22,377)**	(18,051)
Gross profit/(loss)		**79,252**	(1,393)
Investment and other income	*4*	**1,113**	1,121
Other gains and losses	*5*	**(209,179)**	(197,979)
Selling and distribution expenses		**(2,188)**	(1,629)
Administrative expenses		**(58,531)**	(40,155)
Share of results of associates		**3,877**	(1)
Loss from operations		**(185,656)**	(240,036)
Finance costs	*6*	**(27,631)**	(5,396)
Loss before taxation		**(213,287)**	(245,432)
Income tax expense	*7*	**(152)**	(223)
Loss for the period from continuing operations	*8*	**(213,439)**	(245,655)
Discontinued operation			
Loss for the period from discontinued operation		**—**	(3)
Loss for the period		**(213,439)**	(245,658)

	Notes	Six months ended 30 June **2018** ***HK$'000*** **(Unaudited)**	2017 *HK$'000* (Unaudited)
Loss for the period attributable to:			
Owners of the Company		**(212,007)**	(245,658)
Non-controlling interests		**(1,432)**	—
		(213,439)	(245,658)
Interim dividend		**—**	—
Loss per share	*9*		
From continuing and discontinued operations			
— Basic		**HK(5.55) cents**	HK(7.27) cents
— Diluted		**HK(5.55) cents**	HK(7.27) cents
From continuing operations			
— Basic		**HK(5.55) cents**	HK(7.27) cents
— Diluted		**HK(5.55) cents**	HK(7.27) cents
From discontinued operation			
— Basic		**HK — cent**	HK — cent
— Diluted		**HK — cent**	HK — cent

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(213,439)**	(245,658)
Other comprehensive income for the period, net of income tax		
Item that will not be reclassified to profit or loss:		
Share of other comprehensive income of an associate	**1,303**	—
Items that may be reclassified subsequently to profit or loss:		
Reclassification adjustment for a foreign operation disposed of	**10,651**	—
Exchange differences arising on translating foreign operations	**(19,955)**	49,598
Total comprehensive expense for the period	**(221,440)**	(196,060)
Total comprehensive expense for the period attributable to:		
Owners of the Company	**(220,056)**	(196,060)
Non-controlling interests	**(1,384)**	—
	(221,440)	(196,060)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**685,014**	664,795
Investment properties		**258,700**	810,019
Intangible assets		**913,079**	931,421
Goodwill		**289,338**	353,599
Interests in associates		**226,798**	38,393
Deferred tax assets		**6,827**	6,280
Prepayments		**20,089**	20,957
Loans receivables	*10*	**508,000**	574,503
		2,907,845	3,399,967
Current assets			
Inventories		**39,643**	38,453
Loans receivables	*10*	**513,177**	626,127
Trade receivables	*11*	**30,412**	41,107
Deposits, prepayments and other receivables		**162,526**	228,495
Amount due from an associate		**1,480**	1,480
Financial assets at fair value through profit or loss		**343,852**	662,943
Tax recoverable		**323**	323
Cash and cash equivalents		**161,399**	225,010
		1,252,812	1,823,938
Total assets		**4,160,657**	5,223,905
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**38,196**	38,196
Reserves		**3,017,200**	3,228,193
Equity attributable to owners of the Company		**3,055,396**	3,266,389
Non-controlling interests		**(1,468)**	(84)
Total equity		**3,053,928**	3,266,305

	Notes	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
LIABILITIES			
Current liabilities			
Trade payables	*12*	**4,186**	8,452
Deposits received, accruals and other payables		**137,110**	383,528
Receipts in advance		**39,392**	43,467
Promissory note		—	—
Tax payables		**91,155**	87,659
Other borrowings		—	300,000
Bank borrowings		**155,270**	166,261
		427,113	989,367
Non-current liabilities			
Deposit received and other payables		**102,304**	91,834
Receipts in advance		**27,000**	37,800
Bank borrowings		—	185,193
Secured notes		**299,501**	299,398
Deferred tax liabilities		**250,811**	354,008
		679,616	968,233
Total liabilities		**1,106,729**	1,957,600
Total equity and liabilities		**4,160,657**	5,223,905
Net current assets		**825,699**	834,571
Total assets less current liabilities		**3,733,544**	4,234,538

Notes:

1. **Basis of preparation**

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

The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which is a collective term that includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA.

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period.

The condensed consolidated financial statements are presented in thousands of units of Hong Kong dollars (**HK$'000**), which is also the functional currency of the Company.

2. **Application of new and revised HKFRSs**

The accounting policies and method of computation used in the condensed consolidated financial statements are consistent with those followed in the preparation of the audited consolidated financial statements of the Group for the year ended 31 December 2017, except as described below.

In the current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA, which are effective for the Group's financial period beginning from 1 January 2018. A summary of the amendments to HKFRSs adopted by the Group is set out as follows:

HKAS 40 (Amendments)	Transfers of Investment Property
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 Cycle except HKFRS 12 (Amendments)
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration

Except for application of HKFRS 15 stated below, the application of other new and revised HKFRSs has no material impact on the Group's financial performance and financial positions for the current and/or prior periods and/or on the disclosure set out in the condensed consolidated financial statements.

The Group has not applied any new and revised HKFRSs that have been issued but not yet effective for the current accounting period.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18 *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11 *Construction Contracts*, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

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

(a) when the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

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

(c) when the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

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

As the Group recognises its revenue at a point in time, the application of HKFRS 15 does not have significant impact on the amounts reported in the condensed consolidated financial statements.

3. Operating segments

The Group's operating segments have been determined based on the information reported to the Chairman of the Board, being the chief operating decision maker, that are used for performance assessment and to make strategic decisions. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments. The Group currently has four operating segments:

(a)	Property investment	Leasing of rental properties
(b)	Sale of financial assets	Sale of financial assets
(c)	Money lending	Money lending
(d)	Sale of jewelry products	Design and sale of jewelry products, and sale of precious stones

An operating segment regarding the distribution of films and sub-licensing of film rights was discontinued on 17 February 2017 upon the disposal of Riche Video Limited.

The sale of precious stones business has been suspended since the first quarter of 2017.

Segment revenue and results

For the six months ended 30 June 2018

	Continuing operations					Discontinued operation	
	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Sale of jewelry products *HK$'000* (Unaudited)	Sub-total *HK$'000* (Unaudited)	Distribution *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Segment revenue	**23,519**	**7,009**	**49,950**	**21,151**	**101,629**	**—**	**101,629**
Segment profit/(loss)	**11,438**	**(214,823)**	**38,705**	**(3,085)**	**(167,765)**	**—**	**(167,765)**
Interest income on bank deposits					**117**	**—**	**117**
Unallocated corporate income					**335**	**—**	**335**
Unallocated corporate expenses					**(11,227)**	**—**	**(11,227)**
Loss on disposal of subsidiaries					**(10,993)**	**—**	**(10,993)**
Finance costs					**(27,631)**	**—**	**(27,631)**
Share of results of associates					**3,877**	**—**	**3,877**
Loss before taxation					**(213,287)**	**—**	**(213,287)**
Income tax expense					**(152)**	**—**	**(152)**
Loss for the period					**(213,439)**	**—**	**(213,439)**

For the six months ended 30 June 2017

	Continuing operations					Discontinued operation	
	Property investment	Sale of financial assets	Money lending	Sale of jewelry products	Sub-total	Distribution	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	22,292	(51,925)	30,624	15,667	16,658	—	16,658
Segment (loss)/profit	(570)	(241,862)	29,943	(2,284)	(214,773)	(3)	(214,776)
Interest income on bank deposits					39	—	39
Unallocated corporate income					60	—	60
Unallocated corporate expenses					(25,362)	—	(25,362)
Gain on disposal of subsidiaries					1	—	1
Finance costs					(5,396)	—	(5,396)
Share of results of associates					(1)	—	(1)
Loss before taxation					(245,432)	(3)	(245,435)
Income tax expense					(223)	—	(223)
Loss for the period					(245,655)	(3)	(245,658)

Segment revenue from sale of jewelry products segment is recognised at a point in time at which customers obtain control of the promised goods or services in the contracts.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both periods.

Segment results represent profit earned/(loss incurred) by each segment without allocation of central administrative expenses including directors' emoluments, share of results of associates, certain investment and other income, certain other gains and losses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

At 30 June 2018

	Continuing operations					Discontinued operation	
	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Sale of jewelry products *HK$'000* (Unaudited)	Sub-total *HK$'000* (Unaudited)	Distribution *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Segment assets							
— Hong Kong	434,988	534,006	1,022,988	68,547	2,060,529	—	2,060,529
— The People's Republic of China (the "**PRC**")	2,052,722	—	—	—	2,052,722	—	2,052,722
	2,487,710	534,006	1,022,988	68,547	4,113,251	—	4,113,251
Unallocated corporate assets							47,406
Consolidated total assets							4,160,657
Segment liabilities							
— Hong Kong	(128,697)	(12,112)	(4,007)	(33,002)	(177,818)	—	(177,818)
— The PRC	(611,873)	—	—	—	(611,873)	—	(611,873)
	(740,570)	(12,112)	(4,007)	(33,002)	(789,691)	—	(789,691)
Unallocated corporate liabilities							(317,038)
Consolidated total liabilities							(1,106,729)

At 31 December 2017

	Continuing operations					Discontinued operation	
	Property investment	Sale of financial assets	Money lending	Sale of jewelry products	Sub-total	Distribution	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Segment assets							
— Hong Kong	242,294	726,458	1,284,413	70,973	2,324,138	—	2,324,138
— The PRC	2,668,627	—	—	—	2,668,627	—	2,668,627
	2,910,921	726,458	1,284,413	70,973	4,992,765	—	4,992,765
Unallocated corporate assets							231,140
Consolidated total assets							5,223,905
Segment liabilities							
— Hong Kong	(128,947)	(12,118)	(1,135)	(31,926)	(174,126)	—	(174,126)
— The PRC	(1,163,172)	—	—	—	(1,163,172)	—	(1,163,172)
	(1,292,119)	(12,118)	(1,135)	(31,926)	(1,337,298)	—	(1,337,298)
Unallocated corporate liabilities							(620,302)
Consolidated total liabilities							(1,957,600)

For the purposes of monitoring segment performance and allocating resources between segments:

— all assets are allocated to operating segments other than interests in associates, amount due from an associate, certain deposits, prepayments, and cash and cash equivalents that are not attributable to individual segments. Assets used jointly by individual segments are allocated on the basis of the revenues earned by individual segments; and

— all liabilities are allocated to operating segments other than other borrowings, secured notes, current tax payables, certain accruals, other payables and receipts in advance that are not attributable to individual segments. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Other segment information

For the six months ended 30 June 2018

	Continuing operations					Discontinued operation	
	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Sale of jewelry products *HK$'000* (Unaudited)	Sub-total *HK$'000* (Unaudited)	Distribution *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Amounts included in the measure of segment profit/(loss) and segment assets							
Additions to property, plant and equipment	**35,669**	**—**	**—**	**—**	**35,669**	**—**	**35,669**
Amortisation of intangible assets	**(10,759)**	**—**	**—**	**—**	**(10,759)**	**—**	**(10,759)**
Depreciation of property, plant and equipment	**(10,911)**	**—**	**—**	**(30)**	**(10,941)**	**—**	**(10,941)**
Dividend income	**—**	**661**	**—**	**—**	**661**	**—**	**661**
Gain arising on change in fair value of investment properties	**24,700**	**—**	**—**	**—**	**24,700**	**—**	**24,700**
Impairment loss recognised in respect of trade receivables	**—**	**—**	**—**	**(477)**	**(477)**	**—**	**(477)**
Loss arising on change in fair value of financial assets at fair value through profit or loss	**—**	**(222,400)**	**—**	**—**	**(222,400)**	**—**	**(222,400)**
Loss on disposal of property, plant and equipment	**(9)**	**—**	**—**	**—**	**(9)**	**—**	**(9)**

For the six months ended 30 June 2017

	Continuing operations					Discontinued operation	
	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Sale of jewelry products *HK$'000* (Unaudited)	Sub-total *HK$'000* (Unaudited)	Distribution *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Amounts included in the measure of segment (loss)/profit and segment assets							
Additions to property, plant and equipment	17,353	—	—	—	17,353	—	17,353
Amortisation of intangible assets	(9,950)	—	—	—	(9,950)	—	(9,950)
Depreciation of property, plant and equipment	(6,763)	—	—	(68)	(6,831)	—	(6,831)
Dividend income	—	1,022	—	—	1,022	—	1,022
Loss arising on change in fair value of financial assets at fair value through profit or loss	—	(190,837)	—	—	(190,837)	—	(190,837)
Loss arising on change in fair value of investment properties	(7,143)	—	—	—	(7,143)	—	(7,143)

Geographical segments

The Group mainly operates in Hong Kong and the PRC. The Group's revenue from external customers by geographical location is detailed below:

	Continuing operations Six months ended 30 June		**Discontinued operation Six months ended 30 June**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Australia	**—**	30	**—**	—
Europe	**5,227**	3,242	**—**	—
Hong Kong	**73,845**	(9,425)	**—**	—
The Middle East	**—**	467	**—**	—
The PRC	**22,557**	22,292	**—**	—
The United States of America	**—**	52	**—**	—
	101,629	16,658	**—**	—

4. Investment and other income

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Dividend income	**661**	1,022
Interest income on bank deposits	**117**	39
Sundry income	**335**	60
	1,113	1,121

5. Other gains and losses

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Gain/(loss) arising on change in fair value of investment properties	**24,700**	(7,143)
Impairment loss recognised in respect of trade receivables	**(477)**	—
Loss arising on change in fair value of financial assets at fair value through profit or loss	**(222,400)**	(190,837)
Loss on disposal of property, plant and equipment	**(9)**	—
(Loss)/gain on disposal of subsidiaries	**(10,993)**	1
	(209,179)	(197,979)

6. Finance costs

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Interest on bank borrowings	**7,232**	3,752
Interest on other borrowings	**8,394**	1,644
Imputed interest on secured notes	**12,005**	—
	27,631	5,396

7. Income tax expense

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Hong Kong Profits Tax		
— Current tax	**(2,859)**	(3,385)
PRC Enterprise Income Tax		
— Current tax	**(915)**	(1,982)
Deferred taxation credit	**3,622**	5,144
	(152)	(223)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. The subsidiaries incorporated in the PRC are subject to the PRC Enterprise Income Tax at 25% for both periods.

The subsidiary incorporated in Dubai Multi Commodities Centre of United Arab Emirates enjoys a 50-year tax holiday for corporate income tax from the date of its incorporation. The subsidiary was de-registered with effect from 28 August 2017.

8. Loss for the period from continuing operations

Loss for the period from continuing operations has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Amortisation of intangible assets (included in administrative expenses)	**10,759**	9,950
Cost of inventories sold	**18,998**	13,255
Depreciation of property, plant and equipment	**10,941**	6,831
Operating lease rentals in respect of rental premises	**1,094**	1,028
Operating lease rentals in respect of operating rights	**8,742**	8,277
Less: operating lease rentals capitalised	**(5,783)**	(5,430)
	2,959	2,847
Equity-settled share-based payment expenses in respect of consultancy services	**—**	702
Staff costs (including directors' emoluments):		
— salaries, allowances and benefits in kind	**21,999**	15,621
— contributions to retirement benefits schemes	**159**	221
— equity-settled share-based payment expenses	**9,063**	9,821
	31,221	25,663
Gross rental income from investment properties and operating rights	**(23,519)**	(22,292)
Less: direct operating expenses incurred for investment properties and operating rights that generated rental income during the period	**10,268**	5,930
Less: direct operating expenses incurred for investment properties that did not generate rental income during the period	**369**	81
	(12,882)	(16,281)

9. **Loss per share**

From continuing and discontinued operations

The calculation of basic and diluted loss per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the purpose of basic and diluted loss per share		
Loss for the period attributable to owners of the Company	**(212,007)**	(245,658)

	Six months ended 30 June	
	2018	2017
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,819,606**	3,379,472

The calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options as they had an anti-dilutive effect to the basic loss per share for the six months ended 30 June 2018 and 2017.

From continuing operations

The calculation of basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the purpose of basic and diluted loss per share		
Loss for the period from continuing operations	**(213,439)**	(245,655)
Less: loss for the period from continuing operations attributable to non-controlling interests	**1,432**	—
Loss for the period from continuing operations attributable to owners of the Company	**(212,007)**	(245,655)

The denominators used are same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

From discontinued operation

The calculation of the basic and diluted loss per share from discontinued operation attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the purpose of basic and diluted loss per share		
Loss for the period from discontinued operation	**—**	(3)

The denominators used are same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

10. Loans receivables

	At 30 June 2018	At 31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loans to customers	**1,011,795**	1,187,301
Accrued interest receivables	**9,382**	13,329
	1,021,177	1,200,630
Less: impairment loss recognised	**—**	—
	1,021,177	1,200,630

All loans are denominated in Hong Kong dollars. The loans receivables carry effective interest ranging from 8% to 15% per annum (31 December 2017: 8% to 15% per annum). A maturity profile of the loans receivables (net of impairment loss recognised, if any) at the end of the reporting periods, based on the maturity date is as follows:

	At 30 June 2018 *HK$'000* **(Unaudited)**	At 31 December 2017 *HK$'000* (Audited)
Current assets		
Within one year	**513,177**	626,127
Non-current assets		
More than one year but not exceeding two years	**508,000**	574,503
	1,021,177	1,200,630

At 30 June 2018, certain loans in the aggregate principal amounts of HK$130,000,000 (31 December 2017: HK$180,000,000) are secured by a personal guarantee and a corporate guarantee.

In determining the recoverability of the loans receivables, the directors of the Company have considered any change in the credit quality of the loans receivables during the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

11. Trade receivables

The following is an aging analysis of the trade receivables (net of allowance for doubtful debts, if any) at the end of the reporting period presented based on the invoice dates:

	At 30 June 2018 *HK$'000* **(Unaudited)**	At 31 December 2017 *HK$'000* (Audited)
0-30 days	**4,218**	5,333
31-60 days	**3,606**	11,503
61-90 days	**2,782**	6,139
91-120 days	**2,535**	3,195
121-180 days	**5,949**	11,469
Over 180 days	**11,322**	3,468
	30,412	41,107

The Group allows credit period ranging from 0 to 270 days to its customers.

Movement in the allowance for doubtful debts during the reporting period is as follows:

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
At the beginning of the reporting period	—	—
Impairment loss recognised	**477**	—
Amounts written off as uncollectible	**(477)**	—
At the end of the reporting period	**—**	—

12. Trade payables

The following is an aging analysis of trade payables at the end of the reporting period presented based on the invoice dates:

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
0-30 days	**707**	819
31-60 days	**361**	219
61-90 days	**307**	1,660
91-120 days	**50**	544
Over 120 days	**2,761**	5,210
	4,186	8,452

The average credit period on purchase of goods and services is 120 days.

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

On 17 February 2017, the Group ceased its film distribution business by disposing of the entire issued share capital of Riche Video Limited ("**Riche Video**"), a wholly-owned subsidiary of the Company, in order to concentrate resources on its existing businesses. Accordingly, the results of Riche Video were presented separately as discontinued operation for the six months ended 30 June 2017 for financial reporting purposes. Riche Video was principally engaged in distribution of video products and holding of film rights.

Loss attributable to owners of the Company for the six months ended 30 June 2018 amounted to HK$212,007,000, a 13.70% decrease from HK$245,658,000 for the six months ended 30 June 2017. The improvement in the results is discussed in the section headed "*Results of continuing operations*" and "Operations Review" below.

Results of continuing operations

During the six months ended 30 June 2018, the Group recorded a revenue of HK$101,629,000, a 510.09% increase from HK$16,658,000 for the previous period. This increase was attributable to (i) the sale of financial assets reporting a revenue of HK$7,009,000 in the six months ended 30 June 2018, whereas a loss of HK$51,925,000 was reported in the previous period, and (ii) a HK$19,326,000 increase in loan interest income. Of the total revenue, HK$49,950,000 was generated from money lending, HK$21,151,000 was generated from sale of jewelry products, HK$23,519,000 was generated from property investment, and HK$7,009,000 was generated from sale of financial assets.

Loss for the period from continuing operations amounted to HK$213,439,000, a 13.11% improvement from HK$245,655,000 for the six months ended 30 June 2017. This improvement was mainly attributable to an HK$80,645,000 increase in gross profit and a HK$3,878,000 increase in share of results of associates, which were partly offset by a HK$11,200,000 increase in net loss of other gains and losses, a HK$559,000 increase in selling and distribution expenses, an HK$18,376,000 increase in administrative expenses, and a HK$22,235,000 increase in finance costs.

Gross profit for sale of jewelry products decreased by 10.74% from HK$2,412,000 in the six months ended 30 June 2017 to HK$2,153,000 in the six months ended 30 June 2018 and gross profit margin for sale of jewelry products decreased from 15.40% in the six months ended 30 June 2017 to 10.18% in the six months ended 30 June 2018. These decreases are discussed in the section headed "*Sale of jewelry products business*" under "Operations Review" below.

Gross profit for property investment increased by 15.11% from HK$17,496,000 in the six months ended 30 June 2017 to HK$20,139,000 in the six months ended 30 June 2018. Gross profit margin for property investment increased from 78.49% in the six months ended 30 June 2017 to 85.63% in the six months ended 30 June 2018. These increases were mainly attributable to the reversal of the previously over-provided Mainland China Business Tax of HK$6,889,000.

Other gains and losses recorded by the Group during the six months ended 30 June 2018 are as follows:

(a) At the end of the reporting period, the Group measured the investment properties located at Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong at fair value and recognised a gain of HK$24,700,000 arising on change in fair value of investment properties.

(b) At the end of the reporting period, the Group recognised an impairment loss of HK$477,000 on trade receivables, which were relating to the Group's sale of jewelry products business, with past due over 90 days.

(c) Upon completion of the acquisition of 1,020,000,000 shares in Global Mastermind Holdings Limited ("**Global Mastermind**"), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") under stock code: 8063, the Group measured the 217,750,000 shares in Global Mastermind already held by it at market price for transferring these shares to "interests in associates" in applying equity method to account for the Group's investment in Global Mastermind. As a result, the Group recognised a gain of HK$554,000 arising on change in fair value of financial assets at fair value through profit or loss.

    At the end of the reporting period, the Group measured its equity portfolio at fair value based on the closing prices as quoted on the Stock Exchange and recognised a loss of HK$222,954,000 arising on change in fair value of financial assets at fair value through profit or loss.

(d) During the six months ended 30 June 2018, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK$9,000 and recognised a loss on disposal of HK$9,000.

(e) On 22 June 2018, the Group disposed of the entire issued share capital of Best Volume Investments Limited ("**Best Volume**") at a consideration of HK$405,000,000 and recognised a loss on disposal of HK$10,993,000. The principal asset of Best Volume and its subsidiaries is the investment properties located at No. 33 Nonglinxia Road, Yuexiu District, Guangzhou, Mainland China (the "**Guangzhou Property**").

Selling and distribution expenses mainly represent staff costs of sales teams, overseas travelling expenses, freight charges, and exhibition expenses incurred by the Group's sale of jewelry products business. Selling and distribution expenses increased by 34.32% from HK$1,629,000 in the six months ended 30 June 2017 to HK$2,188,000 in the six months ended 30 June 2018. This increase was mainly attributable to the increases in overseas travelling expenses and exhibition expenses.

Administrative expenses amounted to HK$58,531,000 for the six months ended 30 June 2018, a 45.76% increase from HK$40,155,000 for the previous period. This increase was mainly attributable to (i) a HK$5,396,000 increase in general and administrative expenses due to increased operating activities in Beijing, Mainland China, (ii) a HK$3,543,000 increase in depreciation expense resulted from the acquisition of certain office units in Hong Kong for own use in September 2017, (iii) a HK$1,018,000 increase in overseas travelling expenses, and (iv) a HK$5,515,000 increase in staff costs (including directors' emoluments) due to an increase in directors' emoluments and increased operating activities in Beijing, Mainland China.

Share of results of associates amounted to HK$3,877,000 for the six months ended 30 June 2018, which represented (i) the share of profit of HK$470,000 from Elite Prosperous Investment Limited ("**Elite Prosperous**"), a 49% owned associate of the Company, and (ii) a gain on bargaining purchase of HK$3,407,000 arising from the acquisition of shares in Global Mastermind as discussed in the section headed "*Investments in associates*" under "Operations Review" below.

Finance costs increased by 412.06% from HK$5,396,000 in the six months ended 30 June 2017 to HK$27,631,000 in the six months ended 30 June 2018. Such increase was mainly due to the inclusion of imputed interest of HK$12,005,000 on the HK$300,000,000 8% secured notes due 2020 issued by the Company on 25 August 2017 (the "**Secured Notes**"), whereas no such imputed interest was recognised in the previous period.

Income tax expense decreased from HK$223,000 in the six months ended 30 June 2017 to HK$152,000 in the six months ended 30 June 2018. Such decrease was attributable to a HK$1,593,000 decrease in current tax expense, which was partly offset by a HK$1,522,000 decrease in deferred taxation credit resulted from the disposal of the Guangzhou Property through the disposal of Best Volume.

Results of discontinued operation

Loss from discontinued operation for the six months ended 30 June 2017 amounted to HK$3,000, which represented the results of Riche Video for the period from 1 January 2017 to 17 February 2017, being the date on which Riche Video ceased to be a subsidiary of the Company.

Liquidity and financial resources

During the six months ended 30 June 2018, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company, and borrowings. Equity attributable to owners of the Company decreased from HK$3,266,389,000 at 31 December 2017 to HK$3,055,396,000 at 30 June 2018. This decrease was mainly attributable to the loss incurred by the Group for the six months ended 30 June 2018.

At 30 June 2018, the cash and cash equivalents of the Group amounted to HK$161,399,000 (31 December 2017: HK$225,010,000).

At 30 June 2018, the Group had outstanding borrowings of HK$454,771,000 (31 December 2017: HK$950,852,000) representing:

(a) the carrying amount of HK$299,501,000 of the Secured Notes, which are interest bearing at 8.00% per annum, secured by a share charge over 100% issued shares in China Jiuhao Health Industry Group Limited, a wholly-owned subsidiary of the Company and the principal assets of which are (i) the rights to construct and operate the club facilities of a membership golf club and resort (the "**Club**") in Beijing, Mainland China, and (ii) the rights to develop and operate a piece of 580 Chinese acre land (the "**Subject Land**") adjacent to the Club and the rights to manage the properties erected on the Subject Land, and maturing on 25 August 2020; and

(b) the banking facilities in the aggregate principal amount of HK$155,270,000, comprising (i) an instalment loan of HK$124,756,000, which is interest bearing at 1.00% per annum over one-month HIBOR or 3.00% per annum below the prime rate quoted by the bank, whichever is lower, secured by a first legal charge over the Group's properties located at Unit Nos. 1201, 1202, 1203, 1209, 1210, 1211 & 1212 and the corridor on 12th Floor, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong (the "**Shun Tak Property**"), guaranteed by the Company and two wholly-owned subsidiaries of the Company, and maturing on 18 September 2037; (ii) an advance of HK$20,000,000 under a revolving term loan, which is interest bearing at HIBOR plus 2.00% per annum, secured by the first legal charge over the Shun Tak Property, guaranteed by the Company and a wholly-owned subsidiary of the Company, and maturing on 17 October 2018; and (iii) various advances in the aggregate principal amount of HK$10,514,000 under the account payable financing facilities, which is interest bearing at 2.00% per annum over HIBOR, secured by the first legal charge over the Shun Tak Property, guaranteed by the Company and a wholly-owned subsidiary of the Company, and maturing in five months commencing from July 2018.

The decrease in the Group's borrowings was attributable to (i) the repayment of two short-term loans in the aggregate principal amount of HK$300,000,000, and (ii) the disposal of the Renminbi bank loan with an outstanding principal amount of RMB166,201,000 (equivalent to HK$198,826,000) at 31 December 2017 through the disposal of Best Volume.

Gearing ratio

At 30 June 2018, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 14.88% (31 December 2017: 29.11%).

Net current assets and current ratio

At 30 June 2018, the Group's net current assets and current ratio were HK$825,699,000 (31 December 2017: HK$834,571,000) and 2.93 (31 December 2017: 1.84) respectively.

Capital structure

During the six months ended 30 June 2018, there was no change in the Company's capital structure.

Material acquisition

On 29 June 2018, the Group acquired 1,020,000,000 shares in Global Mastermind at a consideration of HK$153,000,000. The acquisition constituted a discloseable transaction of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and was subject to announcement requirement only under the Listing Rules. Prior to the acquisition, the Group already held 217,750,000 shares in Global Mastermind. Upon completion of the acquisition, the Group is interested in 29.04% of the issued share capital of Global Mastermind and Global Mastermind is treated as an associate in accordance with Hong Kong Accounting Standard 28 *Investments in Associates and Joint Ventures* for financial reporting purposes.

Material disposal

On 22 June 2018, the Group disposed of the entire issued share capital of Best Volume at the consideration of HK$405,000,000 and recognised the loss on disposal of HK$10,993,000. The principal asset of Best Volume and its subsidiaries is the Guangzhou Property. The disposal constituted a major transaction of the Company under the Listing Rules and was approved by the shareholders at the Company's special general meeting held on 27 February 2018. Upon completion of the disposal, Best Volume ceased to be a subsidiary of the Company.

Pledge of assets

At 30 June 2018, the following Group's assets were pledged:

(a) the Shun Tak Property with a carrying amount of HK$416,332,000 (31 December 2017: HK$394,330,000), of which HK$157,632,000 classified under property, plant and equipment (31 December 2017: HK$160,330,000), and HK$258,700,000 classified under investment properties (31 December 2017: HK$234,000,000) for securing the banking facilities granted to the Group; and

(b) the 100% issued shares in China Jiuhao Health Industry Group Limited with an unaudited combined net assets of HK$1,442,849,000 after adjusting for purchase price allocation (31 December 2017: HK$1,338,524,000) for securing the Secured Notes.

Material commitments

At 30 June 2018, the Group had a total commitment of HK$48,802,000 (31 December 2017: HK$40,292,000) relating to the development costs for the Subject Land, which were contracted but not provided for.

Exchange risk and hedging

The majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars and Renminbi. The Group is exposed to exchange risk with respect mainly to Renminbi which may affect its performance. The directors closely monitor statement of financial position and cashflow exchange risk exposures and where considered appropriate use of financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge this exchange risk. During the six months ended 30 June 2018, no financial instruments for hedging purposes were used by the Group.

Contingent liabilities

At 30 June 2018, the Group had no material contingent liabilities.

Employees and remuneration policy

At 30 June 2018, the headcount of the Group was 86 (30 June 2017: 38). Staff costs (including directors' emoluments) amounted to HK$31,221,000 in the six months ended 30 June 2018 (six months ended 30 June 2017: HK$25,663,000). The increase in staff costs was attributable to the increase in directors' emoluments and increased operating activities in Beijing, Mainland China, which was partly offset by a HK$758,000 decrease in equity-settled share-based payment expenses. In addition to basic salaries, contributions to retirement benefits scheme and discretionary bonus, staff benefits include medical scheme and share options.

Operations Review

Sales of financial assets business

During the six months ended 30 June 2018, the Group's sale of financial assets business reported a segment loss (before taxation) of HK$214,823,000, which mainly included (i) a gain of HK$7,009,000 from trading of Hong Kong listed equities, (ii) a loss of HK$222,400,000 arising on change in fair value of financial assets at fair value through profit or loss, and (iii) the dividend income from Hong Kong listed equities held by the Group of HK$661,000. The reporting of the segment loss was mainly due to a loss of HK$173,727,000 arising on change in fair value of the listed equities in Kingston Financial Group Ltd. (stock code: 1031) held by the Group.

During the six months ended 30 June 2018, the Group acquired three Hong Kong listed equities with the aggregate acquisition costs of HK$10,324,000 and made a trading gain of HK$7,009,000 from disposing of two Hong Kong listed equities with the aggregate carrying amount plus transactions costs of HK$77,184,000 at the aggregate sale proceeds of HK$84,193,000. Upon completion of the acquisition of 1,020,000,000 shares in Global Mastermind on 29 June 2018, the 217,750,000 shares in Global Mastermind already held by the Group with a carrying amount of HK$30,049,000 were transferred to "interests in associates" in applying equity method to account for the Group's investment in Global Mastermind.

Movements in the Hong Kong listed equities held by the Group during the six months ended 30 June 2018 and 2017 are as follows:

	2018	2017
	HK$'000	*HK$'000*
Carrying amount at 1 January	**662,943**	544,442
Add: acquisitions	**10,324**	79,973
re-classification from available-for-sale financial assets	—	365,000
gain arising on change in fair value upon transfer to interests in associates	**554**	—
Less: disposals	**(76,966)**	(274,224)
transfer to interests in associates	**(30,049)**	—
loss arising on change in fair value	**(222,954)**	(190,837)
Carrying amount at 30 June	**343,852**	524,354

Details of the Hong Kong listed equities held by the Group at 30 June 2018 are as follows:

Name of Hong Kong listed equities	*Notes*	**Number of shares held at 30 June 2018**	**Fair value at 30 June 2018**	**Fair value as compared to the consolidated total assets of the Group at 30 June 2018**	**Gain/(loss) arising on change in fair value recognised in the six months ended 30 June 2018**
			HK$'000		*HK$'000*
Affluent Partners Holdings Ltd. (stock code: 1466)	*1*	13,000,000	68,250	1.64%	(12,095)
Brockman Mining Ltd. (stock code: 159)	*2*	40,220,000	7,400	0.18%	2,856
CBK Holdings Ltd. (stock code: 8428)	*3*	21,720,000	3,888	0.09%	934
China Healthcare Enterprise Group Ltd. (stock code: 1143)	*4*	30,000,000	5,340	0.13%	(3,360)
China Healthwise Holdings Ltd. (stock code: 348)	*5*	708,396,000	57,380	1.38%	6,375
Frontier Services Group Ltd. (stock code: 500)	*6*	4,800,000	7,104	0.17%	(768)
Hsin Chong Group Holdings Ltd. (stock code: 404)	*7*	90,000,000	—	—	—
Huayi Tencent Entertainment Company Ltd. (stock code: 419)	*8*	200,000,000	75,000	1.80%	4,000

Name of Hong Kong listed equities	*Notes*	Number of shares held at 30 June 2018	Fair value at 30 June 2018	Fair value as compared to the consolidated total assets of the Group at 30 June 2018	Gain/(loss) arising on change in fair value recognised in the six months ended 30 June 2018
			HK$'000		*HK$'000*
Kingston Financial Group Ltd. (stock code: 1031)	*9*	33,028,000	73,983	1.78%	(173,727)
KuangChi Science Ltd. (stock code: 439)	*10*	23,000,000	18,170	0.44%	(38,870)
Lajin Entertainment Network Group Ltd. (stock code: 8172)	*11*	53,500,000	14,980	0.36%	(4,815)
Sincere Watch (Hong Kong) Ltd. (stock code: 444)	*12*	55,000,000	6,160	0.15%	(330)
Town Health International Medical Group Ltd. (stock code: 3886)	*13*	70,000,000	5,956	0.14%	(3,144)
Yunfeng Financial Group Ltd. (stock code: 376)	*14*	50,000	241	0.01%	(10)
			343,852		(222,954)

Notes:

1. Affluent Partners Holdings Ltd. ("**Affluent Partners**") and its subsidiaries are principally engaged in (i) purchasing, processing, designing, production and wholesale distribution of pearls and jewellery products, and (ii) the operation of strategic investment and financial services segment, with the objective to include investments in stocks, bonds and other forms of securities and other potential investment opportunities, and also money lending business.

   Based on its published financial information, the group had net assets of HK$236,508,000 at 31 March 2018. The group recorded a loss attributable to owners of Affluent Partners of HK$129,787,000 for the year ended 31 March 2018.

   As disclosed in its 2018 annual report, the incurring of a significant loss by Affluent Partners for the year ended 31 March 2018 was mainly due to the realised loss on disposals of financial assets at fair value through profit or loss, the loss on investments in associates, and the impairment loss on loans to associates amounted to HK$105,333,000 in aggregate. During the year, Affluent Partners disposed of the subsidiary engaged in money lending business. As a result, Affluent Partners was no longer engaged in any money lending business. Affluent Partners would continue to strictly control costs and improve operation efficiency and productivity of its pearls and jewelry business segment in a bid to stay competitive. Affluent Partners would continue to actively participate in various important jewelry and gem fairs around the world in order to maintain into a diversified customer base. With its investments in the GBP2.6 million 6% convertible guaranteed redeemable loan notes issued by Wonderland (UK)

Holdings Limited and the participating shares in Orient Capital Opportunity Fund SPC, Affluent Partners expected that its strategic investment and financial services segment would diversify the income streams of Affluent Partners and generated additional investment returns on the available funds of Affluent Partners from time to time. Affluent Partners expected that its strategic investment and financial services segment would be its growth driver. Affluent Partners would actively make continuous efforts to find appropriate investment projects in the future.

2. Brockman Mining Ltd. ("**Brockman Mining**") and its subsidiaries are principally engaged in the development and exploration of iron ore mining projects in Western Australia.

   Based on its published financial information, the group had net assets of HK$463,963,000 and HK$448,851,000 at 30 June 2017 and 31 December 2017 respectively. The group recorded a loss attributable to owners of Brockman Mining of HK$38,308,000 and HK$16,953,000 for the year ended 30 June 2017 and the six months ended 31 December 2017 respectively.

   According to its 2017 interim report, Brockman Mining executed a term sheet with BBI Group Pty. Limited, a subsidiary of a New Zealand company, relating to the proposed farm in arrangement and establishment of a joint venture for the development of its flagship iron ore mining project (the "**Marillana Project**") in Pilbara region in Western Australia in November 2017. The entering into of the definitive agreements relating to the proposed transactions was subject to the satisfaction or waiver of the conditions precedent set out in the term sheet. Brockman Mining believed that the proposed transactions offered a possible logistics solution for unlocking the value of its iron ore assets. The execution of the term sheet refocused Brockman Mining's effort in fund raising activities for the coming years while waiting for the definitive feasibility study in respect of the construction and development of the Marillana Project being prepared by BBI Group Pty. Limited.

3. CBK Holdings Ltd. ("**CBK Holdings**") and its subsidiaries are principally engaged in provision of catering services in Hong Kong.

   Based on its published financial information, the group had net assets of HK$81,008,000 at 31 March 2018. The group recorded a loss attributable to owners of CBK Holdings of HK$9,746,000 for the year ended 31 March 2018.

   As disclosed in its 2018 annual report, CBK Holdings would continue with its prudent site selection strategy to expand its network of hotpot restaurants. CBK Holdings would continue to conduct feasibility studies on refining its existing brands and launching of new brands to meet growing customer expectations on dining experience. CBK Holdings was exploring the commercial viability of extending its business hours. CBK Holdings had introduced such measure in one of its restaurants, which offered special discounts for customers who came for "happy hour" hotpot or "late night" hotpot at the restaurant. Based on its success in the past, CBK Holdings remained optimistic about its future development. CBK Holdings intended to cautiously execute its development plan as set forth in its prospectus dated 27 January 2017 for the purpose of bringing a desirable return to its shareholders and facilitating the long-term growth of its business.

4. China Healthcare Enterprise Group Ltd. ("**China Healthcare**") and its subsidiaries are principally engaged in (i) electronic manufacturing services, (ii) marketing and distribution of communications products, (iii) trading and selling of medical equipment, and (iv) securities and other assets investments.

Based on its published financial information, the group had net assets of HK$654,002,000 and HK$586,812,000 at 31 December 2017 and 30 June 2018 respectively. The group recorded a loss attributable to owners of China Healthcare of HK$128,428,000 and HK$52,282,000 for the year ended 31 December 2017 and the six months ended 30 June 2018 respectively.

According to its interim results announcement for the six months ended 30 June 2018, despite uncertainties arising from the trade tensions between the United States of America and Mainland China, the electronic manufacturing services business of China Healthcare had thus far been unaffected by the trade disputes, and it had already received reasonable level of orders from customers for the upcoming half year of 2018. China Healthcare would nonetheless monitor market developments closely, including the fluctuation of Renminbi and the rise in component costs. In respect of the latter, China Healthcare had taken necessary action, which, besides seeking alternative suppliers, China Healthcare would transfer the cost increase to its clients going forward. Furthermore, China Healthcare would continue to develop new products, particularly Wi-Fi and Bluetooth enabled smart-home appliances to facilitate long-term development of its electronic manufacturing services business. With reference to its securities and other assets investment operation, China Healthcare was committed to tapping the healthcare market of Mainland China, which had been the fastest growing market among all large emerging economies, increasing by over four-fold in the ten-year span of 2006 to 2016, or from RMB1,096.6 billion to RMB4,634.5 billion respectively. Despite such phenomenal growth, healthcare spending per capita was only at approximately 6% of Mainland China's Gross Domestic Product. The healthcare market therefore possessed tremendous room for further growth, and China Healthcare would make the necessary investments and establish relevant ties to expedite its development in this burgeoning segment. While downside risk had increased significantly, China Healthcare trusted that efforts undertaken to bolster its key business operations, including those for raising its competitiveness in the future, would stand China Healthcare in good stead regardless of what economic scenario eventually materialised. That being said, China Healthcare would manage operations with utmost prudence, fully mindful of the interests of its shareholders.

5. China Healthwise Holdings Ltd. ("**China Healthwise**") and its subsidiaries are principally engaged in development, engineering, manufacturing and sale of toys, commercial kitchen and consumer electronic products, sales of Chinese health products, money lending business, and investment in financial instruments.

Based on its published financial information, the group had net assets of HK$274,150,000 at 31 March 2018. The group recorded a loss attributable to owners of China Healthwise of HK$186,103,000 for the year ended 31 March 2018.

As disclosed in its 2017/18 annual report, China Healthwise did not renew the contract with Haier, its largest childcare product brand, on 31 December 2017. Accordingly, China Healthwise believed that the non-renewal of the contact would have a significant negative impact on revenue in its childcare products business in coming years. China Healthwise would continue its multi-brand and multi-product strategy and to strictly control cost to cope with this challenge. Given that the outlook of health care business was positive, China Healthwise expected its newly acquired Chinese health products business had a positive future impact on its performance. China Healthwise received encouraging and positive responses from recent products previews with major customers on its new product line, namely Radio Control vehicles, in early 2018. However, further capital investments would be required in continuous product development, engineering, new product moulds plus additional marketing and promotion costs for the new products. These expenses would continue to affect its OBM toys business' profitability. With the newly acquired production techniques for producing a range of girls' toy items, demand for

OEM toy products was expected to improve slightly. However, the sale of China Healthwise's OEM toys business might be affected by the liquidation of a major toy retail chain store in North America and other countries. As the newly established money lending business generated a relatively higher gross profit margin, China Healthwise would put more effort to develop it, while remained cautious in assessing customers' ability to repay and approving loans to its customers in order to reduce its credit risk. As its commercial kitchen products business had been loss making since 2016. China Healthwise would control the financial risks with caution and consider various strategies to reduce loss in the business.

6. Frontier Services Group Ltd. ("**Frontier Services**") and its subsidiaries are principally engaged in the provision of logistics, security and insurance services, as well as, to a minor degree, in the provision of online financial market information.

   Based on its published financial information, the group had net assets of HK$387,941,000 and HK$1,169,286,000 at 31 December 2017 and 30 June 2018 respectively. The group recorded a loss attributable to owners of Frontier Services of HK$223,760,000 and HK$126,914,000 for the year ended for the year 31 December 2017 and the six months ended 30 June 2018 respectively.

   According to its interim results announcement for the six months ended 30 June 2018, Frontier Services continued to grow its aviation and logistics business and to further develop its security and insurance business in accordance with the Belt and Road Initiative during the first half of 2018. For the second half of 2018, Frontier Services was expected to grasp much more clientele in Africa, Asia and Middle East regions as market opportunities there remained huge. The logistics centre in Shanghai, Mainland China started to work very closely with its Chinese clients and it gradually became their business partner when they went out in support of the Belt and Road Initiative. More offices were expected to be set up in those important and representative regions along the Belt and Road in the near future. All these offices were expected to play a critical role in building the foundation of Frontier Services' security business. After the completion of the subscription of its new shares in June 2018, new investors were brought in and more catalysts were injected into Frontier Services as they were all supportive to its three major lines of business. Frontier Services believed that these businesses could further benefit from their respective leading position in the relevant industry. In the remaining half of 2018, Frontier Services would make good use of the existing available resources to grow its businesses with its strategic alliances. Frontier Services would not just deliver a single service to its customers but a value chain of its services with the best solution to its customers to their satisfaction. Frontier Services remained positive towards the second half of 2018 because a strong and solid foundation was nearly in place. At the same time, Frontier Services would also continue to implement various cost reduction measures so as to enhance its overall operational efficiency. Although the global market was facing a lot of challenges recently, Frontier Services still believed that its focus on the Belt and Road Initiative and its uniqueness in terms of businesses and shareholding structure would still be its competitive strength to support its long term growth.

7. Hsin Chong Group Holdings Ltd. ("**Hsin Chong**") and its subsidiaries are principally engaged in building construction, civil engineering, electrical and mechanical installation, property development and investment.

   Based on its published financial information, the group had net assets of HK$11,704,986,000 at 31 December 2017. The group recorded a loss attributable to owners of Hsin Chong of HK$774,382,000 for the year ended 31 December 2017.

According to its 2017 annual report, Hsin Chong's financial situation had been restraining its ability to obtain new projects since the beginning of 2017, which resulted in a decrease in the turnover of its construction business. This, in turn, caused a reduction in its cashflow and an increase in its financing cost. Hsin Chong had pursued strategic measures, including but not limited to disposal of its assets and refinancing of its current facilities to restore cashflow and liquidity. During such restoration period, Hsin Chong noticed and foresaw that (i) the operating progress of various projects might be affected, (ii) the short-term financing cost might increase, (iii) new tenders would be restricted until the cashflow and liquidity of Hsin Chong restored, and (iv) key staffs turnover might increase.

At 31 December 2017, the unrestricted cash and cash equivalents of Hsin Chong amounted to HK$784,000,000. At 23 March 2018, being the date of its annual results announcement for the year ended 31 December 2017, Hsin Chong had overdue borrowings amounted to HK$1,932,000,000, but Hsin Chong had not been able to obtain extensions for repayment from the lenders. If the lenders did not grant extension, the overdue borrowings would be immediately repayable. In addition, Hsin Chong had borrowings of HK$3,798,000,000 at 31 December 2017 which did not meet certain financial ratios as set out in the covenants in the relevant borrowing agreements. If such breach became events of default under the respective borrowing agreements, including those under the cross-default terms, an aggregate amount of borrowings of up to HK$6,463,000,000 at 31 December 2017 would be immediately repayable. These conditions indicated the existence of material uncertainties which might cast significant doubt about Hsin Chong's ability to continue as a going concern.

On 31 July 2018, Hsin Chong issued an announcement relating to the transitional arrangements for the amendments to the delisting framework under the Listing Rules. According to the announcement, if Hsin Chong failed to fulfil all the resumption conditions to the satisfaction of the Stock Exchange and resume trading in its shares by 31 July 2019, the Listing Department of the Stock Exchange would recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Hsin Chong's listing. This was subject to the Stock Exchange's right to impose a shorter specific remedial period under Rule 6.10 of the Listing Rules where appropriate. As at the date of the announcement, Hsin Chong was in the course of providing information to the regulators and was using its best endeavor to obtain approval for resumption of trading.

Trading in the shares of Hsin Chong has been suspended since 3 April 2017. The price of Hsin Chong's shares closed at HK$0.35 per share on 31 March 2017, being the last trading day prior to the suspension of trading of the shares at 9:00 a.m. on 3 April 2017. In view of the existence of material uncertainties which may cast significant doubt about Hsin Chong's ability to continue as a going concern, the entire fair value of the shares in Hsin Chong held by the Group of HK$31,500,000 at 31 March 2017 was fully impaired for prudence.

8. Huayi Tencent Entertainment Company Ltd. ("**Huayi Tencent**") and its subsidiaries are principally engaged in (i) entertainment and media business, and (ii) provision of offline healthcare and wellness services.

   Based on its published financial information, the group had net assets of HK$875,958,000 and HK$852,609,000 at 31 December 2017 and 30 June 2018 respectively. The group recorded a loss attributable to owners of Huayi Tencent of HK$103,669,000 and HK$24,030,000 for the year ended 31 December 2017 and the six months ended 30 June 2018 respectively.

According to Huayi Tencent's interim results announcement for the six months ended 30 June 2018, the Global Entertainment & Media Outlook 2018 – 2022 released by PwC stated that the film market of Mainland China recorded a total revenue of approximately US$8.2 billion (HK$64.4 billion) in 2017, representing a growth rate of 21.5%. PwC estimated that the Chinese film market would continue to grow at a compound annual growth rate of 9.7% over the next five years, and the total revenue would reach US$13.1 billion by 2022 and overtake the U.S. film market, reflecting the robust development of the film industry in Mainland China. Going forward, Huayi Tencent would concentrate on the investment in Korean film and TV productions. In view of this focus and the potential easing of restriction on Korean contents by the Chinese authority, it was expected that the investment in existing Korean film and TV projects would generate considerable return for Huayi Tencent. In addition, Huayi Tencent would continue to invest and produce films and TV programmes of various genres to build a reserve of overseas intellectual property (IP) rights with development potential and explore promising investment projects. Moreover, Huayi Tencent would also seek opportunities to bring Hollywood films into its investment portfolio, and to partner with internationally renowned studios. Given the continuous and robust development of domestic film market, as well as the popularity of Korean films and TV programmes among Chinese audience, Huayi Tencent was well-positioned to lead its core media and entertainment business in the future. Huayi Tencent would also keep a close eye on future investment opportunities in the pan-entertainment industry (such as the gaming, eSports and music), with a view to reinforcing its deployment in the cultural and entertainment industry.

9. Kingston Financial Group Ltd. ("**Kingston Financial**") and its subsidiaries are principally engaged in the provision of a wide range of financial services which include securities brokerage, underwriting and placements, margin and initial public offering financing, corporate finance advisory services, futures brokerage, and asset management services. The group also provides gaming and hospitality services in Macau.

   Based on its published financial information, the group had net assets of HK$20,639,360,000 at 31 March 2018. The group recorded a profit attributable to owners of Kingston Financial of HK$1,348,626,000 for the year ended 31 March 2018.

   As disclosed in Kingston Financial's 2018 annual report, the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area would further strengthen the position of Hong Kong as a foreign investment gateway of Mainland China. The Hong Kong Monetary Authority and the People's Bank of China were also working closely together to carry out the "northbound trading" of the Bond Connect scheme for one year. Trading volume and number of participating institutions had gradually increased, becoming an important channel for foreign institutions to invest in the mainland bond market, and hence actively fuelled the growth of local brokers. In the future, Kingston Financial would strive to enhance its visibility in Hong Kong's capital markets as well as in Mainland China and continue to expand its business scope. At the same time, Kingston Financial would make good use of its resources and take the opportunity to promote business expansion to a higher level.

10. KuangChi Science Ltd. ("**KuangChi Science**") and its subsidiaries are principally engaged in the research and development and manufacture of innovative products for future technology businesses, and the provision of other innovative technology service solutions.

    Based on its published financial information, the group had net assets of HK$2,534,049,000 and HK$1,980,327,000 at 31 December 2017 and 30 June 2018 respectively. The group recorded a profit attributable to owners of KuangChi Science of HK$66,051,000 for the year ended 31 December 2017 and a loss attributable to owners of KuangChi Science of HK$162,867,000 for the six months ended 30 June 2018.

According to its interim results announcement for the six months ended 30 June 2018, KuangChi Science was committed to building future smart cities by developing and integrating different future technologies, including "future artificial intelligence (AI)" technology and "future space" technology. In "future AI" technology business, KuangChi Science developed the "Super Intelligent System" in response to the demand for urban security and management. With the integration of various smart surveillance devices, it made the "Super Intelligent System" possible for active detection, prevention, early warning and forecasting of crimes. During the six months ended 30 June 2018, "Super Intelligent System" was piloted by public security authorities in Shanghai, Mainland China. It was expected that "Super Intelligent System" would be fully operational in the third quarter of 2018, helping Shanghai to become the world's first all-intelligent security and defense region. KuangChi Science believed that the "Super Intelligent System" was in a boundless market with a focus on comprehensive management. With the successful application of the "Super Intelligent System" in the area of security and the accumulation of quality big data, KuangChi Science would gradually further develop in various vertical industries including comprehensive management and security market as well as smart city operation and services, and promote the "Super Intelligent System" as the standard smart city infrastructure in the future. In "future space" technology business, KuangChi Science was committed to the application of its intergenerational flight and float platform solutions in commercial use, such as urban safety, emergency and environmental protection. Discussions regarding cooperation on the "SkyX" project, the development of unmanned aerial vehicle for inspection of pipelines of energy facilities, were being conducted with a number of potential clients from South Africa, Mexico, Argentina, Nigeria, and the United States of America. To strengthen its core competitiveness, KuangChi Science brought in 112 experts of high and new technology from around the world in the six months ended 30 June 2018.

11. Lajin Entertainment Network Group Ltd. ("**Lajin Entertainment**") and its subsidiaries are principally engaged in the business of investment and production of movie and media contents, and the provision of artist management services.

Based on its published financial information, the group had net assets of HK$899,671,000 and HK$794,502,000 at 31 December 2017 and 30 June 2018 respectively. The group recorded a loss attributable to owners of Lajin Entertainment of HK$79,853,000 and HK$95,536,000 for the year ended 31 December 2017 and the six months ended 30 June 2018 respectively.

As disclosed in Lajin Entertainment's 2018 interim report, there were six productions expected to be screened in late 2018 or 2019. In addition, "Legend of the Galactic Heroes"（銀河英雄傳說）and "The Tibet Code"（藏地密碼）were big-budget productions and the main focus of Lajin Entertainment's investment in the coming two to three years. Lajin Entertainment would provide full support and plan to release these productions in and after 2020. For its artist management, Lajin Entertainment would strive to secure more commercial advertisement jobs for its artists and leverage on the facilities available in its production base in Beijing, Mainland China to provide them with necessary trainings and shooting/production environment, enabling these future stars to shine. Lajin Entertainment had put enormous effort in building its Huo Miao Original Music Service Platform ("**Huo Miao Platform**"). Lajin Entertainment would increase marketing effort to promote and publicise Huo Miao Platform with an aim to gain publicity. Lajin Entertainment firmly believed in the originality of music and such brand new concept of tailor-made music production would prosper in the future. Lajin Entertainment would continue to promote its production base's competitive edge and strive to secure joint production agreements to enhance a stable source of income, as well as to ensure the maximum utilisation of its facilities.

12. Sincere Watch (Hong Kong) Ltd. ("**Sincere Watch**") and its subsidiaries are principally engaged in distribution of branded luxury watches, timepieces and accessories in Hong Kong, Macau, Taiwan and Mainland China, dining business and property investment.

Based on its published financial information, the group had net assets of HK$1,068,513,000 at 31 March 2018. The group recorded a loss attributable to owners of Sincere Watch of HK$59,972,000 for the year ended 31 March 2018.

As disclosed in its 2018 annual report, Sincere Watch acquired certain investment properties in Beijing, Mainland China in March 2016. Sincere Watch also acquired investment properties of HK$350,000,000 in Beijing, Mainland China in April 2018. Sincere Watch had decided to deploy more resources to focus on its new core business, namely property investment in Mainland China, and would continue to look for appropriate investment opportunities with capital growth potential, which provided stable rental income at the same time. Sincere Watch had invested HK$45,000,000 in a film project in May 2017, which was expected to provide income in 2020. The watch distribution business of Sincere Watch was facing many challenges and Sincere Watch continued to look for ways to enhance this business.

13. Town Health International Medical Group Ltd. ("**Town Health**") and its subsidiaries are principally engaged in healthcare business in Hong Kong, which comprises managed care, medical and dental clinics operation and provision of beauty and cosmetic medical services, direct investment in healthcare sector, and investment in securities and properties. The group also provides hospital and clinic management services in Mainland China.

Based on its published financial information, the group had net assets of HK$4,314,480,000 and HK$4,383,399,000 at 31 December 2017 and 30 June 2018 respectively. The group recorded a loss attributable to owners of Town Health of HK$107,745,000 for the year ended 31 December 2017 and a profit attributable to owners of Town Health of HK$57,627,000 for the six months ended 30 June 2018.

As disclosed in its interim results announcement for the six months ended 30 June 2018, Town Health's business in Hong Kong would continue to maintain a stable growth. With the deepening of healthcare reforms in Mainland China, there would be increasing demand for high-end healthcare services in Mainland China. To grasp the blooming business opportunities, Town Health would leverage its healthcare management expertise to introduce high quality and more efficient Hong Kong-style healthcare service and operation models to Mainland China and strive to become the leading player in the healthcare industry. The further development of Nanshi Hospital would expand Town Health's income base. In addition, Town Health would focus on developing its community healthcare. Town Health's new comprehensive medical centre was located at the centre of Nanyang City and equipped with high-end sophisticated outpatient facilities to serve the needs of high-end customers. The centre was expected to become the most prestigious medical centre in that locality. Town Health expected that its high-end dental business in Mainland China would continue to grow in the second half of 2018. Town Health would proactively promote Invisalign orthodontic services, enhance its brand awareness, and continue to introduce its dental clinic services and Invisalign training services to Nanshi Hospital. Town Health would also actively develop the businesses of its Nanyang Xiangrui's subsidiaries covering marketing, medical equipment and consumables trading and property management services, in order to expand the services scope of its hospital management business. Meanwhile, Town Health would continue to strengthen its cooperation with China Life Group to develop integrated health management centres in Mainland China. Town Health would strive to develop a new collaborative business model between the insurance and healthcare services sectors. Focusing on preventive medicines and anti-aging services, the health management centre would provide comprehensive and holistic healthcare services to high-end customers of China Life Group.

On 27 November 2017, the Securities and Futures Commission (the "**SFC**") issued a direction under Section 8(1) of the Securities and Futures (Stock Market Listing) Rules to suspend the trading in the shares of Town Health with effect from 9:00 a.m. on that date. Immediate prior to the suspension, the price of Town Health's shares closed at HK$0.69 per share on 24 November 2017.

On 11 July 2018, Town Health issued an announcement relating to the transitional arrangements for the amendments to the delisting framework under the Listing Rules. According to the announcement, if Town Health failed to resume trading in its shares by 31 January 2020, the Listing Department of the Stock Exchange would recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of Town Health's listing. This was subject to the Stock Exchange's right to impose a shorter specific remedial period under Rule 6.10 of the Listing Rules if appropriate. As at the date of the announcement, Town Health had made a submission to the SFC to address the SFC's concerns on it and to seek the SFC's re-consideration on the direction to suspend the trading in the shares of Town Health.

Based on a valuation report prepared by an independent valuer appointed by the Group, the fair value of the shares in Town Health held by the Group was HK$5,956,000 at 30 June 2018.

14. Yunfeng Financial Group Ltd. ("**Yunfeng Financial**") and its subsidiaries are principally engaged in the provision of financial services, including securities brokerage, wealth management and investment, corporate finance consultancy, ESOP (Employee Stock Ownership Plan) administration, and investment research.

    Based on its published financial information, the group had net assets of HK$4,139,332,000 and HK$3,947,469,000 at 31 December 2017 and 30 June 2018 respectively. The group recorded a loss attributable to owners of Yunfeng Financial of HK$379,054,000 and HK$186,279,000 for the year ended 31 December 2017 and the six months ended 30 June 2018 respectively.

    According to its interim results announcement for the six months ended 30 June 2018, Yunfeng Financial's major sources of revenue included subscription fees and management fees for products launched by it, platform fees for distribution of third-parties products, administration fee for employee stock ownership plan management services, brokerage commission income, and corporate advisory fee income in the first half of 2018. In addition, Yunfeng Financial generated other operating income and gains from its own general capital. Yunfeng Financial was still in the process of building its client base and scale of asset under management. In the second half of 2018, Yunfeng Financial would continue to push forward on the completion of the acquisition of an equity interest in MassMutual Asia Limited. The uncertainties in the global economy related to instances such as Sino-US trade war, and the Brexit were expected to adversely affect the market. Yunfeng Financial would remain flexible and adjust its strategy in light of market conditions.

The directors believe that the future performance of the Hong Kong listed equities held by the Group is largely affected by economic factors, investor sentiment, demand and supply balance of an investee company's shares and fundamentals of an investee company, such as investee company's news, business fundamentals and development, financial performance and future prospects. Accordingly, the directors closely monitor the above factors, particularly the fundamentals of each individual investee company in the Group's equity portfolio, and proactively adjust the Group's equity portfolio mix in order to improve its performance.

Money lending business

During the six months ended 30 June 2018, the Group's money lending business generated interest income on loans amounting to HK$49,950,000, a 63.11% increase from HK$30,624,000 for the previous period, and reported a segment profit (before taxation) of HK$38,705,000, a 29.26% increase from HK$29,943,000 for the previous period. These increases were attributable to an increase in the aggregate principal amount of new loans granted in the six months ended 30 June 2018 as compared to the previous period. The average monthly outstanding balance of loans receivables increased from HK$693,612,000 in the six months ended 30 June 2017 to HK$1,066,519,000 in the six months ended 30 June 2018. During the period under review, the Group granted new loans in the aggregate principal amount of HK$452,000,000 to seven customers. The Group's customers made drawings in the aggregate principal amount of HK$523,267,000 from the existing and new loans, and repaid HK$698,773,000 to the Group. At the end of the reporting period, the directors assessed the collectability of the loan receivables. As there was no objective evidence that the Group would not be able to collect its loans receivables, no impairment loss on loans receivables was recognised. At 30 June 2018, the Group's loans receivables together with accrued interest receivables amounted to HK$1,021,177,000 (31 December 2017: HK$1,200,630,000).

Sale of jewelry products business

During the six months ended 30 June 2018, the Group's sale of jewelry products business generated revenue of HK$21,151,000, a 35.00% increase from HK$15,667,000 for the previous period, and reported a segment loss (before taxation) of HK$3,085,000, a 35.07% increase from HK$2,284,000 for the previous period. In 2017, the Group refined its business strategy by targeting overseas retail chain stores and wholesale market in response to the sluggish market conditions. During the period under review, the Group has established business relationships with two wholesalers and one retail chain store in Europe through securing sales orders from them. As it was still at a development stage, the sales orders secured from these three customers were not sizeable. On the other hand, the Group had to incur significant moulding and production costs in producing samples for business development. These two factors contributed the loss incurred by the Group's sale of jewelry products business. In addition, the impairment loss of HK$477,000 was recognised on trade receivables with past due over 90 days. The significant moulding and production costs also contributed the deterioration in gross profit margin in the six months ended 30 June 2018 as compared to the previous period.

At 30 June 2018, the Group's inventories of jewelry products, including raw materials, work-in-progress and finished goods, amounted to HK$34,884,000 (31 December 2017: HK$33,500,000) and the Group's sale of jewelry products business had undelivered sale orders amounting to HK$707,000 (31 December 2017: HK$1,000,000).

Property investment business

During the six months ended 30 June 2018, the Group's property investment business generated rental income of HK$23,519,000, a 5.50% increase from HK$22,292,000 for the six months ended 30 June 2017, and recorded a segment profit (before taxation) of HK$11,438,000, whereas a segment loss (before taxation) of HK$570,000 was recorded in the six months ended 30 June 2017. Of the total rental income, HK$11,044,000 was generated from the assets of the Club, HK$962,000 was generated from the investment properties portion of the Shun Tak Property, and HK$11,513,000 was generated from the Guangzhou Property.

The development of the Subject Land was divided into three phases, in which the first phase involved erecting nine hotel villas, the second phase involved erecting hotel villas, and the third phase involved erecting a high-end hotel apartment complex with restaurants, multifunction room facilities, and hotel apartment units. The first phase development of the Subject Land was completed in 2017. The Group changed its leasing strategy for the nine hotel villas in the first phase of the Subject Land by not providing any furniture, appliances and hotel services in order to promptly generate rental income and effectively reduce fixed costs. Marketing activities for leasing the hotel villas had begun. However, no leasing agreement was concluded during the period under review.

In April 2018, the renovation of the Shun Tak Property was completed and two and a half office units of the Shun Tak Property has been leased out and generated rental income of HK$962,000 in the six months ended 30 June 2018. It was originally planned that three office units of the Shun Tak Property were used as the head office of the Company and remaining four office units were leased out for rental income. Subsequent to 30 June 2018, the Group changed the plan of the Shun Tak Property, in which four and a half office units are used as the head office and the remaining two and a half office units are leased out for rental income. Accordingly, one and a half office units of the Shun Tak Property with an aggregate carrying amount of HK$72,900,000 will be transferred from "investment properties" to "property, plant and equipment" for financial reporting purposes in the second half of 2018.

At the end of the reporting period, the directors measured the investment properties portion of the Shun Tak Property at fair value. Based on a property valuation report prepared by an independent valuer, the fair value of the investment properties portion of the Shun Tak Property increased from HK$234,000,000 at 31 December 2017 to HK$258,700,000 at 30 June 2018. Accordingly, the Group recognised a gain of HK$24,700,000 arising on change in fair value of investment properties.

On 22 June 2018, the Group disposed of the entire issued share capital of Best Volume at the consideration of HK$405,000,000 and recognised the loss on disposal of HK$10,993,000. The principal asset of Best Volume and its subsidiaries is the Guangzhou Property. The net proceeds from the disposal are intended to be used for the development of the Subject Land. Although the Group recorded a loss on the disposal, the directors considered that the disposal enabled the Group to (i) largely reduce its reliance on obtaining external financing for developing the Subject Land, which correspondingly reduces its future finance costs, and (ii) strengthen its cash position as Best Volume and its subsidiaries recorded a net cash outflow (before change in working capital) since the date of its acquisition. During the period from 1 January 2018 to 22 June 2018, the Guangzhou Property generated rental income of HK$11,513,000 and contributed a profit of HK$4,700,000 to the Group.

Investments in associates

In January 2018, Spark Concept Group Limited ("**Spark Concept**"), a 49% owned associate of the Company, and its subsidiaries (the "**Spark Concept Group**") expanded its operations by opening a Japanese noodle shop in Causeway Bay, Hong Kong. The Spark Concept Group is operating three Japanese noodle shops (麵鮮醬油房周月) in Central, Quarry Bay and Causeway Bay, and a high-end Japanese restaurant (料理人 上田) in Central. During the six months ended 30 June 2018, the Spark Concept Group reported a loss of HK$521,000, whereas a profit of HK$339,000 was recorded in the same period of 2017. The deterioration in operating results was mainly due to the loss made by the high-end Japanese restaurant. No share of loss from the Spark Concept Group was recognised as the Group's share of post-acquisition losses equalled to its interests in Spark Concept. No further cash was advanced to the Spark Concept Group by the Group during the six months ended 30 June 2018. At 30 June 2018, the Spark Concept Group owed the Group an amount of HK$7,393,000 (before accumulated impairment of HK$5,913,000), which is unsecured, non-interest bearing and repayable on demand. As announced by the Michelin Guide in November 2017, the Japanese noodle shops in Central and Quarry Bay are again awarded the Bib Gourmand rating in the Michelin Guide Hong Kong Macau 2018.

Elite Prosperous is an investment holding company and the principal asset of which is the term loan of US$10,000,000 (equivalent to HK$78,410,000) advanced to an unlisted investment holding company. The principal subsidiaries of the unlisted investment holding company are engaged in (i) agency payment services, (ii) currency exchange services, and (iii) provision of online, mobile and cross-border payment services. During the six months ended 30 June 2018, no capitalisation issue on the term loan of US$10,000,000 (equivalent to HK$78,410,000) provided by Elite Prosperous to the unlisted investment holding company was taken place as one of the conditions as set out in the instrument dated 7 September 2017 had not been satisfied. To maximise its shareholders' value, Elite Prosperous is now considering whether to (i) convert the term loan into such number of preferred shares in the capital of the unlisted investment holding company as determined by the instrument under the conversion option granted under the instrument, or (ii) require the unlisted investment holding company to sell 645 preferred shares in the capital of its wholly-owned subsidiary, which provides online, mobile and cross-broader payment services in Mainland China, to Elite Prosperous at US$10,000,000 (equivalent to HK$78,410,000) under the purchase option granted under the instrument. No decision was made in relation to the exercise of the conversion option or the purchase option as at the date of this interim results announcement. At the end of the reporting period, Elite Prosperous measured the option component of the term loan at fair value. Based on a valuation report prepared by an independent firm of professional valuers, the fair value of the option component of the term loan increased from HK$69,412,000 at 31 December 2017 to HK$72,072,000 at 30 June 2018 and Elite Prosperous recognised a gain of HK$2,660,000 arising on change in fair value of option component in other comprehensive income. Correspondingly, the Group shared 49%

of such gain, which was amounted to HK$1,303,000, in other comprehensive income. During the six months ended 30 June 2018, Elite Prosperous reported a profit of HK$959,000 and the Group shared a profit of HK$470,000 from Elite Prosperous.

On 29 June 2018, the Group acquired 1,020,000,000 shares in Global Mastermind. Taking into account of the 217,750,000 shares in Global Mastermind already held by the Group, the Group is interested in 29.04% of the issued share capital of Global Mastermind upon completion of the acquisition. Global Mastermind is treated as an associate in accordance with Hong Kong Accounting Standard 28 *Investments in Associates and Joint Ventures* for financial reporting purposes. Global Mastermind and its subsidiaries (the "**Global Mastermind Group**") are principal engaged in provision and operation of travel business, treasury management business, money lending business, and provision of securities and asset management services. The Global Mastermind Group has obtained licenses from the Securities and Futures Commission to carry out businesses in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance. Hong Kong is one of the most vibrant international financial centres in the world and financial services is one of the four pillars sectors of Hong Kong. The directors consider that the investment in Global Mastermind enables the Group to participate in the financial services sector in Hong Kong. On completion of the acquisition of the shares in Global Mastermind, the fair value of net assets acquired as of the acquisition date exceeded the fair value of the consideration transferred by HK$3,407,000. Accordingly, the Group recognised the gain on bargaining purchase of HK$3,407,000 in "share of results of associates".

Future Prospects

The escalating trade row between the United States of America and Mainland China has created uncertainty for the global economy. Businesses and investors are growing more worries about President Trump's trade crackdown as trade tensions could undermine the global economy. It has increased the volatility in financial markets worldwide in recent months. Accordingly, the directors cautiously monitor Hong Kong equity market and adjust the Group's equity portfolio as and when appropriate in the second half of 2018.

Given that the global economic outlook is uncertain, the Group will slow the pace of its money lending business in the second half of 2018. The directors expect the interest income on loans in the second half of 2018 may be slightly less than the first half of 2018.

In 2018, the Group has refined the business strategy for its sale of jewelry products business by targeting overseas retail chain stores and wholesale market in order to achieve a stable settlement on its trade debts. The Group is sourcing for retail chain stores and wholesalers in the United States of America with a view to diversify its customer base. As it is still at a development stage, the directors expect that it will take some time for the business strategy to be reflected in the performance of the Group's sale of jewelry products business. Due to seasonal factors, it is expected the Group's sale of jewelry products business in the second half of 2018 will be slightly improved as compared to the first half of 2018.

Despite rental income has been generating from the investment properties portion of the Shun Tak Property, the directors expect that, following the disposal of the Guangzhou Property, the rental income of the Group will show a significant decrease in the second half of 2018 as compared to the first half of 2018 as the Guangzhou Property contributed 53.15% of the Group's rental income in the year ended 31 December 2017.

In the second half of 2018, the directors will continue to cautiously monitor the business environment and strengthen the Group's business foundation by focusing the Group's existing businesses. In addition, the directors will continue to cautiously identify suitable investment opportunities for the Group to diversify its businesses and broaden its revenue base.

Events after the End of the Reporting Period

Subsequent to 30 June 2018 and up to the date of this interim results announcement, the Group had the following material events:

(a) On 3 July 2018, the Group transferred one and a half office units of the Shun Tak Property with the aggregate carrying amount of HK$72,900,000 from "investment properties" to "property, plant and equipment" as the use of these office units was changed from investment to own use.

(b) On 2 August 2018, the Company issued an inside information announcement about the board of directors' decision to pursue cultural business in Mainland China to promote Chinese culture, customs and traditions. In pursuit of the cultural business, seven of the nine hotel villas erected on the first phase of the Subject Land are demolished for constructing a cultural square with an area of approximately 60,000 square metres for carrying out the cultural business. The demolishment of the seven hotel villas results in (i) the recognition of a written-off of construction in progress under property, plant and equipment of HK$208,840,000 in the year ending 31 December 2018, and (ii) a HK$208,840,000 decrease in equity attributable to the owners of the Company at 31 December 2018. Please refer to the Company's inside information announcement dated 2 August 2018 for more details.

(c) On 9 August 2018, the Group disposed of its 49% equity interest in and the shareholder's loan of HK$7,393,000 (before accumulated impairment of HK$5,913,000) due by Spark Concept at a consideration of HK$3,000,000 and recorded a gain on disposal of HK$1,520,000 (subject to audit).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2018, except for:

(a) code provision A.2.1 of the Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the six months ended 30 June 2018, Mr. Lei Hong Wai has taken up the roles of the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Lei possesses essential leadership skills and has extensive experience in corporate management and business development. The Board is of the view that currently vesting the roles of the Chairman and the Chief Executive Officer in the same person provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies; and

(b) code provision A.4.1 of the Code requires that non-executive directors should be appointed for a specific term, subject to re-election. All non-executive directors of the Company are not appointed for a specific term, but are subject to retirement from office by rotation and re-election in accordance with the provisions of the Company's bye-laws. At each annual general meeting, one-third of the directors for the time being, (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every director shall be subject to retirement by rotation at least once every three years. As such, the Company considers that such provision is sufficient to meet the underlying objective of this code provision.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules for securities transactions by the directors of the Company. Having made specific enquiry by the Company, all directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2018.

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 six months ended 30 June 2018.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the 2018 interim report and the condensed consolidated financial statements for the six months ended 30 June 2018 and agreed to the accounting policies and practices adopted by the Company. In addition, the Company's external auditors, HLB Hodgson Impey Cheng Limited, has reviewed the condensed consolidated financial statements for the six months ended 30 June 2018 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.

By Order of the Board
Eternity Investment Limited
Lei Hong Wai
Chairman

Hong Kong, 30 August 2018

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Lei Hong Wai, Mr. Cheung Kwok Wai Elton, Mr. Chan Kin Wah Billy and Mr. Cheung Kwok Fan; and three independent non-executive directors, namely, Mr. Wan Shing Chi, Mr. Ng Heung Yan and Mr. Wong Tak Chuen.