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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 2019

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 2019 together with the comparative figures for 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2019	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	91,085	101,629
Cost of sales		(31,430)	(29,266)
Gross profit		59,655	72,363
Investment and other income	5	1,995	1,113
Other gains and losses	6	(70,342)	(208,702)
Selling and distribution expenses		(2,473)	(2,188)
Administrative expenses		(45,659)	(52,119)
Share of results of associates		(27,546)	3,877
Loss from operations		(84,370)	(185,656)
Finance costs	7	(24,261)	(27,631)
Loss before taxation		(108,631)	(213,287)
Income tax expense	8	(1,480)	(152)
Loss for the period	9	(110,111)	(213,439)

	Six months ended 30 June	
	2019	2018
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period attributable to:		
Owners of the Company	(107,958)	(212,007)
Non-controlling interests	(2,153)	(1,432)
	<u>(110,111)</u>	<u>(213,439)</u>
Interim dividend	<u>—</u>	<u>—</u>
Loss per share		
Basic and diluted	<u>HK(2.83) cents</u>	<u>HK(5.55) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period	(110,111)	(213,439)
Other comprehensive income/(expense):		
<i>Item that will not be reclassified to profit or loss:</i>		
Share of other comprehensive income of an associate	220	1,303
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translating foreign operations	(4,455)	(19,955)
Reclassification adjustment for a foreign operation disposed of	<u>—</u>	<u>10,651</u>
Total comprehensive expense for the period	<u>(114,346)</u>	<u>(221,440)</u>
Total comprehensive expense for the period attributable to:		
Owners of the Company	(112,243)	(220,056)
Non-controlling interests	<u>(2,103)</u>	<u>(1,384)</u>
	<u>(114,346)</u>	<u>(221,440)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		543,620	535,761
Right-of-use assets		232,819	—
Investment properties		162,900	175,600
Intangible assets		855,316	868,411
Goodwill		277,312	278,407
Interests in associates		224,057	251,383
Deferred tax assets		15,271	15,083
Prepayments and other receivables		28,274	50,104
Loan receivables	12	348,857	353,021
		2,688,426	2,527,770
Current assets			
Inventories		36,689	37,471
Loan receivables	12	739,985	815,718
Trade receivables	13	34,905	32,974
Deposits, prepayments and other receivables		138,270	129,087
Financial assets at fair value through profit or loss		327,563	287,302
Tax recoverable		243	243
Cash and cash equivalents		40,552	140,628
		1,318,207	1,443,423
Total assets		4,006,633	3,971,193
EQUITY			
Share capital		38,196	38,196
Reserves		2,505,265	2,617,508
Equity attributable to owners of the Company		2,543,461	2,655,704
Non-controlling interests		(4,729)	(2,626)
Total equity		2,538,732	2,653,078

		At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
LIABILITIES			
Current liabilities			
Trade payables	<i>14</i>	4,852	3,593
Deposits received, accruals and other payables		102,786	121,233
Receipts in advance		37,217	41,235
Tax payables		90,761	86,664
Bank borrowings		154,970	157,201
Other borrowings		200,000	200,000
Lease liabilities		450	—
Amount due to a director		—	50,000
Amount due to an associate		1,967	—
		<u>593,003</u>	<u>659,926</u>
Non-current liabilities			
Deposit received and other payables		68,880	102,535
Receipts in advance		5,400	16,200
Lease liabilities		263,257	—
Secured notes		299,723	299,611
Deferred tax liabilities		237,638	239,843
		<u>874,898</u>	<u>658,189</u>
Total liabilities		<u><u>1,467,901</u></u>	<u><u>1,318,115</u></u>
Total equity and liabilities		<u><u>4,006,633</u></u>	<u><u>3,971,193</u></u>
Net current assets		<u><u>725,204</u></u>	<u><u>783,497</u></u>
Total assets less current liabilities		<u><u>3,413,630</u></u>	<u><u>3,311,267</u></u>

Notes:

1. Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2019 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 2018. Except as described in note 2 below, the accounting policies and methods of computation used in the condensed consolidated financial statements are the same as those presented in the audited consolidated financial statements for the year ended 31 December 2018.

Certain comparative figures have been reclassified to conform with the current period’s presentation.

The Group has initially applied HKFRS 16 *Leases* at 1 January 2019. Under the transaction methods comparative information is not restated.

2. Application of new and amendments to Hong Kong Financial Reporting Standards

In the current period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

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

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

2.1 HKFRS 16 *Leases*

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

(A) *Key change in accounting policies resulting from application of HKFRS 16*

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

Definition of a lease

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

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

As a lessee

Allocation of consideration to components of a contract

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

Short-term leases and leases of low-value assets

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

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

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

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

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Lease liabilities

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

The lease payments include:

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

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

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

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

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

Taxation

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease portion of lease liabilities results in net deductible temporary differences.

As a lessor

Allocation of consideration to components of a contract

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

Lease modification

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

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

Definition of a lease

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

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

As a lessee

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments discounted using the Group's incremental borrowing rate at 1 January 2019 and included in non-current liabilities or current liabilities.

Right-of-use assets were measured at the amount of the lease liabilities. All these assets were assessed for any impairment based on HKAS 36 *Impairment of Assets* on 1 January 2019. The Group elected to present the right-of-use assets separately in the condensed consolidated statement of financial position.

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

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- iii. use hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

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

The Group recognised lease liabilities of HK\$264,967,000 and right-of-use assets of HK\$236,781,000 relating to (i) the rights to construct and operate the club facilities of a membership golf club and resort in Beijing, Mainland China (the “**Club**”), 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 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.9%.

	At 1 January 2019 HK\$'000
Operating lease commitments disclosed at 31 December 2018	701,449
<i>Less:</i> recognition exemption — short-term leases	<u>(4,829)</u>
Undiscounted lease liabilities relating to operating leases recognised upon application of HKFRS 16	<u>696,620</u>
Weighted average lessee's incremental borrowing rate at 1 January 2019	4.9%
Lease liabilities at 1 January 2019	<u>264,967</u>
Analysed as:	
Current	441
Non-current	<u>264,526</u>
	<u>264,967</u>

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

	Right-of- use assets HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	264,967
<i>Less:</i> accrued lease liabilities relating to the operating rights in respect of the Club and the Subject Land at 1 January 2019 (<i>Note</i>)	<u>(28,186)</u>
	<u>236,781</u>
By class:	
Golf club	82,912
Leasehold land	<u>153,869</u>
	<u>236,781</u>

Note:

These relate to the accrued lease liabilities of operating leases for the operating rights in respect of the Club and the Subject Land in which the lease payments increase progressively by fixed percentage. The carrying amount of the accrued lease liabilities at 1 January 2019 was adjusted to right-of-use assets at transition.

As a lessor

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

Impact on the condensed consolidated statement of financial position

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

	Carrying amounts previously reported at 31 December 2018 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 January 2019 HK\$'000
Non-current assets			
Right-of-use assets	—	236,781	236,781
Current liabilities			
Lease liabilities	—	(441)	(441)
Non-current liabilities			
Deposit received and other payables	(102,535)	28,186	(74,349)
Lease liabilities	—	(264,526)	(264,526)
	<u> </u>	<u> </u>	<u> </u>

2.2 Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that the Group applies HKFRS 9 *Financial Instruments*, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity methods is not applied that form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 *Investments in Associates and Joint Ventures* (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

At 31 December 2018, amount due from an associate of HK\$38,437,000 is considered as long-term interests that, in substance forms part of the Group's net investment in the associate. However, the application has had no impact as the Group's existing accounting policies are consistent with the requirements clarified by the amendments.

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 at fair value through profit or loss ("FVTPL") |
| (c) Money lending | Money lending |
| (d) Sale of jewelry products | Design and sale of jewelry products |

Segment revenue and results

For the six months ended 30 June 2019

	Property investment <i>HK\$'000</i> (Unaudited)	Sale of financial assets <i>HK\$'000</i> (Unaudited)	Money lending <i>HK\$'000</i> (Unaudited)	Sale of jewelry products <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Segment revenue	<u>12,970</u>	<u>(2,711)</u>	<u>52,362</u>	<u>28,464</u>	<u>91,085</u>
Segment (loss)/profit	<u>(39,383)</u>	<u>(59,710)</u>	<u>44,522</u>	<u>(630)</u>	(55,201)
Interest income on bank deposits					33
Unallocated corporate expenses					(1,656)
Finance costs					(24,261)
Share of results of associates					<u>(27,546)</u>
Loss before taxation					(108,631)
Income tax expense					<u>(1,480)</u>
Loss for the period					<u><u>(110,111)</u></u>

For the six months ended 30 June 2018

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

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

Segment results represent (loss incurred)/profit earned 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 2019

	Property investment <i>HK\$'000</i> (Unaudited)	Sale of financial assets <i>HK\$'000</i> (Unaudited)	Money lending <i>HK\$'000</i> (Unaudited)	Sale of jewelry products <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Segment assets					
— Hong Kong	398,267	518,216	1,106,510	69,337	2,092,330
— The People's Republic of China (the "PRC")	<u>1,867,289</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,867,289</u>
	<u><u>2,265,556</u></u>	<u><u>518,216</u></u>	<u><u>1,106,510</u></u>	<u><u>69,337</u></u>	<u><u>3,959,619</u></u>
Unallocated corporate assets					<u>47,014</u>
Consolidated total assets					<u><u>4,006,633</u></u>
Segment liabilities					
— Hong Kong	(121,388)	(12,111)	(3,913)	(39,033)	(176,445)
— The PRC	<u>(756,333)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(756,333)</u>
	<u><u>(877,721)</u></u>	<u><u>(12,111)</u></u>	<u><u>(3,913)</u></u>	<u><u>(39,033)</u></u>	<u><u>(932,778)</u></u>
Unallocated corporate liabilities					<u>(535,123)</u>
Consolidated total liabilities					<u><u>(1,467,901)</u></u>

At 31 December 2018

	Property investment <i>HK\$'000</i> (Audited)	Sale of financial assets <i>HK\$'000</i> (Audited)	Money lending <i>HK\$'000</i> (Audited)	Sale of jewelry products <i>HK\$'000</i> (Audited)	Consolidated <i>HK\$'000</i> (Audited)
Segment assets					
— Hong Kong	416,066	569,728	1,188,093	68,647	2,242,534
— The PRC	<u>1,646,961</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,646,961</u>
	<u>2,063,027</u>	<u>569,728</u>	<u>1,188,093</u>	<u>68,647</u>	3,889,495
Unallocated corporate assets					<u>81,698</u>
Consolidated total assets					<u>3,971,193</u>
Segment liabilities					
— Hong Kong	(126,477)	(12,112)	(73,952)	(37,006)	(249,547)
— The PRC	<u>(545,473)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(545,473)</u>
	<u>(671,950)</u>	<u>(12,112)</u>	<u>(73,952)</u>	<u>(37,006)</u>	(795,020)
Unallocated corporate liabilities					<u>(523,095)</u>
Consolidated total liabilities					<u>(1,318,115)</u>

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

- all assets are allocated to operating segments other than interests in associates, certain deposits, prepayments, other receivables, 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 amount due to an associate 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 2019

	Property investment <i>HK\$'000</i> (Unaudited)	Sale of financial assets <i>HK\$'000</i> (Unaudited)	Money lending <i>HK\$'000</i> (Unaudited)	Sale of jewelry products <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Amounts included in the measure of segment (loss)/profit and segment assets					
Addition to property, plant and equipment	20,784	—	—	8	20,792
Allowance for credit losses on other receivables	(3,878)	—	—	—	(3,878)
Allowance for credit losses on trade receivables	—	—	—	(8)	(8)
Amortisation of intangible assets	(10,159)	—	—	—	(10,159)
Depreciation of property, plant and equipment	(11,461)	—	—	(32)	(11,493)
Depreciation of right-of-use assets	(1,275)	—	—	—	(1,275)
Dividend income	—	670	—	—	670
Interest income on other receivables	1,292	—	—	—	1,292
Loss arising on change in fair value of financial assets at FVTPL	—	(57,696)	—	—	(57,696)
Loss arising on change in fair value of investment properties	(12,700)	—	—	—	(12,700)
(Loss)/gain on disposal of property, plant and equipment	(16)	70	—	—	54
Reversal of allowance for credit losses on loan receivables	—	—	3,644	—	3,644
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the six months ended 30 June 2018

	Property investment <i>HK\$'000</i> (Unaudited)	Sale of financial assets <i>HK\$'000</i> (Unaudited)	Money lending <i>HK\$'000</i> (Unaudited)	Sale of jewelry products <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
Amounts included in the measure of segment profit/(loss) and segment assets					
Addition to property, plant and equipment	35,699	—	—	—	35,699
Allowance for credit losses on trade receivables	—	—	—	(477)	(477)
Amortisation of intangible assets	(10,759)	—	—	—	(10,759)
Depreciation of property, plant and equipment	(10,911)	—	—	(30)	(10,941)
Dividend income	—	661	—	—	661
Gain arising on change in fair value of investment properties	24,700	—	—	—	24,700
Loss arising on change in fair value of financial assets at FVTPL	—	(222,400)	—	—	(222,400)
Loss on disposal of property, plant and equipment	(9)	—	—	—	(9)

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:

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Australia	98	—
Europe	6,126	5,227
Hong Kong	73,507	73,845
The PRC	10,422	22,557
The United States of America	932	—
	<u>91,085</u>	<u>101,629</u>

4. Revenue

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Sale of jewelry products	<u>28,464</u>	<u>21,151</u>
Timing of revenue recognition		
A point in time	<u>28,464</u>	<u>21,151</u>

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

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Sale of jewelry products	<u>28,464</u>	<u>21,151</u>
Revenue from contracts with customers	28,464	21,151
Sale of financial assets at FVTPL, net	(2,711)	7,009
Interest income on loans	52,362	49,950
Rental income	<u>12,970</u>	<u>23,519</u>
Total revenue	<u>91,085</u>	<u>101,629</u>

Revenue from sale of financial assets at FVTPL is recorded on a net basis, details of which are as follows:

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Proceeds from sale of financial assets at FVTPL	49,515	84,193
Carrying amounts of financial assets at FVTPL sold plus transaction costs	<u>(52,226)</u>	<u>(77,184)</u>
	<u>(2,711)</u>	<u>7,009</u>

5. Investment and other income

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Dividend income	670	661
Interest income on bank deposits	33	117
Interest income on other receivables	1,292	—
Sundry income	—	335
	<u>1,995</u>	<u>1,113</u>

6. Other gains and losses

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Gain/(loss) on disposal of property, plant and equipment	54	(9)
Loss arising on change in fair value of financial assets at FVTPL	(57,696)	(222,400)
(Loss)/gain arising on change in fair value of investment properties	(12,700)	24,700
Loss on disposal of subsidiaries	—	(10,993)
	<u>(70,342)</u>	<u>(208,702)</u>

7. Finance costs

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank borrowings	2,103	7,232
Interest on other borrowings	7,934	8,394
Interest on lease liabilities	6,590	—
Imputed interest on secured notes	12,013	12,005
	<u>28,640</u>	<u>27,631</u>
<i>Less: interest on lease liabilities capitalised in the cost of qualifying assets</i>	<u>(4,379)</u>	<u>—</u>
	<u>24,261</u>	<u>27,631</u>

8. Income tax expense

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
— current tax	(3,436)	(2,859)
PRC Enterprise Income Tax		
— current tax	(535)	(915)
Deferred taxation credit	2,491	3,622
	<u>(1,480)</u>	<u>(152)</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from 2018, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2,000,000 for both periods.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

9. Loss for the period

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

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Allowance for credit losses on other receivables	3,878	—
Allowance for credit losses on trade receivables	8	477
Amortisation of intangible assets (included in administrative expenses)	10,159	10,759
Cost of inventories sold	23,898	18,998
Depreciation of property, plant and equipment	11,493	10,941
Depreciation of right-of-use assets	3,087	—
<i>Less:</i> depreciation capitalised in the cost of qualifying assets	(1,812)	—
	1,275	—
Operating lease rentals in respect of rental premises	—	1,094
Operating lease rentals in respect of operating rights	—	8,742
<i>Less:</i> operating lease rentals capitalised in the cost of qualifying assets	—	(5,783)
	—	2,959
Rental expenses in respect of short-term leases	435	—
Staff costs (including directors' emoluments):		
— salaries and allowances	22,446	21,999
— contributions to retirement benefits scheme	229	159
— equity-settled share-based payment expenses	—	9,063
	22,675	31,221
Reversal of allowance for credit losses on loan receivables	(3,644)	—
Gross rental income from investment properties and operating rights	(12,970)	(23,519)
<i>Less:</i> direct operating expenses incurred for investment properties and operating rights that generated rental income during the period	9,049	10,268
<i>Less:</i> direct operating expenses incurred for investment properties and operating rights that did not generate rental income during the period	110	369
	(3,811)	(12,882)

10. Interim dividend

No interim dividend was paid, declared or proposed during the six months ended 30 June 2019 (six months ended 30 June 2018: Nil). The Board has determined that no interim dividend will be paid in respect of the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

11. Loss per share

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

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<u>Loss for the purpose of basic and diluted loss per share</u>		
Loss for the period attributable to owners of the Company	<u>(107,958)</u>	<u>(212,007)</u>
	Six months ended 30 June	
	2019	2018
	'000	'000
	(Unaudited)	(Unaudited)
<u>Number of ordinary shares</u>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>3,819,606</u>	<u>3,819,606</u>

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.

12. Loan receivables

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
Loans to customers	1,085,048	1,174,998
Accrued interest receivables	<u>17,697</u>	<u>11,288</u>
	1,102,745	1,186,286
<i>Less: allowance for credit losses</i>	<u>(13,903)</u>	<u>(17,547)</u>
	<u><u>1,088,842</u></u>	<u><u>1,168,739</u></u>

All loans are denominated in Hong Kong dollars. The loan receivables carry effective interest ranging from 8% to 15% per annum (31 December 2018: 8% to 15% per annum). A maturity profile of the loan receivables (net of allowance for credit losses) at the end of the reporting period, based on the maturity date is as follows:

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
Current assets		
Within one year	739,985	815,718
Non-current assets		
More than one year but not exceeding two years	<u>348,857</u>	<u>353,021</u>
	<u><u>1,088,842</u></u>	<u><u>1,168,739</u></u>

During the six months ended 30 June 2019, an allowance for credit losses of HK\$3,644,000 was reversed in respect of loan receivables (six months ended 30 June 2018: Nil).

At 30 June 2019, certain loans in an aggregate principal amount of HK\$115,000,000 (31 December 2018: HK\$100,000,000 was secured by a corporate guarantee) are secured by personal and corporate guarantees.

Included in the carrying amount of loan receivables at 30 June 2019 is an accumulated allowance for credit losses of HK\$13,903,000 (31 December 2018: HK\$17,547,000).

13. Trade receivables

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
Trade receivables	35,002	33,063
Less: allowance for credit losses	<u>(97)</u>	<u>(89)</u>
	<u>34,905</u>	<u>32,974</u>

The following is an aging analysis of trade receivables (net of allowance for credit losses) at the end of the reporting period presented based on the invoice dates:

	At 30 June 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
0-30 days	4,722	5,494
31-60 days	3,491	5,651
61-90 days	5,911	5,669
91-120 days	5,033	3,442
121-180 days	6,521	5,757
Over 180 days	<u>9,227</u>	<u>6,961</u>
	<u>34,905</u>	<u>32,974</u>

The Group allows credit period ranging from 0 to 270 days to its customers. The directors assess the credit status and impose credit limits for customers in accordance with the Group's credit policy. The credit limits are closely monitored and subject to periodic reviews.

During the six months ended 30 June 2019, an allowance for credit losses of HK\$8,000 was recognised in respect of trade receivables (six months ended 30 June 2018: HK\$477,000).

Included in the carrying amount of trade receivables at 30 June 2019 is an accumulated allowance for credit losses of HK\$97,000 (31 December 2018: HK\$89,000).

14. 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 2019 <i>HK\$'000</i> (Unaudited)	At 31 December 2018 <i>HK\$'000</i> (Audited)
0-30 days	1,822	240
31-60 days	1,055	344
61-90 days	332	286
91-120 days	289	484
Over 120 days	<u>1,354</u>	<u>2,239</u>
	<u><u>4,852</u></u>	<u><u>3,593</u></u>

The average credit period on purchase of goods and services is 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Results of operations

During the six months ended 30 June 2019, the Group recorded the revenue of HK\$91,085,000, a 10% decrease from HK\$101,629,000 for the previous period. The decrease in revenue was attributable to (i) a decrease in rental income as the Group disposed of its investment properties located in Guangzhou, Mainland China on 22 June 2018, and (ii) the recognition of a loss on the Group's sale of financial assets business in the six months ended 30 June 2019, whereas a revenue was recorded in the previous period. However, these decreases were partially offset by the increases in interest income on loans and sale of jewelry products. Of the total revenue, HK\$52,362,000 was generated from money lending, HK\$28,464,000 was generated from sale of jewelry products, HK\$12,970,000 was generated from property investment, and the loss of HK\$2,711,000 was generated from sale of financial assets.

Loss for the period amounted to HK\$110,111,000, a 48% improvement from HK\$213,439,000 for the six months ended 30 June 2018. This improvement was mainly attributable to (i) a HK\$164,704,000 decrease in loss arising on change in fair value of financial assets at fair value through profit or loss ("FVTPL"), and (ii) the absence of the previous period's loss of HK\$10,993,000 arising on disposal of Best Volume Investments Limited, which were partially offset by the recognition of (i) the share of losses of associates of HK\$27,546,000, and (ii) a loss of HK\$12,700,000 on change in fair value of investment properties, whereas a gain of HK\$24,700,000 was recorded in the previous period.

Gross profit for sale of jewelry products increased by 112% from HK\$2,153,000 in the six months ended 30 June 2018 to HK\$4,566,000 in the six months ended 30 June 2019 and gross profit margin for sale of jewelry products increased from 10% in the six months ended 30 June 2018 to 16% in the six months ended 30 June 2019. These increases are discussed in the section headed "Sale of jewelry products business" under "Operations Review" below.

Gross profit for property investment decreased by 59% from HK\$13,250,000 in the six months ended 30 June 2018 to HK\$5,438,000 in the six months ended 30 June 2019. Gross profit margin for property investment decreased from 56% in the six months ended 30 June 2018 to 42% in the six months ended 30 June 2019. These decreases were mainly attributable to the disposal of the Group's investment properties located in Guangzhou, Mainland China on 22 June 2018, which had a minimal cost of sales.

Other gains and losses recorded by the Group are as follows:

- (a) At the end of the reporting period, the Group measured its investment properties located in Hong Kong at fair value based on a valuation prepared by an independent qualified valuer and recognised the loss of HK\$12,700,000 arising on change in fair value of investment properties.
- (b) 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 of Hong Kong Limited (the “**Exchange**”) and recognised a loss of HK\$57,696,000 arising on change in fair value of financial assets at FVTPL.
- (c) During the six months ended 30 June 2019, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of HK\$16,000 and recognised a gain on disposal of HK\$54,000.

Selling and distribution expenses mainly represent staff costs and commission of sales team, overseas travelling expenses, freight charges, and exhibition expenses incurred by the Group’s sale of jewelry products business. Selling and distribution expenses increased by 13% from HK\$2,188,000 in the six months ended 30 June 2018 to HK\$2,473,000 in the six months ended 30 June 2019. This increase was mainly attributable to the increases in overseas travelling expenses and exhibition expenses for business development.

Administrative expenses decreased by 12% from HK\$52,119,000 in the six months ended 30 June 2018 to HK\$45,659,000 for the six months ended 30 June 2019. This decrease was mainly attributable to the absence of the previous period’s equity-settled share-based payment expenses of HK\$9,063,000, which was partially offset by a HK\$1,605,000 increase in depreciation expense and a HK\$1,513,000 increase in consultancy fee.

Share of losses of associates amounted to HK\$27,546,000 for the six months ended 30 June 2019, representing (i) the share of loss of HK\$12,809,000 from Elite Prosperous Investment Limited (“**Elite Prosperous**”), a 49% owned associate of the Company, (ii) the share of loss of HK\$14,734,000 from Global Mastermind Holdings Limited (“**Global Mastermind**”), a 29.04% owned associate of the Company, and (iii) the share of loss of HK\$3,000 from China Hong Kong Money Limited, a 30% owned associate of the Company.

Finance costs decreased by 12% from HK\$27,631,000 in the six months ended 30 June 2018 to HK\$24,261,000 in the six months ended 30 June 2019. Such decrease was mainly due to a decrease in interest on bank borrowings resulted from the release of the Renminbi bank loan through the disposal of the Group’s investment properties located in Guangzhou, Mainland China on 22 June 2018.

Income tax expense increased from HK\$152,000 in the six months ended 30 June 2018 to HK\$1,480,000 in the six months ended 30 June 2019. Such increase was due to (i) a HK\$197,000 increase in current tax expense, (ii) a HK\$527,000 decrease in deferred tax credit relating to the fair value adjustment on acquisition of subsidiaries and the right-of-use assets, and (iii) the recognition of a deferred tax expense of HK\$604,000 arisen from the reversal of allowance for credit losses on loan receivables made in the previous year.

Liquidity and financial resources

During the six months ended 30 June 2019, 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\$2,655,704,000 at 31 December 2018 to HK\$2,543,461,000 at 30 June 2019. This decrease was attributable to the loss incurred by the Group for the six months ended 30 June 2019.

At 30 June 2019, the cash and cash equivalents of the Group amounted to HK\$40,552,000 (31 December 2018: HK\$140,628,000).

At 30 June 2019, the Group had outstanding borrowings of HK\$654,693,000 (31 December 2018: HK\$706,812,000) representing:

- (a) the carrying amount of HK\$300,000,000 8% secured notes due 2020 (the “**Secured Notes**”) of HK\$299,723,000, which are interest bearing at 8.00% per annum, secured by a share charge over 100% issued shares in China Jiu hao 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;
- (b) the banking facilities in the aggregate principal amount of HK\$154,970,000, comprising (i) an instalment loan of HK\$119,530,000, 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 25 October 2019; and (iii) various advances in the aggregate principal amount of HK\$15,440,000 under the account payable financing facilities, which are 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 2019; and

- (c) a loan of HK\$200,000,000 granted by a finance company, which is interest bearing at 8.00% per annum, secured by (i) the post-dated cheques drawn in favour of the finance company for payment of the principal and the interests stipulated under the loan agreement, and (ii) a personal guarantee given by Mr. Lei Hong Wai, the Chairman of the Board and an executive director of the Company, and maturing on 29 May 2020.

Gearing ratio

At 30 June 2019, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 26% (31 December 2018: 27%).

Net current assets and current ratio

At 30 June 2019, the Group's net current assets and current ratio were HK\$725,204,000 (31 December 2018: HK\$783,497,000) and 2.22 (31 December 2018: 2.19) respectively.

Capital structure

During the six months ended 30 June 2019, there was no change in the Company's capital structure.

Material acquisitions and disposals of subsidiaries and associates

During the six months ended 30 June 2019, the Group did not have any material acquisitions and disposals of subsidiaries and associates.

Pledge of assets

At 30 June 2019, the following Group's assets were pledged:

- (a) the Shun Tak Property with a carrying amount of HK\$385,522,000 (31 December 2018: HK\$402,177,000), of which HK\$222,622,000 (31 December 2018: HK\$226,577,000) is classified under "property, plant and equipment", and HK\$162,900,000 (31 December 2018: HK\$175,600,000) is classified under "investment properties", for securing the banking facilities granted to the Group; and
- (b) the 100% issued shares in China Jiu hao Health Industry Group Limited with an unaudited combined net assets of HK\$1,110,956,000 (31 December 2018: HK\$1,101,487,000) after adjusting for purchase price allocation for securing the Secured Notes.

Material commitments

At 30 June 2019, the Group had a total commitment of HK\$25,849,000 (31 December 2018: HK\$25,283,000) 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 cash flow exchange risk exposures and where considered appropriate use 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 2019, no financial instruments for hedging purposes were used by the Group.

Contingent liabilities

At 30 June 2019, the Group did not have any material contingent liabilities.

Employees and remuneration policy

At 30 June 2019, the headcount of the Group was 95 (30 June 2018: 86). Staff costs (including directors' emoluments) amounted to HK\$22,675,000 in the six months ended 30 June 2019 (2018: HK\$31,221,000). The decrease in staff costs was attributable to the absence of the previous period's equity-settled share-based payment expenses of HK\$9,063,000. In addition to basic salaries, contributions to retirement benefits scheme and discretionary bonus, staff benefits include medical scheme and share options.

Operations Review

Sale of financial assets business

During the six months ended 30 June 2019, the Group's sale of financial assets business reported a segment loss (before taxation) of HK\$59,710,000, which mainly included (i) a loss of HK\$2,711,000 from trading of Hong Kong listed equities, (ii) a loss of HK\$57,696,000 arising on change in fair value of financial assets at FVTPL, and (iii) the dividend income from Hong Kong listed equities held by the Group of HK\$670,000. The improvement in segment loss was due to the HK\$164,704,000 decrease in loss arising on change in fair value of financial assets at FVTPL.

During the six months ended 30 June 2019, the Group acquired two Hong Kong listed equities with the aggregate acquisition costs of HK\$150,050,000 and made a trading loss of HK\$2,711,000 from selling three Hong Kong listed equities with an aggregate carrying amount plus transactions costs of HK\$52,226,000 at the aggregate sale proceeds of HK\$49,515,000.

Movements in the carrying amount of the Hong Kong listed equities held by the Group during the six months ended 30 June 2019 and 2018 are as follows:

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount at 1 January	287,302	662,943
<i>Add:</i> Acquisitions	150,050	10,324
Gain arising on subsequent change in fair value upon transfer to interests in associates	—	554
<i>Less:</i> Disposals	(52,093)	(76,966)
Transfer to interests in associates	—	(30,049)
Loss arising on subsequent change in fair value	(57,696)	(222,954)
	<u>327,563</u>	<u>343,852</u>
Carrying amount at 30 June	<u>327,563</u>	<u>343,852</u>

Details of the Hong Kong listed equities held by the Group at 30 June 2019 are as follows:

Name of Hong Kong listed equities	Notes	Number of shares held at 30 June 2019	Fair value at 30 June 2019 HK\$'000	Fair value as compared to the consolidated total assets of the Group at 30 June 2019	Dividend received/receivable in the six months ended 30 June 2019 HK\$'000	Gain/(loss) arising on change in fair value recognised in the six months ended 30 June 2019 HK\$'000
Affluent Partners Holdings Ltd. (stock code: 1466)	1	22,162,000	24,821	0.62%	—	(886)
BC Technology Group Ltd. (stock code: 863)	2	20,000,000	103,600	2.59%	—	3,600
Brockman Mining Ltd. (stock code: 159)	3	40,220,000	6,556	0.16%	—	(684)
China Healthcare Enterprise Group Ltd. (stock code: 1143)	4	30,000,000	2,760	0.07%	—	720
China Healthwise Holdings Ltd. (stock code: 348)	5	1,483,728,240	57,865	1.44%	—	(35,397)
Frontier Services Group Ltd. (stock code: 500)	6	21,340,000	21,340	0.53%	—	(5,122)
Hsin Chong Group Holdings Ltd. (stock code: 404)	7	90,000,000	—	0.00%	—	—
Huayi Tencent Entertainment Company Ltd. (stock code: 419)	8	200,000,000	31,400	0.78%	—	(7,400)
Kingston Financial Group Ltd. (stock code: 1031)	9	33,028,000	52,515	1.31%	495	(8,917)
KuangChi Science Ltd. (stock code: 439)	10	23,000,000	11,040	0.28%	—	(460)
Lajin Entertainment Network Group Ltd. (stock code: 8172)	11	53,500,000	6,688	0.17%	—	(3,852)
Town Health International Medical Group Ltd. (stock code: 3886)	12	70,000,000	7,113	0.18%	175	902
Yunfeng Financial Group Ltd. (stock code: 376)	13	444,000	1,865	0.05%	—	(200)
			<u>327,563</u>		<u>670</u>	<u>(57,696)</u>

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 real estate agency business and real estate investment funds, and other potential investment opportunities.

Based on its published financial information, the group had equity attributable to owners of Affluent Partners of HK\$197,978,000 at 31 March 2019. The group recorded a loss attributable to owners of Affluent Partners of HK\$42,816,000 for the year ended 31 March 2019.

As disclosed in its 2019 annual report, with gradual expansion in real estate investment business, Affluent Partners’ targets were the United Kingdom and the countries along “Eurasia”. Affluent Partners anticipated such investments and its strategic investment and financial services segment would diversify its income streams, and generate additional investment returns on its available funds from time to time. Affluent Partners expected that the segment would be its growth driver and would actively make continuous efforts to find appropriate investment projects in the future. Affluent Partners would further use its resources as a listed company to add value for the acquisition project to increase its profitability and return. Meanwhile, Affluent Partners would continue enhancing the development of the mature pearls and jewellery business, actively participating in various important jewellery & gem fairs around the world and optimising operation efficiency and productivity in a bid to stay competitive. With the entering into of the collaboration agreement on 26 October 2018 relating to setting up one or more REITs, the proposed acquisition of a 30% shareholding interests in a company engaged in operation of co-working spaces and co-living spaces in Hong Kong and the United Kingdom under Campfire brand, and the development of its strategic investment and financial services segment, Affluent Partners would focus its investments and operations more in the real estate, co-working spaces and co-living spaces and investment and asset management sectors especially in Europe and Asia.

2. BC Technology Group Ltd. (“**BC Technology**”) and its subsidiaries are principally engaged in the provision of corporate entrepreneurship and development services, including advertising, public relations, event marketing services, and business park operation and management services, and blockchain technology and software solutions and facilitation of trading in digital assets.

Based on its published financial information, the group had equity attributable to owners of BC Technology of RMB30,141,000 and RMB22,377,000 at 31 December 2018 and 30 June 2019 respectively. The group recorded a loss attributable to owners of BC Technology of RMB161,233,000 and RMB133,292,000 for the year ended 31 December 2018 and the six months ended 30 June 2019 respectively.

As stated in its interim results announcement, BC Technology would increase its investment in Hong Kong and other key jurisdictions in Asia, where it was focused on provision of a digital asset trading platform and related Software as a services Service (“**SaaS**”) offerings, in order to diversify revenue and expand its customer base. Geographic expansion remained a priority for BC Technology as the market for its businesses became more global. BC Technology had opened an office in Singapore in July 2019. In the first half of 2019, BC Technology had benefited from the growing acceptance of digital assets and experienced encouraging signs of institutional adoption due to increased regulatory clarity. This was evidenced by large technology and financial services firms announcing their intent to launch their own digital assets. In addition, the recent statement by the Financial Action Task Force

had provided meaningful regulatory clarity to current and future market participants. This clarity, coupled with BC Technology's world-class technology, risk management, and compliance capabilities would assist it to differentiate from competitors. BC Technology had already seen increasing interest from institutions that recognised it as one of the few market participants that could comply with new and emerging regulations. As regulation became clearer and the market for BC Technology's services became mainstream, large financial institutions and technology firms would seek to partner with BC Technology to enter the digital asset ecosystem. BC Technology would continue to build its capabilities in technology, security, risk, and compliance systems as required by regulators who would oversee digital asset platform operators. BC Technology believed that both its existing advertising business and business park area management services businesses, together with the growing blockchain technology and digital asset trading platform and SaaS offerings, would continue to be the key revenue streams in the near future.

3. Brockman Mining Ltd. ("**Brockman Mining**") and its subsidiaries are principally engaged in the acquisition, exploration and development of iron ore in Australia.

Based on its published financial information, the group had equity attributable to owners of Brockman Mining of HK\$584,725,000 and HK\$549,486,000 at 30 June 2018 and 31 December 2018 respectively. The group recorded a profit attributable to owners of Brockman Mining of HK\$108,086,000 for the year ended 30 June 2018 and a loss attributable to owners of Brockman Mining of HK\$12,245,000 for the six months ended 31 December 2018.

As disclosed in its 2018/19 interim report, Brockman Mining had entered into a Farm-in Joint Venture Agreement (the "**FJV Agreement**") with Polaris Metals Pty Ltd. ("**Polaris**"), a wholly-owned subsidiary of Mineral Resources Limited ("**MRL**"), on 26 July 2018 for the development of its flagship Marillana Iron Ore Project located in Pilbara region of Western Australia. Under the terms of the FJV Agreement, Polaris will earn a 50% interest in the Marillana Iron Ore Project and MRL will be responsible for development of the mine, construction and operation of the processing plant for an estimated minimum production rate of 20 million tonnes per annum of high quality Marillana product. The funding for the mine development, which is estimated to be a maximum of A\$300 million, will be shared by the joint venture. Under the terms of the FJV Agreement, MRL will use its best endeavours to secure debt funding for Brockman Mining's A\$150 million contribution. The capital cost for the process plant construction will be borne entirely by MRL, in return for a service fee to be paid by the joint venture based on production volumes. MRL has also committed to the construction and operation of rail and port infrastructure, which consists of a 320km long light railway connecting Marillana to a port at South West Creek in the Port Hedland inner harbour. It was expected that construction of this railway and port would commence before the end of 2019 and be operational by the end of 2021. The processing plant was scheduled to commence operations concurrently with the railway. The establishment of the joint venture would unlock the value of the Marillana Iron Ore Project and might assist in the future development of its group's other iron ore assets in the Pilbara Region. Brockman Mining was looking forward to working with MRL, an established Australian mining services and processing company. The proven capability of MRL in constructing and operating process plants in the Pilbara region would de-risk the development of the Marillana Iron Ore Project. Upon the completion of the Farm-In obligations, Polaris would have a 50% interest in the Marillana Project. Aside from the mine and infrastructure development, the completion of the Farm-In obligations would cause a A\$10 million loan from Polaris to be released to Brockman Mining for its working capital purposes.

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 equity attributable to owners of China Healthcare of HK\$572,804,000 at 31 December 2018. The group recorded a loss attributable to owners of China Healthcare of HK\$57,984,000 for the year ended 31 December 2018.

As disclosed in its 2018 annual report, China Healthcare’s electronic manufacturing services (“**EMS**”) business performed encouragingly, although customers became more cautious due to the ongoing trade talks between Mainland China and the United States. China Healthcare would continue to vigorously pursue fresh opportunities. At the same time, China Healthcare would be vigilant for potential risks to its profit margin, such as appreciation of the Renminbi and rise in component costs, and take prompt and appropriate actions. Moreover, China Healthcare would direct resources towards research and development so that new products of higher margin were subsequently launched, including IoT, Wi-Fi and Bluetooth enabled smart-home appliances that gave fresh impetus for the development of the EMS segment. With regard to its securities and other assets investment operation, China Healthcare would continue to focus principally on leveraging the burgeoning Mainland China healthcare market. As Mainland China government had been supportive of advancing healthcare, as outlined in the 13th Five-Year Plan (2015-2020) and “Healthy China 2030”, China Healthcare would seize opportunities that emerged through relevant investments and partnerships. With 2019 set to be a year of both immense challenges and opportunities, China Healthcare would take a decidedly cautious approach in developing its principal business interests. That did not, however, preclude China Healthcare from taking action aimed at furthering its long-term growth. Leveraging its depth of experience, core competencies and sound fundamentals, China Healthcare would make the necessary preparations for an eventual upturn.

5. China Healthwise Holdings Ltd. (“**China Healthwise**”) and its subsidiaries are principally engaged in sales of toys, consumer electronic products and Chinese health products, money lending business, and investment in financial instruments.

Based on its published financial information, the group had equity attributable to owners of China Healthwise of HK\$455,446,000 at 31 March 2019. The group recorded a loss attributable to owners of China Healthwise of HK\$95,316,000 for the year ended 31 March 2019.

As stated in its 2019 annual report, China Healthwise would continue to invest in its health care business and to develop its retail business of “Sum Yung” (參茸) dried seafood products and other healthy food products in Hong Kong with an aim to broaden its revenue base especially to the youth generation and middle class consumers. China Healthwise expected the increasing tourists to Hong Kong to have a positive future impact on the retail market of Hong Kong and its performance on Chinese health products. Strong competition in the childcare products market and global economics uncertainty led by US-China trade war had a negative impact on the performance of China Healthwise’s childcare products business. China Healthwise would maintain its multi-brand and multi-product strategy and strictly control its operating costs to cope with this challenge. The toy products of China Healthwise’ OBM toys business received encouraging and positive responses at the New York and Hong Kong toy fairs in early 2019. 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 the profitability of OBM toys business. In view of the liquidation of a major toy retail chain stores in the United States and worldwide, China Healthwise would have to continue reducing prices and margins plus divert its markets in North

America towards clubs, supermarkets and internet sales. With the right products at competitive prices, China Healthwise expected these retail channels to continue contributing to the sales of OBM toys business for the coming year. Despite certain uncertainties in the global economy, the demand for China Healthwise's money lending business remained strong during the year ended 31 March 2019 and its loans receivables together with accrued interest receivables increased sharply from HK\$35 million at 31 March 2018 to HK\$261 million at 31 March 2019. China Healthwise would continue to develop this business cautiously by strengthening its credit policy and risk control policy. For its investment in financial instruments business, China Healthwise would closely monitor various factors such as global economy, investment sentiment and fundamentals of investors and their future prospects and protectively adjust its portfolio in order to improve its performance. China Healthwise would change its equity portfolio mix from time to time and realise the equities held by it into cash as and when appropriate.

6. Frontier Services Group Ltd. ("**Frontier Services**") and its subsidiaries are principally engaged in the provision of aviation and logistics services, the provision of online financial market information, and direct investments.

Based on its published financial information, the group had equity attributable to owners of Frontier Services of HK\$1,064,608,000 and HK\$934,984,000 at 31 December 2018 and 30 June 2019 respectively. The group recorded a loss attributable to owners of Frontier Services of HK\$258,846,000 and HK\$132,918,000 for the year ended 31 December 2018 and the six months ended 30 June 2019 respectively.

As stated in its interim results announcement, Frontier Services not only continuously explored the infrastructure business opportunities in Africa and South East Asia, but also started to bring in additional sources of revenue to different business segments, through its presence in Cambodia, Myanmar, Laos, Mozambique, Tanzania and Democratic Republic of Congo, in the first six months of 2019. Frontier Services believed that more revenue would be generated from these countries in the years to come. Other than this, Frontier Services had continued to build its footprint along the Belt and Road including countries like Kazakhstan and Pakistan. The primary focuses of Frontier Services were to find ways to provide the necessary support and solutions in terms of logistics, security, insurance and infrastructure to enterprises operating along the Belt and Road. During the six months ended 30 June 2019, business partner had also been successfully identified on logistics for the development of China-Pakistan Economic Corridor. With its continued effort and resources put in these countries during the past few years, it was expected that more revenue would be generated by Frontier Services in the near future. Frontier Services' contributions and initiatives putting on Belt and Road would finally pay off and people in the market would recognise its presence and influence. During the six months ended 30 June 2019, Frontier Services had carried out a number of studies, evaluations and assessments on projects in different countries with an aim to provide the best infrastructure project solutions to its customers. Frontier Services expected that some of these projects would be launched soon. Owing to its active and significant involvement upfront, this would provide Frontier Services with investment opportunities to take part in some of these projects through small amount of equity investment. With the continued support from its shareholders such as Citic Group Corporation and China Tai Ping Insurance Holdings Company Limited, this could enable Frontier Services to create values to its stakeholders in a foreseeable future. Frontier Services strongly believed that it was on the right track of the Belt and Road Initiative. Frontier Services could transform this initiative into its long term strategy and could deliver good investment returns to its stakeholders.

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 equity attributable to owners of Hsin Chong of HK\$10,873,051,000 and HK\$9,990,782,000 at 31 December 2017 and 30 June 2018 respectively. The group recorded a loss attributable to owners of Hsin Chong of HK\$774,382,000 and HK\$704,973,000 for the year ended 31 December 2017 and the six months ended 30 June 2018 respectively.

As disclosed in its 2018 interim report, Hsin Chong’s financial situation had been restraining its ability to obtain new projects since the beginning of 2018, 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 its 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. Hsin Chong was currently in discussions with Poly Property Group Co., Limited (stock code: 119), which had expressed an interest in investing in its equity securities.

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 sake.

On 8 May 2019, Hsin Chong issued an announcement giving an update on its resumption progress. As stated in the announcement,

- (a) Hsin Chong had been actively negotiating with potential investors to provide funding or investment in Hsin Chong to support its operation and development, in order to address the audit issue on multiple uncertainties relating to going concern and to demonstrate its compliance with Rule 13.24 of the Rules Governing the Listing of Securities on the Exchange (the “**Listing Rules**”). As various negotiations were still undergoing, Hsin Chong was in the course of formulating and yet to finalise a resumption proposal.
- (b) Hsin Chong had met with certain holders of the USD300 million 8.75% senior notes due 2018 and the USD150 million 8.50% senior notes due 2019 and their advisors to discuss their views on a potential consensual restructuring of the senior notes. Hsin Chong would work closely with its joint provisional liquidators to identify and implement a consensual solution.

- (c) On 28 March 2019, a recognition order had been granted by the High Court of Hong Kong, *inter alia*, that the appointment of the joint provisional liquidators of Hsin Chong on 19 February 2019 (Bermuda Time) by the Bermuda Court was recognised by the High Court of Hong Kong and, so long as, Hsin Chong remained in provisional liquidation in Bermuda, no action or proceeding should be proceeded with or commenced against Hsin Chong or its assets or affairs, or its property within the jurisdiction of High Court of Hong Kong, except with the leave of the High Court of Hong Kong and such powers (including restructuring powers) of the joint provisional liquidators. On 3 May 2019 (Bermuda Time), the Bermuda Court had ordered to adjourn the winding up petition hearing to 26 July 2019. The appointment of the joint liquidators of Hsin Chong Construction (BVI) Ltd., a wholly-owned subsidiary of Hsin Chong, had been confirmed by passing the resolution at the meeting of creditors on 28 February 2019.
- (d) Hsin Chong had received various court orders against certain of its subsidiaries in Mainland China, which were (i) the bank balances (or other assets of the same amount) of RMB3,002,138,142.55 held by Hsin Chong, a subsidiary in Beijing and two subsidiaries be frozen, in the event of any shortfall of the bank balances, the assets under the above four companies be impounded to match the shortfall, (ii) the 100% equity interest of the subsidiary in Beijing be frozen for three years with effect from 15 March 2019, and (iii) the bank balance (or other assets in equivalent sum) of a subsidiary in Shandong Province amounting to RMB422,939,372 be frozen over and certain land interest of that subsidiary in Taian be impounded for three years with effect from 9 April 2019.

On 27 May 2019, Hsin Chong issued an inside information announcement. As stated in the inside information announcement, the bank balances held under two of its subsidiaries in Liaoning Province amounting to RMB440,127,921.08 (or other assets in equivalent sum) would be frozen over and certain land interests held under these two subsidiaries should be impounded for three years with effect from 24 April 2019.

On 30 July 2019, Hsin Chong issued an inside information announcement. As stated in the inside information announcement, Hsin Chong submitted a resumption proposal to the Exchange. The resumption proposal involves, among other matters, (i) the proposed subscription of new shares of Hsin Chong by a potential subscriber, (ii) the proposed implementation of schemes of arrangement of creditors of the group, (iii) the proposed settlement arrangement among Hsin Chong and parties involved in a mortgagee sale, pursuant to which the entire issued shares of Hsin Chong Aster Building Services Limited would be transferred back to Hsin Chong; and (iv) a proposed open offer. Upon completion of the proposed subscription of the new shares and the proposed settlement arrangement, it was expected that Hsin Chong would satisfy the requirements under Rule 13.24 of the Listing Rules.

On 20 August 2019, Hsin Chong issued an inside information announcement. As stated in the inside information announcement, Hsin Chong had received a letter from the Exchange stating that since the trading in Hsin Chong's securities had been suspended since 3 April 2017 and had failed to resume by 31 July 2019, accordingly, the Listing Committee had decided to cancel Hsin Chong's listing under Rule 6.01A of the Listing Rules. It was indicated in the letter that the last day of listing of Hsin Chong's shares would be on 23 August 2019 and the listing of shares of Hsin Chong would be cancelled with effect from 9:00 a.m. on 26 August 2019. After considering legal and professional advice, Hsin Chong had on 19 August 2019 submitted a written request to the secretary of the Listing Review Committee of the Exchange pursuant to Rule 2B.06(2) of the Listing Rules for a review of the decision.

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 equity attributable to owners of Huayi Tencent of HK\$868,792,000 and HK\$857,327,000 at 31 December 2018 and 30 June 2019 respectively. The group recorded a profit attributable to owners of Huayi Tencent of HK\$73,737,000 for the year ended 31 December 2018 and a loss attributable to owners of Huayi Tencent of HK\$8,653,000 for the six months ended 30 June 2019.

As stated in its interim results announcement, Huayi Tencent anticipated that at least three to four movies would be screened across the world and in Mainland China in the upcoming 18 months, including productions which had attracted the interest of the market and enthusiastic discussions in both Mainland China and Korea. Huayi Tencent was confident that these productions would attain success and hence it was hopeful that Huayi Tencent’s revenue generated from its entertainment and media operations would hence be boosted. According to a public research (www.pwc.com/outlook), Mainland China would remain the world’s largest cinema market in terms of total box office in the next few foreseeable years (2021-2023). Even though Chinese films were making big strides, it was envisaged that American films, in particular Hollywood blockbusters, would continue to dominate the market across the globe in the coming few years. Huayi Tencent had been actively seeking global opportunities for investing in prime films and television dramas, and it was now collaborating with top film studios and producers in North America and Europe to work on different projects, so that the audience might be surprised by an overwhelming experience in the coming year or two. Korean movies, which demonstrated new themes and set new trends, had led the market into diversification and further broadened the audience base of Korean films. Huayi Tencent believed that high-quality Korean films and television dramas would be in strong demand in Korean as well as in other Asian markets. Therefore, Huayi Tencent would invest in those prime products in the future and step up its efforts in hoarding up quality Korean IP. As there were signs of the Korean entertainment and culture staging a comeback in Mainland China market, Huayi Tencent would seize the chance and introduce preeminent Korean films and television dramas into Mainland China. As for its healthcare and wellness services, Huayi Tencent expected the operations of its offline healthcare and wellness services business “Beijing Bayhood No. 9 Club” to remain steady in the future. With the intention of focusing resources on developing its entertainment and media operations in the future, Huayi Tencent could not rule out the possibility of integration of existing resources to complement its eventual development strategy.

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 equity attributable to owners of Kingston Financial of HK\$21,522,041,000 at 31 March 2019. The group recorded a profit attributable to owners of Kingston Financial of HK\$1,001,927,000 for the year ended 31 March 2019.

As disclosed in its 2019 annual report, Kingston Financial believed that focusing on the expansion of domestic demand and high value-added industries, strengthening efforts to deepen the reform, adopting a higher standard of ‘door-open’ policies, deep integrating of the Greater Bay Area and the Belt and Road initiative were all conducive to enhance the quality and sustainability of Mainland China’s future economic development in the long run. The Exchange announced the new “Listing Rules” in 2018.

Since its entry into force, 40 new non-traditional equity companies had issued new shares, raising a total of HK\$150.4 billion, accounting for more than half of the IPO funds raised during the same period. As a result, Hong Kong had become the second largest biotechnology center in the world. There might be more biotechnology company to be listed in Hong Kong in the future. Furthermore, the optimisation of the new share issuance mechanism and the integration of the interconnection mechanism introduced by the Exchange would enhance the importance of the Hong Kong market to international investors and encourage more new companies to be listed in Hong Kong. During the past ten years, the total funds raised for new shares in Hong Kong had won the global championship for six years. At the end of April 2019, the funds raised via equity offerings on the Exchange remained the highest in the world. The Exchange served as a platform for international operations and attracted foreign funds and investment. Therefore, Hong Kong was still an ideal platform for many overseas companies, including Mainland China, to be listed. In the long run, the integration of Mainland China and Hong Kong financial industry would further provide more opportunities for Kingston Financial. Kingston Financial would continue to seize opportunities brought ahead by the new mechanism of the Exchange and keep expanding its business. Benefiting from Mainland China's economic growth and the completion of the Hong Kong-Zhuhai-Macao Bridge, Macau's gaming and hotel industry were on the good looking side. Kingston Financial would continue to drive its revenue growth in the region.

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 solutions and other services.

Based on its published financial information, the group had equity attributable to owners of KuangChi Science of HK\$1,390,051,000 and HK\$1,264,447,000 at 31 December 2018 and 30 June 2019 respectively. The group recorded a loss attributable to owners of KuangChi Science of HK\$457,609,000 and HK\$91,659,000 for the year ended 31 December 2018 and the six months ended 30 June 2019 respectively.

As stated in its interim results announcement, KuangChi Science had achieved certain breakthroughs in the “AI overlay” technology and its application during the six months ended 30 June 2019. Its “Matrix Intelligent Engine” had stood the concurrent testing of maximum 70,000 visits per second with its powerful computing capacity. The “AI Overlay Network” had showed its considerable merits in real scenarios in the Bund, Shanghai, which had provided a main test field for the constant optimising of the technology, and had been well recognised by the police. Besides, the promotion of technology had achieved remarkable results in Chongqing market with purchase orders from relevant customers. During the six months ended 30 June 2019, KuangChi Science had actively developed the “AI Overlay Network” in various demonstration regions such as Shanghai, Chongqing, Shunde, Shenzhen and Xiong’an, and had continued to promote “AI Overlay Network” nationwide. As for the “future space” technology business, KuangChi Science had gradually reduced the R&D investment in “future space” technology during the six months ended 30 June 2019. KuangChi Science had mainly leveraged existing research and development results of aerospace products like “Cloud” and drones (“KC” series and “H” series) to collect multi-source information such as visible light and infrared radiation to provide basic data for “AI Overlay Network”. The management believed that, with the development of 5G network, KuangChi Science’s “AI Overlay” technology would gradually be applied to more vertical industries in combination with its own development goals and industrial needs, especially in accelerating the construction of smart cities. “AI Overlay Network” would become a new driving force for economic and social development, with huge application demand and market prospects in smart cities.

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 equity attributable to owners of Lajin Entertainment of HK\$620,824,000 and HK\$602,087,000 at 31 December 2018 and 30 June 2019 respectively. The group recorded a loss attributable to owners of Lajin Entertainment of HK\$236,071,000 and HK\$18,661,000 for the year ended 31 December 2018 and the six months ended 30 June 2019 respectively.

As disclosed in its 2019 interim report, Lajin Entertainment was the lead investor and producer in “Faithful Dog Hachiko” (《忠犬八公》), “The Tibet Code” (《藏地密碼》), and “Legend of the Galactic Heroes” (《銀河英雄傳説》). These were the main focus of its investments in the coming two to three years which would receive Lajin Entertainment’s full support and plan to release or distribute in or after 2020. Furthermore, the previously invested cinematic projects like “The Dynasty Warriors” (《真・三國無雙》), “Theory of Ambition” (《風再起時》), “I’m Livin’ It” (《麥路人》), “Ori Princess, the Elf is Coming” (《甜心格格之精靈來了》), and “In Winter” (《藍色列車》) were either under post-production or scheduled for release while “Fagara in Mara” (《花椒之味》), and “If You are Happy” (《學區房72小時》) had been confirmed to be released during 2019. Amongst all artists under the management of Lajin Entertainment, Chen Xinzhe (陳信喆) showed enormous potential and had been put in the limelight quickly. In addition, other artists of Lajin Entertainment, Xu Junjie (徐俊傑) and Ye Zicheng (葉子誠), demonstrated remarkable performance. Lajin Entertainment would strive to secure more commercial advertisement jobs for its artists and leverage on the facilities available in its Lajin Base, located in Yi Zhuang (亦莊) comprising two 6-storey buildings of approximately 5,600 square metres in total and houses various facilities and functionalities, to provide them with necessary trainings and shooting/production environment, enabling these future stars to shine. Lajin Music (拉近音樂) had augmented the copyright of a large number of high quality original music compositions, through the past two-year efforts, covering a variety of mainstream and non-mainstream music in styles of pop, rock, classical, folk, electronic, rap, etc. Lajin Music had developed a comprehensive music promotion and distribution network and commenced copyright operation in full swing: Lajin Music collaborated with various domestic mainstream music platforms, such as QQ Music, KuGou Music, Kuwo Music, NetEase Cloud Music, Xiami Music as well as TikTok and gradually opened overseas issuance channels. Lajin Music also established strategic partnerships with nearly 100 radio stations and internet radio channels in Mainland China. Lajin Base supplied both front stage and backstage talents for the domestic movie, television, music and performing arts industries. It also produced high-quality cultural and entertainment content of positive energy and values for the market. Lajin Base had discussed cooperation with several production houses in relation to the provision of its venue and facilities and the advanced programmes productions technology for the production of some specific variety shows. In addition, Lajin Base also cooperated with various platforms, such as providing venues and professional services to artist management companies for nurturing artist and “internet celebrity” anchor. Lajin Entertainment would continue to promote Lajin Base’s competitive edge and strive to secure cooperation of similar nature so as to deepen the co-operative relationship with the leading streaming platforms in the industry through quality content production in forms of livestreaming, short videos, music, artists and variety entertainment, to increase the stable income stream, as well as to ensure the maximum utilisation of its facilities. The management of Lajin Entertainment would regularly evaluate the utilisation and positioning of Lajin Base and formulate the best strategy for its deployment, together with optimising the operational model and human resources management for Lajin Base in order to maximise the return for Lajin Entertainment and its shareholders.

12. 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. The other major business segment of the group is healthcare business in Mainland China, which includes provision of hospital and clinic management services. The group is also involved in investment business including direct investment in the healthcare sector and investment in securities and properties.

Based on its published financial information, the group had equity attributable to owners of Town Health of HK\$4,071,271,000 at 31 December 2018. The group recorded a profit attributable to owners of Town Health of HK\$64,014,000 for the year ended 31 December 2018.

As disclosed in its 2018 annual report, Town Health had employed various measures to solve the problem of elevating labor costs due to a shortage of doctors and nursing professionals in Hong Kong for its self-operated healthcare services business in Hong Kong. However, as Hong Kong healthcare market was highly saturated, it would be quite difficult for Town Health to achieve rapid business growth under the intensively competitive environment. For its third-party administrator business in Hong Kong, Town Health would continue to enhance the service standard of Vio and actively seek for new service contracts in Hong Kong. Town Health expected that the current cost structure has been successfully controlled, and the pre-tax profit margin of the business could be maintained at a double-digit percentage level in the near future. For its health management centre business in Hong Kong, Town Health would continue to facilitate the co-operation between the health management centres with its insurance partners. The health management centre situated at China Life Group’s building in Wan Chai would further its collaboration with China Life Group, in order to mobilise the China Life Group’s sales team, to promote sales of health management products, and to provide more value-added services to China Life Group’s high-end customers, hence creating mutual benefits to both parties. In addition to maintaining the sales channels in Hong Kong, the health management centre would proactively develop sales channels in Mainland China. For the future development of its cosmetic and medical beauty business segment, Town Health expected a stable development of its Hong Kong business, and strives to maintain a continual rapid growth of its Mainland China cosmetic and medical beauty business. Town Health would establish a telephone customer service centre in Mainland China, aiming to leverage the customer hotline platform to develop sales channels, and to build “The Beauty” brand. For its hospital management business in Mainland China, the new block of Nanshi Hospital was under construction, and was expected to become the development milestone of Nanshi Hospital. In addition, Town Health would develop the newly acquired commercial building into a comprehensive high-end eye hospital. Town Health had incorporated its subsidiaries in Mainland China to provide professional hospital management services on different fields, namely professional marketing services, hospital property management services, and medical equipment and consumables procurement services. Town Health had obtained required trading licenses for procurement of medical consumables and medical equipment. Besides Nanshi Hospital, Town Health expected to further expand its hospital management business to other hospitals in Nanyang city. For its high-end dental business in Mainland China, Town Health targeted to implement an incentive scheme so as to build up a professional team. Town Health would continue to focus on offering high-end dental services to the public in Mainland China. As for the business of health management centre in Mainland China, Town Health’s first Mainland China health management centre, located at Jinan’s office building of the Shandong Branch of China Life Group, was under construction and was expected to commence operation by mid of 2019. Town Health strived to collaborate with China Life Group to integrate insurance and health management services, generating synergies for both parties. For its business of medical beauty centres in Mainland China, Town Health would cooperate with Taigang Medical in Taiyuan City to build a plastic surgery hospital, which would be completed by mid-2019. This would further strengthen Town Health’s medical beauty business in Mainland China and expand its service network.

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 31 July 2019, Town Health issued an announcement relating to the recent development of trading resumption. As stated in the announcement, Town Health had previously made a resumption application to the SFC under section 9 of the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the laws of Hong Kong). Such application was in progress and would be considered by the board of the SFC. Town Health would continue to communicate with the SFC and seek to resume the trading of its shares on the Exchange.

The fair value of the shares in Town Health held by the Group of HK\$7,113,000 at 30 June 2019 was based on a valuation report prepared by an independent professional valuer appointed by the Group.

13. Yunfeng Financial Group Ltd. (“**Yunfeng Financial**”) and its subsidiaries are principally engaged in life insurance business and financial services in the areas of investment holding, asset management, pensions, other businesses and corporate services.

Based on its published financial information, the group had equity attributable to owners of Yunfeng Financial of HK\$9,220,770,000 at 31 December 2018. The group recorded a loss attributable to owners of Yunfeng Financial of HK\$204,402,000 for the year ended 31 December 2018.

As disclosed in its 2018 annual report, the development plan for the Greater Bay Area enabled Hong Kong fully leveraged the advantages of the global offshore Renminbi business hub and the international asset management center. “Shanghai-Hong Kong Stock Connect” and “Shenzhen-Hong Kong Stock Connect” promoted the activities of the financial markets and insurance businesses in Guangdong, Hong Kong and Macau. Yunfeng’s position was based on Hong Kong, grasping the opportunities in the Greater Bay Area, connecting Mainland China and foreign countries, and using technology to enable financial institutions, to create a one-stop professional financial platform. In line with the ardent demands of the market, the “Fintech Business Department” had been established to improve Yunfeng’s independent innovation capability on the one hand, and enhance the independence of technology solutions on the other hand. In addition to directly reaching To-C customers, it expanded To-B cooperation and directly provided financial technology solutions. Other existing business lines would explore new business opportunities, and leverage Yunfeng’s own technological advantages to provide better financial services to the investors. The total population of the Greater Bay Area was approximately 70 million, with an economic aggregate of RMB10 trillion. It was the most economically powerful region in Mainland China. Yunfeng was ready to grasp the opportunities brought by the development of the Greater Bay Area and welcome the opportunity of the opening of the capital market. Looking forward to the future, Yunfeng would continue to forge itself as the best overseas investment platform, develop To-B cooperation as a supplement to the existing To-C business, and create synergistic effect. Yunfeng and its 60% owned subsidiary, YF Life Insurance International Limited, jointly cooperated online and offline to establish a stronger sales network and business, and offered a greater variety of products and more convenient businesses.

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 2019, the Group's money lending business generated interest income on loans amounting to HK\$52,362,000, a 5% increase from HK\$49,950,000 for the previous period, and reported a segment profit (before taxation) of HK\$44,522,000, a 15% increase from HK\$38,705,000 for the previous period. The increase in segment results was mainly attributable to the reversal of a HK\$3,644,000 allowance for credit losses on loan receivables previously made.

The average monthly outstanding balance of loan receivables (before accumulated allowance for credit losses) increased from HK\$1,066,519,000 in the six months ended 30 June 2018 to HK\$1,157,980,000 in the six months ended 30 June 2019. During the period under review, the Group granted a new loan in the principal amount of HK\$15,000,000 to a customer and extended the final repayment dates of existing loans in the aggregate principal amount of HK\$197,000,000. The Group's customers made drawings in the aggregate principal amount of HK\$84,000,000 from the existing and new loans, and repaid HK\$73,950,000 to the Group. In addition, the outstanding principal amount of HK\$100,000,000 of a loan granted to a customer was utilised by the Group to subscribe for the shares of this customer in June 2019.

At the end of the reporting period, the directors performed an impairment assessment on the Group's loan receivables with reference to a valuation prepared by an independent professional valuer. Based on the valuation, a HK\$3,644,000 allowance for credit losses on loan receivables was reversed. At 30 June 2019, the Group's loan receivables together with accrued interest receivables (before accumulated allowance for credit losses) amounted to HK\$1,102,745,000 (31 December 2018: HK\$1,186,286,000).

Sale of jewelry products business

During the six months ended 30 June 2019, the Group's sale of jewelry products business generated revenue of HK\$28,464,000, a 35% increase from HK\$21,151,000 for the previous period, and reported a segment loss (before taxation) of HK\$630,000, a 80% decrease from HK\$3,085,000 for the previous period.

After years of effort in business development, certain customers in the United States have commenced to place sales orders with the Group. As it was still at an early stage, the sales orders secured from these customers were not sizeable. In addition, the European customers have gradually increased their sales orders to the Group. Accordingly, the Group reported not only an increase in revenue of its sale of jewelry products, but also an improvement in gross profit margin in sale of jewelry products. In addition, the lower moulding and production costs in producing samples also contributed to the improvement in gross profit margin. Despite the escalating trade tension between the United States and Mainland China and uncertainty about Brexit, the Group has taken sales and marketing effort in expanding its customer base in order to improve the profitability of its sale of jewelry products business. At the end of the reporting period, the directors performed an impairment assessment on the Group's trade receivables with reference to a valuation prepared by the independent professional valuer. Based on the valuation, an allowance for credit losses on trade receivables of HK\$8,000 was recognised.

At 30 June 2019, the Group's inventories of jewelry products, including raw materials, work-in-progress and finished goods, amounted to HK\$32,610,000 (31 December 2018: HK\$33,222,000) and the Group's sale of jewelry products business had undelivered sales orders amounting to HK\$1,800,000 (31 December 2018: HK\$709,000).

Property investment business

During the six months ended 30 June 2019, the Group's property investment business generated rental income of HK\$12,970,000, a 45% decrease from HK\$23,519,000 for the six months ended 30 June 2018, and recorded a segment loss (before taxation) of HK\$39,383,000, whereas a segment profit (before taxation) of HK\$11,438,000 was recorded in the six months ended 30 June 2018. The decrease in rental income was mainly due to the absence of the rental income generated from the Group's investment properties located in Guangzhou, Mainland China as such investment properties were disposed of on 22 June 2018. The deterioration of segment results was attributable to the loss of HK\$12,700,000 on change in fair value of investment properties, whereas a gain of HK\$24,700,000 was recorded in the previous period. Of the total rental income, HK\$10,422,000 was generated from the assets of the Club and HK\$2,548,000 was generated from the investment property portion of the Shun Tak Property.

In the fourth quarter of 2018, the Group has commenced a discussion with a Mainland China wedding planner relating to a co-operative arrangement for the provision of the open garden square and the buildings erected on the Subject Land as venue for wedding ceremony. If the co-operative arrangement is materialised, the first phase of the Subject Land will be utilised as venue for holding wedding ceremony. Given that the first phase of the Subject Land is also intended to be used for the development of a new business, namely cultural business, the new business is temporarily suspended pending for the outcome of the discussion. In April 2019, the Group has been approached by another Mainland China wedding planner which is interested in the similar co-operative arrangement for the provision of wedding ceremony venue. As at the date of this interim results announcement, discussions with these two Mainland China wedding planners are still underway and no terms of the

co-operative arrangements have been reached. Although the development of the cultural business is temporarily suspended, the Group has never stopped developing its cultural business. The Group has been seeking opportunities to improve the business plan of its cultural business. In July 2019, the Group has commenced a discussion with a state-owned communication center for establishing a cultural and creative experience hall on the first phase of the Subject Land in promoting Chinese culture. As at the date of this interim results announcement, the discussion with the state-owned communication center is still at a preliminary stage and no terms have been reached. On finalising the terms and conditions of the co-operative arrangement for the provision of wedding ceremony venue, the Group shall carry out a thorough study to compare the business plans of the provision of wedding ceremony venue business with the cultural business and select the one which is viable and able to increase the occupancy rate of the hotel to be erected on the second and third phases of the Subject Land.

The new development plan for the second and third phases of the Subject Land was submitted to the relevant governmental authority for assessment opinion in obtaining the planning permit. The Group was informed that the new development plan had been agreed in principle and, before the issue of the planning permit, certain amendments had to be made to the new development plan in accordance with the comments made by the relevant governmental authority. The new development plan was amended in accordance with the comments and was re-submitted for further assessment opinion. As at the date of this interim results announcement, no comments on the amended new development plan from the relevant governmental authority has been received and the planning permit has not been issued. Upon the issue of the planning permit, the Group shall submit the amended new development plan to another relevant governmental authority for obtaining the construction permit.

At the end of the reporting period, the directors performed impairment tests for the goodwill arising from the acquisition of Smart Title Limited and the intangible assets relating to (i) the rights to construct and operate the club facilities of the Club, and (ii) the rights to develop and operate the Subject Land and the rights to manage the properties erected on the Subject Land. As there was no indication that the goodwill and intangible assets might be impaired, no impairment of goodwill or intangible assets was required.

At the end of the reporting period, the directors measured the investment property portion of the Shun Tak Property at fair value. Based on the property valuation report prepared by the independent qualified valuer, the fair value of the investment property portion of the Shun Tak Property decreased from HK\$175,600,000 at 31 December 2018 to HK\$162,900,000 at 30 June 2019. Accordingly, the Group recognised the loss of HK\$12,700,000 arising on change in fair value of investment properties.

Investments in associates

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. Pursuant to the loan instrument, Elite Prosperous is entitled to convert the term loan into (i) such number of preferred shares in the capital of the unlisted investment holding company, or (ii) such number of preferred shares in the capital of one of the wholly-owned subsidiary of the unlisted investment holding company, which is engaged in provision of online, mobile and cross-border payment services. In May 2019, a subsidiary of the unlisted investment holding company has been awarded a stored value facilities licence by Hong Kong Monetary Authority. During the six months ended 30 June 2019, no conversion of the term loan was taken place as the unlisted investment holding company has been doing a fund raising exercise. At the end of the reporting period, Elite Prosperous measured the term loan at fair value. Based on a valuation report prepared by the independent professional valuer, the fair value of the term loan decreased from HK\$114,553,000 at 31 December 2018 to HK\$88,412,000 at 30 June 2019 and Elite Prosperous recognised a loss of HK\$26,141,000 arising on change in fair value of the term loan in profit or loss. During the six months ended 30 June 2019, Elite Prosperous reported a loss of HK\$26,141,000 and the Group shared a loss of HK\$12,809,000 from Elite Prosperous.

During the six months ended 30 June 2019, Global Mastermind reported a loss of HK\$50,737,000 and the Group shared a loss of HK\$14,734,000 from Global Mastermind. Global Mastermind reported an increase in loss in the first half of 2019, which was mainly due to (i) the recognition of impairment losses on trade and loan receivables, and (ii) an increase in finance costs resulted from the obtaining of a short-term loan for financing its working capital and the recognition of an imputed interest expenses on the convertible bonds issued on 13 November 2018.

Future Prospects

The ongoing trade tension between the United States and Mainland China and the implications of a no-deal Brexit have created uncertainty for the global economy. The global stock markets tend to be volatile in the second half of 2019. Accordingly, the directors cautiously monitor Hong Kong equity market and the fundamentals of each of the Hong Kong listed equities held by the Group. The directors will adjust the Group's equity portfolio from time to time and realise the Hong Kong listed equities held by the Group into cash as and when appropriate in the second half of 2019.

Given that the global economic outlook is uncertain, the Group will slow the pace of its money lending business in the second half of 2019. The directors expect the interest income on loans generated from the Group's money lending business in the second half of 2019 may be slightly less than the first half of 2019.

In 2017, the Group 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. With a view to diversify its customer base, the Group has recently expanded its business into the United States. Due to the escalating trade tension between the United States and Mainland China and uncertainty about Brexit, 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 2019 will be slightly improved as compared to the first half of 2019.

As the discussions on the business development on the first phase of the Subject Land are still underway, the directors expect the performance of the Group's property investment business in the second half of 2019 may be mostly the same as the first half of 2019.

In the second half of 2019, 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 opportunity for the Group to diversify its businesses and broaden its revenue base.

Events after the End of the Reporting Period

Subsequent to 30 June 2019, the fair value of the Group's financial assets at FVTPL decreased from HK\$327,563,000 at 30 June 2019 to HK\$278,853,000 at the date of this interim results announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company 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 2019, 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 2019, 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, all directors confirmed that they had complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2019.

PURCHASE, REDEMPTION AND SALE OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the 2019 interim report and the condensed consolidated financial statements for the six months ended 30 June 2019 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 2019 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, 29 August 2019

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.