Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Enerchina Holdings Limited
威 華 達 控 股 有 限 公 司 *

(Incorporated in Bermuda with limited liability)
(Stock Code: 622)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "**Board**") of Enerchina Holdings Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2018 as follows:

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Note	Six months ended 30.6.2018 HK$'000 (Unaudited)	30.6.2017 HK$'000 (Unaudited)
Revenue	*3*	**15,300**	58,336
Other income	*4*	**51,089**	17,371
Other gains and losses	*5*	**59,826**	8,212
Loss on financial assets at fair value through profit or loss ("FVPL")	*3*	**(286,619)**	(370,418)
Depreciation of property and equipment		**(11,035)**	(12,799)
Employee benefits expenses		**(13,020)**	(12,473)
Other expenses		**(57,581)**	(89,325)
Share of results of associates		**(894)**	29,309
Finance costs	*6*	**(28,912)**	(38,032)
Loss before taxation		**(271,846)**	(409,819)
Income tax credit	*7*	**46,590**	7,745
Loss for the period		**(225,256)**	(402,074)
Other comprehensive (loss) income:			
Items that will not be reclassified to profit or loss			
Fair value change on financial assets designated at fair value through other comprehensive income ("FVOCI")		**(404,976)**	–
Items that are reclassified or may be reclassified subsequently to profit or loss			
Exchange differences arising on translation to presentation currency		**(7,973)**	8,931
Fair value change on available-for-sale investments		**–**	27,915
		(7,973)	36,846
Total other comprehensive (loss) income for the period		**(412,949)**	36,846
Total comprehensive loss for the period		**(638,205)**	(365,228)

		Six months ended	
		30.6.2018	30.6.2017
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Loss for the period attributable to:			
Owners of the Company		**(200,502)**	(373,450)
Non-controlling interests		**(24,754)**	(28,624)
		(225,256)	(402,074)
Total comprehensive loss attributable to:			
Owners of the Company		**(566,475)**	(329,842)
Non-controlling interests		**(71,730)**	(35,386)
		(638,205)	(365,228)
		HK cents	*HK cents*
			(Adjusted)
Loss per share	*9*		
Basic		**(7.24)**	(20.26)
Diluted		**(7.24)**	(20.26)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018

	Note	**30.6.2018**	31.12.2017
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Non-current assets			
Property and equipment		**77,175**	137,342
Available-for-sale investments	*10*	**–**	2,372,424
Financial assets designated at FVOCI	*10*	**2,372,423**	–
Intangible assets		**3,908**	3,908
Interests in associates	*11*	**6,125**	578,255
Other investment	*12*	**177,936**	179,426
Held-to-maturity investments		**–**	29,290
Promissory notes receivables	*11*	**188,427**	–
Other deposits		**6,000**	520
Loan receivables	*13*	**25,769**	28,841
Deposit paid for acquisition of property and equipment		**78,014**	77,014
		2,935,777	3,407,020
Current assets			
Trade, loan and other receivables	*13*	**73,339**	446,098
Income tax recoverable		**2,266**	–
Promissory notes receivables	*11*	**196,419**	–
Financial assets at FVPL	*14*	**2,434,516**	2,790,718
Structured deposits		**237,248**	265,550
Bank balances – trust and segregated accounts		**61,881**	8,801
Cash and cash equivalents		**739,360**	850,229
		3,745,029	4,361,396
Current liabilities			
Trade and other payables	*15*	**364,176**	292,039
Income tax payable		**–**	110,820
Loan payables		**304,603**	895,000
		668,779	1,297,859
Net current assets		**3,076,250**	3,063,537
Total assets less current liabilities		**6,012,027**	6,470,557

	Note	**30.6.2018**	31.12.2017
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Non-current liabilities			
Deferred taxation		**36,392**	131,193
NET ASSETS		**5,975,635**	6,339,364
Capital and reserves			
Share capital		**145,294**	145,294
Reserves		**5,605,641**	5,937,049
Equity attributable to owners of the Company		**5,750,935**	6,082,343
Non-controlling interests		**224,700**	257,021
TOTAL EQUITY		**5,975,635**	6,339,364

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Company for the six months ended 30 June 2018 (the "Interim Financial Statements") are 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 of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated financial statements should be read in conjunction with the 2017 annual financial statements. The accounting policies adopted in preparing the Interim Financial Statements for the six months ended 30 June 2018 are consistent with those in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of the new/revised standards of Hong Kong Financial Reporting Standards ("HKFRSs") which are relevant to the Group's operation and are effective for the Group's financial year beginning on 1 January 2018 as described below.

Adoption of new/revised HKFRSs

Annual Improvements to HKFRSs	2014 - 2016 Cycle: HKFRS 1 and HKAS 28
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

Apart from the impact on adoption of HKFRS 9 and HKFRS 15 as set out below, the adoption of those new and revised HKFRSs has no material impact on the Group's results and financial position for the current or prior periods and does not result in any significant change in accounting policies of the Group.

HKFRS 9 "Financial Instruments"

HKFRS 9 introduces new requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Key requirements of HKFRS 9 which are relevant to the Group are:

(i) all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods with gain/loss recognised in profit or loss ("FVPL"). In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income ("FVOCI"), with only dividend income generally recognised in profit or loss.

(ii) in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 Financial Instruments: Recognition and Measurement. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

At 1 January 2018, the management of the Company assessed which business models should be applied to the financial assets held by the Group on the initial application of HKFRS 9 and has classified its financial instruments into the appropriate HKFRS 9 categories as follows:

		Measurement category		Carrying amount	
		Original (HKAS 39)	**New (HKFRS 9)**	**Original (HKAS 39)**	**New (HKFRS 9)**
	Note			*HK$'000*	*HK$'000*
Financial assets					
Listed equity securities not held for trading		Available for sale, at fair value	Financial assets designated at FVOCI	1,498,610	1,498,610
Unlisted equity securities not held for trading		Available for sale, at fair value	Financial assets designated at FVOCI	100,000	100,000
Unlisted equity securities not held for trading	*(a)*	Available for sale, at cost	Financial assets designated at FVOCI	773,814	1,077,349
Listed equity securities held for trading		FVPL	FVPL	2,630,254	2,630,254
Private investment funds held for trading		FVPL	FVPL	160,464	160,464
Other investment	*(b)*	Amortised cost	Amortised cost	179,426	179,426
Held-to-maturity investments	*(b)*	Amortised cost	Amortised cost	29,290	29,290
Trade, loan and other receivables	*(b)*	Amortised cost	Amortised cost	474,939	474,939
Structured deposits	*(b)*	Amortised cost	Amortised cost	265,550	265,550
Bank balances-trust and segregated accounts	*(b)*	Amortised cost	Amortised cost	8,801	8,801
Cash and cash equivalents	*(b)*	Amortised cost	Amortised cost	850,229	850,229

Notes:

(a) Please refer to summary of effect of the changes in accounting policies for the financial impact.

(b) Impairment based on expected credit loss model on these financial assets has no significant financial impact.

The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

HKFRS 15 "Revenue from Contracts with Customers"

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

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The management of the Company considers that the performance obligations that may be identified under HKFRS 15 are similar to the identification of revenue components under the Group's existing revenue recognition policy and therefore, the adoption of HKFRS 15 does not have any significant impact on recognition of revenue.

Summary of effect of the changes in accounting policies

	31 December 2017 *HK$'000*	Effect on adoption of HKFRS 9 *HK$'000*	1 January 2018 *HK$'000*
Available for sale, at cost	773,814	(773,814)	–
Financial assets designated at FVOCI	–	1,077,349	1,077,349
	773,814	303,535	1,077,349

The effects on adoption of HKFRS 9 are in relation to the initial fair value measurement of the reclassification at the date of initial application as financial assets measured at FVOCI.

3. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segment and measurement of segment profit based on the internal reports to the executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

The Group's reportable and operating segments are as follows:

(a) the provision of securities brokerage and provision of financial, consultancy and corporate financial advisory services ("financial services");

(b) securities trading and investments; and

(c) money lending.

Segment revenue and results

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

For the six months ended 30 June 2018 (Unaudited)

	Financial services	Securities trading and investments	Money lending	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
Revenue from financial services	**2,154**	**–**	**–**	**2,154**
Revenue from money lending	**–**	**–**	**13,146**	**13,146**
Total revenue	**2,154**	**–**	**13,146**	**15,300**
Loss on financial assets at FVPL	**–**	**(286,619)**	**–**	**(286,619)**
Segment revenue	**2,154**	**(286,619)**	**13,146**	**(271,319)**
Segment loss	**(11,333)**	**(299,309)**	**(13,813)**	**(324,455)**
Unallocated other income				**27,743**
Net exchange loss				**(9,815)**
Gain on disposal of subsidiaries				**161,122**
Loss on disposal of an associate				**(68,129)**
Other gains and losses				**(24,292)**
Share of results of associates				**(894)**
Central corporate expenses				**(33,126)**
Loss before taxation				**(271,846)**

For the six months ended 30 June 2017 (Unaudited)

	Financial services *HK$'000*	Securities trading and investments *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Revenue				
Revenue from financial services	36,643	–	–	36,643
Revenue from money lending	–	–	21,693	21,693
Total revenue	36,643	–	21,693	58,336
Loss on financial assets at FVPL	–	(370,418)	–	(370,418)
Segment revenue	36,643	(370,418)	21,693	(312,082)
Segment profit (loss)	33,755	(388,469)	(11,528)	(366,242)
Unallocated other income				8,842
Net exchange gain				20,906
Gain on bargain purchases of subsidiaries				7
Share of results of an associate				29,309
Central corporate expenses				(102,641)
Loss before taxation				(409,819)

Segment revenue includes revenue from financial services and money lending operations. In addition, the chief operating decision makers also consider loss on financial assets at FVPL as segment revenue.

This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

4. OTHER INCOME

	Six months ended 30.6.2018 HK$'000 (Unaudited)	30.6.2017 HK$'000 (Unaudited)
Interest income on:		
– bank deposits	**21,288**	9,127
– listed bonds at FVPL	**3,608**	–
– held-to-maturity investments	**271**	–
– promissory notes receivable	**6,470**	–
– others	**209**	2,928
	31,846	12,055
Dividend income from financial assets at FVPL	**6,286**	1,775
Forfeiture of non-refundable deposit received upon termination of contract	**10,222**	–
Others	**2,735**	3,541
	51,089	17,371

5. OTHER GAINS AND LOSSES

	Six months ended 30.6.2018 HK$'000 (Unaudited)	30.6.2017 HK$'000 (Unaudited)
Net exchange (loss) gain	**(9,815)**	20,906
Loss on disposal of property and equipment	**(24,292)**	–
Gain on disposal of held-to-maturity investments	**965**	–
Gain on disposal of subsidiaries	**161,122**	–
Loss on disposal of an associate	**(68,129)**	–
Provision for impairment loss in respect of loan receivables	**–**	(12,701)
Gain on bargain purchases of subsidiaries	**–**	7
Others	**(25)**	–
	59,826	8,212

6. FINANCE COSTS

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on loan payables	**20,348**	1,553
Interest on margin financing	**8,564**	3,894
Interest on promissory notes payable	**–**	32,585
	28,912	38,032

7. INCOME TAX CREDIT

Hong Kong Profits Tax has been provided at the rate of 16.5% (six months ended 30 June 2017: 16.5%) on the Group's estimated assessable profits arising from Hong Kong for the six months ended 30 June 2018 and 2017.

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong Profits Tax	**48,211**	16,042
Deferred taxation		
Reversal of temporary difference	**(94,801)**	(23,787)
Income tax credit	**(46,590)**	(7,745)

8. DIVIDENDS

The directors of the Company have declared and paid a final dividend in respect of the year ended 31 December 2017 of HK$0.01 per share during the six months ended 30 June 2018 (six months ended 30 June 2017: declared an interim dividend of HK$0.004 per share). The directors of the Company have declared an interim dividend of HK$0.005 per share in respect of the six months ended 30 June 2018 and such interim dividend will be paid in cash on or about Thursday, 27 September 2018 to shareholders of the Company whose names appear on the register of members of the Company on Friday, 14 September 2018.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on loss attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the period as follows:

Loss

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period attributable to equity shareholders of the Company, for the purpose of basic and diluted loss per share	**(200,502)**	(373,450)

Number of shares

	Six months ended	
	30.6.2018	30.6.2017
	(Unaudited)	(Unaudited)
		(Adjusted)
Weighted average number of ordinary shares, for the purpose of basic and diluted loss per share	**2,767,507,753**	1,842,934,708

Note:

The number of shares for the six months ended 30 June 2018 has been adjusted to reflect the effect of rights issue subsequent to the six months ended 30 June 2018.

The number of shares for the six months ended 30 June 2017 has been adjusted and restated to reflect the effect of share consolidation during the year ended 31 December 2017 and rights issue subsequent to the six months ended 30 June 2018.

The computation of diluted loss per share for the six months ended 30 June 2018 and 2017 did not assume the exercise of certain share option and warrants since their assumed exercise would result in decrease in loss per share.

10. NON-CURRENT EQUITY INVESTMENTS

	Note	30.6.2018	1.1.2018	31.12.2017
		HK$'000	*HK$'000*	*HK$'000*
		(Unaudited)	(Unaudited)	(Audited)
Financial assets designated at FVOCI	*(a)*			
Equity securities - listed				
Listed in Hong Kong		**1,404,539**	1,470,267	–
Listed in the People's Republic of China (the "PRC")		**–**	28,343	–
		1,404,539	1,498,610	–
Equity securities - unlisted	*(b)*	**967,884**	1,177,349	–
		2,372,423	2,675,959	–
Available-for-sale investments	*(a)*			
At fair value				
Equity securities - listed				
Listed in Hong Kong		**–**	–	1,470,267
Listed in the PRC		**–**	–	28,343
		–	–	1,498,610
Equity securities - unlisted		**–**	–	100,000
		–	–	1,598,610
At cost				
Unlisted investments		**–**	–	961,037
Less: Impairment losses		**–**	–	(187,223)
		–	–	773,814
		–	–	2,372,424
		2,372,423	2,675,959	2,372,424

Notes:

(a) Available-for-sale investments were reclassified to financial assets designated at FVOCI (non-recycling) upon the initial application of HKFRS 9 at 1 January 2018 as disclosed in note 2. No dividends were received on these investments during the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

(b) As at 30 June 2018, the amount represented the investments in unlisted equity securities issued by private entities. Including in the unlisted investments as at 30 June 2018, the Group held approximately 2.99% (31 December 2017: 3.71%) of the share capital of Co-Lead Holdings Limited ("Co-Lead") amount of HK$116,263,000 (31 December 2017: HK$100,000,000) and 10.56% (31 December 2017: 8.83%) of the issued shares of Satinu Resources Group Limited ("Satinu") amount of HK$702,004,000 (31 December 2017: HK$688,639,000), which are unlisted private company incorporated in the British Virgin Islands. Co-Lead and its subsidiaries principally engage in securities trading and investment holding business in Hong Kong and Satinu principally engages in integrated financial services, securities brokerage services, money lending, securities and other direct investments.

11. INTERESTS IN ASSOCIATES

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Unlisted shares		
Shares of net assets	**6,010**	352,877
Goodwill	**115**	225,378
	6,125	578,255

As at 31 December 2017, interests in an associate represented the Group's interests in 30% of the issued ordinary share capital of HEC Securities Company Limited ("HEC Securities"), 25% interest in Eternal Billion Holding Group Limited and 25% interest in Topwish Holdings Limited.

On 18 January 2018, the Group entered into a sale and purchase agreement with Satinu to sell back the 30% of the issued share capital of HEC Securities at a consideration of HK$525,000,000 of which HK$125,000,000 is payable in cash and HK$400,000,000 is payable by issuance of two zero-coupon promissory notes at principal amount of HK$200,000,000 each maturing on 31 December 2018 and 31 December 2019, respectively. The disposal was completed on the same day. The fair values of the promissory notes were approximately HK$193,278,000 and HK$185,098,000 respectively at issue date of 18 January 2018. After deducting related expenses of HK$269,000, the transaction resulted in a loss on disposal of approximately HK$68,129,000 which has been charged to profit and loss during the period.

During the six months ended 30 June 2018, the Group recognised interest income of HK$6,470,000 for the promissory notes. At the end of the reporting period, the carrying amounts of promissory notes maturing on 31 December 2018 and 31 December 2019 were approximately HK$196,419,000 and HK$188,427,000 respectively.

12. OTHER INVESTMENT

The investment is in principal amount of RMB150,000,000 (equivalent to approximately HK$177,936,000) (31 December 2017: RMB150,000,000 (equivalent to approximately HK$179,426,000)) with fixed interest rate of 7% per annum and maturity date in November 2019.

13. TRADE, LOAN AND OTHER RECEIVABLES

	Note	**30.6.2018** ***HK$'000*** **(Unaudited)**	31.12.2017 *HK$'000* (Audited)
Trade receivables			
Trade receivables arising from the business of securities brokerage			
– cash clients		**510**	76
– margin clients	*(a)*	**10,337**	22,978
		10,847	23,054
Loan receivables			
Loan and interest receivables from independent third parties	*(b)*	**62,519**	220,292
Less: Non-current portion		**(25,769)**	(28,841)
Current portion		**36,750**	191,451
Other receivables			
Deposits with securities brokers	*(c)*	**1,521**	78,471
Receivable arising from recovery of doubtful consideration receivables		**–**	136,210
Other receivables, deposits and prepayments		**24,221**	16,912
		25,742	231,593
		73,339	446,098

Notes:

(a) Trade receivables from margin clients are repayable on demand and bear interest ranging from 8% to 30% (31 December 2017: 8% to 30%) per annum as at 30 June 2018. The loans are secured by pledged marketable securities with a total fair value of approximately HK$68,650,000 (31 December 2017: HK$687,730,000). The fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans. The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group. In the opinion of directors, no aged analysis by invoice date is disclosed as the aged analysis does not give additional value in view of the nature of brokerage business. Entire amount of trade receivables from secured margin clients are neither past due nor impaired as at 30 June 2018 and 31 December 2017.

(b) At the end of the reporting period, loan receivables include fixed rate loan advances to independent third parties of approximately HK$17,137,000 (31 December 2017: HK$45,474,000) which are secured by the pledge of certain collaterals and personal guarantees, and have contractual loan period between 6 months and 12 years (31 December 2017: 2 months and 12 years) under the Group's money lending operation. The management of the Group believes that the amount is considered recoverable given that the fair value of the collaterals is sufficient to cover the entire loan balance for each of the secured loan advances and subsequent repayment. The remaining balance of approximately HK$45,382,000 (31 December 2017: HK$174,818,000) is unsecured, these loans were not overdue as at the end of the reporting period. The average interest rate for the loan receivables as at 30 June 2018 was ranging from 5% to 48% (31 December 2017: 5% to 48%) per annum.

The amount granted to individuals depends on management's assessment of credit risk on the customers by evaluation on background check (such as their profession, salaries and current working position) and repayment abilities. The Group determines the allowance of impaired debts based on the evaluation of collectability and maturity analysis of accounts and on the management's judgement, including assessment of the change of credit quality and the past collection history of each borrower.

Aging analysis of loan receivables (after allowance for doubtful debts) prepared based on contractual due date is as follows:

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Not yet past due	**51,652**	34,123
Less than 1 month past due	**9,341**	–
1 to 3 months past due	**26**	145,186
7 to 12 months past due	**1,500**	40,983
At the end of the reporting period	**62,519**	220,292

Included in the Group's loan receivables balance with a carrying amount of HK$10,867,000 (31 December 2017: HK$186,169,000), which is past due at the end of the reporting period but which the Group has not impaired as there has not been any significant changes in credit quality and the directors believe that the amounts are fully recoverable and thus no allowance for doubtful debt is considered necessary.

The Group has concentration of credit risk on loans to independent third parties as 96% and 95% of the total loans was due from five largest borrowers as at 30 June 2018 and 31 December 2017, respectively. These loans to independent third parties are due from individuals and corporates without previous default records. Management of the Group monitors these exposure from time to time to assess their recoverability.

The management closely monitor the credit quality of the loans and there are no indications that the loan receivables neither past due nor impaired will be uncollectible.

(c) Deposits with securities brokers represented the funds deposits with the brokers' houses for securities trading purpose.

14. FINANCIAL ASSETS AT FVPL

	30.6.2018	31.12.2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Investments held for trading:		
Listed shares in Hong Kong	**2,069,218**	2,630,254
Listed shares in the PRC	**295,456**	–
Unlisted investment funds	**69,842**	160,464
	2,434,516	2,790,718

15. TRADE AND OTHER PAYABLES

	Note	30.6.2018	31.12.2017
		HK$'000	*HK$'000*
	Note	(Unaudited)	(Audited)
Trade payables			
Trade payables arising from the business of securities brokerage			
– cash clients	*(a)*	**2,765**	2,140
– margin clients	*(a)*	**57,358**	6,607
– Hong Kong Securities Clearing Company Limited ("HKSCC")	*(b)*	**382**	1,973
Secured margin loan from securities brokers	*(c)*	**253,117**	240,778
		313,622	251,498
Other payables			
Other payables and accrued charges		**50,554**	40,541
		364,176	292,039

Notes:

(a) Trade payables to cash and margin clients are repayable on demand. In the opinion of the directors of the Company, no aged analysis is disclosed as the aged analysis does not give additional value.

(b) The settlement terms of trade payables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. No aged analysis is disclosed as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of brokerage business.

(c) For secured margin loans from securities brokers, the loans are repayable on demand (except certain balances arising from trades pending settlement or margin deposits) and are interest-bearing at the prevailing market interest rate (31 December 2017: 7.236% per annum). The total market value of equity securities pledged as collateral in respect of the loans was approximately HK$944,515,000 (31 December 2017: HK$738,272,000) as at 30 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in investment holdings, trading and investment in securities, and the provisions of (i) securities brokerage services, (ii) placing and underwriting services, (iii) corporate finance advisory services, (iv) money lending services, (v) investment advisory and asset management services, and (vi) margin financing services.

BUSINESS REVIEW

For the six months ended 30 June 2018, the Group's revenue amounted to a negative of approximately HK$271.3 million, compared with the negative revenue of approximately HK$312.1 million for the same period last year. Loss for the six months ended 30 June 2018 amounted to approximately HK$225.3 million compared with the loss of approximately HK$402.1 million for the same period last year. Basic loss per share amounted to HK7.24 cents compared with loss per share of HK20.26 cents (adjusted) for the same period last year. The loss was mainly attributable to loss on financial assets at fair value through profit or loss.

Brokerage Services

Brokerage commission income generated from provision of securities brokerage services amounted to approximately HK$0.4 million for six months ended 30 June 2018 (six months ended 30 June 2017: approximately HK$1.3 million).

Interest income generated from provision of margin financing services amounted to approximately HK$1.5 million for six months ended 30 June 2018 (six months ended 30 June 2017: approximately HK$16.3 million).

Money Lending

Interest income from provision of money lending services amounted to approximately HK$13.1 million for six months ended 30 June 2018 (six months ended 30 June 2017: approximately HK$21.7 million).

Placing and Underwriting Services

The Group has no placing and underwriting activity for the six months ended 30 June 2018 (six months ended 30 June 2017: approximately HK$17.7 million).

Corporate Finance

Corporate finance advisory fees decreased by approximately 50% to approximately HK$0.3 million as a result of a decrease in customers' portfolio, as compared to approximately HK$0.6 million in the same period last year.

Investment Advisory

No investment advisory services income has been generated for the six months ended 30 June 2018 (six months ended 30 June 2017: approximately HK$0.9 million).

Proprietary Trading

The Group engages in proprietary trading of listed securities, listed bonds and unlisted investment funds, which is classified as financial assets at fair value through profit or loss. The fair value of the portfolio amounted to approximately HK$2,434.5 million (31 December 2017: approximately HK$2,790.7 million), and loss on fair value of approximately HK$286.6 million was recognised, as compared to a loss on fair value of approximately HK$370.4 million in the same period last year. Dividend income increased by approximately 250% to approximately HK$6.3 million for the six months ended 30 June 2018, when compared to approximately HK$1.8 million in the same period last year, which was mainly due to more dividends received by the Group from listed securities.

SIGNIFICANT INVESTMENTS

During the period, the Group had the following significant investments held which were classified as financial assets designated at fair value through other comprehensive income and financial assets at fair value through profit or loss:

Name of investments	Notes	Percentage of shareholding as at 30 Jun 2018	Percentage of shareholding as at 31 Dec 2017	Fair value/ carrying amount as at 30 Jun 2018	Fair value/ carrying amount as at 31 Dec 2017	Net gain/(loss) for the period ended 30 Jun 2018	Net gain/(loss) for the period ended 30 Jun 2017
		%	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets designated at fair value through other comprehensive income							
Unlisted shares in overseas							
– Satinu Resources Group Ltd.	1	10.56	8.83	702,004	688,639	13,365	–
– Freewill Holdings Limited	2	7.71	7.71	44,541	29,588	14,953	–
– Co-Lead Holdings Limited	3	2.99	3.71	116,263	100,000	16,263	–
Listed shares in Hong Kong							
– Shengjing Bank Co., Ltd. (stock code: 2066)	4	12.33	12.33	908,200	1,176,100	(267,900)	(539)
– Huishang Bank Corporation Ltd. (stock code: 3698)	5	0.95	0.95	111,900	128,400	(16,500)	–

Name of investments	Notes	Percentage of shareholding as at 30 Jun 2018	Percentage of shareholding as at 31 Dec 2017	Fair value/ carrying amount as at 30 Jun 2018	Fair value/ carrying amount as at 31 Dec 2017	Net gain/(loss) for the period ended 30 Jun 2018	Net gain/(loss) for the period ended 30 Jun 2017
		%	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss							
Listed shares							
– China Evergrande Group (Stock code: 3333)	6	0.26	0.26	678,000	913,605	(235,605)	64,330
– Freeman Fintech Corporation Limited (Stock code: 279)	7	–	4.42	–	361,109	(317,389)	13,800
– Evergrande Health Industry Group Limited (stock code: 708)	8	0.89	0.89	563,195	238,394	324,802	7,715
– C C Land Holdings Limited (stock code: 1224)	9	2.15	2.15	145,971	144,303	1,668	(30,302)
– Guosheng Financial Holding Inc. (stock code: 2670.SZ)	10	0.90	0.33	288,694	114,653	27,891	809
– Asia Standard International Group Limited (stock code: 129)	11	3.09	3.09	73,110	77,602	(4,493)	27,365
– Newton Resources Ltd. (stock code: 1231)	12	2.27	2.27	66,360	85,450	(19,090)	(1,254)
– Larry Jewelry International Co. Limited (stock code: 8351)	13	3.55	3.81	32,788	63,004	(30,216)	8,486
– HengTen Networks Group Limited (stock code: 136)	14	–	–	–	–	–	(408,375)

The above table lists the investments which principally formed a significant portion of the net assets of the Group. To give details of other investments would result in particulars of excessive length.

The performance and prospects of the Group's significant investments during the period were detailed as follows:

1. Satinu Resources Group Ltd. ("Satinu")

Satinu and its subsidiaries principally engage in integrated financial services, securities brokerage services, money lending, securities and other direct investments. Given recent merger and acquisition deals of financial related companies by Chinese enterprises and low interest rate environment, Satinu has a strategic investment value.

2. **Freewill Holdings Limited ("FHL")**

FHL principally engages in the business of property investment, investment advisory and financial services, investment in securities trading and money lending.

3. **Co-Lead Holdings Limited ("Co-Lead")**

Co-Lead principally engages in securities trading and investment holding businesses. Its investment portfolio consists of listed and unlisted securities.

4. **Shengjing Bank Co., Ltd. ("Shengjing") (Stock code: 2066)**

Shengjing principally engages in the provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services as approved by the China Banking Regulatory Commission.

5. **Huishang Bank Corporation Limited ("Huishang") (Stock code: 3698)**

Huishang Bank principally engages in Renminbi ("RMB") and foreign currency deposits, loans, clearing and settlement services, assets custody services, finance leasing services, and the provision services as approved by the respective regulators.

6. **China Evergrande Group ("China Evergrande") (Stock code: 3333)**

China Evergrande focuses on property development, property investment, property management, property construction, hotel operations, finance business, internet business and health industry business in the PRC.

7. **Freeman FinTech Corporation Limited ("FFC") (formerly known as Freeman Financial Corporation Limited) (Stock code: 279)**

FFC principally engages in the financial services sector, including the provision of securities and futures brokerage services, the provision of placing, underwriting and margin financing services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, the trading of securities and futures, the provision of finance, as well as investment holding.

8. **Evergrande Health Industry Group Limited ("Evergrande Health") (Stock code: 708)**

Evergrande Health principally engages in magazine publishing, distribution of magazine, digital business and provision of magazine content and "Internet+" community health management, international hospitals, elderly care and rehabilitation, medical cosmetology and anti-ageing.

9. **C C Land Holdings Limited ("CC Land") (Stock code: 1224)**

   CC Land principally engages in property development and investment and treasury investments.

10. **Guosheng Financial Holding Inc. ("Guosheng Financial") (Stock code: 2670.SZ)**

    Guosheng Financial is a China-based company listed on Shenzhen Stock Exchange and principally engages in security, investment and cable and wire businesses.

11. **Asia Standard International Group Limited ("Asia Standard") (Stock code: 129)**

    Asia Standard focuses on developing and investing properties in prime locations in Hong Kong and first-tier cities in the PRC, which is divided into operation sectors including property development, property leasing, hotel and travel, and financial investments.

12. **Newton Resources Ltd ("Newton Resources") (Stock code: 1231)**

    Newton Resources and its subsidiaries principally engage in trading business, mining, processing and sale of iron concentrates and gabbro-diabase and stone products and car-park business.

13. **Larry Jewelry International Company Limited ("Larry Jewelry") (Stock code: 8351)**

    Larry Jewelry and its subsidiaries principally engage in design and retailing of jewelry products and sales of Chinese pharmaceutical products, dried seafood, health products and foodstuffs in Hong Kong, Macau and the PRC.

14. **HengTen Networks Group Limited ("HengTen Networks") (Stock code: 136)**

    HengTen Networks and its subsidiaries principally engage in internet community services, investment and trading of securities, property investment and manufacture and sales of accessories for photographic and electrical products.

Going forward, the Group expects that the stock markets in Hong Kong and the PRC will remain challenging for the second half of 2018, as the economies continue to show signs of slowing down. However, the Board is of the view that Hong Kong's stock market will still benefit from the Shenzhen-Hong Kong Stock Connect with increasing demand for financial services rendered in Hong Kong.

FINANCIAL POSITION

The Group's certain other receivables and bank balances are denominated in USD and RMB in amount of HK$1.5 million and HK$1,047.1 million respectively. The Group's financial services business is not exposed to significant foreign exchange risk as most of the transactions are denominated in HK$. No financial instruments were used for hedging purposes.

Capital commitments

As at 30 June 2018, the Group had capital commitments in respect of the acquisition of property, and equipment amounting to approximately HK$10.2 million that have not been provided in the Group's consolidated financial statements.

MATERIAL TRANSACTIONS

Disposal of 30% of the issued share capital in HEC Securities

On 18 January 2018, the Group entered into a sale and purchase agreement with Satinu to sell back the 30% of the issued share capital of HEC Securities at consideration of HK$525,000,000 of which HK$125,000,000 is payable in cash and HK$400,000,000 is payable by the issue of two zero-coupon promissory notes at principal amount of HK$200,000,000 each maturing on 31 December 2018 and 31 December 2019, respectively (the "**Disposal**"). The aggregate fair values of the promissory notes were approximately HK$378,376,000 at issue date of 18 January 2018. Details of the Disposal were set out in the Company's announcement dated 18 January 2018.

EVENT AFTER THE REPORTING PERIOD

(a) Acquisition of 11.78% of equity interests in Win Wind Capital Limited ("Win Wind")

In January 2018, the Company entered into an acquisition agreement with China Touyun Tech Group Limited (formerly known as "China Optoelectronics Holding Group Limited") ("**China Touyun**") pursuant to which the Company has conditionally agreed to acquire and the China Touyun has conditionally agreed to sell 13,600,000 shares of Win Wind, representing approximately 11.78% of the entire issued share capital of Win Wind, at consideration of HK$320,000,000, which will be settled by the issue of zero-coupon promissory note (the "**Acquisition**"). Details of the Acquisition were set out in the Company's announcement dated 25 January 2018. Upon completion of the Acquisition on 24 July 2018, Win Wind had become a wholly-owned subsidiary of the Company.

(b) Rights issue

On 28 March 2018, the Company announced a proposed rights issue on the basis of one rights share for every one share in issue at a subscription price of HK$0.45 per rights share to raise not less than HK$1,307.64 million (before expenses) and not more than HK$1,314.40 million (before expenses) (the "**Rights Issue**"). Details of the Rights Issue were set out in the announcement of the Company dated 28 March 2018 and the prospectus of the Company dated 28 June 2018. Upon completion of the Rights Issue on 20 July 2018, the issued share capital of the Company was increased from 2,905,883,141 shares to 5,811,766,282 shares.

Use of Proceeds from the Rights Issue

The details of the proposed use of proceeds and the actual use of proceeds from the Rights Issue up to the date of this announcement are as follows:-

		Proposed use of proceeds from the Rights Issue *HK$'000*	**Amount utilised** *HK$'000*	**Amount unutilised** *HK$'000*
(i)	Business development of the Group's financial services			
	a) provide additional resources to the Group's money lending business	300,000	120,000	180,000
	b) provide additional resources to the Group's margin financing business	180,000	180,000	–
	c) conduct marketing activities	10,000	886	9,114
	d) hire high caliber professionals	10,000	–	10,000
		500,000	**300,886**	**199,114**
(ii)	Repayment of the outstanding principal and interest of the Group's loans due to third parties	325,000	325,000	–
(iii)	Operating expenses	100,000	100,000	–
(iv)	Finance any investment opportunities	23,418	23,418	–
(v)	Settlement of the promissory note in relation to the acquisition of Win Wind	320,000	120,000	200,000
	Total	**1,268,418**	**869,304**	**399,114**

The unutilised net proceeds from the Rights Issue will be applied in accordance with the intended uses as previously disclosed.

(c) Acquisition of a subsidiary

On 24 July 2018, Pacific Stone Limited, a wholly owned subsidiary of the Company, entered into an acquisition agreement with a third party ("**Vendor**") which agreed to sell 625 shares of Noble Order Limited ("**Noble Order**"), representing approximately 62.5% of the entire issued share capital of Noble Order (the "**Noble Order Acquisition**"), at consideration of HK$125,000,000, which will be settled by issue of a zero-coupon three-month promissory note with the principal amount of HK$125,000,000 by the Company to a subsidiary of the Vendor. The Noble Order Acquisition was completed on the same day. Upon completion of the Noble Order Acquisition, Noble Order had become a non-wholly owned subsidiary of the Company.

LITIGATION

(a) Updates on the previous disposal of shares in Shenzhen Fuhuade Electric Power Co., Ltd. ("Fuhuade")

During the year ended 31 December 2011, the Group disposed of its 100% equity interest in Fuhuade to CNOOC Gas & Power Group (the "**CNOOC Gas**" or "**Buyer**"). The total consideration of the disposal of RMB1,037,642,000 (equivalent to approximately HK$1,247,166,000) was payable in instalments, the payment of which was subject to finalization and confirmation of the results of supplemental audit. As at 31 December 2012, the supplemental audit was not yet finalized and the outstanding instalments were not received from the Buyer. In view of this, the Group made a provision for doubtful consideration receivable of HK$93,132,000 for the year ended 31 December 2012.

As at 31 December 2013, the Group was still not able to secure a satisfactory conclusion on the supplemental audit. Under the circumstances, the Board is of the opinion that the timing and eventual outcome of the finalization of the supplemental audit and hence the settlement of the outstanding instalments cannot be estimated with reasonable certainty. It is determined that the receivable amount should be fully provided for until such time as the eventual outcome can be reliably estimated. Accordingly, the Group fully wrote down the receivable amount of HK$255,185,000, being the amount of consideration receivable amounting to HK$358,921,000 as originally stated after deducting estimated other taxes payable arising from the disposal of the subsidiary of HK$103,736,000, in the profit and loss account for the year ended 31 December 2013.

On 20 December 2017, the Group received a civil judgement (廣東省深圳市中級人民法院民事判決書[2014]深中法涉外初字第59號) in favour of the Group in relation to the litigation on the previous disposal of shares in Fuhuade, pursuant to which the Group is judged to receive approximately RMB85.5 million (equivalent to approximately HK$102.3 million) together with related interest of approximately RMB28.3 million (equivalent to approximately HK$34 million) (before tax).

On 13 February 2018, the Group received approximately RMB102.3 million (equivalent to approximately HK$121.4 million) in this regard.

Apart from the above, the Group is still awaiting a decision from the court in relation to the third installment (廣東省深圳市中級人民法院[2016]粵03民初662號).

(b) Legal Proceeding against Mr. Qin Jun

On 6 May 2016, Win Wind Resources Limited ("**Win Wind Resources**"), a non-wholly owned subsidiary of the Company, commenced legal proceedings as creditor by filing a bankruptcy petition with the Court of First Instance of Hong Kong, against Mr. Qin Jun as debtor regarding an outstanding loan (and accrued interest) in the approximate sum of HK$54.99 million pursuant to a loan agreement dated 29 September 2014 made between Win Wind Resources as lender and Mr. Qin Jun as borrower (as supplemented by a supplementary agreement made between the parties dated 29 March 2015). Mr. Qin Jun was declared bankrupt by the Court of First Instance on 27 July 2016. Mr. Qin Jun subsequently filed an application to annul the bankruptcy order, however such application was dismissed by the Court of First Instance at a hearing on 10 April 2017 and costs relating to the application were ordered to be paid by Mr. Qin Jun to Win Wind Resources. On 5 May 2017, Mr. Qin Jun filed a Notice of Appeal with the Court of Appeal to appeal against the judgment made on 10 April 2017 by the Court of First Instance. The appeal was heard before the Court of Appeal on 15 August 2018 and it was dismissed with costs ordered to be paid by Mr. Qin Jun on an indemnity basis.

(c) Writs of Summons issued by Allied Weli Development Limited and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators (the "Liquidators of Allied Weli Development Limited")

Enerchine Corporate Finance Limited, Win Wind Capital Limited, Win Wind Investment (Holdings) Limited, Enerchine Nominee Limited and Win Wind Securities Limited, which are all non-wholly owned subsidiaries of the Company, have been named, inter alia, as defendants (together, the "**Defendant Parties**") in two separate writ of summons under a legal proceeding in the High Court of Hong Kong (the "**Writs**"). The plaintiffs under the Writs are Allied Weli Development Limited (in Liquidation) and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators (the "**Liquidators**") of Allied Weli Development Limited. The Liquidators have not yet served the Writs on the Defendant Parties. On 2 February 2018, the Group, through its legal advisors, requested the Liquidators to (i) serve the Writs of Summons on the Defendant Parties by 20 February 2018 as required under the Rules of the High Court (Order 12, rule 8A) or (ii) to discontinue the Writs against the Defendant Parties. On 15 February 2018, the Group received a letter from Kirkland & Ellis, the legal advisors acting for the Liquidators stating, inter alia, that the Writs were issued on a protective basis and the Liquidators did not intend to serve the Writs on the Defendant Parties at this stage. The letter further said the Liquidators' investigations are on-going, and they are not yet in a position to determine whether to pursue the claims described in the Writs and that the Liquidators may ultimately decide not to pursue a claim against the Defendant Parties at all.

The management of the Group is of the view that the filing of the Writs by the Liquidators will cause prejudice when the Group negotiates new credit facilities or continues its existing credit facilities. Moreover, due to litigation searches that are customarily carried out as part of due diligence procedures prior to transactions by counterparties, the filing of the Writs by the Liquidators will also affect any transactions that the Group may intend to enter. As the Writs have not been served on the Defendant Parties, accordingly no provision has been made in the consolidated financial statements for the financial year ended 31 December 2017. However, the management of the Company considers the Writs are malicious attempts to adversely affect the reputation and the business operations of the Group, and is presently taking legal advice on initiating proceedings against the Liquidators in order to vigorously defend the rights and reputation of the Group.

PROSPECTS

Globally speaking, after a decade of recovery from the global financial crisis, the next global slowdown or recession could be triggered by the combined materialization of several downside risks. For instance, a full-blown escalation of trade-restrictive measures along with a sudden resurgence of global inflation could negatively impact market confidence and lead to disruptive financial market developments. Weakening growth and higher borrowing costs could intensify debt and financial stability concerns, while rising unemployment rate could amplify political uncertainties and protectionist tendencies.

The economic outlook of Hong Kong and the PRC is expected to be challenging and mixed in the second half of 2018 mainly due to (1) a substantial escalation of trade-restrictive measures between the United States and China, which, if gradually materialized, could lead to economic losses for these two economies and cascading trade costs through global value chains; and (2) a wide range of reforms in the PRC, which include (i) steps to reduce excess capacity in the industrial sector to diversify the ownership structure of state-owned enterprises, with following progress in opening its equity and bond markets to foreigners; (ii) additional steps to remove foreign ownership limits in financial institutions and some other sectors; and (iii) stricter regulatory policies for the housing market, as well as monetary, financial, and regulatory measures that have contributed to some reduction in corporate debt.

The operating environment of the banking and financial industry in Hong Kong will continue to be competitive and volatile which may exert pressure on the pricing of financial products. The increasing compliance-related and system-related costs in meeting the regulatory and supervisory requirements are expected to impact the cost efficiency and earnings growth of banks and financial institutions in Hong Kong. Even so, the Group will continue to pursue long-term business and profitability growth in line with its corporate mission and goals. The Group will continue to adopt prudent capital management and liquidity risk management policies and practices to preserve adequate buffer to meet the challenges ahead.

The Group is constantly seeking (1) investment opportunities, domestic or abroad, to enrich its investment portfolio; (2) loans at higher yields in anticipation for higher funding costs consistent with the Group's prudent lending policy; and (3) sound and flexible marketing strategies to expand the customer base and channels of services. The Group will continue to conduct fund-raising activities and invite competent personnel to join the Group in order to enhance and expand its capability to cope with the ever-changing environment and seize the opportunities if they arise. The Group strives to make investments in its infrastructure and keep up with developments in the financial sector to maintain its competitive edge.

INTERIM DIVIDEND

The Board has resolved the payment of an interim dividend of HK$0.005 per share for the six months ended 30 June 2018 (six months ended 30 June 2017: HK$0.004 per share with an option to receive new and fully paid shares in lieu of cash under a scrip dividend scheme), amounting to approximately HK$29.1 million, to the shareholders of the Company whose names appeared on the Company's register of members on 14 September 2018. The interim dividend will be paid on 27 September 2018.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Wednesday, 12 September 2018 to Friday, 14 September 2018, both days inclusive, during which period no transfers of shares will be registered. In order to be eligible for the entitlement to the interim dividend, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 11 September 2018.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group employed approximately 45 full time employees for its principal activities. The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the six months ended 30 June 2018.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance. The Company confirms that it has complied with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the six months ended 30 June 2018.

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 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 June 2018, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee (the "**Audit Committee**") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. As at the date of this announcement, the Audit Committee comprises three independent non-executive directors. Currently, the members of the Audit Committee are Messrs. Cheung Wing Ping, Hung Cho Sing and Chan Hak Kan. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The interim results of the Group for the six months ended 30 June 2018 had not been audited, but had been reviewed by the Company's auditor, Mazars CPA Limited and the Audit Committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board
Enerchina Holdings Limited
Sam Nickolas David Hing Cheong
Acting Chairman

Hong Kong, 28 August 2018

As at the date of this announcement, the Board comprises the following directors:

Executive Directors:
Mr. Sam Nickolas David Hing Cheong
(Acting Chairman)
Mr. Chow Chi Wah Vincent
(Managing Director)
Mr. Wong Yat Fai

Independent Non-Executive Directors:
Mr. Cheung Wing Ping
Mr. Hung Cho Sing
Mr. Chan Hak Kan