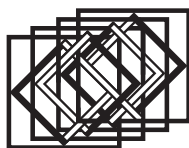


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PAK TAK INTERNATIONAL LIMITED

(百德國際有限公司)*

(incorporated in Bermuda with limited liability)

(Stock Code: 2668)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Pak Tak International Limited (the “**Company**”) is pleased to announce that the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2018 (the “**Interim Results**”), together with the selected comparative unaudited figures for the six months ended 30 September 2017 (the “**Corresponding Period**”) are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

		Six months ended 30 June 2018 <i>HKD'000</i> (unaudited)	Six months ended 30 September 2017 <i>HKD'000</i> (unaudited)
	<i>Note</i>		
Continuing operations			
Revenue	3	461,525	169,692
Other revenue	6	2,810	969
Other net gains/(losses)	6	8,209	(966)
Fair value gain on investment properties		5,313	62,879
Direct costs and operating expenses		(443,522)	(143,843)
Administrative expenses		(21,680)	(20,028)
Selling expenses		(1,969)	(3,628)

* for identification purpose only

		Six months ended 30 June 2018 <i>HKD'000</i> (unaudited)	Six months ended 30 September 2017 <i>HKD'000</i> (unaudited)
	<i>Note</i>		
Profit from operations	7	10,686	65,075
Finance costs	8	<u>(3,797)</u>	<u>(3,942)</u>
Profit before taxation		6,889	61,133
Income tax expense	9	<u>(6,698)</u>	<u>(17,905)</u>
Profit from continuing operations		191	43,228
Discontinued operations			
Loss for the period from discontinued operations	5(a)	<u>–</u>	<u>(7,581)</u>
Profit for the period		<u>191</u>	<u>35,647</u>
Attributable to:			
Equity shareholders of the Company		192	44,342
Non-controlling interests		<u>(1)</u>	<u>(8,695)</u>
		<u>191</u>	<u>35,647</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	10		
From continuing and discontinued operations			
– Basic and diluted		<u>0.01</u>	<u>2.77</u>
From continuing operations			
– Basic and diluted		<u>0.01</u>	<u>2.70</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

		At 30 June 2018 <i>HKD'000</i> (unaudited)	At 31 December 2017 <i>HKD'000</i> (audited)
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	12	19,203	19,137
Investment properties	13	193,831	191,677
Investment in an associate	14	168,200	–
Deposits paid for acquisition of a subsidiary		7,163	–
Finance lease receivables	16	36,654	43,210
Financial assets at fair value through other comprehensive income	15	114,800	–
		<u>539,851</u>	<u>254,024</u>
Current assets			
Inventories		70,400	26,952
Trade and bills receivables	17	51,318	40,242
Loan receivables	18	41,017	60,451
Current portion of finance lease receivables	16	33,202	29,845
Other receivables, prepayments and deposits		42,831	19,954
Financial assets at fair value through profit or loss	19	35,611	26,329
Cash and cash equivalents		<u>363,421</u>	<u>535,822</u>
		637,800	739,595
Assets classified as held for sale	20	<u>–</u>	<u>33,000</u>
		<u>637,800</u>	<u>772,595</u>
Current liabilities			
Trade and bills payables	21	36,498	26,646
Other payables and accrued charges		183,544	29,368
Margin loans payable	22	20,997	–
Borrowings and overdraft	23	343,327	336,762
Tax payable		<u>1,976</u>	<u>1,081</u>
		<u>586,342</u>	<u>393,857</u>

		At 30 June 2018 <i>HKD'000</i> (unaudited)	At 31 December 2017 <i>HKD'000</i> (audited)
	<i>Note</i>		
Net current assets		51,458	378,738
Total assets less current liabilities		591,309	632,762
Non-current liabilities			
Borrowings	23	50,290	89,382
Deferred tax liabilities		19,882	14,397
Provision and other accrued charges		14,177	14,841
		84,349	118,620
NET ASSETS		506,960	514,142
CAPITAL AND RESERVES	24		
Share capital		58,000	58,000
Reserves		448,946	456,142
Equity attributable to equity shareholders of the Company		506,946	514,142
Non-controlling interests		14	—
TOTAL EQUITY		506,960	514,142

1. BASIS OF PRESENTATION

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

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 31 December 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of these changes in accounting policies are set out below in Note 2.

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

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

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s unaudited condensed consolidated financial statements:

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

- Amendments to HKFRS 2, Share-based payment: Classification and measurement of share-based payment transactions
- Amendments to HKAS 28, Annual improvements to HKFRSs 2014-2016 cycle
- Amendments to HKAS 40, Investment property: Transfers of investment property

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

HKFRS 15 “Revenue from Contracts with Customers”

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

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

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

HKFRS 9 “Financial instruments”

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

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

- Debt instruments that are classified as available-for-sale financial assets; and
- Debt instruments classified as held-to-maturity and measured at amortised cost.

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

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

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

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

Financial assets – impairment

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

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

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

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

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

3. SEGMENT REPORTING

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

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

- (i) Manufacturing and trading of garment;
- (ii) Money lending business;
- (iii) Securities investment;
- (iv) Leasing business;
- (v) General trading;
- (vi) Property investment; and
- (vii) New energy development.

After the disposal of subsidiaries as described in Note 5, the new energy development business was discontinued.

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

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

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

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

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

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

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

	Six months ended 30 June 2018 HKD'000	Six months ended 30 September 2017 HKD'000
A point in time	450,790	164,766
Over time	10,735	4,926
	<u>461,525</u>	<u>169,692</u>

4. SEASONALITY OF OPERATIONS

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

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

5. DISCONTINUED OPERATIONS AND DISPOSAL OF SUBSIDIARIES

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

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

(a) Results of discontinued operations

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

(b) The net cash flows incurred by discontinued operations

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

(c) Disposal of subsidiaries

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

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

HKD'000
(unaudited)

Outflow of cash arising from disposal of subsidiaries:	
Consideration received in cash	44,601
Cash and cash equivalents in subsidiaries disposed of	<u>(61,620)</u>
Net cash outflows from disposal of subsidiaries	<u><u>(17,019)</u></u>

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

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

7. PROFIT FROM OPERATIONS

Six months ended 30 June 2018 <i>HKD'000</i> (unaudited)	Six months ended 30 September 2017 <i>HKD'000</i> (unaudited)
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Profit from operations has been arrived at after charging:

Depreciation on property, plant and equipment	<u>3,786</u>	<u>4,020</u>
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8. FINANCE COSTS

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

9. INCOME TAX EXPENSE

Six months ended 30 June 2018 <i>HKD'000</i> (unaudited)	Six months ended 30 September 2017 <i>HKD'000</i> (unaudited)
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Current tax

– Hong Kong	868	–
– The PRC	<u>37</u>	<u>–</u>
	<u>905</u>	<u>–</u>

Deferred tax

– Hong Kong	3,917	1,094
– The PRC	<u>1,876</u>	<u>16,811</u>
	<u>5,793</u>	<u>17,905</u>

Income tax expense	<u>6,698</u>	<u>17,905</u>
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Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2018. No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2017 as the subsidiaries in the Group either do not have assessable profits or have agreed tax losses brought forward in excess of any estimated assessable profits.

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

10. EARNINGS PER SHARE

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

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

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

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

11. DIVIDEND

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

12. PROPERTY, PLANT AND EQUIPMENT

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

During the six months ended 30 September 2017, assets with a carrying amount of HKD22,973,000 were disposed of as part of the discontinued operations (see Note 5).

13. INVESTMENT PROPERTIES

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

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

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

14. INVESTMENT IN AN ASSOCIATE

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

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

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

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

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

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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

16. FINANCE LEASE RECEIVABLES

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

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

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

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

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

17. TRADE AND BILLS RECEIVABLES

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

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

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

18. LOAN RECEIVABLES

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

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

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

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

As at 30 June 2018, out of the total listed equity securities investments in Hong Kong with a fair value amount of HKD35,280,000 have been pledged to a financial institution to secure the margin loans payable granted to the Group. Details of margin loans payable are set out in Note 22.

20. ASSETS CLASSIFIED AS HELD FOR SALE

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

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

21. TRADE AND BILLS PAYABLES

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

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

22. MARGIN LOANS PAYABLE

As at 30 June 2018, the margin loans payable of approximately HKD20,997,000 (31 December 2017: Nil) was secured by the listed equity securities (Note 19) held by the Group and placed in a financial institution under the margin accounts.

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

23. BORROWINGS AND OVERDRAFT

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

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

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

Notes:

- (a) At 30 June 2018, bank loans of HKD57,244,000 (31 December 2017: HKD21,028,000) were secured by corporate guarantee from the Company, legal charges on leasehold properties of companies controlled by and personal guarantees from Mr. Cheng Kwai Chun (“**Mr. Cheng**”), a director of a wholly owned subsidiary of the Company. Bank loan of HKD54,708,000 (31 December 2017: HKD57,706,000) was secured by investment properties of the Group. Bank overdraft of HKD19,642,000 (31 December 2017: HKD19,794,000) was secured by legal charge on certain assets of Mr. Cheng.
- (b) Other borrowings are obtained from independent third parties. At 30 June 2018, all other borrowings amount of HKD236,440,000 is unsecured, interest-bearing at 1% per month and is repayable within 1 year.

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

24. CAPITAL AND RESERVES

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

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

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

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

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

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

25. PLEDGE OF ASSETS

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

26. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

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

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

(b) Financing arrangements

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

(c) Other related party transactions

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

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

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

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

27. EVENT AFTER THE END OF THE REPORTING PERIOD

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW

Continuing Operations

Garments Business

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

Money Lending Business

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

Securities Investment

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

Leasing Business

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

General Trading

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

Property Investment

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

Discontinued Operation

Disposal of the New Energy Development Business

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

FINANCIAL REVIEW

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

Revenue

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

The total revenue from money lending, finance leasing and property investment was amounted to approximately HKD10.3 million as compared with the Corresponding Period of HKD4.8 million.

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

Expenses

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

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

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

Profit for the period

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

LIQUIDITY AND CAPITAL RESOURCES

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

EQUITY FUND RAISING ACTIVITIES

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

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

Date of announcement	Fund raising activity	Net proceeds	Proposed use of the net proceeds	Actual use of the net proceeds as at the date of this announcement
			(iii) approximately HK\$30.0 million for the Group's finance leasing business;	(iii) approximately HKD16.9 million used as intended and the remaining balance to be used as intended;
			(iv) approximately HK\$30.0 million for the Group's money lending business;	(iv) used as intended;
			(v) approximately HK\$20.0 million for the Group's securities trading and investment;	(v) used as intended;
			(vi) approximately HK\$10.0 million for the prepayment or deposit payable to the suppliers for Group's general trading; and	(vi) used as intended;
			(vii) approximately HK\$8.1 million as general working capital of the Group mainly for the administrative expenses and operation expenses, including salaries and office rental expenses.	(vii) used as intended.

UNLISTED WARRANTS

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

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

FOREIGN EXCHANGE AND INTEREST RATE RISKS MANAGEMENT

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

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

SIGNIFICANT INVESTMENTS HELD

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

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

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

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

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

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

The principal activities of the securities are as follows:

1. New Sports Group Limited is a Hong Kong-based investment holding company and is principally engaged in information technology (IT) businesses into three segments: (1) software segment is engaged in the provision of outsourcing software development services and technical support services; (2) provision of online game services segment is engaged in the design, development and operation of mobile and web games; and (3) peer-to-peer (P2P) financial intermediary services segment is engaged in the provision of P2P financial intermediary services and other related consultancy services.
2. China Goldjoy Group Limited is an investment holding company principally engaged in the manufacture of high-technology products, and the trading of automation-related equipment. The company operates through three business segments: automation, manufacturing and securities investment. The company is also engaged in the research and development, trading of software, manufacturing of printed circuit board touch pad, as well as the development of business and the marketing of products through its subsidiaries.
3. Madison Holdings Group Limited is an investment holding company and is principally engaged in the retailing and wholesaling of alcoholic beverages. It is also engaged in the provision of wine storage services through its subsidiaries. Its products are mainly purchased from wine merchants and wineries, auction houses and individual wine collectors. Its business is mainly conducted in Hong Kong.
4. Zhenro Properties Group Limited is an investment holding company and is principally engaged in the sale of properties. Along with its subsidiaries, it provides sales of properties, property leasing business, provision of commercial property management services, and sales of goods and provision of design consultation services.

Save as disclosed above, the Group also invested in other shares listed in the Stock Exchange. The each of the fair value of these shares represented less than 1% of the total assets of the Group as at 30 June 2018.

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

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES

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

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

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

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

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

INTERIM DIVIDEND

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

PLEDGED ON GROUP ASSETS

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

FINANCIAL GUARANTEES ISSUED

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

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

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

CAPITAL EXPENDITURES AND COMMITMENTS

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

EMPLOYEES AND REMUNERATION POLICIES

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

EVENTS AFTER THE REPORTING PERIOD

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

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

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

FUTURE PROSPECTS

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

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

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

OTHER INFORMATION

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

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

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

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions (the “**Model Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code for the six months ended 30 June 2018.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Interim Results with no disagreement. At the request of the Directors, the Group’s external auditors have carried out a review of the Interim Results in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.paktakintl.com. The interim report of the Company for the six months ended 30 June 2018 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

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

Hong Kong, 29 August 2018

As at the date of this announcement, the Board comprises Mr. Wang Jian, Ms. Qian Pu and Mr. Feng Guoming as Executive Directors; Mr. Law Fei Shing and Mr. Shin Yick Fabian as Non-executive Directors; and Mr. Liu Kam Lung, Mr. Chan Kin Sang and Mr. Zheng Suijun as Independent Non-executive Directors.