

**Hoifu**  
**Hoifu Energy Group Limited**  
**凱富能源集團有限公司**  
(Incorporated in Bermuda with limited liability)  
(Stock Code : 7)

2017  
INTERIM REPORT



# Contents

Corporate Information	2
Management Discussion and Analysis	4
Disclosure of Interests	11
Corporate Governance and Other Information	14
<b>Financial Statements</b>	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	18
Condensed Consolidated Statement of Financial Position	20
Condensed Consolidated Statement of Changes in Equity	22
Condensed Consolidated Statement of Cash Flows	23
Notes to the Condensed Consolidated Financial Statements	24

## Corporate Information

### HONORARY CHAIRMAN AND SENIOR CONSULTANT

Dr. HATOYAMA Yukio

### BOARD OF DIRECTORS

#### Executive Directors:

Dr. HUI Chi Ming G.B.S., J.P. (*Chairman*)

Mr. BUSH Neil (*Deputy Chairman*)

Dr. CHUI Say Hoe (*Managing Director*)

Mr. Ren Qian (appointed on 5 July 2017)

Mr. Xu Jun Jia

Mr. Cao Yu

Mr. LAM Kwok Hing M.H., J.P.

Mr. NAM Kwok Lun

#### Independent Non-Executive Directors:

Mr. CHEN Wei-Ming Eric

Mr. KWAN Wang Wai Alan

Mr. NG Chi Kin David

Mr. Yim Kai Pung (appointed on 1 July 2017)

### AUDIT COMMITTEE

Mr. NG Chi Kin David (*Chairman*)

Mr. KWAN Wang Wai Alan

Mr. Yim Kai Pung (appointed on 1 July 2017)

### NOMINATION COMMITTEE

Dr. HUI Chi Ming G.B.S., J.P. (*Chairman*)

Mr. NG Chi Kin David

Mr. Yim Kai Pung (appointed on 1 July 2017)

### REMUNERATION COMMITTEE

Dr. CHUI Say Hoe (*Chairman*)

Mr. NG Chi Kin David

Mr. Yim Kai Pung (appointed on 1 July 2017)

### COMPANY SECRETARY

Mr. FU Wing Kwok Ewing

### AUTHORISED REPRESENTATIVES

Dr. CHUI Say Hoe

Mr. FU Wing Kwok Ewing

### RESIDENT REPRESENTATIVE AND ASSISTANT SECRETARY

Estera Services (Bermuda) Limited

### REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 1910-12, 19th Floor

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan, Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Management (Bermuda) Limited

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

# Corporate Information

## PRINCIPAL BANKERS

Bank of China Limited  
Bank of Communications Co., Ltd.  
Agricultural Bank of China  
Wing Hang Bank, Limited  
Hang Seng Bank Limited  
Chong Hing Bank Limited  
Chiyu Banking Corporation Limited

## SOLICITORS

Sidley Austin Brown & Wood International  
Law Firm

## AUDITOR

Elite Partners CPA Limited  
Certified Public Accountants

## STOCK CODE

7

## CONTACTS

Telephone: (852) 2587 7007  
Facsimile: (852) 2587 7807  
Website: [www.hoifuenergy.com](http://www.hoifuenergy.com)

# Management Discussion and Analysis

## RESULTS

During the six months ended 30 June 2017, the total revenue for the Group was approximately HK\$97,955,000, representing an increase of approximately HK\$7,942,000 or 8.8% as compared with approximately HK\$90,013,000 in 2016. This was mainly due to the increase in trading of natural resources and petrochemicals.

For the six months ended 30 June 2017, the Company has turned around to a net profit from the net loss recorded for the six months ended 30 June 2016. The profit attributable to the owners of the Company for the six months ended 30 June 2017 was approximately HK\$159,501,000 (2016: approximately loss of HK\$15,593,000). The improvement was mainly resulted from the fair value change of investment property of approximately HK\$130 million (2016: Nil).

On the other hand, to reward the Company as a referrer in the sale and purchase of the minority interest of 45% Equity Interest of Hebei Panbao Zeolite Technology Company Limited ("Equity Interest"), Hoifu United Group Limited has agreed to pay the Company an introduction fee of RMB60.0 million. According to the relevant sale and purchase agreement (the "S&P"), RMB20.0 million (equivalent to approximately HK\$23.4 million) has been recognized as other income for the year ended 31 December 2016. The remaining RMB40.0 million (equivalent to approximately HK\$45.2 million) has also been recognized for the six months ended 30 June 2017 as the Equity interest has been completely transferred.

## FINANCIAL REVIEW

### Revenue

The Group's unaudited consolidated revenue for the six months ended 30 June 2017 was approximately HK\$97.9 million (2016: HK\$90 million) representing an increase of 8.8% as compared to the same period of last year.

### Gross profit

The resulting gross profit margin decreased from 34.80% for the six months ended 30 June 2016 to 25.6% for the six months ended 30 June 2017. The decrease was mainly due to the decrease in sales of higher profit margin product mix generated from Hebei Panbao Zeolite Technology Company Limited.

# Management Discussion and Analysis

## FINANCIAL REVIEW — continued

### Other income

The other income increased by approximately HK\$43.7 million from approximately HK\$3.4 million for the six months ended 30 June 2016 to approximately HK\$47.1 million for the six months ended 30 June 2017, primarily due to recognition of the introduction fee of rewarding Guangdong Hoifu (being the wholly-owned subsidiary of the Company) as a referrer in the sale and purchase of the 45% equity interest of Hebei Panbao Zeolite Technology Co., Ltd.

### Other gains and losses

During the period under review, the Group recorded other gains of approximately HK\$132 million (2016: other losses of approximately HK\$5.2 million). The other gains was mainly due to the fair value change of investment properties.

### Administration expenses

Administration expenses, which represented approximately 36.28% (2016: 36.18%) of the Group's revenue, increased by approximately 9% to approximately HK\$35.5 million for the six months ended 30 June 2017 from approximately HK\$32.6 million for the six months ended 30 June 2016. The increase was mainly due to the increase in the consultancy fee and legal and professional fees during the period under review.

### Liquidity, financial resources and funding

As at 30 June 2017, the Group had shareholders' funds of approximately HK\$953,494,000 (31 December 2016: HK\$771,836,000). The net current assets of the Group were HK\$347,122,000 (31 December 2016: HK\$235,257,000), which consisted of current assets of HK\$751,544,000 (31 December 2016: HK\$669,209,000) and current liabilities of HK\$404,422,000 (31 December 2016: HK\$433,952,000), representing a current ratio of approximately 1.86 (31 December 2016: 1.54).

The Group's capital expenditure, daily operations and investment are mainly funded by cash generated from its operations, financial institutions and equity financing. During the period, the Group obtained short-term bank borrowings which is mainly facilitating the margin to client for the application of Initial Public Offering and daily operations and investments. As at 30 June 2017, the Group has cash and cash equivalent (excluding the pledged fixed deposits of general accounts) of HK\$127,248,000 (31 December 2016: HK\$132,903,000).

# Management Discussion and Analysis

## BUSINESS REVIEW

### Mining and production of zeolite business

The principal activities of Hebei Panbao Zeolite Technology Company Limited (“Hebei Panbao”) are mining and production of zeolite, which is the main raw material for the production of lightweight orthopedics materials, far infrared materials, large solar energy storage materials, building materials, catalytic materials and micro and nano materials, and related products.

The sale of 45% equity interest of the Hebei Panbao to Hoifu United Group Limited, which was an independent third party before this transaction, from the original shareholder, Ms. Zhang Ling, was completed by the end of March 2017 and the profit guarantee provided by Hoifu United Group Limited started thereafter. Therefore, Hebei Panbao underwent a major transition during the period under review and the performance of Hebei Panbao was affected adversely. As a result, the revenue generated from Hebei Panbao has significantly decreased by 61.7% to approximately HK\$28.7 million for the six months ended 30 June 2017 from HK\$75 million for the six months ended 30 June 2016.

### Investment property

This business segment was established in December 2016 for the rental income of leasing the Property covers an area of approximately 16,360.03 sq.m. at the Rong Ning Yuan Community of No. 60 Guang An Men Nan Jie, Xicheng District, Beijing, PRC, which includes (i) the 1st and 2nd floor of the commercial podium of Block 2 with an area of approximately 1,323.61 sq.m.; and (ii) the car park and storage rooms at the basement of Block 1 to Block 6 with an area of approximately 15,036.42 sq.m.. The car park comprises of two storey with a total of 384 parking spaces. Primely located between the Second Ring and Third Ring in Beijing.

The tenant has agreed to lease the entire area of the Property for a period of two years commencing from 15 June 2016 and ending on 15 June 2018 which amount to RMB28,000,000. Beside this, pursuant to another lease agreement on advertising signage board on the external walls of office building, the lease of the advertising signage board will provide the additional monthly rental income of RMB400,000 for a two-year period expiring on 15 July 2018.

For the six months ended 30 June 2017, these rental incomes have recorded approximately HK\$9.8 million (equivalent to RMB9 million) (2016: Nil).

# Management Discussion and Analysis

## **BUSINESS REVIEW — continued**

### **Oil and gas and mineral mining business**

The Group owns 100% of the exploration, exploitation and operation rights as well as the profit sharing right of Madagascar Oilfield Block 2101 which is an onshore site with total area of 10,400 square kilometers in the northern part of Madagascar. Pursuant to the exploration, exploitation and oil and gas production sharing contract and depending on the rate of liquid petroleum production of Madagascar Oilfield Block 2101, the Group will share the remaining petroleum profit after government royalty and recovery of petroleum costs according to the sharing ratios in the range of 40% to 72.5% as set out in the profit sharing right.

The Group owns 65% interest in the rights granted under the Licence 253 in respect of Kenya Mine 253, an area of approximately 1,056 square kilometers situated in Kitui District Eastern Province, Kenya, and the Licence 341 in respect of Kenya Mine 341, an area of approximately 417 square kilometers situated in Nandi County, Kenya. Pursuant to the Licence 253 and relevant provisions of the Mining Act of Kenya, the Group is authorized to prospect, explore and mine industrial minerals (including but not limited to copper) in Kenya Mine 253. The Group was also granted the Licence 341 for prospecting and exploration of gold, iron ore and non-precious minerals in Kenya Mine 341.

In 2015, The Group entered into a contracting agreement for mining and stripping of copper and gold deposits with China Energy Guangxi Power Engineering Construction Co., Ltd. Pursuant to the Agreement, Guangxi Power Engineering shall be responsible for the engineering construction for mining and processing of Kenya Copper Mine 253 and Kenya Gold Mine 341, including the provision of management personnel, equipments and other facilities. The contracting fee shall be settled by cash, ordinary shares of the Company or convertible notes to be issued by the Company or any combination of the above.

### **Financial business**

The performance during the review period continued to show disappointment against the growth of the market indices which advanced by more than 10% in the review period. The revenue of the financial business of the Group reported declines by 26.13% from approximately HK\$14.90 million for the six months ended 30 June 2016 to approximately HK\$11 million for the six months ended 30 June 2017. It was mainly attributable to decrease in interest income from client and the advisory and consultancy fee.

# Management Discussion and Analysis

## **BUSINESS REVIEW — continued**

### **Financial business — continued**

The market initially still fell in range trading on the worry of the movement of US interest policy and the political and economic development in China before May 2017. Until the news of inclusion of China's domestic 'A' shares in the MSCI Emerging Markets index, the market saw clear uptrend as institutional buying entered for the rebalancing of their international portfolio next year. Yet, the buying only focused on a few big cap stocks and had not spilled over to across-the-board. On the contrary, the small counters had been hammered by the financial scandals, keeping the retail investors to be cautious and sidelined. Though the market indices still saw strong recent new highs thereafter, this concentration pattern of trading persisted and small counters remained to be weak and quiet.

### **MATERIAL ACQUISITION OR DISPOSAL**

The Group made no material acquisition or disposals during the period under review.

### **ISSUANCE OF CORPORATE BONDS**

In 23 May 2017, the Company announced to issue the Corporate Bonds in an aggregate principal amount of up to HK\$50 million bearing interest rate of 7% per annum with maturity ranging from 5 years to 7.5 years from the date of issue. The issuance of the Corporate Bonds will not result in any dilution on the shareholding of the existing shareholders of the Company.

As at 30 June 2017, the Company has issued corporate bonds in an aggregate principal amount of HK\$11,000,000 (2016: Nil).

### **PROSPECT**

Building on the strategic adjustments of 2016, the Group have put forward a substantial move by entering into a sale and purchase agreement to acquire the land use right of four land parcels located in Donghai Avenue, Donghai Dao, Zhanjiang Economic and Technological Development Zone, Zhanjiang City, Guangdong Province, the People's Republic of China (the "PRC") (the "Acquisition"). The Acquisition signified the Group's intention to expand its business into property investment and development alongside its existing business. The management of the Group is of the view that the long-term prospect of the PRC property market is promising in view of the PRC's continuous economic growth, the rising early-stage urbanization, regional development boosted by city clusters and the continued increase in people's financial capability. The management believes that the recent strategic development of the Group will create long-term and strategic benefits to the Company.

# Management Discussion and Analysis

## EXCHANGE RATE RISK

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly to the risk of fluctuations in the Hong Kong dollar and U.S. dollar against RMB. We have not used any derivative contracts to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

## CONTINGENT LIABILITIES

The Company has given guarantee to bank in respect of the securities margin financing facilities granted to subsidiary. As at 30 June 2017, no such facilities were utilised by the subsidiary to facilitate daily operation (31 December 2016: nil).

## CHARGE ON ASSETS

The Group held banking facilities from various banks as at 30 June 2017. The Group's banking facilities were secured by guarantees given by the Group's bank deposits and the Company. As at 30 June 2017, bank deposits amounting to approximately HK\$5,234,000 (31 December 2016: HK\$5,229,000) were pledged to secure banking facilities granted to a subsidiary.

## CAPITAL STRUCTURE

As at 30 June 2017, the total number of issued ordinary shares of the Company was 2,521,280,885 of HK\$0.10 each (31 December 2016: 2,521,280,885 shares of HK\$0.10 each).

## APPOINTMENT OF EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTOR

With effect from 1 July 2017 and 5 July 2017, Mr. Yim Kai Pung has been appointed as an Independent non-executive Director of the Company and Mr. Ren Qian has been appointed as an executive Director of the Company respectively.

## Management Discussion and Analysis

### HUMAN RESOURCES

As at 30 June 2017, the Group employed a total of 297 staff (2016: 214) of which 24 were commission based (2016: 31) and the total related staff cost amounted to HK\$14,896,000 (2016: HK\$16,386,000). The Group's long term success rests primarily on the total integration of the company core value with the basic staff interest. In order to attract and retain high caliber staff, the Group provides competitive salary package and other benefits including mandatory provident fund, medical schemes and bonus. The future staff costs of the sales will be more directly linked to the performance of business turnover and profit. The Group maintained organic overhead expenses to support the basic operation and dynamic expansion of its business enabling the Group to respond flexibly with the changes of business environment.

### INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the period ended 30 June 2017 (2016: Nil).

## Disclosure of Interests

### DIRECTORS' INTERESTS IN SHARES

At 30 June 2017, the interests of the Directors and their associates in the shares of the Company and its associated corporations (with the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

#### 1. Long positions in the ordinary shares of HK\$0.10 each of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Dr. Hui Chi Ming ( <i>Note 1</i> )	Interest of controlled corporation	1,877,775,427	74.48%

*Note 1:* The shares are registered in the name of and beneficially owned as to 894,351,143 shares by Triumph Energy Group Limited ("Triumph"), 941,106,284 shares by Golden Nova Holdings Limited ("Golden Nova"), 4,018,000 shares by Taiming Petroleum Group Limited ("Taiming") and 38,300,000 shares by Wisdom On Holdings Limited ("Wisdom On").

The entire share capital of Triumph is beneficially and indirectly owned as to 92.67% by Dr. Hui Chi Ming through two BVI companies, Golden Nova and Simply Superb Holdings Limited respectively. The entire share capital of Golden Nova and Taiming are wholly-owned by Dr. Hui Chi Ming. The entire share capital of Wisdom On is wholly owned by Golden Nova, which is wholly owned by Dr. Hui Chi Ming.

## Disclosure of Interests

### DIRECTORS' INTERESTS IN SHARES — continued

#### 2. Ordinary shares in subsidiaries which are wholly-owned

One of the Directors has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company. Save as disclosed above, at 30 June 2017, none of the Directors of the Company, chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors or chief executives or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares of the Company or any other body corporate.

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder had notified the Company of relevant interests in the issued share capital of the Company.

#### Long positions in the ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the share capital of the Company
Triumph <i>(Note 1)</i>	Beneficial owner	894,351,143	35.47%
Taiming <i>(Note 2)</i>	Beneficial owner	4,018,000	0.16%
Wisdom On <i>(Note 3)</i>	Beneficial owner	38,300,000	1.52%
Golden Nova <i>(Note 4)</i>	Beneficial owner	941,106,284	37.33%

## Disclosure of Interests

### **SUBSTANTIAL SHAREHOLDERS — continued** **Long positions in the ordinary shares of HK\$0.10 each of the Company** **— continued**

*Note 1:* The entire share capital of Triumph is beneficially and indirectly owned as to 92.67% by Dr. Hui Chi Ming through two BVI companies, Golden Nova and Simply Superb Holdings Limited respectively.

*Note 2:* The entire issued share capital of Taiming is beneficially owned by Dr. Hui Chi Ming.

*Note 3:* The entire issued share capital of Wisdom On is beneficially owned by Golden Nova, which is wholly owned by Dr. Hui Chi Ming.

*Note 4:* The entire issued share capital of Golden Nova is beneficially owned by Dr. Hui Chi Ming.

Save as disclosed above, no person (other than the Directors of the Company whose interests are set out under the heading “Directors’ Interests in Shares” above) had an interest or a short position in the shares and underlying shares of the Company that was required to be recorded under Section 336 of the SFO.

### **ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES**

At no time during the period under review was the Company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Corporate Governance and Other Information

### CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors subsequent to the date of the 2016 annual report of the Company are set out below:

On 1 July 2017, Mr. Yim Kai Pung, was appointed as an independent non-executive director and on 5 July 2017, Mr. Ren Qian, was appointed as an executive director.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### CHANGES OF MEMBERS OF THE BOARD

The changes of the members of the Board up to the date of the interim report are as follows:

Mr. Chen Wei-Ming Eric ceased to be a member of Audit Committee, Nomination Committee and Remuneration Committee, with effect from July 1, 2017.

Save as disclosed above, there is no other change of the members of the Board up to the date of this interim report.

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE

The Company is aware of the importance that complying with the relevant statutory and regulatory requirements and maintaining good corporate governance standards are important to the effective and efficient operation of the Company. The Company has, therefore, adopted and implemented relevant measures to ensure that the relevant statutory and regulatory requirements are complied with and that a high standard of corporate governance practices is maintained.

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the interim report except for the deviation from code provision A.4.2. of the Code which every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, according to Byelaws of the Company, the Chairman or Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. As continuation is a key factor to the successful implementation of any long-term business plans, the Board believes that the roles of Chairman and Managing Director provides the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategies, that the present arrangement is most beneficial to the Company and the shareholders as a whole.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months period ended 30 June 2017, the Company has adopted the Model Code under Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transaction. All Directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code and the Code during the period under review.

## Corporate Governance and Other Information

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

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Company's Bye-Laws or the Laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

### **PUBLIC FLOAT**

As at 30 June 2017 and the date of this interim report (i.e. 31 August 2017), the Company complied with the 25% public float requirement under the Listing Rules.

### **PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This interim report is published on the HKExnews website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the official website of the Company ([www.hoifuenergy.com](http://www.hoifuenergy.com)) for corporate communication.

## Corporate Governance and Other Information

### REVIEW OF INTERIM RESULTS

The Company's audit committee (the "Audit Committee") comprises Mr. Kwan Wang Wai Alan, Mr. Ng Chi Kin David and Mr. Yim Kai Pung, all of whom are independent non-executive Directors. The principal responsibilities of the Audit Committee are to review, together with management and the Company's external auditor, the accounting principles and practices adopted by the Company and discuss internal controls and financial reporting matters. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017.

### BOARD OF DIRECTORS

As at the date of this report, the Honorary Chairman and Senior Consultant of the Company is Dr. Yukio Hatoyama; the Board comprises eight executive Directors, namely, Dr. Hui Chi Ming, G.B.S., J.P., Mr. Neil Bush, Dr. Chui Say Hoe, Mr. Ren Qian, Mr. Xu Jun Jia, Mr. Cao Yu, Mr. Lam Kwok Hing and Mr. Nam Kwok Lun; and four independent non-executive Directors, namely, Mr. Chen Weiming, Eric, Mr. Kwan Wang Wai, Alan, Mr. Ng Chi Kin, David and Yim Kai Pung.

By order of the Board

**Dr. Hui Chi Ming**, G.B.S., J.P.

*Chairman*

31 August 2017

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	NOTES	Six Months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3	<b>97,955</b>	90,013
Cost of goods sold and direct cost		<b>(72,848)</b>	(58,700)
Gross profit		<b>25,107</b>	31,313
Other income		<b>47,139</b>	3,394
Other gains or losses	4	<b>131,723</b>	(5,234)
Selling and distribution expenses		<b>(1,311)</b>	(357)
Administrative expenses		<b>(35,538)</b>	(32,569)
Profit/(Loss) from operation		<b>167,120</b>	(3,453)
Finance costs	6	<b>(3,378)</b>	(2,228)
Profit/(Loss) before taxation	7	<b>163,742</b>	(5,681)
Taxation	8	<b>(3,828)</b>	(4,199)
Profit/(Loss) for the period		<b>159,914</b>	(9,880)
Other comprehensive expenses, including Reclassification adjustments and net of income tax <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation		<b>24,118</b>	(3,445)
Fair value gain on available-for-sale securities		<b>36</b>	–
Other comprehensive income/(expenses) for the period		<b>24,154</b>	(3,445)
Total comprehensive income/(expenses) for the period		<b>184,068</b>	(13,325)

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	NOTES	Six Months ended 30 June	
		2017	2016
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Profit/(Loss) for the period attributable to:			
Owners of the Company		<b>159,501</b>	(15,593)
Non-controlling interests		<b>413</b>	5,713
		<b>159,914</b>	(9,880)
Total comprehensive income/(expenses) for the period attributable to:			
Owners of the Company		<b>181,658</b>	(17,636)
Non-controlling interests		<b>2,410</b>	4,311
		<b>184,068</b>	(13,325)
Earnings (Loss) per share – Basic	10	<b>HK6.33 cents</b>	(HK0.95 cents)

## Condensed Consolidated Statement of Financial Position

As at 30 June 2017

		<b>30 June</b>	31 December
		<b>2017</b>	2016
	NOTES	<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>176,336</b>	177,230
Investment properties	11	<b>576,100</b>	432,639
Intangible assets		<b>43,806</b>	43,782
Exploration and evaluation assets		<b>2,886</b>	2,886
Available-for-sale securities		<b>1,476</b>	1,440
Statutory deposits		<b>4,078</b>	4,055
Loans receivable		<b>12,482</b>	12,483
Prepaid land leases		<b>6,659</b>	6,546
		<b>823,823</b>	681,061
<b>CURRENT ASSETS</b>			
Inventories		<b>129,852</b>	57,062
Prepaid land leases		<b>174</b>	169
Accounts receivable	12	<b>165,119</b>	138,993
Loans receivable		<b>1,917</b>	127
Other receivables, prepayments and deposits		<b>192,502</b>	177,910
Pledged fixed deposits (general accounts)	13	<b>5,234</b>	5,229
Bank balances (trust and segregated accounts)		<b>129,498</b>	156,816
Bank balances (general account) and cash		<b>127,248</b>	132,903
		<b>751,544</b>	669,209

# Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	NOTES	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
<b>CURRENT LIABILITIES</b>			
Accounts payable	14	184,603	174,237
Other payables and accrued expenses		96,690	93,837
Amount due to Directors		110,630	153,638
Tax payables		12,499	12,240
		<b>404,422</b>	433,952
<b>NET CURRENT ASSETS</b>			
		<b>347,122</b>	235,257
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>1,170,945</b>	916,318
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		11,880	11,911
Corporate bonds		10,590	–
Borrowings		60,000	–
		<b>82,470</b>	11,911
<b>NET ASSETS</b>			
		<b>1,088,475</b>	904,407
<b>CAPITAL AND RESERVES</b>			
Share capital	16	252,128	252,128
Reserves		701,366	519,708
Equity attributable to owners of the Company		<b>953,494</b>	771,836
Non-controlling interests		<b>134,981</b>	132,571
<b>TOTAL EQUITY</b>			
		<b>1,088,475</b>	904,407

# Condensed Consolidated Statement of Changes in Equity

For the Six Months ended 30 June 2017

	Share capital	Share premium	Contributed surplus	Capital redemption reserve	Investment revaluation reserve	Currency translation reserve	Accumulated losses	Sub-total	Non- controlling interests	Total
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 January 2016 (audited)	165,024	365,406	311,544	4,120	-	(17,979)	(448,011)	380,104	140,302	520,406
Loss for the period	-	-	-	-	-	-	(15,593)	(15,593)	5,713	(9,880)
Exchange difference	-	-	-	-	-	(2,043)	-	(2,043)	(1,402)	(3,445)
Total comprehensive income for the period	-	-	-	-	-	(2,043)	(15,593)	(17,636)	4,311	(13,325)
Share repurchase and cancelled	(1,467)	(6,859)	-	1,467	-	-	(1,467)	(8,326)	-	(8,326)
At 30 June 2016 (unaudited)	163,557	358,547	311,544	5,587	-	(20,022)	(465,071)	354,142	144,613	498,755
At 1 January 2017 (audited)	<b>252,128</b>	<b>691,085</b>	<b>311,544</b>	<b>5,587</b>	<b>73</b>	<b>(34,458)</b>	<b>(454,123)</b>	<b>771,836</b>	<b>132,571</b>	<b>904,407</b>
Loss for the period	-	-	-	-	-	-	159,501	159,501	413	159,914
Exchange difference	-	-	-	-	-	22,121	-	22,121	1,997	24,118
Fair value gain on available- for-sale securities	-	-	-	-	36	-	-	36	-	36
Total comprehensive income for the period	-	-	-	-	36	22,121	159,501	181,658	2,410	184,068
At 30 June 2017 (unaudited)	<b>252,128</b>	<b>691,085</b>	<b>311,544</b>	<b>5,587</b>	<b>109</b>	<b>(12,337)</b>	<b>(294,622)</b>	<b>953,494</b>	<b>134,981</b>	<b>1,088,475</b>

# Condensed Consolidated Statement of Cash Flows

For the Six Months ended 30 June 2017

	<b>Six Months ended 30 June</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	<b>(46,340)</b>	118,762
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of fixed assets	–	(482)
Deposit paid for acquisition of subsidiaries	–	(58,370)
Placement in pledged fixed deposits	<b>(5)</b>	–
Withdrawal in pledged fixed deposits (general accounts), gross	–	(2,651)
	<b>(5)</b>	(61,503)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		
Repayments of advance from Directors	<b>(31,673)</b>	(46,122)
Payment on repurchase of shares	–	(8,326)
Proceed from issue of corporate bonds	<b>11,000</b>	–
New borrowings raised	<b>60,000</b>	–
	<b>39,327</b>	(54,448)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<b>(7,018)</b>	2,811
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<b>132,903</b>	50,390
Effect of foreign exchange rate changes	<b>1,363</b>	1,149
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<b>127,248</b>	54,350
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances (general accounts) and cash	<b>127,248</b>	54,350
	<b>127,248</b>	54,350

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 1. BASIS OF PREPARATION

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") include trading of natural resources, petrochemical production, oil and gas exploration and production, mineral mining business and provision of financial services.

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

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs.

Amendments to HKAS 7  
Amendments to HKAS 12

*Disclosure Initiative*  
*Recognition of Deferred Tax Assets for*  
*Unrealised Losses*

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

### 3. REVENUE

	Six Months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of natural resources and petrochemicals	47,704	–
Sales of mineral products	28,743	75,110
Rental income	10,499	–
Commission and brokerage income	5,974	4,467
Interest income arising from financial business	3,630	5,873
Advisory and consultancy fee	1,405	4,563
	<b>97,955</b>	90,013

### 4. OTHER GAINS OR LOSSES

	Six Months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Reversal/(Provision) of allowance for bad and doubtful debts	1,495	(215)
Net exchange gain/(loss)	22	(5,019)
Fair value change on investment properties	130,206	–
	<b>131,723</b>	(5,234)

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

### 5. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable segment for the period under review:

For the six months ended 30 June 2017:

	Trading business HK\$'000	Mineral mining, oil and gas business HK\$'000	Financial business HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
REVENUE:					
Segment revenue	47,704	28,743	11,009	10,499	97,955
Segment profit	154	(2,144)	586	8,659	7,255
Other income					45,264
Fair value change of investment properties					130,206
Corporate and administration costs					(18,983)
Profit before taxation					163,742

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

### 5. SEGMENT INFORMATION — continued

For the six months ended 30 June 2016:

	Trading business HK\$'000	Mineral mining, oil and gas business HK\$'000	Financial business HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
REVENUE:					
Segment revenue	–	75,110	14,903	–	90,013
RESULTS					
Segment profit	–	12,521	1,956	–	14,477
Corporate and administration costs					(20,158)
Loss before taxation					(5,681)

Segment profit represents the financial results by each segment without allocation of corporate administrative costs. This is the measure reported to the Board of Directors for the purpose of resources allocation and performance assessment.

The geographical information of revenue is shown as follows:

	Six Months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
PRC	38,581	75,110
Hong Kong	11,009	14,903
Others	48,365	–
	97,955	90,013

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

### 6. FINANCE COSTS

	Six Months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest from other borrowing	670	–
Interest from amount due to Directors	2,644	2,228
Bond interest expenses	64	–
	<b>3,378</b>	2,228

### 7. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

	Six Months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation	1,201	1,291
Depreciation	2,393	3,107
Staff cost, including Directors' remuneration	14,896	16,386
Contributions to retirement benefits scheme (included in staff costs)	350	362
Cost of inventories recognised as expenses	23,807	55,559
Loss/(Gain) from error trades	5	(3)
Interest income on bank deposits (included in other income)	–	(9)
Operating lease in respect of office premises	2,952	3,822

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

### 8. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for the six months ended 30 June 2016 and 2017 as the companies within the Group either had no assessable profits arising from Hong Kong or the assessable profits were wholly absorbed by estimated losses brought forward. Under the Enterprise Income Tax Law of the PRC, the enterprise income tax rate applicable to the Group's companies operating in the PRC, the tax rate is 25% from 1 January 2008 onwards. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	<b>Six Months ended 30 June</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Current tax		
PRC enterprise income tax	<b>4,188</b>	4,559
Deferred tax liabilities	<b>(360)</b>	(360)
	<b>3,828</b>	4,199

### 9. DIVIDEND

No dividends were paid, declared or proposed during the period. The Directors do not recommend the payment of an interim dividend (2016: Nil).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

### 10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	<b>Six Months ended 30 June</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Profit/(Loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	<b>159,501</b>	(15,593)
<b>Weighted average number of shares</b>	<b>'000</b>	'000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share	<b>2,521,280</b>	1,639,435

No diluted earnings/(loss) per share was presented as there were no potential ordinary shares during the six months ended 30 June 2016 and 2017.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 11. INVESTMENT PROPERTIES

	<b>30 June 2017</b>
	HK\$'000
As at 1 January 2016	–
Acquisition of a subsidiary:	435,054
Exchange adjustment	(2,415)
As at 31 December 2016 and 1 January 2017	432,639
Fair value change on investment properties	130,206
Exchange adjustment	13,255
As at 30 June 2017	576,100

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.

Investment properties represent a commercial unit located in PRC.

The fair values of the Group's investment properties at 30 June 2017 have been arrived at on the basis of a valuation carried out on that day by Malcolm & Associates Appraisals Limited, an independent qualified professional valuer that is not connected with the Group.

The fair value was determined based on the "Comparison Method" and "Investment Method", where the value is assessed by reference to the comparable properties of sales evidence as available in the relevant market, factoring in all the respective advantages and disadvantages of each property in order to arrive at the comparison of capital value.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

### 12. ACCOUNTS RECEIVABLE

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (audited)
Accounts receivable arising from business of trading natural resources and petrochemical	<b>47,704</b>	–
Accounts receivable arising from business of property investment	<b>12,026</b>	1,681
Accounts receivable arising from mineral business	<b>11,111</b>	56,855
Accounts receivable arising from the business of dealing in securities		
– Cash clients	<b>15,765</b>	17,275
Less: Allowance of doubtful debts	<b>(2,801)</b>	(4,296)
	<b>12,964</b>	12,979
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	–	4,086
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited (“HKFECC”) arising from the business of dealing in futures contracts	<b>2,779</b>	3,416
Loans to securities margin clients	<b>77,547</b>	58,951
Less: Allowance for doubtful debts	<b>(63)</b>	(63)
	<b>77,484</b>	58,888
Accounts receivable arising from the business of advisory for financial management	<b>1,051</b>	1,088
	<b>165,119</b>	138,993

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

### 12. ACCOUNTS RECEIVABLE — continued

Accounts receivable arising from trading of natural resources and petrochemicals were aged within 90 days. The average credit period for accounts receivable from property investment business is 30 days. The accounts receivable from property investment business aged within 90 days. The settlement terms of accounts receivable from cash client, HKSCC and HKFECC are usually one to two days after the trade date. Except for the accounts receivable from cash clients as mentioned below, the accounts receivables from HKSCC and HKFECC were aged within 30 days.

Loans to securities margin clients are repayable on demand and bear interest at Hong Kong Prime Rate quoted by OCBC Wing Hang Bank Limited plus 3% equivalent to 8.25% (31 December 2016: Hong Kong Prime Rate quoted by OCBC Wing Hang Bank Limited plus 3% equivalent to 8.25%) per annum. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value. The loans are secured by pledged marketable securities at fair value of approximately HK\$248,501,000 (31 December 2016: HK\$227,778,000). The percentage of collateral over the outstanding balance at 30 June 2017 ranged 0.31% to 387,362% (31 December 2016: 92% to 13,134%). The Group is permitted to sell or repledge the marketable securities if the customer defaults the payment as requested by the Group.

The Group does not provide any credit term to its advisory for financial management clients. The aged analysis of accounts receivable arising from clients under the business of advisory for financial management is as follow:

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (audited)
0 to 90 days	<b>100</b>	243
More than 90 days	<b>951</b>	845
	<b>1,051</b>	1,088

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

### 12. ACCOUNTS RECEIVABLE — continued

The settlement terms of cash clients are usually one to two days after the trade date. The aged analysis of accounts receivable arising from cash clients is as follows:

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (audited)
0 to 90 days	–	11,175
91 – 180 days	<b>12,964</b>	1,804
	<b>12,964</b>	12,979

An average credit period for accounts receivable from trading business is 30 days. The accounts receivable from trading business aged within 90 days.

An average credit period for accounts receivable from mineral business is 180 days. The aged analysis of accounts receivable arising from mineral business is as follow:

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (audited)
0 to 180 days	<b>11,111</b>	55,938
More than 180 days	–	917
	<b>11,111</b>	56,855

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

### 13. PLEDGED FIXED DEPOSITS (GENERAL ACCOUNTS)

The Group pledged fixed deposits to banks to secure general banking facilities granted to the Group. The pledged fixed deposits carry interest rates at 0.225% (31 December 2016: 0.225%) per annum and will be released upon the expiry of relevant banking facilities.

### 14. ACCOUNTS PAYABLE

	<b>30 June 2017 HK\$'000 (Unaudited)</b>	31 December 2016 HK\$'000 (audited)
Accounts payable from business of trading natural resources and petrochemical	<b>47,276</b>	–
Accounts payable from mineral business	–	4,301
Accounts payable arising from the business of dealing in securities:		
– Cash clients	<b>119,697</b>	157,198
– HKSCC	<b>7,325</b>	3,769
Accounts payable to clients arising from the business of dealing in futures contracts	<b>2,886</b>	3,797
Amounts due to securities margin clients	<b>7,419</b>	5,172
	<b>184,603</b>	174,237

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

### 14. ACCOUNTS PAYABLE — continued

The settlement term of accounts payable to cash client and HKSCC is two days after the trade date and aged within 30 days.

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the HKFECC. The excess of the outstanding amounts over the required margin deposits stipulated by the HKFECC are repayable to clients on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

Amounts due to securities margin clients are repayable on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

The accounts payable amounting to HK\$129,498,000 (31 December 2016: HK\$156,816,000) were payable to clients or other institutions in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

The aged analysis of accounts payable arising from mineral business is as follows:

	<b>30 June</b>	31 December
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
0 to 90 days	–	830
91 days to 180 days	–	3,471
	–	4,301

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 15. RELATED PARTY TRANSACTIONS

Transactions with related parties:

- a) During the period, the Group received commission income and other securities dealing income from securities dealing of HK\$15,000 (2016: HK\$8,000) from close family members of two Directors, Messrs. Lam Kwok Hing and Nam Kwok Lun.
- b) During the period, the Group received commission income and other securities dealing income from securities dealing of HK\$Nil (2016: HK\$31,000) from Asia Tele-Net and Technology Corporation Limited (“ATNT”), a company incorporated in Bermuda with its shares being listed on the Stock Exchange in which two Directors, Messrs. Lam Kwok Hing and Nam Kwok Lun, have controlling interests.
- c) As at 30 June 2017, outstanding advances from a Director, Mr. Nam Kwok Lun, amounted to HK\$99,063,000 (31 December 2016: HK\$129,605,000). During the period, the Group paid finance cost of HK\$2,644,000 (2016: HK\$2,228,000) to the Director.
- d) As at 30 June 2017, outstanding advances from a Director, Dr. Hui Chi Ming, amounted to HK\$11,567,000 (31 December 2016: HK\$24,033,000).
- e) During the period, the Group paid rental fee amounting to HK\$1,210,000 (2016: HK\$1,200,000) to a company in which Dr. Hui Chi Ming, a Director, has beneficial interest.
- f) As at 30 June 2017, outstanding advance from PAL Finance Limited, a wholly-owned subsidiary of ATNT, amounted to HK\$60,000,000 (31 December 2016: HK\$nil). During the period, the Group paid finance costs of HK\$670,000 (2016: HK\$nil) to PAL Finance Limited.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

### 15. RELATED PARTY TRANSACTIONS — continued

The remuneration of key management personnel who are the Directors of the Company during the period was as follow:

	Six Months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (unaudited)
Short-term benefits	3,588	4,184
Post-employment benefits	45	65
	<b>3,633</b>	<b>4,249</b>

### 16. SHARE CAPITAL

	Number of shares	
	'000	HK\$'000
Ordinary shares of HK\$0.1 each		
<i>Authorised:</i>		
At 1 January 2016, 31 December 2016, 1 January 2017, 30 June 2017	10,000,000	1,000,000
<i>Issued and fully paid:</i>		
At 1 January 2016	1,650,238	165,024
Share repurchased and cancelled ( <i>note a</i> )	(14,672)	(1,467)
Issue on 28 July 2016 ( <i>note b</i> )	50,000	5,000
Issued in consideration for the acquisition ( <i>note c</i> )	835,714	83,571
At 31 December 2016, 1 January 2017 and 30 June 2017	2,521,280	252,128

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

## 16. SHARE CAPITAL — continued

Notes:

a)	No. of ordinary shares of	Price per share Highest	Price per share Lowest	Aggregate consideration paid
Months of repurchase	HK\$0.10 each	HK\$	HK\$	HK\$'000
January 2016	14,672,000	0.7	0.5	8,326

All the above shares repurchased were cancelled on 18 February 2016.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

- b) Pursuant to subscription agreement dated 14 July 2016 entered into between an independent third party ("Subscriber") and the Company, Subscriber subscribed for 50,000,000 new shares of HK\$0.10 in the Company at price of HK\$0.70 per share. These new shares were issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 14 July 2016. All the issued shares rank pari passu in all respects with other shares in issue. The net proceeds raised are intended to be used for general working capital and future business development and investments of the Group.
- c) On 22 November 2016, the Company has issued 835,714,284 ordinary shares for acquiring 100% equity interest of Millhaven Holdings Limited.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

### 17. EVENT AFTER THE REPORTING PERIOD

On 28 July 2017, Hoifu Energy Holdings Limited, a wholly-owned subsidiary of the Company, entered into the Agreement to acquire i) the entire equity interest of the New Guangdong Merchants Investment Holding Group Limited and its subsidiaries (the "Target Group") and ii) the Sale Loan for a total consideration of RMB1,100,000,000 (equivalent to approximately HK\$1,272,040,000), which will be satisfied as to (a) RMB100,000,000 (equivalent to approximately HK\$115,640,000) in cash as a refundable deposit; and (b) RMB1,000,000,000 (equivalent to approximately HK\$1,156,400,000) by issue of the Convertible Note.

The major assets of the Target Group are the land use rights in four land parcels located in Donghai Avenue, Donghai Dao, Zhanjiang Economic and Technological Development Zone, Zhanjiang City, Guangdong Province, the PRC with a total site area and total planned gross floor area of 244,829 sq. m. and 896,900 sq. m. respectively.

The Target Group is wholly owned by Dr. Hui Chi Ming who is the director and controlling shareholder of the Company. A Special General Meeting will be held for the Independent Shareholders to consider the Agreement and the transactions contemplated thereunder.