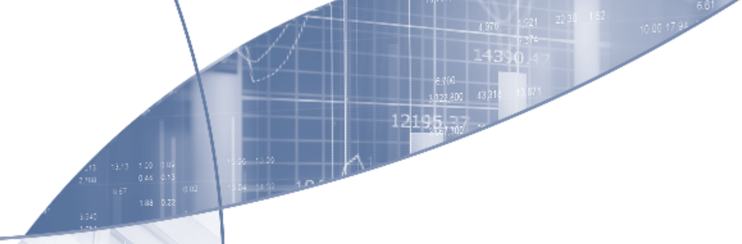
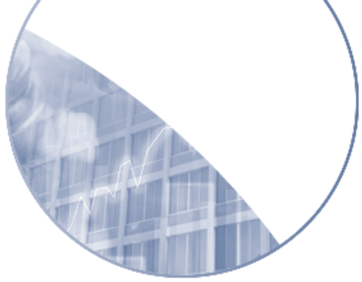
G-RESOURCES

For the six months ended 30 June 2018
(Incorporated in Bermuda with limited liability)

Stock Code: 1051

2018
INTERIM FINANCIAL REPORT

CORPORATE PHILOSOPHY

OUR VALUES

We strive to be a GREAT company in all of our operations and dealings with people. The GREAT values are the foundation of our Company, and provide a core commitment to achieve the best we can for all of G-Resources' stakeholders.

GREAT VALUES

GROWTH in value for all our stakeholders

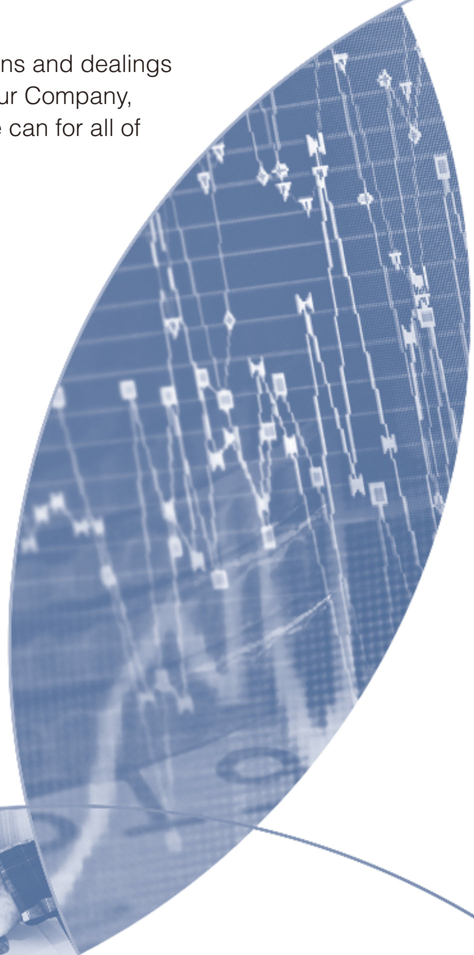
RESPECT for our people, our communities and for all stakeholders

EXCELLENCE in everything we do

ACTION to deliver on our commitments

TRANSPARENCY openness, honesty and good governance

G-Resources is a company listed on the Hong Kong Stock Exchange focusing on principal investment business, financial services business, money lending business and real property business (HKEx: 1051).



CONTENTS

2	Corporate Information
3	Biographical Details of Directors and Senior Management
5	Management Discussion and Analysis
10	Other Information
13	Condensed Consolidated Statement of Profit or Loss
14	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
15	Condensed Consolidated Statement of Financial Position
16	Condensed Consolidated Statement of Changes in Equity
17	Condensed Consolidated Statement of Cash Flows
18	Notes to the Condensed Consolidated Financial Statements

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr Leung Oi Kin
Mr Leung Wai Yiu, Malcoln

Independent Non-Executive Directors
Mr Lo Wa Kei, Roy
Mr Chen Gong
Mr Martin Que Meideng

EXECUTIVE COMMITTEE

Mr Leung Oi Kin
Mr Leung Wai Yiu, Malcoln

AUDIT COMMITTEE

Mr Lo Wa Kei, Roy, *Chairman*
Mr Chen Gong
Mr Martin Que Meideng

REMUNERATION COMMITTEE

Mr Lo Wa Kei, Roy, *Chairman*
Mr Chen Gong
Mr Martin Que Meideng

NOMINATION COMMITTEE

Mr Lo Wa Kei, Roy, *Chairman*
Mr Chen Gong
Mr Martin Que Meideng

COMPANY SECRETARY

Mr Leung Oi Kin

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISORS

Hong Kong: Peter Yuen & Associates
(in association with Fangda Partners)
Bermuda: Appleby

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
Hang Seng Bank Limited
Bank of Communications Co., Ltd.

SHARE REGISTRARS

Hong Kong
Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

Bermuda
MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1801, 18/F
Capital Centre
No. 151 Gloucester Road
Wanchai, Hong Kong

WEBSITE

www.g-resources.com

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Leung Oi Kin, aged 44

was appointed as an executive director ("Director") and company secretary of G-Resources Group Limited (the "Company", together with its subsidiaries, the "Group") on 8 November 2016 and 16 December 2016, respectively. Mr Leung has more than twenty years of experience in accounting and financial management. He is a professional accountant and a member of the CPA Australia. Prior to joining the Company, Mr Leung worked in PricewaterhouseCoopers as an auditor. He is currently an independent non-executive director of Austar Lifesciences Limited (whose shares are listed on the Main Board of the Stock Exchange). He was also the company secretary and chief financial officer of Wisdom Sports Group (formerly known as Wisdom Holdings Group) (whose shares are listed on the Main Board of the Stock Exchange); and the chief financial officer of Linekong Interactive Group Co., Ltd. (formerly known as Linekong Interactive Co., Ltd.) (whose shares are listed on the GEM of the Stock Exchange). Mr Leung graduated from University of Adelaide, Australia in 1997 with a bachelor's degree in commerce.

Leung Wai Yiu, Malcoln, aged 36

was appointed as an executive Director on 16 April 2018. Mr Malcoln Leung currently serves as executive director, Head of Investments of the Company and is primarily responsible for the Group's investment, asset management and strategic planning, as well as formulating the Group's overall business and asset portfolio strategy. He is also responsible for the day-to-day operations and overall management of the Company's investment management team. He is a director of various subsidiaries of the Company. Mr Malcoln Leung has over fourteen years of extensive experience in asset management, investment banking and technology industry, based in the United States, Singapore and Hong Kong. Prior to joining the Group in 2017, Mr Malcoln Leung held key positions in various multinational financial institutions and investment banks including Bank of America Merrill Lynch, Standard Chartered and HSBC, and he was responsible for leading global private equity investments and cross-border merger and acquisition transactions, covering different industries such as technology, real estate, financials, insurance and healthcare. Mr Malcoln Leung obtained a master's degree in business administration from the Massachusetts Institute of Technology in 2008 in the United States.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lo Wa Kei, Roy, aged 47

was appointed as an independent non-executive Director on 17 July 2017. Mr Lo is a practicing accountant in Hong Kong and is a certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of CPA Australia and a fellow of the Institute of Chartered Accountants in England and Wales. He serves as the managing partner of SHINEWING (HK) CPA Limited, which is a full service accounting and consulting firm engaged in the provision of, among other things, audit and business advisory services. He is also a member of the Shanghai Pudong New Area Committee of the Chinese People's Political Consultative Conference, the founding executive vice-president and council member of the Hong Kong Independent Non-Executive Director Association and the Divisional Deputy President 2018 — Greater China of CPA Australia. Mr Lo has over twenty-four years of experience in auditing, accounting, risk management and finance and has been serving as an independent non-executive director of a number of companies listed on the Stock Exchange, including China Tonghai International Financial Limited (formerly known as China Oceanwide International Financial Limited), Wan Kei Group Holdings Limited, Sun Hing Vision Group Holdings Limited, China Zhongwang Holdings Limited, Sheen Tai Holdings Group Company Limited, China Oceanwide Holdings Limited (formerly known as Hutchison Harbour Ring Limited) and Xinming China Holdings Limited. He also served as an independent non-executive director of North Mining Shares Company Limited. Mr Lo received a bachelor's degree of business administration from The University of Hong Kong in 1993 and a master's degree of professional accounting from The Hong Kong Polytechnic University in 2000.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Chen Gong, aged 48

was appointed as an independent non-executive Director on 3 February 2017. Mr Chen has more than twenty years of extensive experience in finance management, mergers & acquisitions, financing, negotiation and restructuring in a cross-culture environment. Mr Chen has participated in cross-border merger & acquisition and financing transactions. He has been involved in the management of various public companies listed in the Toronto Stock Exchange, in the capacity of director and/or chief executive officer/chief financial officer. He is currently also an independent director of Newmac Resources Inc. (whose shares are listed on TSX Venture Exchange); and a president, chief executive officer and director of Ord Mountain Resources Corp. (whose shares are listed on TSX Venture Exchange NEX). Mr Chen is also the founder and managing director of DoubleOcean Financial Group, a financial advisory company that facilitates the cross-border investments between North America and China. Mr Chen was a director and chief executive officer of First Growth Holdings Ltd. (whose shares are listed on TSX Venture Exchange) and an independent director of Credent Capital Corp. (whose shares are listed on TSX Venture Exchange NEX). Mr Chen also worked in various financial management positions at two Fortune 100 companies in the United States for about eight years. Mr Chen received a bachelor's degree in International Economics from Peking (Beijing) University in 1992 and a master of business administration (MBA) from the University of Arizona in 1997. He is a United States Certified Public Accountant (CPA).

Martin Que Meideng, aged 57

was appointed as an independent non-executive Director on 3 February 2017. Mr Que has over twenty years of extensive experience of North American financial investment and management, chartered financial planner in North American and tax planning and investment risk management.

Mr Que is a president and owner of Allvista Financial and Planning Services Inc., British Columbia, Canada; a vice-president of Marketing of Citistar Financial, British Columbia, Canada; a chief financial officer of Blue-O Technology Inc., British Columbia, Canada, a fuel cell technology company. He was a chief financial officer and a director of McVicar Energy Inc., Ontario, Canada, a natural resources and investment company; He is also a member of the Million Dollar Round Table (MDRT) of The Premier Association of Financial Professionals®, a Certified Financial Planner of the Financial Planning Standards Council and a Chartered Life Underwriter of The American College of Financial Services. Mr Que received a bachelor of engineering from Wuhan College of Geology in 1983 and a master of science from China University of Geosciences of China in 1986.

SENIOR MANAGEMENT

Lau Yue Wah, Brian, aged 44

is a director of EFS (an indirect 75%-owned subsidiary of the Company) and its various subsidiaries. He is a co-founder of Enhanced Securities Limited ("ESL") and Enhanced Finance Limited ("EFL"). Mr Lau has over twenty years of experience in the financial services industry. He had held different positions in ESL and EFL. He was a responsible officer of ESL from 2011 to 2014, supervising type 1 regulated activities under the SFO. He is holding a type 1 and type 4 (effective June 2017) license under the SFO and is a responsible officer for type 1 and type 2 regulated activities under the SFO with effect from January 2017 and June 2018 respectively. Mr Lau graduated from The University of New South Wales in Sydney.

Nguyen Gia Vinh, Patrick, aged 43

is a co-founder of Enhanced Investment Management Limited ("EIML") and currently holds the roles of director and responsible officer of EIML. Mr Nguyen has over fifteen years of investment advisory and discretionary portfolio management experience. He is in charge of overseeing the strategic development and daily operations of EIML. Before founding EIML, Mr Nguyen was a director at the International Private Banking division of CTBC Bank (formerly known as Chinatrust Commercial Bank). From 2007 to 2011, he worked as the Head of Investment at Crosby Wealth Management. Prior to that, he was a senior investment advisor of AIG Private Bank, responsible for formulating portfolio allocation strategies and providing investment recommendations/solutions to relationship managers and clients. Mr Nguyen graduated from Boston College, USA and is a CFA charterholder since 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Results

Below is a summary of the financial information:

	For the six months ended 30 June	
	2018	2017
	USD'000	*USD'000*
Revenue	**12,773**	13,322
Administrative expenses	**8,440**	7,714
Fair value changes of financial assets at fair value through profit or loss/held for trading investments	**12,186**	690
EBITDA	**35,025**	20,971
Profit before taxation	**33,877**	19,520
Profit for the period	**33,816**	19,294
Analysis of profit/(loss) before taxation by operating segment:		
(i) Principal Investment Business	**32,535**	15,323
(ii) Financial Services Business	**(883)**	4,107
(iii) Real Property Business	**1,139**	418

The Group's net profit for the period attributable to owners of the Company was USD34.2 million (the six months ended 30 June 2017: USD18.5 million). The main reason for the increase in profit was due to the fair value changes of financial assets at fair value through profit or loss/held for trading investments and gain from disposal of investments in debt instruments measured at amortised cost during the period.

Revenue was USD12.8 million (the six months ended 30 June 2017: USD13.3 million), mainly generated by dividend and distribution income as well as interest income from financial products, rental income, and interest income from money lending business.

Administrative expenses was USD8.4 million for the six months ended 30 June 2018, an increase of USD0.7 million as compared to the corresponding six months ended 30 June 2017 of USD7.7 million. Such increase was partly due to the increase in activities in the Financial Services Business and searching for new business opportunities for the six months ended 30 June 2018.

(i) Principal Investment Business

During the period, the Group invested approximately USD59.2 million in listed and unlisted financial assets, which were mainly bonds and unlisted other security investments. For the six months ended 30 June 2018, the Group recorded a gain of USD21.6 million, which included interest income, dividend income and distribution income of USD9.9 million from the financial assets held by the Group.

As at 30 June 2018, the Group held approximately USD475.8 million non-cash financial assets, as follows:

	30 June 2018	31 December 2017
	USD'000	*USD'000*
Listed shares	**75,176**	78,719
Listed debt securities	**193,640**	203,266
Unlisted managed investment funds	**41,409**	48,107
Unlisted other security investments	**165,539**	128,355
Total	**475,764**	458,447

The Group held limited partner interest of a fund (the "Fund") as an unlisted other security investment. The investment portfolio of the Fund operates as a limited partnership, yielding returns from investing in equity-related securities of growth and late-stage PRC companies in the technology, media and telecommunications industry. The fair value of the investment as at 30 June 2018 was USD83.3 million, which accounted for 5.7% of the total assets of the Group as at 30 June 2018.

The Fund has achieved income generation and seen capital appreciation. For the six months ended 30 June 2018, the realised gains and unrealised gains (excluding amounts realised in previous years) of the investment were USD3.5 million and USD28.1 million, respectively.

Moving forward, the Group is optimistic of the potential of the investment. It is of the view that by leveraging the strategic and extensive resources available and the Fund management team's extensive experience in investment and fund operation in the technology, media and telecommunications industry, the investment will continue to bring about valuable investment opportunities and increasing financial returns, as much as it will add to the diversity of the investment portfolio.

Except for the investment disclosed above, there was no other single investment (for example, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and investments in debt instruments measured at amortised cost) in the Group's diversified investment portfolio that was considered a significant investment given that none of the investments has a carrying amount accounting for more than 5% of the Group's total assets as at 30 June 2018.

(ii) Financial Services Business

The Group lent out USD42.1 million and received USD36.3 million repayments during the period. There were no bad debts in the six months period. Interest income from money lending business and margin financing were USD1.4 million (the six months ended 30 June 2017: USD2.1 million) and commission income from financial services was USD0.3 million (the six months ended 30 June 2017: USD2.7 million). The loss before taxation was USD0.9 million (the six months ended 30 June 2017: profit before taxation of USD4.1 million), which was mainly due to decrease in revenue.

As at 30 June 2018, the fixed-rate loans receivable amounted to USD20.7 million.

(iii) Real Property Business

The Group had three floors of commercial offices and ten car parks located in Wanchai, Hong Kong. The rental income earned and the profit before taxation were USD1.2 million and USD1.1 million for the six months period, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Group Financial Position

	30 June 2018 *USD'000*	31 December 2017 *USD'000*
Current Assets		
Bank balances and cash	**806,773**	780,142
Financial assets at fair value through profit or loss	**67,931**	–
Held for trading investments	**–**	78,719
Investments in debt instruments measured at amortised cost	**1,063**	–
Loans receivable	**20,723**	15,266
Others	**19,033**	15,400
Non-current Assets		
Financial assets at fair value through profit or loss	**206,948**	–
Financial assets at fair value through other comprehensive income	**7,245**	–
Investments in debt instruments measured at amortised cost	**192,577**	–
Available-for-sale investments	**–**	379,728
Others	**127,547**	136,336
Total Assets	**1,449,840**	1,405,591
Other Liabilities	**(14,010)**	(15,933)
Net Assets	**1,435,830**	1,389,658

As at 30 June 2018, total assets were USD1,449.8 million (31 December 2017: USD1,405.6 million), representing an increase of USD44.2 million which was contributed by the results from operations. Non-current assets were USD534.3 million (31 December 2017: USD516.1 million), representing an increase of USD18.2 million which was mainly due to net increase in investments of USD27.0 million. Current assets were USD915.5 million (31 December 2017: USD889.5 million), representing an increase of USD26.0 million which was mainly due to increase in bank balances and cash of USD26.6 million.

Net Asset Value

As at 30 June 2018, the Group's total net assets amounted to approximately USD1,435.8 million, representing an increase of USD46.1 million as compared to approximately USD1,389.7 million as at 31 December 2017. The increase in net assets was mainly due to the profit for the period of USD33.8 million and the fair value adjustment on investments and set off an expected credit loss as a result from initial application of HKFRS 9 recorded under reserves of USD17.9 million.

Cash Flow, Liquidity and Financial Resources

Cash Flow Summary

	For the six months ended 30 June	
	2018 *USD'000*	2017 *USD'000*
Net cash from/(used in) Operating Activities	**4,791**	(5,148)
Net cash from/(used in) Investing Activities	**24,444**	(90,980)
Cash used in Financing Activity	**(447)**	–
Net increase/(decrease) in cash and cash equivalents	**28,788**	(96,128)
Cash and cash equivalents at beginning of the period	**780,142**	825,485
Effect of foreign exchange rate changes	**(2,157)**	(3,814)
Cash and cash equivalents at end of the period	**806,773**	725,543

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's cash balance at the end of June 2018 was USD806.8 million (31 December 2017: USD780.1 million). For the six months ended 30 June 2018, the net cash inflows of the Group from operating activities was USD4.8 million, which was mainly from a decrease in financial assets at fair value through profit or loss under current assets net off with the net cash outflows from operating of financial services business. For the six months ended 30 June 2018, the net cash inflow of the Group generated from investing activities was USD24.4 million. Such change was mainly due to (i) proceeds from disposal of property, plant and equipment of USD12.1 million; (ii) proceeds from disposal and return on capital of USD56.7 million; and (iii) interest income received of USD13.1 million, as set off with the cash invested in listed and unlisted financial assets of USD59.2 million.

The Group's gearing ratio, expressed as the percentage of the Group's total borrowings over shareholders' equity, was nil as at 30 June 2018 and 31 December 2017, respectively, as the Group did not have any borrowings as at the end of the reporting periods.

Capital Structure of the Group

The capital structure of the Group has not changed materially since 31 December 2017, being the end of the reporting period of the Group's annual report.

Material Acquisitions and Disposals

On 23 April 2018, Smart Blend Limited ("Subscriber"), an indirect wholly-owned subsidiary of the Company, and Terra Magnum Fund I GP ("General Partner") entered into the subscription agreement to subscribe for the limited partner interest in the Terra Magnum Fund I LP ("Fund") as a limited partner for a capital commitment of USD50 million (equivalent to approximately HKD390 million), representing 25% of the total capital commitment to the Fund as at 23 April 2018. The Subscriber entered into the limited partnership agreement on the same date with the General Partner, Terra Magnum Fund I SLP LP (as the special limited partner), Terra Magnum Ltd. (as the initial limited partner) and other limited partners to govern the relationship between the General Partner and the limited partners and to provide for (among other things) the manner of operation and management of the Fund.

On 20 July 2018, Empire Glaze Limited ("Purchaser"), an indirect wholly-owned subsidiary of the Company, the Company as the Purchaser's guarantor, Norfyork International Limited ("Vendor") and Hongkong Chinese Limited (as the Vendor's guarantor) entered into the sale and purchase agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 23,000,000 ordinary shares of Lippo Securities Holdings Limited ("Target"), which represent the entire equity interests in the Target at the consideration of HKD348,665,101 (equivalent to approximately USD44.7 million). The acquisition is subject to certain conditions precedents, please refer to the announcement of the Company dated 20 July 2018 for further details. The acquisition is not yet completed as at the date of this report.

On 8 August 2018, Well Advantage Global Limited ("Subscriber"), an indirect wholly-owned subsidiary of the Company, and Genesis Capital II Ltd ("General Partner") entered into the subscription agreement to subscribe for the limited partner interest in Genesis Capital II LP ("Fund") as a limited partner for a capital commitment of USD70 million (equivalent to approximately HKD546 million), representing 15.02% of the total capital commitment to the Fund as at 8 August 2018. The Subscriber entered into the limited partnership agreement on the same date with the General Partner, Genesis Capital CI II LP (as the carried interest partner), Yuan Capital Ltd (as the initial limited partner) and other limited partners to govern the relationship between the General Partner and limited partners and to provide for (among other things) the manner of operation and management of the Fund.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures during the period and as at the publication of the Company's interim results announcement for the six months ended 30 June 2018.

Exposure to Fluctuations in Exchange Rates and Related Hedge

The Group conducted most of its business in United States dollars ("USD") and Hong Kong dollars ("HKD"). The foreign currency exposure of HKD to USD is minimal as HKD is pegged to USD.

The management will continue to monitor the Group's foreign currency exposure and consider other hedging policies should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

As at 30 June 2018, no assets of the Group had been pledged.

Business Outlook

Given the ongoing uncertainty over international trade and global financial trends in the first half of 2018, key economic systems continue raising interest rates and tightening monetary policies. However, the world economy maintained a moderate pace and growth. The Group remains prudently optimistic about the economy growth. Looking ahead, the Group will carry on with our two-pronged “finance + property” development strategy, banking on our existing solid funds to optimise resource allocation and maintain our three main businesses for sustained and steady development.

For the principal investment business, the Group strives to diversify its investment portfolio and achieve risk dispersion. The investment objective is to achieve superior risk-adjusted capital appreciation over the medium to long term through an investment portfolio utilizing a broad range of investment strategies and leveraged investment. The Group will continuously be dedicated to tapping quality investment projects in the technology, media and telecommunications and healthcare industries, in order to elevate the Group’s overall profitability and returns. On the other hand, the Group has been and will be seeking for other suitable investment opportunities in projects with strong growth outlooks, recognised catalysts for development and attractive valuations to further strengthen its investment portfolios. The long-term horizon of the investment portfolio allows for a large allocation to equity-oriented strategies where the potential for long-term capital appreciation exists. The investment portfolio will be diversified across asset classes and managers including but not limited to private equity, public equities and fixed income from international and emerging markets.

Regarding the financial services business, the Group will continue to expand our existing securities, brokerage and margin financing businesses, and seek business opportunities in other financial sectors such as fund management. As such, the Group has purchased the entire equity interests in Lippo Securities Holdings Limited (“LSH”) in July 2018. LSH, through its subsidiaries, is principally engaged in securities and commodities brokerage, fund management and money lending businesses. Considering the experienced management team, well-established technological infrastructure and broad client base of LSH and its subsidiaries, the Directors believe that the acquisition will enrich its variety of financial solution, in order to echo the increasing demand for diversification and cross-border wealth management services from high net worth and high grade investors. We are now proceeding relevant application to obtain all the requisite consents and approvals by the Securities and Futures Commission of Hong Kong to the acquisition. The acquisition is subject to certain conditions precedents, please refer to the announcement of the Company dated 20 July 2018 for further details. Meanwhile, the Group will persist with a prudent approach in developing our money lending business to achieve a risk-gain balance.

As to the real property business, the Group will carry on seeking investment opportunities for real property in Hong Kong and other countries, including North American and European countries, in line with our sustained effort to secure stable income sources for the Group.

Human Resources

As at 30 June 2018, the Group had 34 employees in Hong Kong. Employees are remunerated at a competitive level and are rewarded according to their performance. Our Group’s remuneration packages include a medical scheme, group insurance, mandatory provident fund, performance bonus and options for our employees.

According to the share option scheme adopted by the Company on 18 June 2014, share options may be granted to directors and eligible employees of the Group to subscribe for shares in the Company in accordance with the terms and conditions stipulated therein. Although the revision of general scheme limit under such share option scheme has been approved at the annual general meeting of the Company held on 15 June 2018, the Directors are of the view that the revised general scheme limit allows the Company to issue options representing no more than 1,352,442,239 shares under the share option scheme is sufficient for the option incentive purpose of the Group.

OTHER INFORMATION

Directors and Executive Officers' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2018, none of the Directors and executive officers of the Company or their respective associates had any interests and short positions in the shares, underlying shares, convertible notes 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 maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by directors and chief executives of the Company (the "Model Code") required to be disclosed in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Disclosable Interests and Short Positions of Substantial Shareholders other than Directors and Executive Officers

As at 30 June 2018, so far as known to the Directors or executive officers of the Company, the following persons/entities are the shareholders (other than the Directors or executive officers of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company.

Long positions in shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares/ underlying shares	Approximate% of the issued share capital of the Company	*Notes*
Xie Pengfei	Interest of a controlled corporation	5,664,169,000 (L)	20.94%	*2*
PX Global Advisors, LLC	Interest of a controlled corporation	5,664,169,000 (L)	20.94%	*2*
PX Capital Management Ltd.	Interest of a controlled corporation	5,664,169,000 (L)	20.94%	*2*
PX Capital Partners L.P.	Beneficial owner	5,664,169,000 (L)	20.94%	*2*

Notes:

1. "L" denotes long position.

2. PX Global Advisors, LLC is wholly-owned by Mr Xie Pengfei. PX Global Advisors, LLC owns 40% equity interests of PX Capital Management Ltd.. PX Capital Partners L.P. is wholly-owned by PX Capital Management Ltd.. Under Part XV of the SFO, Mr Xie Pengfei, PX Global Advisors, LLC and PX Capital Management Ltd. are deemed to have interest in the shares of the Company held by PX Capital Partners L.P..

Save as disclosed above, the Company has not been notified by any person (other than the Directors or executive officers of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or who were recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company as at 30 June 2018.

OTHER INFORMATION

Share Option

Particulars of the share option scheme of the Company are set out in note 17 to the financial statements contained in this interim report.

Share Option Scheme

In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted a share option scheme pursuant to a resolution passed by the shareholders of the Company on 18 June 2014 (the "2014 Share Option Scheme") which will remain in force for 10 years from the date becoming effective.

During the six months ended 30 June 2018, the board of directors of the Company (the "Board") proposed to change the general scheme limit under the 2014 Share Option Scheme from 2,649,007,613 to 1,352,442,239, representing 5.1% of the total issued Shares on 18 June 2014 and 5.0% of the total issued shares of the Company as at the 15 June 2018 (i.e. 27,048,844,786 Shares), respectively, which was adopted by the shareholders of the Company on 15 June 2018.

As at 30 June 2018, the total number of shares of the Company issuable pursuant to the 2014 Share Option Scheme on the date of its adoption was 1,352,442,239 shares of the Company, representing 5.0% of the issued share capital of the Company as at the date of this interim report and there was no share option granted, exercised, cancelled or lapsed under the 2014 Share Option Scheme as at the date of this interim report.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Interim Dividend

The Board does not recommend the proposal and payment of an interim dividend for the six months ended 30 June 2018 (no interim dividend was proposed or paid for 2017).

Change of Directors

Save as disclosed in the annual report of the Company for the year ended 31 December 2017, the changes of Directors during the six months ended 30 June 2018 and thereafter are as follows:

On 15 June 2018, Mr Chiu Tao retired as the chairman and acting chief executive officer of the Company, an executive Director and the chairman of the executive committee of the Company (the "Executive Committee") and the nomination committee of the Company (the "Nomination Committee").

On 15 June 2018, Mr Wah Wang Kei, Jackie retired as an executive Director and a member of the Executive Committee.

On 15 June 2018, Mr Ma Xiao resigned as deputy chief executive officer of the Company, an executive Director and a member of the Executive Committee.

On 15 June 2018, Mr Lo Wa Kei, Roy, an independent non-executive Director, was appointed as the chairman of the Nomination Committee.

On 15 June 2018, Mr Martin Que Meideng, an independent non-executive Director, was appointed as a member of the Nomination Committee.

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the principles and complied with the Corporate Governance Code and Corporate Governance Report (the “Corporate Governance Code”) as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2018, except for the deviation as set out below:

(i) Under code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer (“CEO”) should be separated and should not be performed by the same individual. Following the retirement of Mr. Chiu Tao as the chairman and acting CEO of the Company from 15 June 2018, the Board has not yet identified suitable candidate to fill in the vacancy for both chairman and CEO in compliance with this requirement.

Until the appointment of the new chairman, the Board collectively focuses on the overall strategy planning and development of the Group and effective functioning of the Board.

Until the appointment of the new CEO, the executive Directors, possessing extensive relevant industry knowledge, collectively oversee the day-to-day management of the business and operations of the Group.

The Board believes that this arrangement still enables the Company to make and implement decisions promptly, and thus achieve the Company’s objectives efficiently and effectively in response to the changing environment. The Board will review the current situation from time to time and shall make necessary arrangements when the Board considers appropriate.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Enquiry has been made of all Directors, and the Directors have confirmed compliance with the required standards set out in the Model Code during the six months ended 30 June 2018.

Audit Committee

The Audit Committee of the Company, with terms of reference in compliance with the provisions set out in the Corporate Governance Code, comprises three members who were all independent non-executive Directors for the six months ended 30 June 2018. The Audit Committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters. The interim report for the six months ended 30 June 2018 has been reviewed by the Company’s Audit Committee.

By Order of the Board
Leung Oi Kin
Executive Director and Company Secretary
Hong Kong, 28 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	NOTES	For the six months ended 30 June 2018 USD'000 (Unaudited)	 2017 USD'000 (Unaudited)
Revenue	4	**12,773**	13,322
Other income		**7,686**	5,014
Gain from disposal of investments in debt instruments measured at amortised cost		**1,532**	–
Administrative expenses		**(8,440)**	(7,714)
Fair value changes of financial assets at fair value through profit or loss/held for trading investments		**12,186**	690
Fair value loss of derivative component in convertible bond		**–**	(858)
Increase in fair value of investment properties		**6,800**	6,445
Other gain		**1,454**	2,621
Share of results of associates		**(114)**	–
Profit before taxation		**33,877**	19,520
Taxation	5	**(61)**	(226)
Profit for the period	6	**33,816**	19,294
Profit/(loss) for the period attributable to:			
Owners of the Company		**34,233**	18,499
Non-controlling interests		**(417)**	795
		33,816	19,294
Earnings per share			
– Basic and diluted (US cent)	8	**0.13**	0.07

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018	2017
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Profit for the period	**33,816**	19,294
Other comprehensive (expenses)/income:		
Items that will not be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**(4,185)**	(6,494)
Fair value loss on financial assets at fair value through other comprehensive income	**(2,057)**	–
	(6,242)	(6,494)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**1,178**	1,864
Fair value gain on available-for-sale investments	**–**	7,020
Reclassification upon disposal of available-for-sale investments	**–**	(533)
	1,178	8,351
Other comprehensive (expenses)/income for the period	**(5,064)**	1,857
Total comprehensive income for the period	**28,752**	21,151
Total comprehensive income/(expenses) for the period attributable to:		
Owners of the Company	**29,706**	20,393
Non-controlling interests	**(954)**	758
	28,752	21,151

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	NOTES	30 June 2018 USD'000 (Unaudited)	31 December 2017 USD'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**34,744**	48,164
Investment properties	10	**89,836**	83,384
Financial assets at fair value through profit or loss	11	**206,948**	–
Financial assets at fair value through other comprehensive income	11	**7,245**	–
Investments in debt instruments measured at amortised cost	11	**192,577**	–
Available-for-sale investments	11	**–**	379,728
Other receivable and deposits	12	**211**	1,906
Interests in associates		**780**	898
Intangible assets		**513**	515
Goodwill		**1,463**	1,469
		534,317	516,064
CURRENT ASSETS			
Accounts and other receivables	12	**17,967**	14,037
Financial assets at fair value through profit or loss	11	**67,931**	–
Held for trading investments	11	**–**	78,719
Investments in debt instruments measured at amortised cost	11	**1,063**	–
Loans receivable	13	**20,723**	15,266
Tax recoverable		**79**	79
Bank trust accounts balances	14	**987**	1,284
Bank balances and cash		**806,773**	780,142
		915,523	889,527
CURRENT LIABILITIES			
Accounts and other payables	15	**13,414**	15,395
Tax payable		**532**	474
		13,946	15,869
NET CURRENT ASSETS		**901,577**	873,658
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,435,894**	1,389,722
NON-CURRENT LIABILITY			
Deferred tax liabilities		**64**	64
		64	64
		1,435,830	1,389,658
CAPITAL AND RESERVES			
Share capital	16	**34,871**	34,871
Reserves		**1,396,454**	1,348,747
Equity attributable to owners of the Company		**1,431,325**	1,383,618
Non-controlling interests		**4,505**	6,040
TOTAL EQUITY		**1,435,830**	1,389,658

The condensed consolidated financial statements on pages 13 to 38 were approved and authorised for issue by the Board of Directors on 28 August 2018 and are signed on its behalf by:

Leung Oi Kin
Director

Leung Wai Yiu, Malcoln
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company										
	Share capital USD'000	Share premium USD'000	Capital redemption reserve USD'000	Contributed surplus USD'000	Share options reserve USD'000	Exchange reserve USD'000	Investment revaluation reserve USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total USD'000
(Unaudited)											
At 1 January 2017	34,871	1,023,183	212	11,658	286	1,333	12,659	272,260	1,356,462	5,169	1,361,631
Profit for the period	–	–	–	–	–	–	–	18,499	18,499	795	19,294
Fair value gain on available-for-sale investments	–	–	–	–	–	–	7,020	–	7,020	–	7,020
Exchange difference arising on translation	–	–	–	–	–	(4,593)	–	–	(4,593)	(37)	(4,630)
Reclassified to profit or loss upon disposal of available-for-sale investments	–	–	–	–	–	–	(533)	–	(533)	–	(533)
Total comprehensive (expenses)/income for the period	–	–	–	–	–	(4,593)	6,487	18,499	20,393	758	21,151
Vested share options lapsed	–	–	–	–	(286)	–	–	286	–	–	–
At 30 June 2017	34,871	1,023,183	212	11,658	–	(3,260)	19,146	291,045	1,376,855	5,927	1,382,782
(Unaudited)											
At 31 December 2017	**34,871**	**1,023,183**	**212**	**11,658**	**–**	**(4,128)**	**14,027**	**303,795**	**1,383,618**	**6,040**	**1,389,658**
Adjustments (see note 2)	**–**	**–**	**–**	**–**	**–**	**–**	**(14,027)**	**32,028**	**18,001**	**(134)**	**17,867**
At 1 January 2018 (restated)	**34,871**	**1,023,183**	**212**	**11,658**	**–**	**(4,128)**	**–**	**335,823**	**1,401,619**	**5,906**	**1,407,525**
Profit/(loss) for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**34,233**	**34,233**	**(417)**	**33,816**
Fair value loss on financial assets at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**(1,543)**	**–**	**(1,543)**	**(514)**	**(2,057)**
Exchange difference arising on translation	**–**	**–**	**–**	**–**	**–**	**(2,984)**	**–**	**–**	**(2,984)**	**(23)**	**(3,007)**
Total comprehensive (expenses)/income for the period	**–**	**–**	**–**	**–**	**–**	**(2,984)**	**(1,543)**	**34,233**	**29,706**	**(954)**	**28,752**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(447)**	**(447)**
At 30 June 2018	**34,871**	**1,023,183**	**212**	**11,658**	**–**	**(7,112)**	**(1,543)**	**370,056**	**1,431,325**	**4,505**	**1,435,830**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018	2017
	USD'000	USD'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before taxation	**33,877**	19,520
Adjustments for:		
Interest income	**(12,286)**	(11,060)
Depreciation of property, plant and equipment	**1,148**	1,451
Fair value changes of financial assets at fair value through profit or loss/held for trading investments	**(12,186)**	(690)
Gain from disposal of investments in debt instruments measured at amortised cost	**(1,532)**	–
Gain on disposal of available-for-sale investments	**–**	(533)
Increase in fair value of investment properties	**(6,800)**	(6,445)
Share of results of associates	**114**	–
Reversal of expected credit losses on financial assets, net of provision	**(7)**	–
Fair value loss of derivative component in convertible bond	**–**	858
Operating cash flows before movements in working capital	**2,328**	3,101
(Increase)/decrease in accounts and other receivables and deposits	**(3,848)**	3,564
Decrease/(increase) in bank trust accounts balances	**292**	(1,623)
Loans advanced to money lending customers	**(42,055)**	(53,259)
Repayment from money lending customers	**36,277**	42,100
Decrease in financial assets at fair value through profit or loss (current)	**13,717**	–
(Decrease)/increase in accounts and other payables	**(1,920)**	1,052
Cash generated from/(used in) operations	**4,791**	(5,065)
Income taxes paid	**–**	(83)
Net cash from/(used in) Operating Activities	**4,791**	(5,148)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(30)**	(18,322)
Purchase of financial assets at fair value through profit or loss	**(10,981)**	–
Purchase of financial assets at fair value through other comprehensive income	**(9,311)**	–
Purchase of investments in debt instruments measured at amortised cost	**(38,897)**	–
Proceeds from disposal of investments in debt instruments measured at amortised cost	**41,418**	–
Proceeds from disposal of financial assets at fair value through profit or loss	**6,179**	–
Proceeds from return of capital of financial assets at fair value through profit or loss	**9,151**	–
Purchase of available-for-sale investments	**–**	(121,929)
Purchase of convertible bond investment	**–**	(9,230)
Proceeds from disposal of available-for-sale investments	**–**	36,946
Proceeds from disposal of property, plant and equipment through disposal of subsidiary	**12,121**	–
Addition of intangible assets	**–**	(64)
Interest received	**13,091**	9,984
Receipt of deferred cash consideration in relation to disposal of mining business	**1,703**	11,635
Net cash from/(used in) Investing Activities	**24,444**	(90,980)
Cash used in Financing Activity		
Dividend paid to non-controlling interests	**(447)**	–
Net increase/(decrease) in cash and cash equivalents	**28,788**	(96,128)
Cash and cash equivalents at beginning of the period	**780,142**	825,485
Effect of foreign exchange rate changes	**(2,157)**	(3,814)
Cash and cash equivalents at end of the period, represented by Bank Balances and Cash	**806,773**	725,543

1. BASIS OF PREPARATION

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

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at revalued amounts or fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the following major sources:

- Interest income from money lending business
- Commission income from financial services
- Interest income from margin financing
- Interest income from financial products
- Dividend and distribution income from financial products
- Rental income from investment properties

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.1 *Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers* (continued)

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. The application of HKFRS 15 on 1 January 2018 has no material impact on the Group's financial performance and positions for the current period and prior years, and accordingly, there is no adjustment on the opening condensed consolidated statement of financial position and condensed consolidated statement of changes in equity.

2.1.1 *Key changes in accounting policies resulting from application of HKFRS 15*

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The revenue of the Group is recognised at a point in time. The application of HKFRS 15 does not have significant impact on the amounts reported and/or disclosures set out in the condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and the related amendments*

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, and 2) expected credit losses ("ECL") for financial assets.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

2.2.1 *Key changes in accounting policies resulting from application of HKFRS 9*

Classification and measurement of financial assets

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and the related amendments* (continued)

2.2.1 *Key changes in accounting policies resulting from application of HKFRS 9* (continued)

Classification and measurement of financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "fair value changes of financial assets at fair value through profit or loss" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in Note 2.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including accounts and other receivables, loans receivable, investments in debt instruments measured at amortised cost, bank trust accounts balances and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The ECL on these assets are assessed individually for debtors with significant balances.

The Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and the related amendments* (continued)

2.2.1 *Key changes in accounting policies resulting from application of HKFRS 9* (continued)

Impairment under ECL model (continued)

Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in Note 2.2.2.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and the related amendments (continued)

2.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Available-for-sales investments USD'000	Held for trading investments USD'000	Financial assets at FVTPL USD'000	Investments in debt instruments measured at amortised cost USD'000	Financial assets classified as loans and receivables USD'000	Investment revaluation reserve USD'000	Retained earnings USD'000	Non-controlling interests USD'000
Closing balance at 31 December 2017 – HKAS 39 (audited)	379,728	78,719	–	–	812,143	14,027	303,795	6,040
Effect arising from initial application of HKFRS 9:								
Reclassification								
From available-for-sale investments (a)	(379,728)	–	176,462	195,970	–	(14,027)	6,731	–
From held for trading investments (b)	–	(78,719)	78,719	–	–	–	–	–
Remeasurement								
From cost less impairment to fair value (a)	–	–	25,820	–	–	–	25,820	–
Impairment under ECL model (c)	–	–	–	(121)	(536)	–	(523)	(134)
	(379,728)	(78,719)	281,001	195,849	(536)	(14,027)	32,028	(134)
Opening balance at 1 January 2018 (restated)	–	–	281,001	195,849	811,607	–	335,823	5,906

(a) Available-for-sale investments

From available-for-sale investments – listed debt securities to investments in debt instruments measured at amortised cost

At the date of initial application of HKFRS 9, certain investments in listed bonds of USD203,266,000 were reclassified from available-for-sale investments to investments in debt instruments measured at amortised cost since the Group's business model is to hold these investments for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount outstanding. The carrying amounts were adjusted to amortised cost of USD195,970,000, with corresponding reversal of fair value gains of USD7,296,000 previously recognised in investment revaluation reserve. As at 30 June 2018, the fair value of the remaining investments was USD154,474,000 and the fair value losses that would have been recognised in other comprehensive income during the current interim period if these investments had not been reclassified were USD6,758,000.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

2.2 *Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments and the related amendments* (continued)

2.2.2 *Summary of effects arising from initial application of HKFRS 9* (continued)

(a) Available-for-sale investments (continued)

From available-for-sale investments – unlisted securities to financial assets at FVTPL

At the date of initial application of HKFRS 9, investments in unlisted investment funds with a fair value of USD48,107,000 were reclassified from available-for-sale investments to financial assets at FVTPL. Related fair value gains of USD6,731,000 were transferred from the investment revaluation reserve to retained earnings as at 1 January 2018. Investments in other security investments of USD128,355,000 were reclassified from available-for-sale investments to financial assets at FVTPL. The fair value gains of USD25,820,000 relating to those investments previously carried at cost less impairment were adjusted to financial assets at FVTPL and retained earnings as at 1 January 2018.

(b) Held for trading investments to financial assets at FVTPL

The investments are equity securities held for trading which are required to be classified as financial assets at FVTPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

(c) Impairment under ECL model

Loss allowances for accounts receivables, loans receivable, investments in debt instruments measured at amortised cost and other financial assets at amortised cost mainly comprise of other receivables, bank trust accounts balances and bank balances and cash, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition, except for two of the loans receivable which are measured on lifetime ECL basis as those credit risk had increased significantly since initial recognition.

As at 1 January 2018, the additional credit loss allowance of USD523,000 and USD134,000 has been recognised against retained earnings and non-controlling interests respectively.

All loss allowances for financial assets including accounts receivables, loans receivable, investments in debt instruments measured at amortised cost and others (including other receivables, bank trust accounts balances and bank balances and cash) as at 31 December 2017 reconcile to the opening loss allowance as at 1 January 2018 is as follows:

	Impairment allowance under incurred loss model (HKAS 39) USD'000	Impairment allowance under remeasurement USD'000	Impairment allowance under ECL model (HKFRS 9) USD'000
Loans receivable	–	536	536
Investments in debt instruments measured at amortised cost	–	121	121
	–	657	657

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purpose of resource allocation and assessment of segment performance focuses on the nature of their operations and types of products and services provided. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

The Group has three operating business units which represent three operating segments, namely, principal investment business, financial services business and real property business for both periods.

(a) Segment revenue and results

An analysis of the Group's revenue and results by operating segment is as follows:

For the six months ended 30 June 2018 (Unaudited)

	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	Total USD'000
Interest income from financial products	4,689	–	–	4,689
Dividend and distribution income from financial products	5,217	–	–	5,217
Interest income from money lending business	–	949	–	949
Commission income from financial services	–	291	–	291
Interest income from margin financing	–	468	–	468
Rental income	–	–	1,159	1,159
Segment revenue	9,906	1,708	1,159	12,773
Segment results	32,535	(883)	1,139	32,791
Unallocated corporate income				51
Unallocated corporate expenses				(5,765)
Increase in fair value of investment properties				6,800
Profit before taxation				33,877

For the six months ended 30 June 2017 (Unaudited)

	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	Total USD'000
Interest income from financial products	6,926	–	–	6,926
Dividend and distribution income from financial products	1,082	–	–	1,082
Interest income from money lending business	–	1,351	–	1,351
Commission income from financial services	–	2,700	–	2,700
Interest income from margin financing	–	737	–	737
Rental income	–	–	526	526
Segment revenue	8,008	4,788	526	13,322
Segment results	15,323	4,107	418	19,848
Unallocated corporate expenses				(6,773)
Increase in fair value of investment properties				6,445
Profit before taxation				19,520

3. SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating segment is as follows:

At 30 June 2018 (Unaudited)

	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	Total USD'000
ASSETS				
Segment assets	**1,269,382**	**54,262**	**91,204**	**1,414,848**
Unallocated corporate assets				**34,992**
Total assets				**1,449,840**
LIABILITIES				
Segment liabilities	**157**	**2,573**	**911**	**3,641**
Liabilities relating to discontinued operation				**9,839**
Unallocated corporate liabilities				**530**
Total liabilities				**14,010**

At 31 December 2017 (Audited)

	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	Total USD'000
ASSETS				
Segment assets	1,228,356	40,855	85,677	1,354,888
Assets relating to discontinued operation				1,691
Unallocated corporate assets				49,012
Total assets				1,405,591
LIABILITIES				
Segment liabilities	109	1,986	909	3,004
Liabilities relating to discontinued operation				9,839
Unallocated corporate liabilities				3,090
Total liabilities				15,933

4. REVENUE

The following is an analysis of the Group's revenue from its major products and services:

	For the six months ended 30 June	
	2018	2017
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Interest income from financial products	**4,689**	6,926
Dividend and distribution income from financial products	**5,217**	1,082
Interest income from money lending business	**949**	1,351
Commission income from financial services	**291**	2,700
Interest income from margin financing	**468**	737
Rental income	**1,159**	526
	12,773	13,322

5. TAXATION

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

	For the six months ended 30 June	
	2018	2017
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
Current tax	**61**	226
Taxation for the period	**61**	226

6. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2018	2017
	USD'000	USD'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**1,148**	1,451
Exchange gain, net, included in other gain	**(1,447)**	(2,621)
Interest income	**(13,703)**	(13,148)
Reversal of expected credit losses on financial assets, net of provision	**(7)**	–

7. DIVIDEND

No dividend were paid or proposed during the six months ended 30 June 2017 and 2018 nor has any dividend been proposed since the end of the reporting period.

8. EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2018 USD'000 (Unaudited)	2017 USD'000 (Unaudited)
Profit for the period attributable to owners of the Company, for the purposes of basic and diluted earnings per share	**34,233**	18,499

	Number of shares	
	2018	2017
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**27,048,844,786**	27,048,844,786

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired furniture, fixture and equipment at a total cost of USD29,000 and disposed aircraft with a net carrying value amounting to USD12,121,000 through disposal of subsidiary. During the six months ended 30 June 2017, total additions to the property, plant and equipment were USD18,322,000, of which USD17,700,000 is an addition of a vessel and USD565,000 is attributable to additions of leasehold improvements.

In addition, certain investment properties with the carrying value amounting to USD18,824,000 (six months ended 30 June 2018: nil) was transferred to property, plant and equipment during the six months ended 30 June 2017.

10. INVESTMENT PROPERTIES

At fair value	USD'000
At 1 January 2017	95,934
Fair value change during the year	6,943
Transferred to property, plant and equipment	(18,824)
Exchange realignments	(669)
At 31 December 2017 and 1 January 2018	83,384
Fair value change during the period	6,800
Exchange realignments	(348)
At 30 June 2018	89,836

The investment properties comprise commercial office units and car park spaces situated in a commercial building in Hong Kong. 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 fair value of the Group's investment properties at 30 June 2018 and 31 December 2017 has been arrived at on the basis of a valuation carried out by Asset Appraisal Limited, independent qualified professional valuers not connected to the Group.

Asset Appraisal Limited has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on direct comparison method that reflects recent transaction prices for similar properties, adjusted for differences in nature, location and condition of the properties under review.

11. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTISED COST/FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/AVAILABLE-FOR-SALE INVESTMENTS/HELD FOR TRADING INVESTMENTS

	30 June 2018 USD'000 (Unaudited)	31 December 2017 USD'000 (Audited)
Investments in debt instruments measured at amortised cost		
Debt securities listed outside Hong Kong		
Fixed Rate Senior Notes (Notes a, b, c)	101,503	–
Floating Rate Perpetual Notes (Notes a, d, e)	57,038	–
Floating Rate Senior Notes (Notes a, f)	35,495	–
Less: Expected credit losses	(396)	–
	193,640	–
Less: Investments in debt instruments measured at amortised cost classified as current assets	(1,063)	–
Investments in debt instruments measured at amortised cost classified as non-current assets	192,577	–
Financial assets at fair value through profit or loss (non-current)		
Unlisted securities		
Managed investment funds (Note g)	41,409	–
Other security investments (Note h)	165,539	–
	206,948	–
Financial assets at fair value through other comprehensive income		
Hong Kong listed equity securities (Note i)	7,245	–
	7,245	–
Financial assets at fair value through profit or loss (current)/ Held for trading investments		
Hong Kong listed equity securities (Notes i, j)	67,931	78,719
	67,931	78,719
Available-for-sale investments		
Listed debt securities		
Listed in Hong Kong		
Floating Rate Perpetual Securities of 7.5% per annum (Notes a, b, e)	–	10,695
Listed outside Hong Kong		
Fixed Rate Senior Notes (Notes a, b, c)	–	98,884
Floating Rate Perpetual Notes (Notes a, b, d, e)	–	60,852
Floating Rate Senior Notes (Notes a, b, f)	–	32,835
Unlisted securities		
Managed investment funds (Note g)	–	48,107
Other security investments (Note h)	–	128,355
	–	379,728

11. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTISED COST/FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/AVAILABLE-FOR-SALE INVESTMENTS/HELD FOR TRADING INVESTMENTS (continued)

Notes:

(a) As at 1 January 2018, the listed Senior Notes, Perpetual Notes and Perpetual Securities were measured at amortised cost (31 December 2017: at fair value) since the Group's business model is to hold these investments for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount outstanding. The Group assessed the expected credit losses with reference to the international credit rating of the issuer or similar companies. The credit risk is limited as the counterparties are with high credit ratings.

(b) As at 31 December 2017, the fair value was determined based on the quoted price from financial institutions supported by observable inputs. During the six months ended 30 June 2017, an increase in fair value of USD3,166,000 was recognised in the other comprehensive income. During the six months ended 30 June 2018, one of the Perpetual Securities were sold and one of the Fixed Rate Senior Notes were redeemed. The gain on disposal of investments in debt instruments measured at amortised cost was USD1,532,000.

(c) Senior Note held by the Group bear a fixed coupon interest of ranging from 2.375% to 8.5% (31 December 2017: from 2.375% to 8.5%) per annum and with maturity dates from 4 June 2019 to 13 November 2024 (31 December 2017: from 30 November 2019 to 13 November 2024).

(d) Perpetual Notes held by the Group bear a floating rate of ranging from 4.5% to 7.625% (31 December 2017: from 4.5% to 7.625%) per annum and it is callable from 23 September 2019 to 16 May 2025 (31 December 2017: from 23 September 2019 to 16 May 2025).

(e) The interest rate is subject to change at reset day with reset rate ranging from 2.648% to 7.773% (31 December 2017: from 2.648% to 7.773%) plus mid-market swap rate or USD 5 years mid-swap rate or the prevailing yield for U.S. Treasury Securities at a constant maturity having a designated maturity of 5 years or 3 months USD LIBOR or semi-annual USD 5 years mid-swap rate.

(f) Senior Notes held by the Group bear a floating rate of ranging from 3.730% to 5% (31 December 2017: from 2.911% to 5%) per annum and with maturity dates from 10 August 2021 to 9 November 2047 (31 December 2017: from 10 August 2021 to 9 November 2047). The interest rate is subject to change at reset day with reset rate ranging from 1.400% to 3.472% (31 December 2017: from 1.400% to 3.472%) plus 3 months USD LIBOR or the prevailing yield for U.S. Treasury Securities at a constant maturity having a designated maturity of 5 years or USD 5 years mid-swap rate.

(g) The Group held four (31 December 2017: four) unlisted investment funds which are managed by financial institutions and invest in real estate properties, financial products and unlisted equity investments, respectively. The financial products include listed equity shares, straight bonds, convertible bonds, REITs, business trusts and derivatives. The fair value of the real estate properties is determined by the market transaction prices of similar properties of the relevant locations. The underlying financial products and unlisted equity investments are valued at quoted prices in the open market or observable prices of comparable investments, or measured using valuation techniques in which significant input is based on observable market data. During the six months ended 30 June 2018, a decrease in fair value of USD519,000 was recognised in the profit or loss and one of the unlisted investment funds of USD6,179,000 was partially disposed. During the six months ended 30 June 2017, an increase in fair value of USD4,570,000 was recognised in the other comprehensive income.

11. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTISED COST/FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/AVAILABLE-FOR-SALE INVESTMENTS/HELD FOR TRADING INVESTMENTS (continued)

Notes: (continued)

(h) The investments through partnership or direct investment with an aggregate carrying value of USD165,539,000 (31 December 2017: USD128,355,000) represent ten (31 December 2017: eight) other security investments which were stated at fair value (31 December 2017: stated at cost less impairment loss).

As at 30 June 2018, three (31 December 2017: three) out of these ten (31 December 2017: eight) other security investments accounted for 80.6% (31 December 2017: 79%) of the aggregate fair value (31 December 2017: carrying value), which the investment portfolio is focused in unlisted equity investments in technology, media and telecommunications, healthcare, consumer and modern services industries (31 December 2017: unlisted equity investments in technology, media and telecommunications industry, healthcare industry and information technology companies in finance industry).

During the six months ended 30 June 2018, an increase in fair value of USD9,553,000 was recognised in the profit or loss. During the six months ended 30 June 2018, the Group received returns of capital from two (six months ended 30 June 2017: one) of its other security investments of USD9,151,000 (six months ended 30 June 2017: USD5,000,000) and plus distribution of USD3,859,000 (six months ended 30 June 2017: USD233,000).

(i) The fair value is determined based on the closing price per share quoted on the Hong Kong Stock Exchange and quoted market bid price as at the end of the respective reporting periods apart from the shares which was suspended from trading as described in note 11(j). During the six months ended 30 June 2018, a decrease in fair value of USD2,057,000 (six months ended 30 June 2017: nil) was recognised in the other comprehensive income.

(j) As at 30 June 2018, one of the financial assets at fair value through profit or loss (31 December 2017: held for trading investments) of USD12,558,000 (31 December 2017: USD12,610,000) was shares which was suspended from trading. As there was an absence of quoted prices for the shares which was suspended from trading, the fair value was determined by valuation conducted by an independent valuer. The fair value was estimated by Finnerty model to derive a discount for lack of marketability. The model uses unobservable data inputs, which include stock price, volatility, dividend yield, the expected suspension period and the liquidity discount rate.

12. ACCOUNTS AND OTHER RECEIVABLES AND DEPOSITS

	30 June 2018 USD'000 (Unaudited)	31 December 2017 USD'000 (Audited)
Accounts receivables from the business of dealing in securities:		
Cash and custodian clients (Note a)	**182**	–
Margin clients (Note b)	**15,141**	10,617
Clearing house (Note a)	**–**	50
Accounts receivable from the business of dealing in futures contracts:		
Clearing house (Note a)	**610**	–
Accounts receivables	**15,933**	10,667
Less: Expected credit losses (Note c)	**–**	–
Other receivables and deposits, net of allowance (Note d)	**2,245**	5,276
Less: Other receivable and deposits classified as non-current assets (Note d)	**(211)**	(1,906)
Accounts and other receivables classified as current assets	**17,967**	14,037

Notes:

(a) The normal settlement terms of accounts receivables from cash and custodian clients and securities clearing house from the business of dealing in securities are two business days after trade date and accounts receivables from the business of dealing in futures contracts are on trade date. As at 30 June 2018 and 31 December 2017, accounts receivables from cash and custodian clients which are neither past due nor impaired represent unsettled client trades on various securities exchanges transacted on the last two to three business days prior to the period end date. No ageing analysis is disclosed as, in the opinion of the directors of the Company, an ageing analysis does not give additional value in view of the nature of these businesses.

(b) Advances to customers on margin financing are secured by clients' pledged securities with fair value of USD98,952,000 (31 December 2017: USD83,147,000). Significant portion of the pledged securities are listed equity securities in Hong Kong. The loans are repayable on demand subsequent to settlement date and carry interest typically at 8.5% to 9% (31 December 2017: 8.5% to 9%) per annum as at 30 June 2018. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients.

(c) Impairment assessment on advances to customers on margin financing with expected credit losses model

As part of the Group's credit risk management, the Group applied internal credit rating for its margin clients and considers the fair value of its collateral. The Group assessed the expected credit losses for advances to customers on margin financing individually as at 1 January 2018 and 30 June 2018.

The Group held collateral of listed equity securities with a fair value of USD98,952,000 (31 December 2017: USD83,147,000) at the end of the reporting period in respect of advances to customers on margin financing. No impairment allowance has been made for advances to customers on margin financing with an aggregate outstanding balance of USD15,141,000 (31 December 2017: USD10,617,000) based on the Group's impairment assessment with expected credit losses model (31 December 2017: evaluation of their collectability).

(d) As at 31 December 2017, included in other receivable are deferred cash consideration recoverable amounting to USD1,691,000 (30 June 2018: nil) in relation to the disposal of the mining business.

13. LOANS RECEIVABLE

	30 June 2018 USD'000 (Unaudited)	31 December 2017 USD'000 (Audited)
Fixed-rate loans receivable	**20,975**	15,266
Less: Expected credit losses	**(252)**	–
	20,723	15,266

The range of effective interest rate (which is fixed rates, also equal to contractual interest rates) on the Group's loans receivable is 7.5% to 24.0% per annum (31 December 2017: 7.5% to 36.0% per annum). The contractual maturity date of the loans receivable ranges from three months to eighteen months (31 December 2017: less than one month to two years) and are all denominated in HKD.

At 30 June 2018, loans receivable of USD20,723,000 (31 December 2017: USD15,266,000) are unsecured.

Impairment assessment on loans receivable with expected credit losses model

As part of the Group's credit risk management, the Group applies internal credit rating for its borrowers. The estimated credit losses rates are estimated based on its credit rating, past default record and current past due exposure of each borrowers.

As at 31 December 2017, included in the Group's loans receivable balance, an aggregate carrying amount of USD794,000 (30 June 2018: nil) which was past due as at the reporting date for which the Group has not provided for impairment loss. The Group received USD794,000 (30 June 2018: nil) subsequent to the date of reporting period.

14. BANK TRUST ACCOUNTS BALANCES

The Group maintains segregated trust accounts with licensed financial institutions to hold clients' monies arising from the business of dealing in securities and futures contracts. The Group has classified the clients' monies as cash held on behalf of customers under the current assets of the condensed consolidated statement of financial position and recognised the corresponding accounts payables to respective clients on grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

15. ACCOUNTS AND OTHER PAYABLES

	30 June 2018 USD'000 (Unaudited)	31 December 2017 USD'000 (Audited)
Accounts payables from the business of dealing in securities: (Note a)		
Cash and custodian clients	**247**	392
Margin clients	**485**	949
Clearing house	**421**	–
Accounts payables from the business of dealing in futures contracts: (Note a)		
Clients	**796**	–
Other payables (Note b)	**11,465**	14,054
	13,414	15,395

Notes:

(a) The normal settlement terms of accounts payables from the business of dealing in securities are two business days after trade date and accounts payables from the business of dealing in futures contracts are on trade date. No ageing analysis is disclosed for the accounts payables from the business of dealing in securities and futures contracts, in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

(b) As at 30 June 2018, included in other payables are USD9,839,000 (31 December 2017: USD9,839,000) relating to the liabilities arising from the disposal of mining business.

16. SHARE CAPITAL

	Number of shares	Value USD'000
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 January 2017 (Audited), 31 December 2017 (Audited), 1 January 2018 (Audited) and 30 June 2018 (Unaudited)	60,000,000,000	76,923
Issued and fully paid:		
Ordinary shares of HKD0.01 each		
At 1 January 2017 (Audited), 31 December 2017 (Audited), 1 January 2018 (Audited) and 30 June 2018 (Unaudited)	27,048,844,786	34,871

17. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme was adopted pursuant to a resolution passed on 30 July 2004 (the "2004 Scheme") which was expired on 29 July 2014. The Company adopted a new share option scheme pursuant to a resolution passed by shareholders on 18 June 2014 (the "2014 Scheme") for the purpose of providing incentives or rewards to directors, employees, customers, suppliers, providers of research, development or technical support, shareholders and holders of securities of the Group and its invested entities, in which the Group holds not less than 10% equity interest ("Eligible Participants"). Under the 2014 Scheme, the Board of Directors of the Company may grant options to Eligible Participants to subscribe for shares in the Company.

Share-based payment was recognised over the vesting period based on the management's estimation of the timing when the vesting conditions are met. No share option was granted under the 2004 Scheme and 2014 Scheme during the six months ended 30 June 2018 and 30 June 2017.

During six months ended 30 June 2017, the Group transferred from share option reserve to retained earnings amounting to USD286,000 (six months ended 30 June 2018: nil) upon vested share options lapsed.

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair value of financial assets are measured at fair value on a recurring basis:

- the fair value of Hong Kong listed equity securities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; except for the shares which was suspended from trading, the fair value was estimated by Finnerty model to derive a discount for lack of marketability;

- the fair value of listed debt securities included in available-for-sale investments is determined based on the quoted price provided by the counterparty financial institutions; and

- the fair value of unlisted managed investment funds and unlisted other security investments is based on fair value of quoted prices in the open market or observable prices or using valuation techniques.

The fair value of financial assets and financial liabilities are not measured at fair value on a recurring basis:

- the fair value of other financial assets and financial liabilities (excluding financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, held for trading investments and available-for-sale investments, which are/were measured at fair value) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value measurements recognised in the condensed consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the input to the fair value measurements are observable and the significance of the inputs to the fair value measurement:

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
At 30 June 2018 (Unaudited)				
Financial assets				
Unlisted managed investment funds (classified as financial assets at fair value through profit or loss (non-current)) (Note a)	**–**	**41,409**	**–**	**41,409**
Unlisted other security investments (classified as financial assets at fair value through profit or loss (non-current)) (Note a)	**–**	**165,539**	**–**	**165,539**
Hong Kong listed equity securities (classified as financial assets at fair value through other comprehensive income) (Note b)	**7,245**	**–**	**–**	**7,245**
Hong Kong listed equity securities (classified as financial assets at fair value through profit or loss (current)) (Note b)	**55,373**	**–**	**12,558**	**67,931**
Sub-total	**62,618**	**206,948**	**12,558**	**282,124**
At 31 December 2017 (Audited)				
Financial assets				
Listed debt securities (classified as available-for-sale investments) (Note c)	–	203,266	–	203,266
Unlisted managed investment funds (classified as available-for-sale investments) (Note a)	–	48,107	–	48,107
Unlisted other security investment (classified as available-for-sale investments) (Note a)	–	–	–	–
Held for trading investments (Notes b, d)	66,109	–	12,610	78,719
Sub-total	66,109	251,373	12,610	330,092

Notes:

(a) The fair value of unlisted managed investment funds and unlisted other security investments is based on fair value of quoted prices in the open market or quoted price from financial institutions or observable prices or using valuation techniques, more details are stated in note 11. The lower the discount rate, the higher the fair value.

(b) The fair value of Hong Kong listed equity securities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; except for the shares which was suspended from trading, the fair value was estimated by Finnerty model to derive discount for lack of marketability, key inputs are detailed in note 11. The lower the liquidity discount rate or shorter expected suspension period, the higher the fair value.

(c) As at 31 December 2017, the fair value of listed debt securities included in available-for-sale investments were determined based on the quoted price from the financial institutions supported by observable inputs.

(d) During the year ended 31 December 2017, the held for trading investment which was suspended from trading was transferred from Level 1 to Level 3 fair value hierarchy.

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements of financial assets

	USD'000
At 1 January 2017 (Audited)	35,949
Purchases	933
Disposals	(36,162)
Transfer from Level 1 to Level 3	12,610
Gain/(loss) recognised in	
– profit or loss	529
– other comprehensive income (Note)	(1,249)
At 31 December 2017 (Audited)	12,610
Exchange difference arising on translation, which is included in exchange reserve	(52)
At 30 June 2018 (Unaudited)	12,558

Note: The loss included in other comprehensive income for the year ended 31 December 2017 related to debt investments held at the end of the reporting period and is reported as changes of "investment revaluation reserve".

19. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 June 2018 USD'000 (Unaudited)	At 31 December 2017 USD'000 (Audited)
Within one year	654	588
In the second to fifth year inclusive	441	492
	1,095	1,080

Operating lease payments represented rentals payable by the Group for certain of its office premises and warehouse. Leases are negotiated for terms ranging from two to three years.

The Group as lessor

During the six months ended 30 June 2018, the Group had property rental income of approximately USD1,159,000 (six months ended 30 June 2017: USD526,000).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At 30 June 2018 USD'000 (Unaudited)	At 31 December 2017 USD'000 (Audited)
Within one year	2,168	2,313
In the second to fifth year inclusive	1,650	2,719
	3,818	5,032

20. OTHER COMMITMENTS

At the end of the reporting period, the Group had the following other commitments:

	At 30 June 2018 USD'000 (Unaudited)	At 31 December 2017 USD'000 (Audited)
Other commitments contracted for but not provided for in the condensed consolidated financial statements in respect of capital contribution in other security investments which are recognised as financial assets at fair value through profit or loss (31 December 2017: available-for-sale investments)	**94,279**	47,523

21. RELATED PARTY DISCLOSURES

Key management personnel compensation

	For the six months ended 30 June	
	2018 USD'000 (Unaudited)	2017 USD'000 (Unaudited)
Short-term benefits	**644**	724
Post-employment benefits	**4**	4
	648	728

22. EVENTS AFTER THE REPORTING PERIOD

On 20 July 2018, Empire Glaze Limited ("Purchaser"), an indirect wholly-owned subsidiary of the Company, the Company being the Purchaser's guarantor, Norfyork International Limited ("Vendor") and Hongkong Chinese Limited ("Vendor's Guarantor") entered into the sale and purchase agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 23,000,000 ordinary shares of Lippo Securities Holdings Limited ("Target"), which represent the entire equity interests in the Target at the consideration of HKD348,665,101 (equivalent to approximately USD44.7 million). The acquisition is subject to certain conditions precedents, please refer to the announcement of the Company dated 20 July 2018 for further details. The acquisition is not yet completed up to the date of this report.

On 8 August 2018, Well Advantage Global Limited, an indirect wholly-owned subsidiary of the Company, and Genesis Capital II Ltd ("General Partner") entered into the subscription agreement to subscribe for the limited partner interest in Genesis Capital II LP ("Fund") as a limited partner for a capital commitment of USD70 million (equivalent to approximately HKD546 million), representing 15.02% of the total capital commitment to the Fund as at 8 August 2018.