中國金洋集團有限公司
CHINA GOLDJOY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01282)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "**Board**" or the "**Director(s)**") of China Goldjoy Group Limited (the "**Company**") would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2018, together with the comparative figures for the corresponding period in 2017.

The consolidated interim results were unaudited but have been reviewed by the Company's audit committee (the "**Audit Committee**") and the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2018	2017	Change
	(Unaudited)	(Unaudited)	
Revenue *(HK$' million)*	**914.0**	337.6	+171%
Gross profit *(HK$' million)*	**322.4**	80.0	+303%
EBITDA *(HK$' million)* *(Note 1)*	**359.4**	141.4	+154%
EBIT *(HK$' million)* *(Note 2)*	**348.9**	132.3	+164%
Profit attributable to owners of the Company *(HK$' million)*	**243.7**	89.9	+171%
EPS *(HK cent)*			
— Basic	**0.94**	0.41	+129%
— Diluted	**0.94**	0.41	+129%

	As at 30 June 2018 (Unaudited)	As at 31 December 2017 (Audited)	**Change**
Net asset value *(HK$' million)*	**7,215.1**	7,769.4	−7%
Net asset value per share *(HK$)*	**0.28**	0.31	−10%
Cash and cash equivalents *(HK$' million)*	**1,357.4**	2,231.4	−39%
Borrowings *(HK$' million)*	**2,022.8**	625.9	+223%
Gearing ratio (%) *(Note 3)*	**28.0%**	8.1%	+248%

Notes:

(1) EBITDA is calculated as profit before income tax subtracted by finance cost − net (excluding adjustment of put option liability in relation to acquisition of subsidiaries) and adding back depreciation of property, plant and equipment, amortisation of intangible assets and amortisation of land use right.

(2) EBIT is calculated as profit before income tax subtracted by finance cost − net (excluding adjustment of put option liability in relation to acquisition of subsidiaries).

(3) Gearing ratio is calculated as borrowings divided by net asset value.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Revenue	4	**914,021**	337,561
Cost of sales		**(591,634)**	(257,603)
Gross profit		**322,387**	79,958
Other (losses)/gains — net	5	**(4,987)**	27,046
Other income	5	**21,956**	68,650
Gain on bargain purchase from acquisition of a subsidiary		**44,042**	—
Fair value gain on investment properties		**126,078**	66,979
Distribution costs		**(13,514)**	(11,759)
Administrative expenses		**(146,168)**	(95,188)
Operating profit	5	**349,794**	135,686
Finance costs — net	6	**(14,178)**	(1,218)
Share of profits/(losses) of associates		**3,562**	(3,373)
Profit before income tax		**339,178**	131,095
Income tax expense	7	**(75,708)**	(25,862)
Profit for the period		**263,470**	105,233
Profit attributable to:			
— owners of the Company		**243,673**	89,860
— non-controlling interests		**19,797**	15,373
		263,470	105,233
Earnings per share for profit attributable to owners of the Company:			
— basic (expressed in Hong Kong cent per share)	8	**0.94**	0.41
— diluted (expressed in Hong Kong cent per share)	8	**0.94**	0.41

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss:			
Fair value gain on available-for-sale financial assets, net of tax		—	95,476
Currency translation differences		**(58,155)**	(21,853)
Items that will not be reclassified to profit or loss:			
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax		**(1,542,643)**	—
Other comprehensive (loss)/income for the period		**(1,600,798)**	73,623
Total comprehensive (loss)/income for the period		**(1,337,328)**	178,856
Total comprehensive (loss)/income for the period attributable to:			
— owners of the Company		**(1,353,897)**	163,483
— non-controlling interests		**16,569**	15,373
		(1,337,328)	178,856

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**431,882**	433,258
Land use right		**4,048**	4,105
Investment properties		**2,925,643**	2,447,232
Intangible assets		**191,676**	194,670
Investment in an associate		**453,562**	—
Available-for-sale financial assets	10(a)	**—**	1,534,850
Financial assets at fair value through other comprehensive income	10(b)	**1,379,227**	—
Deferred income tax assets		**13,501**	9,194
Trade receivables	12	**7,883**	8,341
Finance lease receivables		**97,552**	104,382
		5,504,974	4,736,032
Current assets			
Inventories		**60,178**	55,512
Properties under development		**866,921**	524,212
Completed properties held for sale		**722,308**	698,267
Loans and advances	11	**966,947**	892,904
Trade receivables	12	**340,112**	356,123
Finance lease receivables		**53,217**	19,789
Prepayments, deposits and other receivables		**363,078**	276,383
Current income tax recoverables		**—**	10,270
Held-to-maturity investment		**—**	60,000
Financial assets at fair value through profit or loss	13	**1,671,831**	952,960
Client trust bank balances		**308,186**	101,031
Restricted cash		**79,907**	46,154
Cash and cash equivalents		**1,357,428**	2,231,369
		6,790,113	6,224,974
Assets classified as held-for-sale		**9,222**	—
		6,799,335	6,224,974
Total assets		**12,304,309**	10,961,006

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2018

	Notes	**As at 30 June 2018 HK$'000 (Unaudited)**	As at 31 December 2017 HK$'000 (Audited)
EQUITY			
Equity attributable to the Company's owners			
Share capital		**2,586,981**	2,467,933
Share premium		**4,331,237**	3,700,285
Other reserves and retained earnings		**(371,981)**	1,077,697
		6,546,237	7,245,915
Non-controlling interests		**668,835**	523,466
Total equity		**7,215,072**	7,769,381
LIABILITIES			
Non-current liabilities			
Other payables		**98,147**	77,364
Borrowings		**207,114**	207,962
Deferred income tax liabilities		**342,066**	283,647
		647,327	568,973
Current liabilities			
Trade and bills payables	14	**1,257,472**	737,629
Accruals and other payables		**1,160,366**	1,382,774
Borrowings		**1,815,682**	417,903
Current income tax liabilities		**208,390**	84,346
		4,441,910	2,622,652
Total liabilities		**5,089,237**	3,191,625
Total equity and liabilities		**12,304,309**	10,961,006

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to the owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Other reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Financial assets at fair value through other comprehensive income reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Non-controlling interests HK$'000	Total HK$'000
(Unaudited)												
For the six months ended 30 June 2018												
At 1 January 2018 (previously stated)	2,467,933	3,700,285	(215,150)	12,411	103,755	(216,087)	51,049	–	112,679	1,229,040	523,466	7,769,381
Change in accounting policy *(Note 3)*	–	–	–	–	–	–	(51,049)	51,049	–	(2,596)	(649)	(3,245)
At 1 January 2018 (restated)	2,467,933	3,700,285	(215,150)	12,411	103,755	(216,087)	–	51,049	112,679	1,226,444	522,817	7,766,136
Profit for the period	–	–	–	–	–	–	–	–	–	243,673	19,797	263,470
Other comprehensive loss:												
Fair value loss on financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	(1,542,643)	–	–	–	(1,542,643)
Currency translation differences	–	–	–	–	–	–	–	–	(54,927)	–	(3,228)	(58,155)
Total other comprehensive loss	–	–	–	–	–	–	–	(1,542,643)	(54,927)	–	(3,228)	(1,600,798)
Total comprehensive (loss)/income	–	–	–	–	–	–	–	(1,542,643)	(54,927)	243,673	16,569	(1,337,328)
Proceeds from issuance of shares	119,048	630,952	–	–	–	–	–	–	–	–	–	750,000
Transactions with non-controlling interests	–	–	–	–	–	38,751	–	–	–	–	129,449	168,200
Transfer of accumulated gain of a financial asset at fair value through other comprehensive income within equity	–	–	–	–	–	–	–	(66,261)	–	66,261	–	–
Dividend relating to 2017 paid during the period	–	–	–	–	–	–	–	–	–	(131,936)	–	(131,936)
At 30 June 2018	2,586,981	4,331,237	(215,150)	12,411	103,755	(177,336)	–	(1,557,855)	57,752	1,404,442	668,835	7,215,072

	Attributable to the owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Capital reserve HK$'000	Share option reserve HK$'000	Statutory reserve HK$'000	Other reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Non-controlling interests HK$'000	Total HK$'000
(Unaudited)												
For the six months ended 30 June 2017												
At 1 January 2017	2,214,860	2,402,151	(215,150)	12,411	370	71,370	(224,488)	(25,825)	3,768	463,130	446,765	5,149,362
Profit for the period	–	–	–	–	–	–	–	–	–	89,860	15,373	105,233
Other comprehensive income:												
Fair value gain on available-for-sale financial assets	–	–	–	–	–	–	–	95,476	–	–	–	95,476
Currency translation differences	–	–	–	–	–	–	–	–	(21,853)	–	–	(21,853)
Total other comprehensive income/(loss)	–	–	–	–	–	–	–	95,476	(21,853)	–	–	73,623
Total comprehensive income/(loss)	–	–	–	–	–	–	–	95,476	(21,853)	89,860	15,373	178,856
Dividend relating to 2016 paid during the period	–	–	–	–	–	–	–	–	–	(70,876)	–	(70,876)
At 30 June 2017	2,214,860	2,402,151	(215,150)	12,411	370	71,370	(224,488)	69,651	(18,085)	482,114	462,138	5,257,342

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

China Goldjoy Group Limited (the "Company") was incorporated in the Cayman Islands on 17 July 2009 as an exempted company with limited liability under Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively the "Group") are principally engaged in the trading and provision of services with respect to automation related equipment (the "Automation"), financial services (the "Financial Services"), manufacturing of a range of high-technology and new energy products (the "Manufacturing"), property investment and development (the "Property Investment and Development") and securities investment (the "Securities Investment").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 December 2010.

This condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information has been reviewed by the Audit Committee and approved by the Board for issue on 17 August 2018.

This condensed consolidated interim financial information has been reviewed, not audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

Impact of adoption on financial statements — HKFRS 9 and HKFRS 15 (collectively, the "New HKFRSs")

(i) Adoption of HKFRS 9

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

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

The total impact on the Group's retained earnings and non-controlling interests as at 1 January 2018 is as follows:

	Retained earnings	**Non-controlling interests**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Closing balances at 31 December 2017 — HKAS39	1,229,040	523,466
Increase in provision for loans and advances	(2,596)	(649)
Opening balances at 1 January 2018 — HKFRS 9	1,226,444	522,817

(a) Classification and measurement

On 1 January 2018 (the date of initial adoption of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate categories of the New HKFRSs. The main effects resulting from this reclassification are as follows:

	Available-for-sale financial assets *HK$'000* (Unaudited)	Held-to-maturity financial assets *HK$'000* (Unaudited)	Financial assets at fair value through other comprehensive income *HK$'000* (Unaudited)	Financial assets at fair value through profit or loss *HK$'000* (Unaudited)	Financial assets at amortised cost *HK$'000* (Unaudited)
Closing balance at 31 December 2017 — HKAS 39	1,534,850	60,000	—	952,960	—
Reclassify an equity instrument from financial assets at fair value through profit or loss ("FVPL") to financial assets at fair value through other comprehensive income ("FVOCI")	—	—	378,398	(378,398)	—
Reclassify equity instruments from available-for-sale financial assets ("AFS") to FVOCI	(1,534,850)	—	1,534,850	—	—
Reclassify listed debt securities investments from held-to-maturity investment to financial assets at amortised cost	—	(60,000)	—	—	60,000
Opening balance at 1 January 2018 — HKFRS 9	—	—	1,913,248	574,562	60,000

The main effects resulting from this reclassification on the Group's equity is as follows:

	AFS reserve *HK$'000* (Unaudited)	FVOCI reserve *HK$'000* (Unaudited)	Retained earnings *(Note)* *HK$'000* (Unaudited)
Closing balance at 31 December 2017 — HKAS 39	51,049	—	1,229,040
Reclassify equity instruments from AFS to FVOCI	(51,049)	51,049	—
Opening balance at 1 January 2018 — HKFRS 9	—	51,049	1,229,040

Note: Before provision for loans and advances.

(b) *Reclassification of held-to-maturity investment to financial assets of amortised cost*

Assets that would have previously been classified as held-to-maturity are now classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of these financial assets at 1 January 2018 to be recognised in opening retained earnings.

There is no impact on the Group's accounting for financial liabilities.

(c) *Impairment of financial assets*

The Group has four types of financial assets that are subject to the new expected credit loss model of the New HKFRSs:

- Trade receivables
- Lease receivables
- Loans and advances
- Other financial assets at amortised costs.

The Group was required to revise its impairment methodologies under HKFRS 9 for each of these classes of assets. Except for loans and advances, the impact of the change in impairment methodology on the Group's retained earnings and equity is insignificant.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

— Trade receivables and lease receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and lease receivables.

To measure the expected credit losses, trade receivables and lease receivables have been grouped based on shared credit risk characteristics and the days past due. The Group applied different expected loss rates to different classes of trade receivables and lease receivables, according to their respective risk characteristics.

Trade receivables and lease receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

The Group has assessed the expected credit loss model applied to the trade receivables and lease receivables as at 1 January 2018 and the change in impairment methodologies has no significant impact of the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

— Loans and advances

The Group has assessed the expect credit loss model apply to the loans and advances as at 1 January 2018 and the change in impairment methodologies on the Group's opening loss allowances at 1 January 2018 is as follows:

	HK$'000 (Unaudited)
At 31 December 2017 — calculated under HKAS 39	—
Amounts restated through opening retained earnings	3,245
Opening loss allowance as at 1 January 2018 — calculated under HKFRS 9	3,245

— Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables. The Group has assessed the expected credit loss model apply to other receivables as at 1 January 2018 and the change in impairment methodologies has no impact of the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

(ii) Adoption of HKFRS 15

The Group has adopted HFKRS 15 from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the condensed consolidated financial information. In accordance with the transitional provisions in HKFRS 15, the Group has adopted the modified retrospective approach and comparative figures have not been restated.

The accounting policies were changed to comply with HKFRS 15. HKFRS 15 replaces the provision of HKAS 18 "Revenue" ("HKAS 18") that relate to the recognition, classification and measurement of revenue and costs.

The impact on the Group's financial position by the application of HKFRS 15 as compared to HKAS 18 that was previously in effect before the adoption of HKFRS 15 is as follows:

	As at 1 January 2018		
	As previously stated	**Reclassification under HKFRS 15**	**Restated**
	HK$'000 (Unaudited)	*HK$'000* (Unaudited)	*HK$'000* (Unaudited)
Consolidated statement of financial position (extract)			
Accruals and other payables — Contract liabilities	—	142,437	142,437
Accruals and other payables — Advance receipts from customers	142,437	(142,437)	—

The adoption of HKFRS 15 has no material impact to the Group's net assets as at 31 December 2017 and the condensed consolidated results, earnings per share (basic and diluted) and condensed consolidated cash flows for the period ended 30 June 2017.

Changes in accounting policies upon adopting of the New HKFRSs

(i) HKFRS 9 — Financial instruments

Investments and other financial assets

(a) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into measurement category of amortised cost:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the condensed consolidated statement of comprehensive income.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's measurement has elected to present fair value gains or losses of equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income and other (losses)/gains — net, when the Group's right to receive payments is established.

Changes in fair value of financial assets at FVPL are recognised in revenue in the condensed consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(c) Impairment

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

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

For other receivables, the Group applies the three-stage model permitted by HKFRS 9, which requires impairment of financial assets to be recognised in stages:

Stage 1 — as soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognised in profit or loss and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses. For financial assets, interest revenue is calculated on the gross carrying amount (i.e. without deduction for expected credit losses).

Stage 2 — if the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognised in profit or loss. The calculation of interest revenue is the same as for Stage 1.

Stage 3 — if the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortised cost (i.e. the gross carrying amount less the loss allowance). Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognised on these financial assets.

The net impairment losses on financial assets, including reversals of impairment losses or impairment gains, are shown separately in the condensed consolidated statement of comprehensive income.

(ii) HKFRS 15 — Revenue from contracts with customers

If contracts involve the sale of multiple elements, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

Revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

Specific criteria where revenue is recognised are described below.

(a) Sales of goods

Sales of goods are recognised when a group entity has transferred control over products to the customer, the customer has accepted the products, there is no unfulfilled obligation that could affect the customer's acceptance of the products, the amount of sales can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue from sales is based on the price specified in the sales contracts. Accumulated experience is used to estimate the likelihood and provide for sales return for the goods sold at the time of sale. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Sale of properties

The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

(c) License fee income

License fee income is recognised when the Group has delivered the software and documentation to the licensee, the related service conditions have been fulfilled and collectability of the license fee is reasonably assured.

(d) *Commission and brokerage income*

Commission and brokerage income on dealings in securities and futures contracts are recognised as revenue on the transactions dates when the relevant contract notes are executed.

(e) *Consultancy fee income*

Consultancy fee income is recognised on a time proportion basis.

(f) *Management fee income and performance fee income*

Management fee income and performance fee income are recognised when services are rendered.

(g) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(h) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(i) *Rental income*

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

(j) *Securities investment income*

Securities investment income includes net gain/loss on financial assets and liabilities at fair value through profit or loss including realised gains/losses which are recognised on trade dates; and unrealised fair value gains/losses which are recognised in the period in which they arise.

(k) *Installation income and maintenance income*

Installation income and maintenance income are recognised when services are rendered.

(l) *Sundry income*

Sundry income is recognised when the right to receive payment is established.

4 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer of the Company (the "CEO") that are used to make strategic decisions.

The reportable segments were classified as Automation, Financial Services, Manufacturing, Property Investment and Development and Securities Investment:

— Automation segment represents the trading of automated production related equipment and provision of related services business;

— Financial Services segment represents regulated business activities in respect to financial services under the SFO in Hong Kong;

— Manufacturing segment represents the manufacturing of a range of high-technology and new energy products;

— Property Investment and Development segment represents the properties investment activities and property development project in Hong Kong and the PRC;

— Securities Investment segment represents the investment activities through direct investments in listed and unlisted securities.

The revenue from external parties is measured in a manner consistent with that in the condensed consolidated interim financial information.

The CEO assesses the performance of the operating segments based on a measure of operating profit, which is in a manner consistent with that of the condensed consolidated interim financial information.

Sales between segments are carried out at arm's length. The Group's revenue by segment is as follows:

	Six months ended 30 June 2018			Six months ended 30 June 2017		
	Total segment revenue	**Inter segment revenue**	**Revenue from external customers**	Total segment revenue	Inter segment revenue	Revenue from external customers
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Unaudited)	(Unaudited)	(Unaudited)
Automation	**266,941**	**—**	**266,941**	275,064	—	275,064
Financial Services	**97,136**	**(3,613)**	**93,523**	66,007	(972)	65,035
Manufacturing	**39,508**	**—**	**39,508**	15,753	—	15,753
Property Investment and Development	**359,114**	**(4,167)**	**354,947**	13,445	(4,274)	9,171
Securities Investment	**159,102**	**—**	**159,102**	(27,462)	—	(27,462)
Total	**921,801**	**(7,780)**	**914,021**	342,807	(5,246)	337,561

An analysis of revenue of the Group is as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Sale of goods	**295,781**	288,043
Sale of properties	**338,671**	—
Securities investment income/(loss)	**161,183**	(59,666)
Interest income from money lending	**60,160**	58,705
Installation and maintenance income	**10,668**	2,612
Rental income	**16,277**	9,171
Commission and brokerage income	**26,056**	36,829
Management fee and performance fee income	**5,225**	1,867
Revenue	**914,021**	337,561

Reportable segment information is reconciled to profit before income tax as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Operating profit/(loss)		
Automation	**11,270**	12,095
Financial Services	**38,646**	22,692
Manufacturing	**(10,577)**	(6,424)
Property Investment and Development	**194,206**	70,349
Securities Investment	**133,543**	13,569
Total	**367,088**	112,281
Unallocated:		
Other (losses)/gains — net	**(5,137)**	27,038
Other income	**9,404**	7,313
Administrative expenses	**(21,561)**	(10,946)
Finance costs — net	**(14,178)**	(1,218)
Share of profits/(losses) of associates	**3,562**	(3,373)
Profit before income tax	**339,178**	131,095

Certain other (losses)/gains — net, other income and administrative expenses are not allocated to segments, as they are inseparable and not attributable to particular reportable segments. Finance costs — net and share of profits/(losses) of associates are not allocated to segments, as these type of activities are managed by the central finance and accounting function, which manages the working capital of the Group.

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other segment items — depreciation and amortisation		
Automation	**(56)**	(83)
Financial Services	**(4,417)**	(3,752)
Manufacturing	**(1,374)**	(65)
Property Investment and Development	**(1,484)**	(1,422)
Securities Investment	**(207)**	(147)
Unallocated	**(2,954)**	(3,588)
	(10,492)	(9,057)

The assets attributable to different reportable segments are reconciled to total assets as follows:

	As at 30 June 2018	As at 31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment assets		
Automation	**551,501**	488,077
Financial Services	**1,681,690**	1,331,507
Manufacturing	**216,052**	247,195
Property Investment and Development	**5,195,435**	4,077,629
Securities Investment	**3,474,127**	3,004,435
Segment assets for reportable segments	**11,118,805**	9,148,843
Unallocated:		
Property, plant and equipment	**262,418**	265,598
Financial assets at fair value through other comprehensive income	**112,207**	—
Available-for-sale financial assets	**—**	136,616
Investment in an associate	**453,562**	—
Prepayments, deposits and other receivables	**160,140**	2,100
Held-to-maturity investment	**—**	60,000
Financial assets at fair value through profit or loss	**—**	19,850
Cash and cash equivalents	**197,177**	1,327,999
Total assets	**12,304,309**	10,961,006

The liabilities attributable to different reportable segments are reconciled to total liabilities as follows:

	As at 30 June 2018	As at 31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment liabilities		
Automation	**256,306**	198,704
Financial Services	**914,278**	511,170
Manufacturing	**56,757**	58,049
Property Investment and Development	**1,798,178**	1,490,028
Securities Investment	**632,378**	82,318
Segment liabilities for reportable segments	**3,657,897**	2,340,269
Unallocated		
Accruals and other payables	**16,807**	353,995
Borrowings	**864,077**	315,967
Current income tax liabilities	**208,390**	84,346
Deferred income tax liabilities	**342,066**	97,048
Total liabilities	**5,089,237**	3,191,625

5 OPERATING PROFIT, OTHER (LOSSES)/GAINS — NET AND OTHER INCOME

The following items have been (credited)/charged to the operating profit during the period:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	**3,368**	3,427
Amortisation of land use right	**57**	57
Depreciation of property, plant and equipment	**7,067**	5,573
Gains on disposal of property, plant and equipment	**(2,619)**	(2,473)
Transaction costs in relation to acquisition of a subsidiary	**1,436**	—
Provision for impairment on trade receivables	**—**	516
Provision for loss allowance on loans and advances	**2,865**	—
Other (losses)/gains — net		
Loss on conversion of a financial asset at fair value through profit or loss from preferred shares to ordinary shares	**(7,156)**	—
Reversal of provision	**1,968**	1,920
Gain on disposal of investment in an associate	**—**	24,974
Impairment loss on other receivables	**—**	(657)
Gains on disposal of available-for-sale financial assets	**—**	895
Others	**201**	(86)
	(4,987)	27,046
Other income		
Dividend income	**752**	59,416
Patent's license income	**1,742**	3,394
Consultancy income	**9,197**	—
Government subsidy	**4,145**	—
Others	**6,120**	5,840
	21,956	68,650

6 FINANCE COSTS — NET

	Six months ended 30 June 2018 *HK$'000* (Unaudited)	2017 *HK$'000* (Unaudited)
Finance income		
— Interest income on bank deposits	**2,961**	6,871
— Interest income on held-to-maturity investment	**1,617**	—
— Interest income from finance leases	**9,794**	—
	14,372	6,871
Finance costs		
— Bank loans	**(21,617)**	(7,187)
— Trust receipt loans	**(1,181)**	(730)
— Corporate bonds	**(1,339)**	(172)
— Adjustment on put option liability in relation to acquisition of subsidiaries	**(4,413)**	—
	(28,550)	(8,089)
	(14,178)	(1,218)

7 INCOME TAX EXPENSE

	Six months ended 30 June 2018 *HK$'000* (Unaudited)	2017 *HK$'000* (Unaudited)
Current income tax		
— Hong Kong profits tax	**61,666**	9,249
— Overseas and PRC income tax	**41,314**	860
— Land appreciation tax	**8,731**	—
	111,711	10,109
Deferred income tax	**(36,003)**	15,753
	75,708	25,862

Provision for income tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30 June 2018 (for the six months ended 30 June 2017: 16.5%).

The statutory income tax rate applicable to entities operating in the PRC is 25% (for the six months ended 30 June 2017: 25%).

PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of comprehensive income as income tax. The Group has estimated the tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations.

The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

8 EARNINGS PER SHARE

(a) Basic

The basic earnings per share for the period is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue.

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company *(HK$'000)*	**243,673**	89,860
Weighted average number of ordinary shares for basic earnings per share *(thousands)*	**25,810,611**	22,148,598
Basic earnings per share (expressed in Hong Kong cent per share)	**0.94**	0.41

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to owners of the Company *(HK$'000)*	**243,673**	89,860
Weighted average number of ordinary shares in issue (thousands)	**25,810,611**	22,148,598
Adjustments for:		
— Share options *(thousands)*	**—**	767
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**25,810,611**	22,149,365
Diluted earnings per share (expressed in Hong Kong cent per share)	**0.94**	0.41

9 DIVIDEND

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
2017 final dividend paid — HK0.51 (2016: HK0.32) cent per share	**131,936**	70,876

No interim dividend was declared by the Board for the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil).

10 FINANCIAL ASSETS

(a) Available-for-sale financial assets

	As at 30 June 2018	As at 31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Listed shares:		
— Equity securities — Norway	—	84,364
— Equity securities — the USA	—	1,221
— Equity securities — Hong Kong	—	1,242,800
— Equity securities — the PRC	—	155,433
	—	1,483,818
Unlisted shares	—	51,032
	—	1,534,850

(b) Financial assets at fair value through other comprehensive income

	As at 30 June 2018 *HK$'000* (Unaudited)	As at 31 December 2017 *HK$'000* (Audited)
Listed shares		
— Equity securities — Norway	**41,367**	—
— Equity securities — the USA	**19,808**	—
— Equity securities — Hong Kong	**1,109,989**	—
— Equity securities — the PRC	**157,031**	—
	1,328,195	—
Unlisted shares	**51,032**	—
	1,379,227	—

Certain unlisted securities of aggregated carrying amount of HK$51,032,000 are measured at fair value determined by using combination of market approach and cost approach which are not based on observable inputs.

The fair values of listed securities are determined on the basis of their quoted market prices at the end of reporting period.

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

11 LOANS AND ADVANCES

	As at 30 June 2018 *HK$'000* **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
Loans and advances *(Note (a))*	**373,986**	475,657
Margin loans receivables *(Note (b))*	**599,071**	417,247
Less: loss allowance	**(6,110)**	—
	966,947	892,904

Notes:

(a) The loans and advances are secured and/or backed by guarantee. Credit limits are set for borrowers based on the quality of collateral held and the financial background of the borrower. Collateral values and overdue balances are reviewed and monitored regularly.

The carrying amounts of loans and advances are denominated in Hong Kong dollars.

(b) The credit facility limits granted to margin clients are determined by the discounted market value of the collateral securities accepted by the Group.

The loans to margin clients are secured by the underlying pledged securities and are interest bearing. The Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call and the clients have to make good the shortfall.

As at 30 June 2018, margin loan receivables were secured by securities pledged by the clients to the Group as collateral with undiscounted market value of HK$2,128,356,000 (2017: HK$2,121,683,000).

The carrying amount of margin loan receivables reflects a reasonable approximation of its fair value.

12 TRADE RECEIVABLES

	As at 30 June 2018 *HK$'000* (Unaudited)	As at 31 December 2017 *HK$'000* (Audited)
Trade receivables	**351,012**	367,481
Less: Provision for impairment of receivables	**(3,017)**	(3,017)
Trade receivables — net	**347,995**	364,464
Less: non-current portion	**(7,883)**	(8,341)
Current portion	**340,112**	356,123

The carrying amounts of trade receivables approximate their fair values.

For customers of Manufacturing, the Group generally grants a credit period of 30 to 90 days to its customers. For customers of Automation products, a credit period ranging from 30 days to 60 days after acceptance is generally granted with exception of some trade customers where the credit period of 12-18 months are granted. For Property Investment and Development, the balances are due upon issuance of invoices. Therefore, the entire balance falls within the ageing group of 0-30 days. The ageing analysis of trade receivables based on invoice date is as follows:

	As at 30 June 2018 *HK$'000* (Unaudited)	As at 31 December 2017 *HK$'000* (Audited)
0 to 30 days	**204,187**	280,702
31 to 60 days	**12,572**	32,983
61 to 90 days	**17,389**	10,390
91 to 120 days	**19,847**	8,699
Over 120 days	**97,017**	34,707
	351,012	367,481

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2018 ***HK$'000*** **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
Listed securities		
— Equity securities — the PRC	**29,595**	58,635
— Equity securities — Hong Kong	**1,642,236**	874,475
	1,671,831	933,110
Other securities	**—**	19,850
	1,671,831	952,960

The fair value of listed securities are determined on the basis of their quoted market prices at the end of reporting period.

14 TRADE AND BILLS PAYABLES

	As at 30 June 2018 ***HK$'000*** **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
Trade payables	**1,237,749**	724,612
Bills payables	**19,723**	13,017
	1,257,472	737,629

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

	As at 30 June 2018 ***HK$'000*** **(Unaudited)**	As at 31 December 2017 *HK$'000* (Audited)
0 to 30 days	**1,191,033**	699,289
31 to 60 days	**7,186**	7,290
61 to 90 days	**4,344**	8,946
91 to 120 days	**5,694**	6,641
Over 120 days	**49,215**	15,463
	1,257,472	737,629

15 SUBSEQUENT EVENTS

There are no significant events subsequent to 30 June 2018 which would materially affect the Group's operating and financial performance as of the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the six months ended 30 June 2018, the Group has made encouraging progress, with revenue rising by 170.7% to approximately HK$914.0 million. Profit attributable to owners of the Company increased significantly by 171.1% to approximately HK$243.7 million. The favourable financial performance highlights the Group's strategy of business diversification to resisting the impact of economic fluctuations and to grasp market opportunities to achieve steady development, despite the volatile market conditions and constantly changing economic climate.

BUSINESS REVIEW

Automation

The automation segment has performed stably, generating revenue of approximately HK$266.9 million (30 June 2017: approximately HK$275.1 million), representing a slight decrease of 3.0%, and accounting for 29.2% of the Group's total revenue (30 June 2017: 81.5%). Operating profit contributed by this segment amounted to approximately HK$11.3 million (30 June 2017: approximately HK$12.1 million). Since the third quarter of 2017, Gallant Tech Limited ("**Gallant Tech**"), a wholly-owned subsidiary of the Group, has been providing leasing services over high-end manufacturing and large-scale equipment via its leasing arm, Shenzhen Gallant Tech Finance Leasing Co., Limited. In view of the potential of the leasing business, Gallant Tech will seek to further develop in this area. As for the existing automation business, comprising the provision of internationally advanced integrated smart manufacturing, smart factories, smart inventory and manufacturing equipment and solutions for the PRC electronics manufacturing industry, the Group will continue to strengthen its operations and expand its customer base.

Financial Services

Goldjoy Holding Limited ("**Goldjoy Holding**") is our financial arm providing a comprehensive financial services business platform through its subsidiaries.

The financial services operation contributes revenue of HK$93.6 million during the review period (30 June 2017: approximately HK$65.0 million), representing a year-on-year increase of 44.0% and accounting for 10.3% of the Group's total revenue (30 June 2017: 19.3%). Operating profit generated from this segment amounted to approximately HK$38.6 million (30 June 2017: approximately HK$22.7 million), representing an increase of approximately 70.0% increase in account. During the first half of 2018, the clients' desire to leverage its comprehensive financial services, including securities, asset management, wealth management, corporate finance, credit financing and precious metals trading facilitated a steady increase in client account openings with the Group.

China Goldjoy Securities Limited ("**CGSL**"), holding major licences under the Securities and Futures Ordinance ("**SFO**") for conducting regulated activities under Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management), has further strengthened its business in relation to IPO subscription and equity financing. By offering more incentives such as commission-free brokerage services, CGSL continued to enlarge its client base during the reporting period.

China Goldjoy Asset Management Limited ("**CGAM**"), has increased the assets under its management ("**AUM**") after the launch of two new funds during the review period, raising the total to six funds under its management. Since each of these equity funds has its own investment profile, they are able to cater for investors with different risk appetites and preferences.

China Goldjoy Wealth Management Limited ("**CGWM**") is licensed by the Professional Insurance Brokers Association (PIBA) and the Mandatory Provident Fund Schemes Authority (MPFA) to carry out long-term life insurance (including investment-linked long-term insurance), general insurance and MPF regulated activities, etc. It provides customers with life insurance, general insurance and pension services.

China Goldjoy Credit Limited ("**CGCL**"), holds a money lender license to provide loan and credit financing services in Hong Kong. It provides property and share pledged loan facilities to its clients. The income and profit of this business has remained stable.

In June 2018, Goldjoy Holding disposed of a 28% equity interest in Golden Affluent Limited, an indirect wholly-owned subsidiary of the Company, which holds a few subsidiaries engaging in financial services, for a consideration of HK$168,200,000. The disposal introduced new strategic investors which is expected to the Group and expand the shareholders base of its financial services business segment to facilitate future business development, including the expansion of existing business scope for Type 6 regulated activities under SFO and to provide services to non-professional investors, advise clients on matters/transactions within the scope of Codes on Takeovers and Mergers and Share Buy-backs as well as act as a sponsor in initial public offerings, so as to achieve better business performance.

Manufacturing

Since migrating from low-margin and low-value-added electronics manufacturing to the high-end new energy industry and light emitting diode ("**LED**") manufacturing, the manufacturing segment has achieved a modest improvement in its financial performance, with revenue amounting to approximately HK$39.5 million during the review period (30 June 2017: approximately HK$15.8 million), increased by approximately 150.0% over the last reporting period and accounting for 4.3% of the Group's total revenue (30 June 2017: 4.7%). The segment achieved progress in terms of bolstering its position in the domestic market by carrying out governmental projects on infrastructure lighting and real estate lighting projects, while vigorously exploring its establishment overseas. Operating loss increased to approximately HK$10.6 million (30 June 2017: loss of approximately HK$6.4 million). Mindful of the importance of research and development and cost control management, particular efforts have and will continue to be placed on these areas so as to increase profitability.

Property Investment and Development

During the review period, revenue derived from the property investment and development segment amounted to approximately HK$354.9 million (30 June 2017: approximately HK$9.2 million) increased by approximately 3,757.6%, and accounting for 38.8% of the Group's total revenue (30 June 2017: 2.7%). Operating profit generated from this segment amounted to approximately HK$194.2 million (30 June 2017: approximately HK$70.3 million) representing an increase of approximately 176.2%. The Group holds several premium offices and residential properties in Hong Kong, some of which are located in the Lippo Centre in Admiralty for use as the headquarters of the Group and for lease purposes. The Group expects its properties will continue to generate steady income going forward.

Through Shenzhen B&K New Energy Co., Ltd. ("**Shenzhen B&K**"), an indirectly non-wholly owned subsidiary of the Company, the Group develops and manages a real estate project with a three-phase development scheme in the core area of Shenzhen Guangming New District. The first phase includes the properties designated for factories, offices premises, commercial uses, dormitories and apartments for rental purpose. During the review period, Shenzhen B&K generated HK$13.0 million from leasing, increased by approximately HK$3.8 million compared with the same period last year. In April 2018, the Group launched a long-term branded apartment in the name of "BAO DA HOUSE" with an occupancy rate of more than 70% during the review period, setting an example of how stock properties in industrial parks can be successfully transformed and upgraded and demonstrating a sustainable way to the development of the rental income industry. The second phase comprises office premises, hotels and ancillary service facilities, and the main structure of the construction has been completed. Meantime, the Group is undergoing the design and interior decoration work of which is expected that such properties will be put into use in the first half of 2019. The third phase, containing office premises and apartments for high-end talents, is expected to be completed in 2020.

The Group completed the acquisitions of Laihua Taisheng Limited and Laihua Taifeng Limited in December 2017 and May 2018, respectively. Through these acquisitions, the Group holds two comprehensive real estate projects in Ganzhou City in Jiangxi Province, namely "世紀城" (Century Plaza*) and "太古城" (Taigu Plaza*). The Group expects to generate favourable return from the sale and leasing of the properties under these projects as well as its anticipated value appreciation. Since both projects are situated in the same city, economies of scale in the development and management of these projects is achieved. During the review period, these acquisitions contribute revenue from sale of properties of approximately HK$338.5 million and leasing of approximately HK$1.6 million to the Group.

The Group will continue to capture the respective investment and development opportunities arising from Hong Kong and the PRC property markets, and position the development of property investment and development business as one of its major focuses.

Securities Investment

The Group adopts a balanced investment approach, apart from trading securities on a short-term basis, the Group also invests in securities, bonds and funds on a long-term investment basis. The Group has a well-balanced investment portfolio comprising (i) securities of both listed and unlisted companies in the PRC, Hong Kong and overseas, (ii) corporate bonds issued by listed and unlisted companies in Hong Kong and overseas and (iii) private equity funds managed by fund houses. Such investment portfolio enables the Group to increase its financial flexibility.

For the six months ended 30 June 2018, the securities investment segment recorded revenue of approximately HK$159.1 million (30 June 2017: loss of approximately HK$27.5 million). Operating profit generated from this segment amounted to approximately HK$133.5 million (30 June 2017: approximately HK$13.6 million).

For the six months ended 30 June 2018, the Group held financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss of approximately HK$1,379.2 million and HK$1,671.8 million, respectively:

			As at 30 June 2018		**Fair value/carrying amount**	
Nature of investments		**Location**	**Number of shares held**	**Percentage to shareholding in such stock**	**As at 30 June 2018**	As at 31 December 2017
	Notes		*'000*	*%*	***HK$'000***	*HK$'000*
Financial assets at fair value through other comprehensive income						
A. Listed Securities						
China Zheshang Bank Co., Ltd. — H shares		Hong Kong	—	—	**—**	907,911
Bank of Zhengzhou Co., Ltd. — H shares		Hong Kong	72,802	4.80%	**280,289**	334,889
Landing International Development Ltd.		Hong Kong	6,914,160	4.71%	**829,700**	—
Shenzhen Kondarl Group Co., Ltd.		PRC	4,750	1.22%	**123,384**	113,989
Guanghe Landscape Culture Communication Co., Ltd.		PRC	4,007	1.98%	**33,647**	41,444
IDEX ASA	(a)	Norway	17,216	3.17%	**41,367**	84,364
BIO-key International Inc.	(b)	USA	958	7.61%	**19,808**	1,221

Nature of investments	Notes	Location	As at 30 June 2018 Number of shares held '000	As at 30 June 2018 Percentage to shareholding in such stock %	Fair value/carrying amount As at 30 June 2018 **HK$'000**	Fair value/carrying amount As at 31 December 2017 HK$'000
B. Unlisted Securities						
Powermat Technologies Ltd.	(c)	Israel	115	1.40%	**20,005**	20,005
Keyssa Inc.	(d)	USA	2,512	3.72%	**27,027**	27,027
Kili Technology Corporation	(e)	Canada	2,472	16.65%	**4,000**	4,000
Sub-total					**1,379,227**	1,534,850
Financial assets at fair value through profit or loss						
A. Listed Securities						
Madison Holdings Group Ltd.		Hong Kong	194,280	4.77%	**334,162**	332,219
Landing International Development Ltd.		Hong Kong	—	—	**—**	378,398
Zhenro Properties Group Ltd.		Hong Kong	186,094	4.51%	**882,086**	—
EJE (Hong Kong) Holdings Ltd.		Hong Kong	248,916	8.61%	**60,984**	—
B. Funds			—	—	**350,240**	176,957
C. Others			—	—	**44,359**	65,386
Sub-total					**1,671,831**	952,960
Total					**3,051,058**	2,487,810

Notes

a) IDEX ASA, listed on the Oslo Stock Exchange of Norway under the ticker symbol IDEX, principally engaged in the development and sale of information technology products;

b) BIO-key, listed on NASDAQ in the United States under the ticker symbol BKYI, specialising in advanced biometric identification solutions;

c) Powermat Technologies Ltd., a privately owned company with headquarters in Israel that provides wireless power solutions primarily to consumers, OEMs and public places;

d) Keyssa Inc., a private company in USA principally engaged in the development of wireless data transmission technologies; and

e) Kili Corporation, a private technology company principally engaged in the certification and secure payment software technologies for the civilian market, which holds an interest in Dream Payments Corp. ("Dream Payments") a Canadian company focusing on the development of end-to-end mobile payment processing.

FINANCIAL REVIEW

Revenue

The Group's revenue for the period ended 30 June 2018 increased by 170.7% to approximately HK$914.0 million (30 June 2017: approximately HK$337.6 million). The revenue analysis by segment is presented as follows:

	30 June 2018		30 June 2017		
	HK$' million	**Proportion to total revenue**	*HK$' million*	Proportion to total revenue	*% change*
Automation	**266.9**	**29.2%**	275.1	81.5%	−3.0%
Financial Services	**93.6**	**10.3%**	65.0	19.3%	+44.0%
Manufacturing	**39.5**	**4.3%**	15.8	4.7%	+150.0%
Property Investment and Development	**354.9**	**38.8%**	9.2	2.7%	+3,757.6%
Securities Investment	**159.1**	**17.4%**	(27.5)	(8.2%)	+678.5%
	914.0	**100.0%**	337.6	100.0%	170.7%

During the period, each of the segments has recorded a double-digit percent increase in revenue except automation segment. The property investment and development segment has become the major source of revenue for the Group, accounting for 38.8% of total revenue. As for the automation and securities investment segments, they accounted for 29.2% and 17.4% of the Group's total revenue respectively. The manufacturing and financial services segments have picked up their pace of growth, with a total contribution of over HK$133.1 million in the Group's revenue.

Gross Profit and Margin

Gross profit for the period improved by 303.0% to approximately HK$322.4 million (30 June 2017: approximately HK$80.0 million), while gross profit margin increased to 35.3% (30 June 2017: 23.7%). The change was mainly due to higher gross margin generated from the securities investment segment.

Other Losses — Net

Net other losses for the period was approximately HK$5.0 million (30 June 2017 net other gains: approximately HK$27.0 million), primarily because of loss on conversion of a financial asset at fair value through profit or loss from preferred shares to ordinary shares.

Other Income

Other income decreased by approximately 68.0% to approximately HK$22.0 million (30 June 2017: approximately HK$68.7 million), mainly because of decrease in dividend income during the period.

Distribution Costs

Distribution costs remained stable at approximately HK$13.5 million (30 June 2017: approximately HK$11.8 million), accounting for 1.5% (30 June 2017: 3.5%) of total revenue.

Administrative Expenses

Administrative expenses increased by approximately 53.6% to approximately HK$146.2 million (30 June 2017: approximately HK$95.2 million), owing to increase in staff salaries and directors' emolument by HK$19.2 million due to the expanded company operation; increase in commission by HK$10.6 million due to increase in volume of securities trading.

Finance Costs — Net

Net finance costs was approximately HK$14.2 million (30 June 2017: approximately HK$1.2 million). The increase in net finance costs was because of increase in capital financing expenditure in relation to the increase in general level of borrowing.

Income Tax Expense

Income tax expense increased by approximately 192.3% to approximately HK$75.7 million (30 June 2017: approximately HK$25.9 million) because of the deferred tax expenses in relation to revaluation of properties increased substantially and increase in taxable profits as a result of better financial performance recorded during the period.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company increased significantly by 171.1% to approximately HK$243.7 million, (30 June 2017: approximately HK$89.9 million). In summary, the increase was mainly due to a gain from short-term securities investment; an increase in fair value gain of investment properties; a gain on bargain purchase of a newly acquired subsidiary and its recognition of sales of completed properties, which was offset by a decrease in dividend income; an increase in distribution costs, administrative expenses and financial costs due to expanded group operations.

FINANCIAL RESOURCES REVIEW

Liquidity and Financial Resources

By adopting a prudent financial management approach, the Group continued to maintain a healthy financial position with good cash flow. For the six months ended 30 June 2018, the Group's cash and cash equivalents totalled approximately HK$1,357.4 million (31 December 2017: approximately HK$2,231.4 million). Working capital represented by net current assets amounted to approximately HK$2,357.4 million (31 December 2017: approximately HK$3,602.3 million). Current ratio was approximately 1.5 (31 December 2017: approximately 2.4).

Borrowings of the Group for the six months ended 30 June 2018 included corporate bonds of approximately HK$88.0 million (31 December 2017: approximately HK$31.8 million), trust receipt loans of approximately HK$99.2 million (31 December 2017: approximately HK$88.0 million) and bank loans of approximately HK$1,435.6 million (31 December 2017: approximately HK$506.1 million) and other loan of approximately HK$400.0 million. The bank borrowings were secured by corporate guarantees provided by the Company and some of its subsidiaries and secured by building(s) with carrying amounts of approximately HK$259.1 million, investment properties with carrying amounts of approximately HK$204.4 million and listed security, with carrying amount of approximately HK$882.1 million. For the six months ended 30 June 2018, the Group was in a net debt position of approximately HK$665.4 million (31 December 2017 net cash position: approximately HK$1,605.5 million).

Capital Commitments

For the six months ended 30 June 2018, the Group had contracted but not provided for capital commitments of approximately HK$270.0 million, HK$131.1 million and HK$530.6 million (31 December 2017: Nil, approximately HK$156.0 million and HK$556.4 million) relating to the investment in an associate; investment properties; and property development expenditures, respectively.

Currency Exposure and Management

During the review period, the Group's receipts were mainly denominated in Hong Kong dollars, Renminbi ("**RMB**"), and US dollars. The Group's payments were mainly made in Hong Kong dollars, RMB and US dollars.

As the business activities of the Group's manufacturing and automation segments were mainly conducted in the PRC, most of the Group's labor costs and manufacturing overheads were settled with the RMB. As such, fluctuation of the RMB exchange rate will have an impact on the Group's profitability. The Group will closely monitor movements of the RMB and, if necessary, consider entering into foreign exchange forward contracts with reputable financial institutions to reduce potential exposure to currency fluctuations. During the review period, the Group had not entered into any foreign exchange forward contracts.

Future Plans for Capital Investment and Expected Source of Funding

The Group finances its operating and capital expenditures mainly by internal resources such as operating cash flow and shareholders' equity and bank facilities. The Group is expected to have sufficient resources and utilised banking facilities to meet its capital expenditure and working capital requirement.

EMPLOYEES AND REMUNERATION POLICIES

For the six months ended 30 June 2018, the Group had 762 full-time employees mainly in Hong Kong and the PRC (31 December 2017: 735). The Group remunerates and provides benefits to its employees with consistent reference to the market conditions. Discretionary bonuses are awarded to staff members based on the financial performance of the Group and performance of individual employees.

In addition, share options are granted to eligible employees in accordance with the terms of the Company's share option scheme adopted on 24 November 2010.

KEY RISKS AND UNCERTAINTIES

The Group's financial conditions, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The key risks and uncertainties identified by the Group are discussed in this section. There may be other risks and uncertainties in addition to those illustrated below, which are not known to the Group or which may not be material now but could become material in the future. Furthermore, risks can never be eliminated completely due to inherent limitations in measures taken to address them. Nevertheless, risks may be accepted for strategic reasons or if they are deemed not cost-effective to mitigate.

Operational Risk

Operational risk is the risk of financial loss or reputational damage resulting from inadequate or failed internal processes, people and systems. Responsibility for managing operational risks in the Group rests with every function at both divisional and departmental levels.

Key functions in the Group are guided by standard operating procedures, limits of authority and a reporting framework. The Group will identify and assess key operational exposures and report such risk issues to senior management as early as possible so that appropriate risk responses can be taken.

Industry Risk

The financial services business of the Group is subject to extensive regulatory requirements. Among others, operating subsidiaries such as CGSL and CGAM are obliged to operate in accordance with the SFO. The Group is required to ensure consistent compliance with all applicable laws, regulations and guidelines and satisfy the relevant regulatory authorities that it remains fit and proper to be licensed. If there is any change or tightening of relevant laws, regulations and guidelines, the Group will face a higher compliance requirement for its business activities. In addition, if the Group fails to comply with the applicable rules and regulations from time to time, it may face fines or restrictions on its business activities or even suspension or revocation of some or all of its licences for operating the financial services business. Furthermore, the financial services business, like all other businesses of the Group, is not immune from market changes. Any downturn in the finance market may also adversely affect the financial services business of the Group.

The automation and manufacturing businesses of the Group operate in a highly competitive environment. The Group faces fierce competition from global technology companies and rapid technological change which may render technologies developed and employed by the Group obsolete. As such, the Group's products may lose its competitiveness, adversely affecting its ability to maintain its market share. Failure to maintain the Group's competitive position may lead to a material adverse affect to the results and profit margins of these business segments. Further, the current trade war between the PRC and the US may have an impact on the business environment in the PRC. The Group is prepared to pay close attention to the market environment and shall establish an alternative plan should the trade war last over a period of time.

The securities investment business of the Group is sensitive to market conditions and fluctuations in the prices of the securities held by the Group. Any significant downturn in the securities market may affect the mark to market value of the Group's securities investments and may adversely affect the results of the Group.

Financial Risk

In the course of its business activities, the Group is exposed to various financial risks, including market, liquidity and credit risks. The changes in currency environment, especially the recent gradual depreciation in RMB, and interest rates cycles may significantly affect the Group's financial condition and results of operations in the PRC.

The Group's earnings and capital or its ability to meet its business objectives may be adversely affected by movements in foreign exchange rates, interest rates and equity prices. In particular, any depreciation in the Group's functional currency may affect its gross profit margin. The Group closely monitors the relative foreign exchange positions of its assets and liabilities and allocates its holdings of different currencies accordingly in order to minimise foreign currency risk.

The Group may be subject to liquidity risk if it is unable to obtain adequate funding to finance its operations. In managing liquidity risk, the Group monitors its cash flows and maintains an adequate level of cash and credit facilities to enable it to finance its operations and reduce the effects of fluctuations in cash flows.

The Group is subject to credit risk from its clients. To minimize risk, new clients will undergo stricter credit evaluation, while the Group continuously monitors its existing clients to further improve its risk control measures.

Manpower and Retention Risk

The competition for human resources in the countries that the Group operates in may result in the Group not being able to attract and retain key personnel with the desired skills, experience and levels of competence. The Group will continue to provide remuneration packages and incentive plans to attract, retain and motivate suitable candidates and personnel.

Business Risk

The Group constantly faces the challenge of gauging and responding promptly to market changes within the sectors that it operates in. Any failure to interpret market trends properly and adapt its strategy to such changes accordingly may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

BUSINESS OUTLOOK

The Group's diversification drive will gain added momentum now that its business transformation has been completed. The Group is committed to focus its business development towards high-growth potential business segments such as financial services, property investment and development, and securities investment.

With the popularity and application of the Internet of Things (IoT) and the commercial availability of 5G networks and equipment in the second half of 2019, it is expected that the demand from consumers and enterprises for automated production lines will grow continuously. The Group will actively advance the business development of this segment to address potential needs. In addition, the Group will further expand its activities of the finance leasing business. Together with the continuous optimisation of this business, it is expected that more revenue will be generated and competitiveness will be enhanced.

With regard to financial services, as a result of the new listing regime, the Group continues to have a positive outlook on the segment owing to the healthy market for IPOs in Hong Kong, which is expected to remain robust in the second half year. More resources shall be allocated to CGSL to develop Type 6 (advising on corporate finance) services, including acting as a placing agent and a sponsor in IPOs. To better seize opportunities, the Group shall actively recruit professionals with appropriate skill sets and experience. Mr. Lau Wan

Po, who has an extensive experience in corporate finance, has been newly appointed as a vice chairman of the Board, a non-executive Director and a member of the strategic committee of the Company on 3 July 2018.

As for the manufacturing, the Group will seek to expedite the manufacturing business in the new energy industry and the light emitting diode (“**LED**”) by seizing opportunities arising from the stable growth of manufacturing prospect in the PRC. In particular, the Group will seek to develop a more comprehensive product and service portfolio that includes smart products and street lamp projects. At the same time, the Group will seek to expand its presence in both the domestic and overseas markets, particularly in the high-end manufacturing sectors.

The property development and investment business will be one of the key areas of focus by the Group. As such, the Group will closely monitor the PRC and Hong Kong property markets, including land sales and tenders as well as property development opportunities with the objective of capitalising on any upward movement.

Meanwhile, the Group established a company with Yunnan Energy Investment (HK) Co., Limited in February 2018 and owns 36% equity interests of the company. The company will seek to invest in projects pertaining to clean energy, investment management, new energy development and financial services, in markets along the Belt and Road route. During the review period, some businesses and investment projects were commenced.

Going forward, the Group will judiciously allocate financial and human resources towards the expansion of its key businesses so as to facilitate business growth. It will also examine opportunities that are best able to capitalise on the Group’s business strengths and which result in even better business prospects in the future.

INTERIM DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CHANGE IN INFORMATION OF DIRECTORS

The change in the information of the Directors of the Company since the publication of the 2017 annual report of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Name of Directors	Details of Changes
Non-Executive Director	
Mr. Lau Wan Po	Appointed as a vice chairman of the Board, a non-executive Director and a member of the strategic committee of the Company with effect from 3 July 2018.
Independent Non-executive Director	
Mr. Lee Kwan Hung	Resigned as an independent non-executive director of Asia Cassava Resources Holdings Limited (stock code: 00841, a company listed on the Stock Exchange) with effect from 13 May 2018.
Mr. Wong Chun Bong	Appointed as an independent non-executive director of Guangzhou R&F Properties Co., Ltd (stock code: 02777, a company listed on the Stock Exchange).

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The biographical details of the directors and senior management of the Company are set out in the Company's website.

CORPORATE GOVERNANCE

The Company has been maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except that there is no separation of the roles of chairman and CEO, as stipulated in the code provision A.2.1 of the CG Code. Mr. Yao Jianhui ("**Mr. Yao**") currently assumes the roles of both the chairman and the CEO of the Company. Mr. Yao has extensive experience in a wide range of industries, including food, construction materials, real estate, commerce, agricultural and foresty, logistics, technology and finance. The Board believes that by holding both roles, Mr. Yao will be able to provide the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group.

As such, the structure is beneficial to the business prospects of the Group. Furthermore, the Company's present management structure comprises sufficient number of independent non-executive directors, and thus the Board believes that a balance of power and authority have been and will continue to be maintained.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding securities transactions of the Directors. All Directors have confirmed that throughout the six months ended 30 June 2018, they have complied with the provisions of the Model Code.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference set out in the CG Code. The principal duties of the Audit Committee includes the review and supervision of the Group's financial reporting matters and internal control procedures. The Audit Committee comprises one non-executive Director, namely Mr. Huang Wei and two independent non-executive Directors, namely Mr. Wong Chun Bong and Professor Lee Kwok On, Matthew. Mr. Wong Chun Bong was elected as the chairman of the Audit Committee. The unaudited financial results for the six months ended 30 June 2018 have been reviewed by the Audit Committee and the external auditors of the Company in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

There are no significant events subsequent to 30 June 2018 which would materially affect the Group's operating and financial performance as of the date of this announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hk1282.com). The 2018 interim report will be dispatched to the shareholders of the Company and available on the same websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the management team and staff of the Group for their contribution during the period and also to give our sincere gratitude to all our shareholders and business partners for their continuous support.

By order of the Board
China Goldjoy Group Limited
Yao Jianhui
Chairman and Chief Executive Officer

Hong Kong, 17 August 2018

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Yao Jianhui, Mr. Li Minbin and Mr. Zhang Chi; two non-executive Directors, namely Mr. Lau Wan Po and Mr. Huang Wei; and three independent non-executive Directors, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew, and Mr. Lee Kwan Hung.

* *For identification purposes only*