



中國金控 CFIH

China Finance Investment Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 875)

INTERIM REPORT
2015



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. YAU Yik Ming Leao (*Deputy Chairman and Chief Executive Officer*)

Mr. TSANG King Sun

Mr. XU Bin

Independent non-executive directors

Ms. TANG Shui Man

Mr. LI Shaohua

Ms. DIAO Hong

AUDIT COMMITTEE

Ms. TANG Shui Man (*Committee Chairman*)

Mr. LI Shaohua

Ms. DIAO Hong

REMUNERATION COMMITTEE

Ms. TANG Shui Man (*Committee Chairman*)

Mr. TSANG King Sun

Mr. LI Shaohua

Ms. DIAO Hong

NOMINATION COMMITTEE

Ms. TANG Shui Man (*Committee Chairman*)

Mr. YAU Yik Ming Leao

Mr. LI Shaohua

Ms. DIAO Hong

CORPORATE GOVERNANCE COMMITTEE

Ms. TANG Shui Man (*Committee Chairman*)

Mr. LI Shaohua

Ms. DIAO Hong

AUTHORISED REPRESENTATIVES

Mr. YAU Yik Ming Leao

Mr. TSANG King Sun

COMPANY SECRETARY

Mr. TSANG King Sun

REGISTERED OFFICE

Canon's Court
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Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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AUDITOR

Elite Partners CPA Limited

LEGAL ADVISOR

P. C. Woo & Co. (as to Hong Kong laws)

PRINCIPAL SHARE REGISTRAR

Appleby Management (Bermuda) Limited
Canon's Court
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Hamilton, HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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183 Queen's Road East
Hong Kong

SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 875

CORPORATE WEBSITE

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INVESTOR RELATIONS

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MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “Board”) of directors (the “Directors”) of China Finance Investment Holdings Limited (the “Company”), formerly known as Cypress Jade Agricultural Holdings Limited, is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015 (the “Reporting Period”).

BUSINESS AND FINANCIAL REVIEW

During the Reporting Period, the Group recorded a turnover of approximately HK\$32.4 million from the continued operations, representing a decrease of approximately 14.88% compared with approximately HK\$38.1 million for the six months ended 30 June 2014 (the “Corresponding Period”). The Group recorded a gross loss of approximately HK\$7.8 million for the Reporting Period as compared with a gross profit of approximately HK\$4.8 million for the Corresponding Period.

The Group recorded a net loss of approximately HK\$90.9 million for the six months ended 30 June 2015, as compared with the net loss of the Group of approximately HK\$31.2 million for the six months ended 30 June 2014.

The loss for the Reporting Period was mainly as a result of (i) a gross loss of approximately HK\$7.8 million; (ii) the net loss from discontinued operation of approximately HK\$3.3 million; (iii) the recognition of impairment losses for property, plant and equipment of approximately HK\$35.7 million; and (iv) the recognition of share-based payment expenses in relation to the share options granted to the Directors and other eligible participants of the Group of approximately HK\$11.3 million. The impairment losses for property, plant and equipment and the share-based payment expenses are non-cash and non-recurring in nature. If taking out the impairment losses for property, plant and equipment and share-based payment expenses, the Group’s net loss for the Reporting Period would be increased by approximately HK\$12.7 million or 40.7% to approximately HK\$43.9 million, as compared to the net loss for the Corresponding Period, the remaining is mainly due to general working expenses.

The gross loss for the Reporting Period was mainly attributable to (i) the inclement weather; (ii) the decrease in the average selling price and demand in the vegetable markets in Hong Kong and the Mainland China; (iii) the change of product mix; and (iv) the restructuring of production scale for the Reporting Period.

During the Reporting Period, the Company has closely monitored and reviewed the existing business operations and financial position of the existing business. The Company may continue to restructure or downsize those loss-making business and/or non-core business and seek new business opportunities with positive prospect.

In view of the unsatisfactory results in Chengde and Sanjiang production base, the Group leased out a loss making farmland in Chengde, and stopped the production line in Sanjiang. The Board is actively seeking any possible cooperation to minimise the losses of the Group, including but not limited to disposal of loss making companies and business restructuring.

In addition, the business strategy of the Group is to identify new projects with positive prospects and to maximise the value of shares. The Group will seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new line of business with growth potential. The Group will pursue diversification in its business and income streams by exploring opportunities with exciting prospects including but not limited to financial business in Hong Kong and the Mainland China.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

Except for equity fund raising from the Company, the Group finances its business operations with internally generated cash flows and general banking facilities. As at 30 June 2015, the Group had bank balances and cash of HK\$20.1 million (31 December 2014: HK\$10.1 million). The Group's current ratio (measured as total current assets to total current liabilities) was approximately 1.0 times (31 December 2014: 0.3 times).

As at 30 June 2015, the total borrowings of the Group amounted to HK\$57.1 million (31 December 2014: HK\$63.2 million), of which, HK\$31.0 million (31 December 2014: HK\$28.1 million) were secured by several properties of the Group. The borrowings in the amount of HK\$57.1 million (31 December 2014: HK\$49.4 million) were repayable within one year.

At the end of the Reporting Period, the Group had capital expenditure commitments of HK\$1.2 million (31 December 2014: HK\$1.6 million) in respect of acquisition of property, plant and equipment.

The Group will continue to adopt a positive but prudent approach in managing its financial resources. The Company may consider any debt and equity financing methods which would be in the interest of the Company and its shareholders as a whole.

CAPITAL STRUCTURE AND GEARING RATIO

The Group and the Company manage its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The Group reviews the capital structure on a regular basis. As a part of this review, the Group monitors capital on the basis of net debt to adjusted equity ratio, the ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "adjusted equity", as shown in the consolidated statement of financial position, plus net debt. The Group considers the cost of capital and the risks associated with issued share capital. To maintain or adjust the capital structure, the Group may adjust the ratio through dividend payments, issuing new shares, raising new debt financing or selling assets to reduce existing debts.

On 19 January 2015, the Company entered into a share placing agreement with an independent third party to allot and issue a maximum of 506,557,866 new ordinary shares of the Company (the "Shares") at the subscription price of HK\$0.071 per Share. The new Shares were issued under the general mandate granted to the Directors by the shareholders at the annual general meeting held on 3 June 2014. The 500,000,000 new Shares of HK\$0.01 each, credited as fully paid, were allotted and issued to not less than six places on 4 February 2015 with net proceeds of approximately HK\$34.65 million for general working capital and future business development of the Group. Out of the net proceeds of HK\$34.65 million, approximately HK\$25 million was used for the acquisition of the internet finance company, approximately HK\$1.11 million was used for rental deposit of Hong Kong head office, approximately HK\$3.13 million was used for repayment of bank loans; approximately HK\$2 million was used for office decoration expenses and the balance was used for general corporate expenses.

On 13 April 2015, the Company entered into a share subscription agreement with Mr. LIN Yuhao (the "Subscriber"), to allot and issue 863,017,507 new Shares at the subscription price of HK\$0.0833 per Share. The new Shares were issued under the general mandate granted to the Directors by the shareholders at the special general meeting held on 24 March 2015. The 863,017,507 new Shares of HK\$0.01 each, credited as fully paid, were allotted and issued to the Subscriber on 27 April 2015 with net proceeds of approximately HK\$71.8 million, representing the net issue price of approximately HK\$0.0832 per Share, for general working capital and future business development of the Group. Out of the net proceeds of HK\$71.8 million, approximately HK\$21.59 million was used for repayment of bank loans; HK\$8 million was used to provide a loan to an independent third party; HK\$2 million was used for repayment of other loan, HK\$31.5 million was used as deposit for acquisition of a subsidiary, approximately HK\$2 million was used for professional fees; HK\$1 million was used as deposit for purchase of fixed assets and the balance was used for general corporate expenses.

On 15 June 2015, the Company issued and allotted a total of 144,551,261 Shares of HK\$0.01 each upon the exercise of share options granted by the Company. Share premium increased by approximately HK\$22.2 million accordingly.

During the Reporting Period, the Company issued and allotted a total of 92,307,692 Shares of HK\$0.01 each upon the exercise of conversion rights in respect of an aggregate principal amount of HK\$12,000,000 of the convertible bonds issued by the Company on 25 March 2014.

At the end of the Reporting Period, the Group's bank and other borrowings amounted to HK\$57.1 million (31 December 2014: HK\$63.2 million). Included in the above amounts, an amount of HK\$49.8 million (31 December 2014: HK\$54.3 million) is charged at floating interest rates. The Group's interest rate risk primarily relates to the interest bearing bank balances and borrowings. The Group currently has not used any interest rate swaps to hedge its exposure to interest rate. The Group continues to monitor its exposure to interest rate risk closely, and may employ derivative financial instruments to hedge against risk when necessary.

As at 30 June 2015, the net debt to equity ratio was 0.34 (31 December 2014: 0.73). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group's gearing ratio as at 30 June 2015 was 1.0 (31 December 2014: 3.2), which was measured as total debt to total shareholders' equity.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during the six months ended 30 June 2015.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Acquisitions

On 6 February 2015, Power Gold Enterprises Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the "Agreement") with Mr. LIN Yupa and Mr. LIN Yuhao (the "Vendors"), pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire issued share capital of Golden Rich (HK) Limited (as the "Target Company"), at the consideration of HK\$125,000,000 (equivalent to approximately RMB100,000,000). Upon completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and will hold 25% equity interest in Shenzhen Qianhai Gelin Internet Financial Services Company Limited (the "Operating Company"). The Vendors have guaranteed and warranted to the Purchaser that the audited consolidated net profit after tax of the Operating Company for the financial year ending 31 December 2015 shall not be less than RMB30,000,000 (equivalent to approximately HK\$37,500,000). Details of the Agreement are set out in the announcements of the Company dated 6 February 2015, 18 May 2015 and 30 June 2015.

On 7 June 2015, Robust Canton Limited ("Robust Canton"), an wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Properties Acquisition Agreement") with an independent third party to acquire an investment holding company which indirectly holds 3 properties in the Mainland China (the "Properties"). The Company is currently developing its trading and financial business in Shenzhen, Mainland China and the Acquisition provides an opportunity to the Company to acquire the Properties at a discount to the market price. The Properties are intended for the Group's own use and/or for investment purpose.

Disposals

On 21 April 2015, Trade Rise Holdings Limited ("Trade Rise"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (the "Purchaser") pursuant to which Trade Rise has agreed to sell to the Purchaser the entire issued share capital in Trade Leader Investment Limited at the consideration of HK\$2,000,000 in cash (the "Disposal Transaction"). The Disposal Transaction is completed on 29 May 2015. Details of the Disposal Transaction are set out in the announcement of the Company dated 21 April 2015 and note 5 to the interim condensed consolidated financial statements.

On 26 May 2015, First Novel Limited ("First Novel"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (the "Purchaser") pursuant to which First Novel has agreed to sell to the Purchaser the entire issued share capital in Trade Rise Holdings Limited at the consideration of HK\$6,000,000 in cash (the "Transaction"). The Transaction constituted major transaction of the Company under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and was subject to the approval of the shareholders. The Transaction was subsequently approved by the shareholders at the special general meeting held on 30 July 2015. Details of transaction are set out in the announcements of the Company dated 26 May 2015 and 19 June 2015 and the circular of the Company dated 14 July 2015 and note 5 to the interim condensed consolidated financial statements. The Transaction is completed on 14 August 2015.

Save as disclosed above, no material acquisitions or disposals of subsidiaries and associated companies have been made by the Company during the six months ended 30 June 2015.

CHARGES ON GROUP'S ASSETS

As at 30 June 2015, leasehold land and buildings with carrying amount of HK\$7.7 million (31 December 2014: HK\$8.0 million) were pledged to secure banking facilities granted to the Group.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs costs in Hong Kong dollars and Renminbi. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group did not have any material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2015, the Group had a total of approximately 1,300 (30 June 2014: approximately 1,100) employees in Hong Kong and the Mainland China. Total staff costs (including Directors' remuneration) for the six months ended 30 June 2015 amounted to HK\$39.5 million (six months ended 30 June 2014: HK\$36.0 million). The employees are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Apart from the basic remuneration package, the Company also participates in the mandatory provident fund scheme in Hong Kong and the central provident fund scheme in the Mainland China. The Company has adopted a share option scheme on 6 June 2013 (the "Scheme"). Pursuant to the Scheme, the Board may, at its discretion, grant options to eligible employees, executive and non-executive Directors (including independent non-executive Director) of the Group.

PROSPECT

Looking forward, the Company will continue to closely monitor and review the existing business operations and financial position of the existing business. The Company may continue to restructure or downsize those loss-making business and/or non-core business and seek new business opportunities with positive prospect.

In view of the continuing decrease in the market price and the increase in production cost of agricultural products in Hong Kong and the Mainland China, the results of plantation segment are no longer satisfactory for the Company, together with the uncertainty and keen competition of the agricultural product market, the Board is actively seeking any possible cooperation to minimise the losses of the Group, including but not limited to disposal of loss making companies and business restructuring.

The Group will seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new line of business with growth potential. The Group will pursue diversification in its business and income streams by exploring opportunities with exciting prospects which could complement or create potential synergies to its existing core operations.

MANAGEMENT DISCUSSION AND ANALYSIS

On 15 July 2015, Trade Zone Global Limited (“Trade Zone”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the “Acquisition Agreement”) with an independent third party (the “Vendor”) to acquire Rise Glorious Investment Development Limited and its subsidiaries (the “Target Group”), at the consideration of HK\$250,000,000 to be settled by the Company by issuing the convertible notes. The Target Group will be principally engaged in the finance leasing business in the PRC. Upon completion, the Target Group will become an indirect wholly-owned subsidiaries of the Company. The Vendor has guaranteed and warranted to the Purchaser that the audited consolidated adjusted earnings before interest, taxes, depreciation and amortisation of the Target Group for the financial periods ending 31 December 2016, 2017 and 2018 shall not be less than RMB20,000,000 per each financial period. Details of the Acquisition Agreement are set out in the announcement of the Company dated 15 July 2015.

In the finance and capital market aspects, the monetary policy will aim at striking a balance between “stable growth”, “risk mitigation” and “reduction of leverage”. It is expected that the theme of maintaining a stable and healthy monetary policy will remain unchanged and a loose monetary policy will be maintained to ensure adequate supply of liquidity in the market. The benchmark interest rates of deposits and loans will remain stable but loan interest rates is expected to rise. The Directors further consider that the business of internet financing services has shown growth potential and expect that it will also provide a diversified income stream to counter balance the cyclical nature of the Group’s agriculture business, which is expected to increase the shareholders’ value and benefit the Company and the shareholders as a whole.

The Company intends to conduct the money lending business (the “Money Lending Business”) in Hong Kong through provision of at least two main types of loan products, namely (i) unsecured loans; and (ii) secured loans to targeted customers, including but not limited to individuals and corporations. A subsidiary of the Company has applied for the money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the “Lending Licence”). The Group has obtained the Lending Licence and commenced the money lending business in September 2015.

The Company also plans to conduct the securities trading business (the “Securities Trading Business”) in Hong Kong. A subsidiary of the Company has applied for the Type 1: Dealing in securities licence under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “Securities Licence”). The Company expects the Securities Licence will be granted by the end of 2015 and the Securities Trading Business will be conducted after the grant of the Securities Licence. The Group will provide securities dealing and brokerage services principally for securities in Hong Kong to targeted customers which comprise individuals and corporations.

Apart from the aforesaid investments, the Group will also consider other related profitable businesses which could boost profitability in the future including but not limited to financial and agricultural sector in the Mainland China and Hong Kong region.

INTERIM DIVIDEND

No dividend was paid, declared or proposed during the Reporting Period. The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

REVIEW REPORT TO THE BOARD OF DIRECTORS OF CHINA FINANCE INVESTMENT HOLDINGS LIMITED (Formerly known as “Cypress Jade Agricultural Holdings Limited”) (Incorporated in Bermuda with limited liability)

We have reviewed the interim financial information set out on pages 10 to 33 which comprises the condensed consolidated statement of financial position of China Finance Investment Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) as of 30 June 2015 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the six-month period then ended and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on the interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

ELITE PARTNERS CPA LIMITED
Certified Public Accountants

Chan Wai Nam, William
Practising Certificate Number P05957
Hong Kong
24 August 2015

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Tsimshatsui, Kowloon, Hong Kong

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000 (Represented)
Continuing operations			
Revenue	2	32,431	38,102
Cost of sales		(40,210)	(33,267)
Gross (loss)/profit		(7,779)	4,835
Other income	3	5,574	3,263
Gain arising from changes in fair value			
less costs to sell of biological assets		190	8,224
Selling and distribution expenses		(9,888)	(15,979)
Administrative and other operating expenses		(72,541)	(21,120)
Finance costs		(3,089)	(2,877)
Loss before tax	3	(87,533)	(23,654)
Income tax expense	4	(20)	(99)
Loss for the period from continuing operations		(87,553)	(23,753)
Discontinued operations			
Loss for the period from discontinued operations	5	(3,349)	(7,407)
Loss for the period		(90,902)	(31,160)
Other comprehensive expenses for the period:			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		(129)	(3,614)
Total comprehensive expenses for the period		(91,031)	(34,774)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)**

For the six months ended 30 June 2015

		Six months ended 30 June	
Notes	2015 HK\$'000	2014 HK\$'000 (Represented)	
Loss attributable to equity shareholders of the Company			
– from continuing operations	(87,553)	(23,753)	
– from discontinued operations	(3,349)	(7,407)	
	(90,902)	(31,160)	
Total comprehensive expenses attributable to:			
Equity shareholders of the Company	(91,031)	(34,774)	
Loss per share			
Basic (HK cents)	8		
– Continuing operations	(1.94)	(0.96)	
– Discontinued operations	(0.07)	(0.30)	
	(2.01)	(1.26)	
Diluted (HK cents)	8		
– Continuing operations	(1.94)	(0.96)	
– Discontinued operations	(0.07)	(0.30)	
	(2.01)	(1.26)	

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2015

	Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		94,382	139,623
Construction in progress		–	2,736
		94,382	142,359
Current assets			
Inventories		3,485	4,435
Biological assets		5,661	4,625
Trade and other receivables	9	86,443	12,855
Current tax recoverable		–	76
Cash and cash equivalents		20,073	10,098
		115,662	32,089
Assets associated with disposal group held for sale		18,761	–
		134,423	32,089
Current liabilities			
Trade and other payables	10	62,393	47,210
Interest-bearing bank and other borrowings	11	57,134	63,166
Obligation under a finance lease		–	240
		119,527	110,616
Liabilities associated with disposal group held for sale		9,721	–
		129,248	110,616
Net current assets/(liabilities)		5,175	(78,527)
Total assets less current liabilities		99,557	63,832

**CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (UNAUDITED)**

As at 30 June 2015

	Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Capital and reserves			
Share capital	12	53,949	37,950
Reserves		16,534	(17,867)
Total equity		70,483	20,083
Non-current liabilities			
Convertible bonds	13	12,906	20,836
Government grants		16,168	22,556
Obligation under a finance lease		–	357
		29,074	43,749
		99,557	63,832

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2015

	Attributable to equity shareholders							
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Convertible bonds reserve HK\$'000	Share options reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 January 2014	37,606	100,100	59,500	-	-	7,210	(31,918)	172,498
Loss for the period	-	-	-	-	-	-	(31,160)	(31,160)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(3,614)	-	(3,614)
Total comprehensive expense for the period	-	-	-	-	-	(3,614)	(31,160)	(34,774)
Issue of convertible bonds (note 13)	-	-	-	9,934	-	-	-	9,934
Issue of ordinary shares	344	4,656	-	-	-	-	-	5,000
Balance at 30 June 2014	37,950	104,756	59,500	9,934	-	3,596	(63,078)	152,658
Balance at 1 January 2015	37,950	104,756	59,500	9,934	-	4,030	(196,087)	20,083
Loss for the period	-	-	-	-	-	-	(90,902)	(90,902)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(129)	-	(129)
Total comprehensive expense for the period	-	-	-	-	-	(129)	(90,902)	(91,031)
Issue of new shares	5,000	29,790	-	-	-	-	-	34,790
Appropriation to statutory reserve	-	-	39	-	-	-	(39)	-
Issue of ordinary shares under placement of shares	8,630	63,171	-	-	-	-	-	71,801
Equity-settled share-based payment transaction	-	-	-	-	11,253	-	-	11,253
Issue of shares under share option scheme	1,446	22,242	-	-	(8,654)	-	-	15,034
Conversion of convertible bonds to ordinary shares (note 13)	923	11,603	-	(3,973)	-	-	-	8,553
Balance at 30 June 2015	53,949	231,562	59,539	5,961	2,599	3,901	(287,028)	70,483

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000 (Represented)
Net cash outflow from operating activities	(108,013)	(15,055)
Net cash outflow from investing activities	(3,970)	(5,976)
Net cash inflow from financing activities	123,640	27,465
Net increase in cash and cash equivalents	11,657	6,434
Cash and cash equivalents at the beginning of the period	10,098	14,811
Effect of foreign exchange rate changes	(345)	(439)
Cash and cash equivalents at the end of the period	21,410	20,806
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	20,073	20,806
Cash and cash equivalents included in disposal group held for sale	1,337	–
	21,410	20,806

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

1. BASIS OF PREPARATION OF FINANCIAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES

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

The condensed consolidated financial information is presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

These unaudited condensed consolidated interim financial information has been prepared under the historical cost convention, as modified by the revaluation of biological assets which are measured at fair values less costs to sell.

The accounting policies and basis of preparation used in the preparation of these unaudited condensed consolidated interim financial information are consistent with those used in the annual accounts for the year ended 31 December 2014.

In the current interim period, the Group has applied a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2015. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

Employee benefits – share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants of the Company's own equity instruments is measured by reference to the fair value at the date at which they are granted. The fair value of share options granted to employees in an equity-settled share-based payment transaction is recognised as an employment cost with a corresponding increase in the share options reserve within equity. In respect of share options, the fair value is measured at grant date using a binomial model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the share options will vest.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
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For the six months ended 30 June 2015

**1. BASIS OF PREPARATION OF FINANCIAL INFORMATION AND
PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

Employee benefits – share-based payment transactions (continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the statement of profit or loss for the period of the review with a corresponding adjustment to the share options reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that are vested (with a corresponding adjustment to the share options reserve).

The equity amount for the share options is recognised in the share options reserve until either the option is exercised (whereupon it is transferred to share capital and the share premium account) or the option expires (whereupon it is released directly to retained profits).

Disposal group and discontinued operations

Disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such disposal group and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

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For the six months ended 30 June 2015

**1. BASIS OF PREPARATION OF FINANCIAL INFORMATION AND
PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

Disposal group and discontinued operations (continued)

When an operation is classified as discontinued, a single amount is presented in the consolidated statement of profit or loss and other comprehensive income, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

At the request of the Audit Committee, the Group's independent auditor has carried out a review of the unaudited consolidated financial information in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

2. REVENUE

Revenue, which is also the Group's turnover, represents revenue arising from the growing, processing and trading of agricultural produce. The amount of the revenue from continuing operations is as follows:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Represented)
Revenue from sale of agricultural produce	32,431	38,102

3. LOSS BEFORE TAX AND OTHER INCOME

Loss before tax is arrived at after charging:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Represented)
Impairment of property, plant and equipment	35,743	–
Impairment of trade receivables	–	1,321
Impairment of other receivables	–	306
Bad debts	4	7
Depreciation of property, plant and equipment	6,508	9,871
Loss on disposal of property, plant and equipment	119	857
Written off of inventories	867	–

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

For the six months ended 30 June 2015

3. LOSS BEFORE TAX AND OTHER INCOME (CONTINUED)

Other income:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Represented)
<i>Continuing operations</i>		
Bank interest received	5	16
Government grants	3,986	1,708
Rental income	633	684
Reversal of impairment of trade receivables	85	522
Sundry income	865	333
	5,574	3,263

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Represented)
Hong Kong Profits Tax	–	99
PRC income tax	20	–
	20	99

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the period.

According to the PRC tax law and its interpretation rules (the "PRC tax law"), enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full corporate income tax exemption or half reduction of corporate income tax on profits derived from such business. The Group's PRC subsidiaries engaged in qualifying agricultural business, which include growing, processing and selling of vegetables, are entitled to full exemption of corporate income tax.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

5. DISCONTINUED OPERATIONS

During the six months ended 30 June 2015, the Group completed its disposal of the entire interest in Trade Leader Investment Limited ("Trade Leader"), a wholly owned subsidiary of the Company, to Supremacy Global Holdings Limited at a cash consideration of HK\$2,000,000. The principal activity of Trade Leader was the selling of vegetables. Also, the Company entered into the agreement with Kenyield Enterprises Limited, an independent third party, pursuant to which the Company has conditionally agreed to sell 100% of the issued share capital of Trade Rise Holdings Limited, a wholly owned subsidiary of the Company, at a cash consideration of HK\$6,000,000, which will be satisfied upon the completion of the disposal. Accordingly, all assets and liabilities attributable to Trade Rise Holdings Limited and its subsidiaries ("Disposal Group") have been classified as a disposal group held for sale and are presented separately in the condensed consolidated statement of financial position as at 30 June 2015. The Disposal Group and the results of Trade Leader have been presented as a discontinued operation in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2015.

Accordingly, the comparative figures have been represented in accordance with HKFRS 5 "Non-Current Asset Held for Sales and Discontinued Operations" issued by HKICPA.

(a) Analysis of the results of discontinued operations is as follows:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Represented)
Revenue	43,016	54,576
Cost of goods sold	(33,825)	(48,676)
Gross profit	9,191	5,900
Other income	873	619
(Loss)/gain arising from changes in fair value less costs to sell of biological assets	(1,005)	510
Selling and distribution expenses	(8,954)	(8,386)
Administrative and other operating expenses	(5,369)	(6,042)
Finance costs	(85)	(8)
Loss before tax	(5,349)	(7,407)
Income tax expense	–	–
Loss after tax	(5,349)	(7,407)
Gain on disposal of a subsidiary	2,000	–
Loss for the period from discontinued operations attributable to equity holders of the Company	(3,349)	(7,407)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

For the six months ended 30 June 2015

5. DISCONTINUED OPERATIONS (CONTINUED)

(b) Analysis of expenses of discontinued operation is as follows:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Represented)
Depreciation of property, plant and equipment	590	822
Impairment of other receivables	–	69

6. SEGMENT REPORTING

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

(a) Business segments

The senior management considered that over 90% of the Group's revenue, operating results and assets for both six months ended 30 June 2015 and 2014 were mainly derived from its growing, processing and trading of agricultural produce. Consequently, no operating segment analysis is presented.

(b) Geographical information

Revenue from external customers, based on locations of customers, attributable to the Group by geographical areas is as follows:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Represented)
<i>Continuing operations</i>		
Revenue		
– Hong Kong	7,023	17,743
– Mainland China	25,408	20,359
	32,431	38,102

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

For the six months ended 30 June 2015

6. SEGMENT REPORTING (CONTINUED)

(b) Geographical information (continued)

An analysis of the Group's non-current assets by their geographical location is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Property, plant and equipment		
– Hong Kong	1,644	1,153
– Mainland China	92,738	138,470
Construction in progress		
– Mainland China	–	2,736
	94,382	142,359

7. DIVIDEND

No dividend was paid, declared or proposed during the current reporting period. The Directors do not recommend the payment of an interim dividend.

8. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Represented)
Loss attributable to equity holders of the Company		
– Continuing operations	(87,553)	(23,753)
– Discontinued operations	(3,349)	(7,407)
	(90,902)	(31,160)

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

For the six months ended 30 June 2015

8. LOSS PER SHARE (CONTINUED)

	2015 Number of shares '000	2014 Number of shares '000
As at 1 January	3,792,011	1,933,261
Issue of shares upon conversion of preference shares	–	502,612
Issue of shares under placement of shares	711,232	31,623
Issue of shares upon conversion of convertible bonds	16,957	–
Weighted average number of ordinary shares in issue	4,520,200	2,467,496

The computation of diluted loss per share for six months ended 30 June 2015 and 2014 does not assume the conversion of the Company's preference shares and convertible bonds, and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share. Therefore, the basic and diluted loss per share are the same.

9. TRADE AND OTHER RECEIVABLES

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Trade receivables	6,981	9,339
Impairment	(370)	(1,960)
Other receivables	6,611	7,379
Impairment	9,020 (336)	8,704 (7,545)
Deposits and prepayments	8,684	1,159
	71,148	4,317
	86,443	12,855

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

For the six months ended 30 June 2015

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

The average credit period on sales of goods is 60 days. The aged analysis of trade receivables, presented based on the invoice date at the end of the reporting period, is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Current	5,173	6,496
61–120 days	599	610
Over 120 days	839	273
	6,611	7,379

10. TRADE AND OTHER PAYABLES

Trade payables principally comprise amounts outstanding for trade purchases and have an average credit period of 1 month. The aged analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
0–60 days	12,853	10,158
61–120 days	8,144	8,820
Over 120 days	5,461	4,759
	26,458	23,737

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
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For the six months ended 30 June 2015

11. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
3-year bank loan of RMB15,000,000 (2014: RMB11,000,000 – fully repayable in 2016 (note (a)))	18,738	13,727
1-year bank loan of RMB10,000,000 – fully repayable in February 2015 (note (b))	–	12,479
Revolving bank loan of RMB24,855,000 (2014: RMB22,530,000) (note (c))	31,049	28,115
Other loan, unsecured (note(d))	1,347	1,345
Other loan from an independent third party, unsecured (note (e))	6,000	7,500
	57,134	63,166
Less: current portion	(57,134)	(63,166)
Non-current portion	–	–

The borrowings are repayable as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
On demand or within one year	57,134	49,439
More than one year, but not exceeding two years	–	13,727
More than two years, but not exceeding five years	–	–
	57,134	63,166

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

11. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

- (a) The bank loan is guaranteed by an ex-director of the Company. The loan interest was charged at prevailing rate quoted by the People's Bank of China plus 20% to 25% of prevailing rate per annum and repayable within three years.
- (b) The bank loan is unsecured. The loan interest was charged at prevailing rate quoted by the People's Bank of China plus 15% of prevailing rate per annum.
- (c) The bank loan is secured by several Group's properties and is guaranteed by an ex-director of the Company. The loan interest was charged at prime rate plus 15% to 40% of prime rate per annum.
- (d) Other loan is unsecured, interest-free and has no fixed term of repayment.
- (e) Other loan from an independent third party is unsecured, interest is charged at 2% per month and repayable by instalments.

12. SHARE CAPITAL

Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Authorised:		
150,000,000,000 (31 December 2014:150,000,000,000) ordinary shares of HK\$0.01 each	1,500,000	1,500,000
10,000,000,000 (31 December 2014:10,000,000,000) preference shares at HK\$0.01 each	100,000	100,000
Issued and fully paid:		
5,391,887,073 (31 December 2014: 3,792,010,613) ordinary shares of HK\$0.01 each	53,919	37,920
3,030,000 (31 December 2014:3,030,000) preference shares of HK\$0.01 each (a)	30	30

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

For the six months ended 30 June 2015

12. SHARE CAPITAL (CONTINUED)

A summary of the transactions during the current period with reference to the movements in the Company's issued ordinary share capital is as follows:

	Notes	No. of shares	Amount HK\$'000
At 31 December 2014 and 1 January 2015 (audited)		3,792,010,613	37,920
Issue of shares under placement	(b)	500,000,000	5,000
Issue of shares under placement	(c)	863,017,507	8,630
Conversion of convertible bonds	(d)	92,307,692	923
Exercise of share options	(e)	144,551,261	1,446
At 30 June 2015 (unaudited)		5,391,887,073	53,919

- (a) The preference shares are non-redeemable with par value of HK\$0.01 each credited as fully paid up are issued and allotted to vendors as part of the considerations for the acquisitions occurred in 2012. According to the terms of the preference share policy, one preference share is eligible to convert into one new ordinary share any time no earlier than one year from the date of issue.
- (b) On 19 January 2015, the Company entered into a share subscription agreement with not less than six placees, who are independent third parties, to allot and issue 506,557,866 new ordinary shares of the Company (the "Shares") at the subscription price of HK\$0.071 per share, representing a discount of approximately 19.32% to the closing price of HK\$0.088 per share on that day. The new Shares were issued under the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 3 June 2014. The 500,000,000 new Shares of HK\$0.071 each, credited as fully paid, were allotted and issued to the subscriber on 4 February 2015 with net proceeds of approximately HK\$34.65 million, representing in net issue price of approximately HK\$0.069 per subscription share, for general working capital and future business development of the Group.
- (c) On 13 April 2015, the Company entered into a share subscription agreement with an independent third party, Mr. Lin Yuhao, to allot and issue 863,017,507 new ordinary shares of the Company (the "Shares") at the subscription price of HK\$0.0833 per share, representing a discount of approximately 19.9% to the closing price of HK\$0.104 per share on that day. The new Shares were issued under the general mandate granted to the Directors by the Shareholders at the special general meeting held on 24 March 2015. The 863,017,507 new Shares of HK\$0.0833 each, credited as fully paid, were allotted and issued to the subscriber on 27 April 2015 with net proceeds of approximately HK\$71.8 million, representing in net issue price of approximately HK\$0.0832 per subscription share, for general working capital and future business development of the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

12. SHARE CAPITAL (CONTINUED)

- (d) During the six months ended 30 June 2015, certain convertible bonds with an aggregate principal amount of HK\$12,000,000 were converted into 92,307,692 ordinary shares of the Company as set out as below:
- i. On 6 March 2015, convertible bonds with aggregate principle amount of HK\$3,000,000 were converted into 23,076,923 ordinary shares of the Company at a conversion price of HK\$0.13 each.
 - ii. On 15 June 2015, convertible bonds with aggregate principle amount of HK\$3,000,000 were converted into 23,076,923 ordinary shares of the Company at a conversion price of HK\$0.13 each.
 - iii. On 30 June 2015, convertible bonds with aggregate principle amount of HK\$6,000,000 were converted into 46,153,846 ordinary shares of the Company at a conversion price of HK\$0.13 each.
- (e) On 15 June 2015, share options were exercised to subscribe for 144,551,261 ordinary shares in the company at a consideration of HK\$15,033,032 of which HK\$1,445,513 was credited to share capital and the balance of HK\$13,587,519 was credited to the share premium account. Amounts of approximately HK\$8,654,000 has been transferred from the share options reserve to the share premium account in accordance with policy set out in note 1.

13. CONVERTIBLE BONDS

Pursuant to the announcement of the company dated 25 March 2014, all conditions precedent under the subscription agreement dated 22 January 2014 has been fulfilled and convertible bonds with aggregate principal amount of HK\$30,000,000 were issued with conversion price of HK\$0.13 per share to a connected party on 25 March 2014 (the "Issue Date").

The convertible bonds are denominated in Hong Kong dollars and carry an interest rate of 1% per annum. The holders of the convertible bonds are entitled to convert the bonds into 230,769,230 ordinary shares of the Company ("Conversion Shares") at initial conversion price of HK\$0.13 at any time from the Issue Date to the maturity date. The Conversion Shares shall rank pari passu in all respects with all other existing shares outstanding at the date of the conversion.

During the reporting period, the portion of convertible bonds with nominal value of HK\$12,000,000 have been converted, at a conversion price of HK\$0.13 per share, into 92,307,692 ordinary shares of the Company. The outstanding amount is repayable on 24 March 2020 (the "Maturity Date"). If the amount has not been converted up to the Maturity Date, the holders can request the Company to redeem the outstanding convertible bonds at principal amount.

The convertible bonds contain two components, liability component and equity component. At initial recognition, the fair value of liability of approximately HK\$19,966,928 was recognised with the residual value of approximately HK\$10,033,072, representing equity component, presented in equity heading "convertible bonds reserve".

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

For the six months ended 30 June 2015

13. CONVERTIBLE BONDS (CONTINUED)

Transaction costs relating to the liability component of approximately HK\$196,282 are included in the carrying amount of the liability portion.

The effective interest rate of the liability component is 8.34% per annum.

During the reporting period, interest charged on the convertible bonds of approximately HK\$759,575 was debited to profit or loss.

The convertible bonds have been split as to their liability and equity components as follows:

	Convertible bonds		Total HK\$'000
	Liability component HK\$'000	Equity component HK\$'000	
At 1 January 2014 (audited)	–	–	–
Issued during the year	19,967	10,033	30,000
Direct transaction costs	(196)	(99)	(295)
Finance cost paid	(232)	–	(232)
Imputed interest expense	1,297	–	1,297
At 31 December 2014 and 1 January 2015 (audited)	20,836	9,934	30,770
Conversion into shares during the period	(8,553)	(3,973)	(12,526)
Finance cost paid	(137)	–	(137)
Imputed interest expense	760	–	760
At 30 June 2015	12,906	5,961	18,867

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

14. SHARE-BASED PAYMENT TRANSACTIONS

A share option scheme (the "Scheme") was adopted pursuant to a resolution passed at the annual general meeting of the Company held on 6 June 2013 ("Adoption Date") for the primary purpose of providing incentives or rewards to selected participants. Under the Scheme, the Company may grant options to any participant of certain defined categories. Saved as determined by the Directors and provided in the offer of the grant of the relevant option, there is no performance target requirement which must be achieved before the option can be exercised but the participant must remain in the categories upon exercise.

The total number of shares in respect of which options may be granted under the Scheme must not exceed 10% of the shares of the Company in issue as at the Adoption Date. The total number of shares issued and to be issued upon exercise of the options granted to a participant in any 12-month period must not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of the individual limit must be subject to shareholders' approval.

The option price is determined by the Board of Directors in its absolute discretion which, in any event, shall be at least the higher of (a) the closing price of the shares on the offer date; (b) the average closing price of the shares for the five business days immediately preceding the offer date; and (c) the nominal amount for the time being of each share.

The number of share options and their weighted average exercise price for the reporting periods presented are as follows:

	2015		2014	
	No. of share options	Weighted average exercise price HK\$	No. of share options	Weighted average exercise price HK\$
Outstanding at 1 January	–	–	–	–
Granted during the period	192,551,261	0.104	–	–
Exercised during the period	(144,551,261)	0.104	–	–
Outstanding at 30 June	48,000,000	0.104	–	–
Exercisable at 30 June	48,000,000	0.104	–	–

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

For the six months ended 30 June 2015

14. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The fair value of share options is determined at the date of grant under Binominal Option Pricing Model by an independent valuer and the following assumptions were used to calculate the fair value of share options:

Date of grant	Option value	Exercise price	Risk-free Interest rate	Expected volatility	Dividend yield	Life of options
13 April 2015	HK\$0.06	HK\$0.104	1.49%	65%	Nil	10 years

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

15. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments for acquisitions of property, plant and equipment:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Capital expenditure contracted for but not provided for	1,203	1,609

16. SUBSEQUENT EVENT

On 26 May 2015, First Novel Limited (“First Novel”), a wholly-owned subsidiary of the Company entered into an agreement with Kenyield Enterprises Limited (“Kenyield”) pursuant to which First Novel has agreed to sell to Kenyield the entire interest in Trade Rise Holdings Limited and its subsidiaries (the “Target Group”) at the total consideration of HK\$6,000,000 in cash (the “Disposal”). The Target Group is principally engaged in cultivating and trading of agricultural produce. Further details of the Disposal are disclosed in the Company’s announcements dated 26 May 2015 and 19 June 2015 and the Company’s circular dated 14 July 2015 and note 5 to the interim condensed consolidated financial statement. The transaction is completed on 14 August 2015.

On 7 June 2015, Robust Canton Limited (“Robust Canton”), a wholly-owned subsidiary of the Company entered into an agreement with Ms. You Xia, an independent third party (“You Xia”), pursuant to which Robust Canton has agreed to acquire the entire issued share capital in Elite One International Holdings Limited (“Elite One”) at the total consideration of HK\$37.5 million, of which approximately HK\$31.25 million will be settled by cash and HK\$6.25 million shall be settled by issue of the promissory notes (“Elite One Acquisition”). The principal activity of Elite One is investment holding. Further details of the Elite One Acquisition are disclosed in the Company’s announcements dated 7 June 2015 and 7 August 2015. Up to the date these condensed consolidated financial statements were authorised for issue, the Elite One Acquisition is still under progress.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

16. SUBSEQUENT EVENT (CONTINUED)

On 30 June 2015, the Company entered into the Subscription Agreement with Shenzhen Qianhai Zhongjin Institute of International Education Limited (“Zhongjin”) pursuant to which Zhongjin has agreed to subscribe for the Convertible Bonds in the aggregate principal amount of HK\$463 million upon written request from the Company at any time within the first anniversary of the date of the Subscription Agreement. The proposed convertible bonds are interest-free with maturity date falling on the third anniversary of the date of issue. The proceeds from the proposed bonds would be utilised as the general working capital of the Group.

On 3 July 2015, the Company has offered share options (the “Options”), subject to acceptance of the grantees (“Grantees”), to certain eligible persons under the share option scheme of the Company adopted on 6 June 2013, to subscribe for a total of 517,810,504 ordinary shares of HK\$0.01 each of the Company. Among the 517,810,504 Options, a total of 80,051,327 Options were granted to the Directors and their associates (within the meaning under the Listing Rules) and a total 437,759,177 Options were granted to other eligible participants of the Company and its subsidiaries.

On 15 July 2015, Trade Zone Global Limited (“Trade Zone”), a wholly-owned subsidiary of the Company entered into an agreement with Excessive Best Investment Enterprise Limited (“Excessive Best”), pursuant to which Trade Zone has agreed to acquire the entire issued share capital in Rise Glorious Investment Development Limited (“Rise Glorious”) at the total consideration of HK\$250 million, which shall be settled by issuing of the convertible notes with an initial conversion price of HK\$0.29 per share, subject to adjustment (“Rise Glorious Acquisition”). The principal activity of Rise Glorious is investment holding. Further details of the Rise Glorious Acquisition are disclosed in the Company’s announcements dated 15 July 2015. Up to the date these condensed consolidated financial statements were authorised for issue, the Rise Glorious Acquisition is still under progress.

On 29 July 2015, the Company has entered into the Placing Agreement (the “Placing”) with a Placing Agent, Kam Fai Securities Company Limited, pursuant to which the Placing Agent has agreed to place to independent placees for up to 173,552,043 new shares at a price of HK\$0.378 per share, for and on behalf of the Company. The maximum number of 173,552,043 shares represents approximately 3.14% of the entire issued share capital of the Company of 5,530,348,611 shares as at the date of the announcement on 29 July 2015 and approximately 3.04% of the Company’s entire issued share capital as enlarged by the Placing. The net proceeds from the Placing of approximately HK\$64.87 million will be used for general working capital and future business development of the Group. The transaction has been completed on 14 August 2015 and all the Placing Shares were allotted to Wang Yi, an independent third party.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

For the six months ended 30 June 2015

17. MATERIAL RELATED PARTY TRANSACTIONS

- (a) In the last financial period, the Group had the following significant related party transactions with a related party:

	Note	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Sales of agricultural products to a related company	(i)	–	218

- (i) The sale of agricultural products to a related company was made at prices and conditions with reference to those offered to major customers of the Group.

(b) Compensation of key management personnel

Remuneration of key management personnel, including amounts paid to the Company's directors, is as follows:

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Salaries and other short-term employee benefits	2,987	2,897
Retirement scheme contributions	61	32
Share-based payments	7,789	–
	10,837	2,929

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Long positions in the shares of the Company:

Name	Capacity/ Nature of interest	Number of shares held	Approximate percentage of shareholding in the issued share capital of the Company as at 30 June 2015
Yau Yik Ming Leao	Interest of controlled corporation and beneficial owner	193,000,000 (Note 1)	3.58%
Tsang King Sun	Beneficial owner	20,000,000	0.37%

Note:

- 150,000,000 shares were held by Asiacorp International Holdings Ltd, which is wholly and beneficially owned by Mr. Yau Yik Ming Leao, executive Director.

Save as disclosed above, as at 30 June 2015, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of Directors of the Company during the Reporting Period and up to the date of this report are as follows:

Name of directors	Particulars	Effective date
Mr. YAU Yik Ming Leao	Appointment as Chief Executive Officer	2 January 2015
Mr. LI Shaohua	Appointment as independent non-executive Director	2 January 2015
Ms. DIAO Hong	Appointment as independent non-executive Director	2 January 2015
Mr. WU Wai Chung, Michael	Resignation as Chairman and independent non-executive Director	2 January 2015
Mr. YUEN Wai Chung	Resignation as executive Director and Chief Executive Officer	2 January 2015
Mr. XU Bin	Appointment as executive Director	10 April 2015
Mr. YANG Jianzun	Resignation as executive Director	10 April 2015
Mr. CHAN Loong Sang, Tommy	Resignation as independent non-executive Director	10 April 2015

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors and chief executives of the Company, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions in the shares and underlying shares of the Company:

Name of shareholder	Capacity	Class of shares	Number of shares held	Percentage of shareholding in class
Sino Richest Investment Holdings Limited (Note 1)	Beneficial owner	Ordinary shares	863,017,507	16.01%
Lin Yuhao (Note 1)	Interest of controlled corporation	Ordinary shares	863,017,507	16.01%

Note:

- Sino Richest Investment Holdings Limited is wholly beneficially owned by Mr. Lin Yuhao.

Save as disclosed above, the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as at 30 June 2015.

OTHER INFORMATION

SHARE OPTION SCHEME

On 6 June 2013, the Company adopted a new share option scheme (the "Scheme") under which the Board may, at its discretion, grant options to eligible participants under the Scheme. On 25 April 2013, listing approval was granted by the Stock Exchange in respect of the Scheme. The Board is able to grant options under the Scheme carrying the right to subscribe for a maximum of 192,551,261 shares. On 13 April 2015, share options to subscribe for a total of 192,551,261 shares were granted to the directors and other eligible participants.

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 12 June 2015, the share option mandate limit was refreshed pursuant to which the Company was authorised to grant share options to subscribe for up to a maximum number of 517,810,504 shares.

Movements of the share options, which were granted under the Scheme, during the reporting period are set out below:

Category of participant	Number of Share Options			Outstanding at 30 June 2015	Date of grant	Share options duration	Exercise Price
	Outstanding at 1 January 2015	Granted during the Reporting Period	Exercised during the Reporting Period				
Directors	Nil	102,775,631	102,775,631	Nil	13 April 2015	13 April 2015 to 12 April 2025	HK\$0.104
Other eligible participants	Nil	89,775,630	41,775,630	48,000,000	13 April 2015	13 April 2015 to 12 April 2025	HK\$0.104
Total	Nil	192,551,261	144,551,261	48,000,000			

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the Scheme are disclosed in note 14 to the interim condensed consolidated financial statements.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the Model Code for the Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules (the "Model Code"). Based on specific enquiry of the Directors of the Company, all the Directors confirmed that they had complied with the required standards as set out in the Model Code during the Reporting Period.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining good corporate governance standard and practices with an emphasis on integrity, transparency and independence. The Board believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value.

The Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules.

After the resignation of Mr. WU Wai Chung, Michael as the Chairman of the Company on 2 January 2015, the Company has yet to elect a new Chairman of the Company. The daily operation and management of the Company are monitored by the executive Directors. Code Provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Further, Code Provision E.1.2 of CG Code stipulates that, inter alia, the chairman of the board should attend the annual general meeting and should be available to answer questions at the annual general meeting.

Mr. YAU Yik Ming Leao, being the Deputy Chairman of the Company, is responsible for the overall management of the Group as well as part of the duties of Chairman of the Board which constitutes a deviation from the Code Provisions A.2.1 to A.2.9 and E.1.2 of the CG Code since 2 January 2015.

As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

OTHER INFORMATION

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2015. At the request of the Board, the Company's external auditor, Elite Partners CPA Limited, has carried out a review of the unaudited interim financial statements in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

As at the date of this report, the Audit Committee comprises all independent non-executive Directors, namely, Ms. TANG Shui Man (Chairman), Mr. LI Shaohua and Ms. DIAO Hong.

CHANGE OF COMPANY NAME AND SECONDARY NAME

With effect from 17 July 2015, the Company name has been changed from "Cypress Jade Agricultural Holdings Limited" to "China Finance Investment Holdings Limited", and the secondary name of the Company from "從玉農業控股有限公司" to "中國金控投資集團有限公司". The Certificate of Incorporation of the Change of Name and the Certificate of Secondary Name dated 6 July 2015 were issued by the Bermuda Registry of Companies and the Certificate of Registration of Alteration of Name of non-Hong Kong Company dated 16 July 2015 was issued by the Registrar of Companies in Hong Kong. The stock short name of the Company has been change from "CYPRESS JADE" to "CHINA FIN INV" and the Chinese stock short name of the Company from "從玉農業" to "中國金控" with effect from 9:00 a.m. on 22 July 2015.

Details of the change of Company name are set out in the announcements of the Company dated 22 May 2015, 1 June 2015 and 17 July 2015 and the circular of the Company dated 2 June 2015.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express gratitude to our employees for their contribution and dedication to the Group, and our shareholders, customers and business partners for their continuous support.

On behalf of the Board
China Finance Investment Holdings Limited
YAU Yik Ming Leao
Executive Director

Hong Kong, 24 August 2015