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website: <http://www.irasia.com/listco/hk/greaterchina/index.htm>

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

### SUMMARY OF RESULTS

The Board (the “Board”) of Directors (the “Directors”) of Greater China Financial Holdings Limited (the “Company”) announced that the unaudited financial results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2017, together with the figures for the six months ended 30 June 2016 are as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	NOTES	Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	3	58,532	21,244
Cost of sales		(30,184)	–
Gross profit		28,348	21,244
Other income, gains and losses	4	88,488	(115,135)
Administrative and other operating expenses		(46,577)	(43,032)
Share of loss of associates		–	(32,302)
Impairment loss on interests in associates		–	(267,555)
Net loss on de-consolidation of subsidiaries		–	(323,208)
Finance costs		(7,712)	(7,142)
Profit (loss) before taxation		62,547	(767,130)
Income tax	5	(1,641)	(10,341)
<b>Profit (loss) for the period</b>	6	<b>60,906</b>	<b>(777,471)</b>

		<b>Six months ended 30 June</b>	
		<b>2017</b>	<b>2016</b>
	<i>NOTES</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Other comprehensive income (expense), net of tax</b>			
<b><i>Items that may be reclassified</i></b>			
<b><i>subsequently to profit or loss:</i></b>			
Exchange differences on translation of foreign operations		<b>3,702</b>	(3,393)
Reclassification adjustment relating to			
foreign operation de-consolidated during the period		–	3,655
Share of other comprehensive expense of associates		–	(2,144)
Change in fair value of available-for-sale			
financial assets		<u>(17,591)</u>	<u>(101,291)</u>
Other comprehensive expenses for the period		<u>(13,889)</u>	<u>(103,173)</u>
<b>Total comprehensive income (expense) for the period</b>		<b><u>47,017</u></b>	<b><u>(880,644)</u></b>
<b>Profit (loss) for the period attributable to:</b>			
Owners of the Company		<b>60,966</b>	(777,471)
Non-controlling interests		<u>(60)</u>	<u>–</u>
		<b><u>60,906</u></b>	<b><u>(777,471)</u></b>
<b>Total comprehensive income (expense)</b>			
<b>for the period attributable to:</b>			
Owners of the Company		<b>47,077</b>	(880,644)
Non-controlling interests		<u>(60)</u>	<u>–</u>
		<b><u>47,017</u></b>	<b><u>(880,644)</u></b>
		<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
			<b>(Restated)</b>
<b>Earnings (loss) per share</b>			
– Basic	8	<u>1.15</u>	<u>(20.79)</u>
– Diluted		<u>1.13</u>	<u>(20.79)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2017**

	<i>NOTES</i>	<b>30.6.2017</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2016 <i>HK\$'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		<b>111,852</b>	113,916
Prepaid lease payments		<b>23,675</b>	23,288
Goodwill	<i>9</i>	<b>123,612</b>	123,612
Intangible assets	<i>10</i>	<b>11,055</b>	11,274
Interests in associates	<i>11</i>	–	–
Available-for-sale financial assets		<b>24,388</b>	41,724
Financial assets at fair value through profit or loss		<b>20,710</b>	–
Contingent consideration receivable		<b>8,528</b>	15,102
Deposits		<b>3,325</b>	3,325
		<hr/> <b>327,145</b> <hr/>	<hr/> 332,241 <hr/>
<b>Current assets</b>			
Loans and interests receivables	<i>12</i>	<b>79,143</b>	37,061
Trade and other receivables	<i>13</i>	<b>15,492</b>	31,379
Prepaid lease payments		<b>728</b>	706
Contingent consideration receivable		<b>2,421</b>	–
Prepayments and deposits		<b>7,094</b>	3,573
Available-for-sale financial assets		–	16,751
Tax receivables		<b>1</b>	2
Cash held on behalf of clients		<b>22,154</b>	15,746
Pledged bank deposits		–	27,918
Bank balances and cash		<b>486,525</b>	240,969
		<hr/> <b>613,558</b> <hr/>	<hr/> 374,105 <hr/>
<b>Current liabilities</b>			
Trade payables, other payables and accruals	<i>14</i>	<b>45,245</b>	44,507
Deferred consideration		<b>7,813</b>	96,595
Borrowings		<b>29,382</b>	57,231
Tax payables		<b>1,440</b>	822
		<hr/> <b>83,880</b> <hr/>	<hr/> 199,155 <hr/>
<b>Net current assets</b>		<hr/> <b>529,678</b> <hr/>	<hr/> 174,950 <hr/>
<b>Total assets less current liabilities</b>		<hr/> <b>856,823</b> <hr/>	<hr/> 507,191 <hr/>

		<b>30.6.2017</b>	31.12.2016
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(audited)
<b>Non-current liabilities</b>			
Deferred consideration		<b>18,258</b>	24,283
Convertible notes		<b>5,359</b>	5,070
Borrowings		<b>95,098</b>	55,835
		<u><b>118,715</b></u>	<u>85,188</u>
<b>Net assets</b>		<u><b>738,108</b></u>	<u>422,003</u>
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>6,864</b>	4,380
Reserves		<b>730,528</b>	416,847
		<u><b>737,392</b></u>	<u>421,227</u>
Equity attributable to owners of the Company		<b>716</b>	776
Non-controlling interests		<u><b>738,108</b></u>	<u>422,003</u>
<b>Total equity</b>		<u><b>738,108</b></u>	<u>422,003</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30 JUNE 2017

### 1. BASIS OF PREPARATION

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle relating to Amendments to HKFRS 12 Disclosure of Interests in Other Entities

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements but additional disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 December 2017.

#### New and revised HKFRSs issued but not yet effective

The Group has not applied the following new and revised HKFRSs, those have been issued but are not yet effective, in these interim financial statements:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle except amendments to HKFRS 12 <sup>1</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of these new or revised standards, amendments will have no material impact on the condensed consolidated financial statements.

### 3. SEGMENT INFORMATION

The Group's operations are organised into securities brokerage, asset management, insurance brokerage, loan financing, industrial property development business and general trading. Information reported to the chief operating decision maker ("CODM") for the purpose of resources allocation and assessment of segment performance is prepared on such basis. The Group is organised into the following reportable and operating segments:

- Industrial property development business segment represents the operation of warehouse in the People's Republic of China (the "PRC").
- General trading segment includes trading of consumable goods in the PRC.
- Loan financing segment represents the provision of loan financing, loan referral and consultancy services in Hong Kong and the PRC.
- Securities brokerage segment represents the operation of securities brokerage, margin financing, underwriting and placements in Hong Kong.
- Asset management segment engages in the provision of asset management services in Hong Kong.
- Insurance brokerage segment represents the provision of the insurance brokerage and agency services in Hong Kong.

#### Segment revenue and results

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

#### For the six months ended 30 June 2017 (unaudited)

	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Securities brokerage <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Insurance brokerage <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE	1,990	30,894	14,254	2,218	4	9,172	58,532
SEGMENT RESULTS	(6,433)	701	9,293	(377)	–	(991)	2,193
Unallocated corporate income							2,542
Unallocated corporate expenses							(22,569)
Unallocated finance costs							(3,384)
Compensation received							20,297
De-recognition of deferred consideration							67,901
Fair value change on contingent consideration receivable							(4,153)
Fair value change on financial assets at fair value through profit or loss							709
Share-based payment expenses							(989)
Profit before tax							62,547
Income tax							(1,641)
Profit for the period							<u>60,906</u>

For the six months ended 30 June 2016 (unaudited)

	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Securities brokerage <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Insurance brokerage <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE	<u>6,176</u>	<u>–</u>	<u>13,558</u>	<u>1,002</u>	<u>4</u>	<u>504</u>	<u>21,244</u>
SEGMENT RESULTS	<u>1</u>	<u>(263)</u>	<u>10,298</u>	<u>(451)</u>	<u>1</u>	<u>(1,298)</u>	<u>8,288</u>
Unallocated corporate income							30
Unallocated corporate expenses							(30,067)
Unallocated finance costs							(2,796)
Fair value change on contingent consideration – convertible notes							(19,688)
Net loss on de-consolidation of subsidiaries							(323,208)
Impairment loss on interests in associates							(267,555)
Share of loss of associates							(32,302)
Share-based payment expenses							(5,629)
Impairment loss on the amounts due from the de-consolidated subsidiaries							<u>(94,203)</u>
Loss before tax							(767,130)
Income tax							<u>(10,341)</u>
Loss for the period							<u><u>(777,471)</u></u>

All of the segment revenue reported above is from external customers.

## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments.

At 30 June 2017 (unaudited)

	Industrial property development	General trading	Loan financing	Securities brokerage	Asset management	Insurance brokerage	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>ASSETS</b>							
Segment assets	153,916	11,778	191,117	38,846	206	4,652	400,515
Unallocated bank balances and cash							345,213
Unallocated property, plant and equipment							9,021
Unallocated other receivables, prepayments and deposits							6,295
Unallocated goodwill							123,612
Unallocated available-for-sale financial assets							24,388
Unallocated financial assets at fair value through profit or loss							20,710
Unallocated contingent consideration receivable							10,949
							<hr/>
Consolidated total assets							<u>940,703</u>
<b>LIABILITIES</b>							
Segment liabilities	67,757	124	77,883	23,432	-	767	169,963
Unallocated other payables and accruals							1,202
Unallocated convertible notes							5,359
Unallocated deferred consideration							26,071
							<hr/>
Consolidated total liabilities							<u>202,595</u>



At 31 December 2016 (audited)

	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Securities brokerage <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Insurance brokerage <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>ASSETS</b>							
Segment assets	165,975	23,731	143,297	33,057	236	3,290	369,586
Unallocated bank balances and cash							151,805
Unallocated property, plant and equipment							10,414
Unallocated other receivables, prepayments and deposits							5,171
Unallocated goodwill							123,612
Unallocated available-for-sale financial assets							30,656
Unallocated contingent consideration receivable							15,102
Consolidated total assets							<u>706,346</u>
<b>LIABILITIES</b>							
Segment liabilities	100,792	66	38,065	17,295	–	1,032	157,250
Unallocated other payables and accruals							1,145
Unallocated convertible notes							5,070
Unallocated deferred consideration							120,878
Consolidated total liabilities							<u>284,343</u>

**4. OTHER INCOME, GAINS AND LOSSES**

	<b>For the six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Compensation received ( <i>Note a</i> )	<b>20,297</b>	–
De-recognition of deferred consideration ( <i>Note b</i> )	<b>67,901</b>	–
Fair value change on financial assets at fair value through profit or loss	<b>709</b>	–
Fair value change on contingent consideration	<b>(4,153)</b>	(19,688)
Gain on disposal of assets classified as held for sale	–	1,952
Handling fee income	<b>114</b>	92
Impairment loss on amounts due from de-consolidated subsidiaries	–	(94,203)
Interest income	<b>3,560</b>	1,175
Net foreign exchange gain (loss)	<b>32</b>	(42)
Share-based payment expenses	<b>(989)</b>	(5,629)
Sundry income	<b>1,017</b>	1,208
	<u><b>88,488</b></u>	<u>(115,135)</u>

Notes:

- (a) Compensation received represented the compensation received from the vendor in respect of the acquisition of 45% of issued capital of Intraday Financial Information Service Limited (“Intraday”) according to the terms of Sales and Purchase Agreement dated 15 April 2015 as Intraday was not able to achieve the Performance Target as specified in the Sales and Purchase Agreement.
- (b) According to the audited consolidated financial statements of Oriental Credit Holdings Limited and its subsidiaries (“Oriental Group”) for the year ended 31 December 2016 issued on 20 March 2017, the Oriental Group made a loss for the financial year ended 31 December 2016. Based on the terms of the sales and purchase agreement for the acquisition, the deferred consideration ceased to become payable and, accordingly, the Group has derecognised the deferred consideration at the carrying amount of HK\$67,901,000 and it was recognised as other income in the profit or loss for the period.

5. INCOME TAX

	For the six months ended	
	30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income Tax	1,641	8,810
Hong Kong Profits Tax	–	1,531
	<u>1,641</u>	<u>10,341</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2016 and 2017. No provision for Hong Kong Profits Tax has been made as its subsidiaries in Hong Kong incurred tax loss for the six months ended 30 June 2017.

Pursuant to the enterprise income tax rules and regulations of the PRC, the provision for PRC Enterprise Income Tax is calculated at applicable rates of 25% based on estimated taxable profit with certain tax concession, based on existing legislation, interpretation and practices.

## 6. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging the following items:

	For the six months ended	
	30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Amortisation of prepaid lease payments	358	375
Amortisation of intangible assets	556	–
Depreciation of property, plant and equipment	5,345	5,834
Legal and professional fee	1,778	7,181
Staff costs including directors' emoluments	12,674	12,963

## 7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

## 8. EARNINGS (LOSS) PER SHARE

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

	For the six months ended	
	30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
<b>Earnings (loss)</b>		
Earnings (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	60,966	(777,471)
Effect of dilutive potential ordinary shares: Interest on convertible notes (net of tax)	(295)	–
Earnings (loss) for the purpose of diluted earnings (loss) per share	60,671	(777,471)
	'000	'000
		(Restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	5,317,246	3,738,794
Effect of dilutive potential ordinary shares:		
– Share options	17,161	–
– Convertible notes	31,851	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	5,366,258	3,738,794

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for open offer that took place on 21 June 2017. Comparative figures for the weighted average number of ordinary shares for the six months period ended 30 June 2016 have been adjusted retrospectively.

The calculation of basic earnings per share is based on the profit (loss) attributable to owners of the Company, and the weighted average number of shares approximately 5,317,246,000 ordinary shares (six months ended 2016: 3,738,794,000 (restated)) in issue.

The calculation of diluted earnings per share is based on the profit (loss) attributable to the owners of the Company, adjusted to reflect the interest on the convertible notes for the six months period ended 30 June 2017 (2016: nil).

The Company has dilutive potential ordinary shares which are the convertible notes and share option. The convertible notes are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect for the six months period ended 30 June 2017.

Diluted loss per share for the six months period ended 30 June 2016 did not assume the exercise of the share options during the period since the exercise would have an anti-dilutive effect. No adjustment was made in calculating diluted loss per share for the six months period ended 30 June 2016 as conversion of convertible notes would result in a decrease in loss per share. Accordingly, the diluted loss per share is same as the basic loss per share for the period.

## 9. GOODWILL

	<b>30.6.2017</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2016 <b>HK\$'000</b> (audited)
<b>Cost</b>		
Balance at beginning of the period/year	<b>123,612</b>	198,326
Acquisition of subsidiaries	–	121,282
De-consolidation of subsidiaries	–	(195,996)
	<hr/>	<hr/>
Balance at end of the period/year	<b>123,612</b>	123,612
<b>Impairment</b>		
Balance at beginning of the period/year	–	–
Impairment loss for the period/year	–	–
	<hr/>	<hr/>
Balance at end of the period/year	–	–
<b>Carrying amount</b>		
Balance at end of the period/year	<b>123,612</b>	123,612
	<hr/> <hr/>	<hr/> <hr/>

## 10. INTANGIBLE ASSETS

	Trading right <i>HK\$'000</i>	Information integration platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost</b>			
At 1 January 2016 (audited)	–	–	–
Acquired on acquisition of subsidiaries	500	10,904	11,404
Exchange realignment	–	(104)	(104)
	<hr/>	<hr/>	<hr/>
At 31 December 2016 and 1 January 2017 (audited)	500	10,800	11,300
Exchange realignment	–	348	348
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2017 (unaudited)</b>	<b>500</b>	<b>11,148</b>	<b>11,648</b>
	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment</b>			
At 1 January 2016 (audited)	–	–	–
Provided for the year	–	27	27
Exchange realignment	–	(1)	(1)
	<hr/>	<hr/>	<hr/>
At 31 December 2016 and 1 January 2017 (audited)	–	26	26
Provided for the period	–	556	556
Exchange realignment	–	11	11
	<hr/>	<hr/>	<hr/>
<b>At 30 June 2017 (unaudited)</b>	<b>–</b>	<b>593</b>	<b>593</b>
	<hr/>	<hr/>	<hr/>
<b>Carrying amounts</b>			
<b>At 30 June 2017 (unaudited)</b>	<b>500</b>	<b>10,555</b>	<b>11,055</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2016 (audited)	500	10,774	11,274
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 11. INTERESTS IN ASSOCIATES

	<b>30.6.2017</b> <b><i>HK\$'000</i></b> <b>(unaudited)</b>	31.12.2016 <i>HK\$'000</i> (audited)
Cost of investment in associates – unlisted	<b>372,075</b>	372,075
Accumulated share of post-acquisition loss and other comprehensive expense	<b>(104,665)</b>	(104,665)
Less: impairment loss	<b>(267,410)</b>	(267,410)
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>
	–	–

The following list contains only the particulars of associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name	Place of incorporation and operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of ownership interest attributable to the Company				Principal activities
			30.06.2017		31.12.2016		
			Directly	Indirectly	Directly	Indirectly	
Intraday Financial Information Service Limited ("Intraday Financial") (Note a)	British Virgin Islands ("BVI")	Ordinary US\$100	45%	–	45%	–	Investment holding
aBCD Enterprise Limited (Note a)	Hong Kong	Ordinary HK\$3	–	45%	–	45%	Investment holding
鼎泰潤和投資諮詢(上海)有限公司 Dintai Runhe Investment Consulting (Shanghai) Co., Ltd# ("Dingtai Runhe") (Note a)	PRC	Registered capital RMB31,000,000	–	45%	–	45%	Provision of consultancy service
上海當天金融信息服務有限公司 Shanghai Intraday Financial Information Service Limited# ("Shanghai Intraday") (Note a)	PRC	Registered capital RMB200,000,000	–	45%	–	45%	Operation of internet finance platform
上海融鈺融資租賃有限公司 Shanghai Rongyu Finance Lease Limited ("Shanghai Rongyu")	PRC	Registered capital RMB210,000,000	–	25%	–	25%	Provision of finance leasing service

# The English translation of Chinese name is for reference only and should not be regarded as its official English name.

Note:

- (a) The recoverable amount of the investment in Intraday Group has been determined based on a value-in-use calculation. To determine the recoverable amount of Intraday Group, the Group used pre-tax cash flow projection based on the financial budget approved by management covering a five-year period.

Interest in Intraday Group was fully impaired during the year ended 31 December 2016. During the period ended 30 June 2017, Intraday Group incurred a loss of HK\$327,000. Considering that there is no specific plan to revamp the business of Intraday Group, the directors of the Company is of the view that no reversal of the allowance for impairment should be made.

## 12. LOANS AND INTERESTS RECEIVABLES

	<b>30.6.2017</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2016 <i>HK\$'000</i> (audited)
Secured loans	<b>110,958</b>	82,619
Unsecured loans	<b>30,605</b>	16,862
	<b>141,563</b>	99,481
<i>Less: impairment allowances</i>	<b>(62,420)</b>	(62,420)
	<b>79,143</b>	37,061

An ageing analysis of the loans and interests receivables that are individually not considered to be impaired as at the end of the reporting period, based on payment due date, is as follows:

	<b>30.6.2017</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2016 <i>HK\$'000</i> (audited)
Neither past due nor individually impaired	<b>79,143</b>	25,980
Less than 1 month past due	–	11,081
1 to 3 months past due	–	–
3 to 6 months past due	–	–
6 months to less than 1 year past due	–	–
	<b>79,143</b>	37,061

The movements in impairment allowance of loans and interests receivables are as follows:

	<b>30.6.2017</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2016 <i>HK\$'000</i> (audited)
Balance at beginning of the period/year	<b>62,420</b>	3,633
Amounts recognised during the period/year	–	62,420
Amounts written off during the period/year as uncollectible	–	(3,633)
	<b>62,420</b>	62,420

### 13. TRADE AND OTHER RECEIVABLES

	30.6.2017 <i>HK\$'000</i> (unaudited)	31.12.2016 <i>HK\$'000</i> (audited)
<b>Trade receivables from:</b>		
Business of dealing in securities: <i>(Note a)</i>		
– Cash clients	1,936	349
– Margin clients	4,940	4,754
– Clearing houses and brokers	–	1,513
Consultancy services	2,906	377
Insurance brokerage business <i>(Note b)</i>	481	1,173
Asset management business <i>(Note c)</i>	60	55
Warehouse storage business <i>(Note d)</i>	90	392
General trading <i>(Note e)</i>	–	6,388
	<u>10,413</u>	<u>15,001</u>
<i>Less: Impairment loss</i>	<u>(377)</u>	<u>(377)</u>
	<u>10,036</u>	<u>14,624</u>
<b>Other receivables</b>	<b>6,543</b>	17,804
<i>Less: Impairment loss</i>	<u>(1,087)</u>	<u>(1,049)</u>
	<u>5,456</u>	<u>16,755</u>
	<u><u>15,492</u></u>	<u><u>31,379</u></u>

*Notes:*

- (a) For the trade receivables from cash clients, it normally takes two days to settle after trade date of securities transactions. These outstanding unsettled trades due from clients are reported as trade receivables from clients.

Trade receivables from margin clients amounting to HK\$4,940,000 as at 30 June 2017 (31 December 2016: HK\$4,754,000) are secured by clients' pledged securities with fair value of HK\$11,392,000 as at 30 June 2017 (31 December 2016: HK\$12,989,000). Management has assessed the market value of the pledged securities of each individual customer who has margin shortfall regularly. No impairment allowance is considered necessary for the remaining margin loans based on the Group's evaluation of their collectability.

Trade receivables from margin clients arising from the securities brokerage business are repayable on demand subsequent to settlement date.

- (b) The normal settlement terms of trade receivables from product issuers arising from the provision of insurance brokerage services are mainly within 45 to 60 days upon the execution of the insurance policies and/or receipt of statements from product issuers.
- (c) Credit terms with customers of asset management are within 30 days or a credit period mutually agreed between the contracting parties.



(d) The Group allows an average credit period of 30 days to its warehouse tenants.

(e) The Group allows an average credit period of 30 days to its trade customers.

No ageing analysis of margin loans is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

An ageing analysis of the remaining balance of trade receivables net of impairment loss as at the end of the reporting period, based on the trade date, is as follows:

	<b>30.6.2017</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2016 <i>HK\$'000</i> (audited)
0 – 30 days	4,127	9,801
31 – 60 days	894	69
61 – 90 days	12	–
Over 90 days	63	–
	<u>5,096</u>	<u>9,870</u>

An ageing analysis of the remaining balance of trade receivables that are not individually nor collectively considered to be impaired is as follows:

	<b>30.6.2017</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2016 <i>HK\$'000</i> (audited)
Neither past due nor impaired	5,033	9,849
Less than 1 month past due	–	21
1 to 3 months past due	63	–
3 to 6 months past due	–	–
6 months to less than 1 year past due	–	–
	<u>5,096</u>	<u>9,870</u>

The movements in impairment loss on trade receivables are as follows:

	<b>30.6.2017</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2016 <i>HK\$'000</i> (audited)
Balance at beginning of the period/year	377	–
Amounts recognised during the period/year	–	377
	<u>377</u>	<u>377</u>

The movements in impairment loss on other receivables are as follows:

	<b>30.6.2017</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2016 <b>HK\$'000</b> (audited)
Balance at beginning of the period/year	1,049	614
Amounts recognised during the period/year	–	921
Amounts recovered during the period/year	–	(469)
Exchange realignment	38	(17)
	<hr/>	<hr/>
Balance at end of period/year	<b>1,087</b>	1,049
	<hr/> <hr/>	<hr/> <hr/>

#### 14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	<b>30.6.2017</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2016 <b>HK\$'000</b> (audited)
<b>Trade payables from:</b>		
Business of dealing in securities: <i>(Note a)</i>		
– Cash clients	18,607	14,960
– Margin clients	2,843	2,204
– Clearing house	1,655	–
Insurance brokerage business <i>(Note b)</i>	765	1,031
	<hr/>	<hr/>
	<b>23,870</b>	18,195
	<hr/>	<hr/>
<b>Other payable and accruals:</b>		
Accrued expenses	1,918	2,339
Deposits received	567	284
Receipts in advance	161	–
Other payables	18,729	23,689
	<hr/>	<hr/>
	<b>21,375</b>	26,312
	<hr/>	<hr/>
	<b>45,245</b>	44,507
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (a) Trade payables to securities brokerage clients represent the monies received from and repayable to brokerage clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

The majority of the trade payables balance are repayable on demand except for certain balances relating to margin deposits received from clients for their trading activities under the normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

The settlement terms of trade payables, except for margin clients, arising from the securities brokerage business are two days after trade date.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business.

- (b) Trade payables to consultants arising from provision of insurance brokerage service, are generally settled within 30 days to 120 days upon receipt of payments from product issuers by the Group.

An ageing analysis of trade payables from insurance brokerage business at the end of reporting period is as follows:

	<b>30.6.2017</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2016 <i>HK\$'000</i> (audited)
0-30 days	486	990
31-60 days	269	41
61-90 days	10	–
Over 90 days	–	–
	<u>765</u>	<u>1,031</u>

## 15. SHARE CAPITAL

	<b>Number of shares '000</b>	Nominal amount <i>HK\$'000</i>
<i>Authorised:</i>		
Ordinary shares of HK\$0.001 each At 1 January 2016, 30 June 2016, 1 January 2017 and 30 June 2017	<u>2,109,890,000</u>	<u>2,109,890</u>
Preference shares of HK\$0.001 each At 1 January 2016, 30 June 2016, 1 January 2017 and 30 June 2017	<u>110,000</u>	<u>110</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.001 each At 1 January 2016 and 30 June 2016	3,234,353	3,234
Conversion of convertible notes	498,990	499
Issue of new shares	452,810	453
Issue of shares upon acquisition of subsidiaries	194,061	194
At 31 December 2016 and 1 January 2017 (audited)	4,380,214	4,380
Exercise of share options ( <i>Note a</i> )	195,680	196
Issue of shares upon open offer ( <i>Note b</i> )	2,287,947	2,288
At 30 June 2017 (unaudited)	<u>6,863,841</u>	<u>6,864</u>

*Notes:*

- (a) During the six months ended 30 June 2017, upon the exercise of the share option at exercise price of HK\$0.232 per share, the Company allotted and issued 195,680,000 new shares of HK\$0.001.
- (b) On 21 June 2017, the Company allotted and issued 2,287,947,000 new shares of HK\$0.001 each at a subscription price of \$0.100 per share upon completion of the open offer.

## 16. RELATED PARTY DISCLOSURES

During the period, the Group had certain transactions with related parties. Details of these transactions for the six months ended 30 June 2017 and balances at 30 June 2017 with these related parties are as follows:

### Transactions with related parties

	30.06.2017 <i>HK\$'000</i> (unaudited)	30.06.2016 <i>HK\$'000</i> (unaudited)
Brokerage commission income ( <i>Note a</i> )	360	47
Consultancy fee income	3,732	–
Interest income	298	–
	<u>          </u>	<u>          </u>

### Balances with related parties

	30.06.2017 <i>HK\$'000</i> (unaudited)	31.12.2016 <i>HK\$'000</i> (audited)
<b>Assets</b>		
Trade receivables from the business of dealing in securities ( <i>Note b</i> )		
– Cash clients	3	–
Loans and interests receivables ( <i>Note c</i> )	5,987	–
	<u>          </u>	<u>          </u>
<b>Liabilities</b>		
Trade payables from the business of dealing in securities ( <i>Note d</i> )		
– Cash clients	15	–
– Margin clients	1	–
	<u>          </u>	<u>          </u>

#### Notes:

- (a) During the current period, the Group received commission income from a director of a subsidiary for providing securities broking services.
- (b) The above balances are repayable on demand and bear interest at commercial rates which are similar to the rates offered to third party clients.
- (c) The above balances are repayable from a non-controlling shareholder of a subsidiary of the Group within 12 months and bear interest at commercial rates which are similar to the rates to third party clients.
- (d) The above balance represents the monies received from and repayable to a director of the Group's subsidiary in respect of the trust and segregated bank balances received. Trade payables to related parties are set out at same terms as those normally offered third party clients.

### Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the period is HK\$4,250,000 (six months ended 30 June 2016: HK\$4,994,000).

## 17. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group:

	<b>30.6.2017</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2016 <i>HK\$'000</i> (audited)
Property, plant and equipment	<b>102,314</b>	102,883
Prepaid lease payments	<b>24,403</b>	23,994
Bank deposits	–	27,918
	<hr/> <b>126,717</b> <hr/>	<hr/> 154,795 <hr/>

## 18. CONTINGENT LIABILITIES

As at 30 June 2017, the Group had no significant contingent liabilities.

## 19. EVENTS AFTER THE REPORTING PERIOD

- (i) On 28 July 2017, a direct wholly owned subsidiary of the Company (the “Purchaser”) entered into a sale and purchase agreement with the vendor and vendor guarantor, pursuant to which the Purchaser has conditionally agreed to acquire and accept the assignment of, and the vendor has conditionally agreed to sell the entire issued share capital of a target company (“Sale Shares”) and its subsidiaries (“Target Group”) and assign the shareholder’s loan owing by the Target Group (“Sale Loan”) for the consideration of HK\$300,000,000 in cash.

The Target Group is principally engaged in credit-based financing guarantee services and financial consultancy services.

At the date of issuance of these interim financial statements, the conditions set out in the sales and purchase agreement has not yet fulfilled.

- (ii) On 7 March 2017, a direct wholly-owned subsidiary of the Company entered into a sale and purchase agreement with vendors, pursuant to which the direct wholly owned subsidiary of the Company has conditionally agreed to acquire the entire equity interest in a target company (the “Target Company”) (the “Transaction”). The direct wholly-owned subsidiary of the Target Company is a corporation licenced and approved by the Securities and Futures Commission (“SFC”) to carry on Type 4 regulated activity (Advising on Securities) and Type 9 regulated activity (Asset Management) as stipulated on the Securities and Futures Ordinance (“SFO”). The cash consideration for Target Company is HK\$8,000,000.

All conditions as set out in the sales and purchase agreement have been satisfied and the Transaction was completed on 20 July 2017.

## INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review and prospects

Turnover and segment results of the Group during the period under review are stated in the table below:

	Six months ended 30 June	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Revenue from:</b>		
Industrial property development	1,990	6,176
General trading	30,894	–
Loan financing	14,254	13,558
Securities brokerage	2,218	1,002
Insurance brokerage	9,172	504
Asset management	4	4
	<u>58,532</u>	<u>21,244</u>
<b>Segment profit (loss) from:</b>		
Industrial property development	(6,433)	1
General trading	701	(263)
Loan financing	9,293	10,298
Securities brokerage	(377)	(451)
Insurance brokerage	(991)	(1,298)
Asset management	–	1
	<u>2,193</u>	<u>8,288</u>

### Industrial Property Development

Revenue generated from the warehouse in the PRC dropped from HK\$6,176,000 for the six months ended 30 June 2016 to HK\$1,990,000 for the period under review due to the fact that certain warehouse spaces had been vacant upon expiry of the lease agreement and new lease arrangement is still under negotiation. As result, no income is resulted from the vacant warehouse spaces during the current period.

Subsequent to June 2017, the majority of the warehouse vacant spaces have been occupied and the Group will continue to seek potential business partners for the remaining vacant warehouse spaces. At the same time, we are also looking into the possibility in utilizing the warehouse to facilitate the operation of other segment such as the general trading operation and loan referral operation.

### **General Trading**

The co-operation with a major distribution agent of Moutai (i.e. a reputable distilled Chinese liquor) and the Group to sell Moutai and other popular Chinese liquors established in the second half of 2016 continued and revenue generated from the liquors trading amounting to HK\$30,894,000 and segment profit of HK\$701,000 for the period under review was resulted.

Due to the stable and continued growth in the demand in Chinese liquors, the Group will continue the operation of the Chinese liquors trading business and strive to further to develop the sales network and increase the volume of the operation.

### ***Loan Financing***

Loan financing segment includes the provision of mortgage and other loans services and financing consultancy and loan referral services in both Hong Kong and the PRC.

Greater China Financing Limited, an indirect wholly-owned subsidiary of the Company, was granted the Money Lenders Licence in early 2016 to start money lending business in Hong Kong. As the Hong Kong Monetary Authority has been implementing tight controls on lending activities of the financial institutions under its surveillance, our money lending business is positioned as an alternative to licensed banks by providing mortgage loans, securities financing and other secured loan services, with the competitiveness of diversified financing and loan arrangement and quick response to the market.

Hong Kong residential housing prices continue to waft skywards, despite the government's efforts to keep the property price within the affordability arrange of the private household income. Market watchers have seen no slowdown in the upward trend, but have started looking for the top of the market. Our position of loan financing operation in Hong Kong for the six months ended 30 June 2017 was focus on mortgage type of finance. The revenue generate from loan financing operation in Hong Kong decreased by approximately HK\$10.4 million to approximately HK\$0.6 million, compared with the approximately HK\$11.0 million for six months period ended 30 June 2016 as the management focused at small to medium sized loan and adopted greater prudence in the risk assessment on loan approval for the six months period ended 30 June 2017.

For the loan financing operation in Hong Kong, the Group has established stringent internal loan management system, including credit assessment and risk management. In addition, we worked closely with external professionals in property valuation, credit check and legal compliance and risk management. We will continue to actively explore more business opportunities and expand our loan products as we elevate our loan scrutiny policy and risk control.

In December 2016, the Group acquired Access China Group Limited (the “Access Group”), a business which provides financing consultancy and loan referral services in the PRC at a consideration of approximately HK\$128.5 million. The consideration is to be settled as follows:

- (i) as to HK\$68,515,168 payable upon completion, in which, HK\$20,000,000 shall be settled in cash and HK\$48,515,168 shall be settled by way of allotment and issue of total of 194,060,671 consideration shares to the vendor at the issue price of HK\$0.25 per share;
- (ii) as to HK\$30,000,000 (subject to adjustment) shall be settled in cash upon the next business day after the issue of 2016 audited financial statements;
- (iii) as to HK\$20,000,000 (subject to adjustment) shall be settled in cash upon the next business day after the issue of 2017 audited financial statements; and
- (iv) as to the remaining balance of HK\$10,000,000 (subject to adjustment) shall be settled in cash upon the next business day after the issue of 2018 audited financial statements.

The vendor agreed to provide a guarantee of consolidated net profit after tax of RMB10,000,000, RMB20,000,000 and RMB30,000,000 for the year of 2016, 2017 and 2018 respectively. Apart from the financing consultancy and loan referral services, one of the subsidiary of the Access Group signed the first factoring business contract in May 2017. It will bring additional new sources of income for the Access Group and the management are holding positive attitude in developing further opportunity for this business.

During the six months ended 30 June 2017, the Access Group net profit after tax was approximately HK\$8.3 million. As the new business commences operation in the coming months, the Access Group’s financial consultancy service and factoring business will contribute more to the revenue growth of the Group as a whole.

In addition, the Group continues to look for suitable opportunity to expand in the loan financing segment including but not limited to tap into relevant and related business such as provision of financial guarantee and factoring. In 2017, the Group has signed a sale and purchase agreement to acquire a credit-based financing guarantee services and financial consultancy services business and the transaction is expected to complete in the second half of 2017 should shareholders’ approval is obtained. For details of the transaction, please refer to the announcement of the Company dated 28 July 2017.

### **Securities Brokerage**

The securities brokerage operation continues to provide a variety of securities related services including securities brokerage, securities trading, margin financing, underwriting and placements in Hong Kong. Revenue from securities brokerage segment was HK\$2,218,000 and segment loss of HK\$377,000 was resulted.

The Group is planning to expand the existing operation of the securities brokerage and reviewing the possible development plan to improve both the revenue and segment profitability of the operation including enlarging the existing operation team and further develop the margin financing business should opportunity arises.



## **Insurance Brokerage**

Upon the completion of the acquisition of a company with the insurance brokerage licence in late 2015, the company is formally renamed as Greater China Wealth & Risk Management Limited (“GCWRM”) in January 2016.

GCWRM, acting as an insurance broker, is a member of Professional Insurance Brokers Association and also a principal intermediary for carrying on MPF regulated activities. It engages in the insurance and MPF scheme brokerage business and provides a comprehensive professional insurance and financial planning services to satisfy clients’ needs. As an agent of the clients, GCWRM provides tailor-made financial solutions to its clients and independent advisory services in connection with insurance products. The line of businesses included long term (including linked long term) and general insurance business plus MPF regulated activities.

GCWRM establishes business relationship with the insurance companies by entering into the distribution agreements after an in-depth due diligence process. It provides financial planning services to clients through licensed representatives. The majority of the business is being generated from referrals and direct marketing activities.

Revenue from insurance brokerage was approximately HK\$9.2 million and net loss HK\$1.0 million for the six months ended 30 June 2017 compared with approximately HK\$0.5 million and net loss HK\$1.3 million for six months ended 30 June 2016. It is the result from the GCWRM team adding different insurance products and partners in diversified product varieties to ensure the steady growth of the revenue of insurance business. However, the performance was affected by challenging marketing competition and other policy change. The PRC government has repeatedly tighten restrictions on mainland residents from coming to Hong Kong to purchase insurance products, including restrictions on credit card for premiums payment and setting the amount of insured limit. Nonetheless, we will continue to diversify our business varieties and widen our recurring income stream. In addition, general insurance will be another income stream to bring the steady growth of the business in the coming future.

## **Asset management**

The Group is setting up its asset management team with the aim to tap into the asset management market. The Group plans to set up various investment fund portfolios to assist the potential high-net worth clients in managing their assets. During the first six months of 2017, the results of the asset management is insignificant but the Group is optimistic about the future development of the asset management segment.

Despite the severe global stock market fluctuation in 2017, the Group believes the need for asset management by the high-net worth clients continues to rise and Hong Kong can continue to serve as a financial hub to attract investment fund from clients locally and across the border, in addition to those from the Asian region. The asset management business of the Group is still in the start-up stage but the Group is looking to develop various investment funds in near future.

The Group has completed to acquire a company under a licence to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO together with its investment team at a consideration of HK\$8,000,000 in July 2017. The company has assets under management of over US\$4.5 million. It is believed that the asset management segment of the Group can be strengthened and expanded further.

The Group will continue to exercise prudence in managing its expenditures, to look for new investment opportunity to cope with changing market environment and constantly review the business strategy in a cautious manner to enhance the returns to the shareholders of the Company (the “Shareholders”).

## **Financial Review**

### ***Administrative and Other operating Expenses***

Administrative and other operating expenses mainly consists of the operating expenses of each of industrial property development, loan financing, security brokerage and insurance brokerage as well as the overall administrative expenses including but not limited to the office utilities and administration, legal and professional fee, operating lease payments, employee benefit expenses, depreciation and amortization, etc. Administrative and other operating expenses amounted to approximately HK\$46.57 million during the period under review, an increase of HK\$3.54 million compared with the last period. It included the administrative expenses on the newly acquired group, the Access Group, of approximately HK\$3.98 million.

### ***Finance Costs***

During the period under review, finance cost of approximately HK\$7.71 million representing the effective interest expenses on bank and other borrowings, including imputed interest on deferral cash consideration and convertible notes.

### ***Liquidity and Financial Resources***

As at 30 June 2017, the shareholders’ fund and net current assets of the Group amounted to approximately HK\$738 million (31 December 2016: approximately HK\$422 million) and approximately HK\$530 million (31 December 2016: approximately HK\$175 million) respectively. On the same date, the Group’s bank balances and cash amounted to approximately HK\$487 million (31 December 2016: approximately HK\$241 million) and the current ratio was 7.31 (31 December 2016: 1.88).

As at 30 June 2017, the Group’s total borrowings amounted to approximately HK\$124.48 million (31 December 2016: approximately HK\$113.07 million) in which approximately HK\$29.38 million is repayable within 1 year, approximately HK\$63.40 million is repayable between 1 to 2 years and approximately HK\$31.70 million is repayable between 2 to 5 years. On the same date, the gearing ratio, measured on the basis of total borrowings over net assets, was 17% (31 December 2016: 27%).

There is no capital commitment in respect of the acquisition and construction of property, plant and equipment for the period under review (31 December 2016: nil).

The Group does not anticipate any material foreign exchange exposure since its cash, borrowings, revenue and expenses are mainly in Hong Kong dollars & Renminbi. Therefore the Group did not use any financial instruments for hedging purposes.

### ***Contingent liabilities***

Details of the contingent liabilities of the Group are set out in note 18 to the condensed consolidated financial statements.

### ***Capital Structure***

The Company completed an open offer (the “Open Offer”) of 2,287,947,142 new shares of HK\$0.001 each in June, 2017 raised net proceeds of approximately HK\$222.7 million.

Details of the change in share capital of the Group are set out in note 15 to the condensed consolidated financial statements.

### ***Charges on assets***

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group:

	<b>30.6.2017</b>	31.12.2016
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Property, plant and equipment	<b>102,314</b>	102,883
Prepaid lease payments	<b>24,403</b>	23,994
Bank deposits	–	27,918
	<hr/> <b>126,717</b> <hr/>	<hr/> 154,795 <hr/>

### ***Employees and Remuneration Policies***

As at 30 June 2017, the Group has approximately 80 employees. Remuneration is determined by reference to their respective qualifications and experiences and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of mandatory provident fund, a discretionary bonus program and a share option scheme.

### ***Future Plans for material investments or capital assets***

Save as disclosed in this announcement, as at 30 June 2017, there was no specific plan for material investments and acquisition of capital assets. However, the Group will continue to seek for new business development opportunities especially in developing financial services related business.

### ***Events after the reporting period***

Details of the events after the reporting period of the Group are set out in note 19 to the condensed consolidated financial statements.

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

During the period under review, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

### **CORPORATE GOVERNANCE**

The Group is committed to maintaining high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all Shareholders. The Company has always recognized the importance of the transparency and accountability towards the Shareholders. It is the belief of the Board that Shareholders can maximize their benefits from good corporate governance.

During the period under review, the Board has reviewed the Company's corporate governance practices which are based on the principles and code provisions (the "Code Provisions") as set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has complied with the Code Provisions, except for the following deviations:

- Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Liu Kequan ("Mr. Liu") was elected as the chairman of the Board and chief executive officer of the Company in June 2016. The Board considers that Mr. Liu has extensive management experience and is responsible for the overall corporate strategies, planning and business development of the Company and he is under the supervision by the Board which is comprised of four independent non-executive Directors, which represent more than half of the Board, the Board considered that the interests of the Shareholders are adequately and fairly represented.

- Code Provision A.5 stipulates that a nomination committee should be established to make recommendations to the Board on the appointment and reappointment of Directors and succession planning for Director.

The Board as a whole is responsible for the appointment of its own members. The chairman of the Board is responsible for identifying appropriate candidate and proposing qualified candidate to the Board for consideration. The Board will review profiles of the candidate recommended by the chairman and make recommendation of the appointment and re-election of the Directors. Candidates are appointed to the Board on the basis of their skill, competence and experience that they can contribute to the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors’ securities transactions. The Company has made specific enquiry of all Directors whether they have complied with the required standard set out in the Model Code regarding Directors’ securities transactions and all Directors confirmed that they have complied with the Model Code throughout the period under review.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the Code Provisions of the CG Code. The Audit Committee currently comprises four independent non-executive Directors, including Mr. Kwan Kei Chor (Chairman), Dr. Lyu Ziang, Dr. Rui Mingjie and Mr. Zhou Liangyu.

The unaudited interim financial statements of the Group for the six months ended 30 June 2017 have been reviewed by the Audit Committee and the external auditors of the Company, HLM CPA Limited.

## **EXTRACT OF AUDITOR’S INDEPENDENT REVIEW REPORT**

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2017 have been reviewed by the Company’s auditor, HLM CPA Limited, 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. The auditor’s independent review report will be included in the interim report to the Shareholders. The Company’s auditor has qualified the Group’s interim condensed consolidated financial statements for the six months ended 30 June 2017, an extract of which is as follows:

## **BASIS FOR QUALIFIED REVIEW CONCLUSION**

### **Opening Balances and Corresponding Figures**

The condensed consolidated financial statements for the six months ended 30 June 2016, which form the basis for the corresponding figures presented in the current period’s interim financial information, and the review conclusion on condensed consolidated financial statements for the six months ended 30 June 2016 was disclaimer in view of the possible effect of the Group’s de-consolidated subsidiaries in respect of: a) the departure from Hong Kong Financial Reporting Standard 10 “Consolidated Financial Statements” (“HKFRS 10”), and b) the compliance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. Details of the disclaimer review conclusion were set out in the report on review of interim financial information date 29 August 2016 and included in the Company’s interim report for the six months ended 30 June 2016.

In our auditor's report dated 17 March 2017 on the consolidated financial statements for the year ended 31 December 2016, we reported the same matter which resulted in a disclaimer of opinion.

Our conclusion on the current period's interim financial report is also modified because of the effect of this matter on the comparability of the current period's figures and the corresponding figures.

### **QUALIFIED CONCLUSION**

Based on our review, except for the possible effects of the matter described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the interim financial information for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, "Interim Financial Reporting".

### **APPRECIATION**

On behalf of the Board, I would like to take this opportunity to thank our staff for their dedication, loyalty and integrity towards the Group. I would also like to express my gratitude to our Shareholders, customers and other business partners and professional consultants for their support to the Group.

By order of the Board of  
**Greater China Financial Holdings Limited**  
**Liu Kequan**  
*Chairman*

Hong Kong, 22 August 2017

*As at the date of this announcement, the Board comprises Mr. Liu Kequan and Mr. Zhang Peidong as executive Directors and Mr. Kwan Kei Chor, Dr. Lyu Ziang, Dr. Rui Mingjie and Mr. Zhou Liangyu as independent non-executive Directors.*