中国金控 CFIH

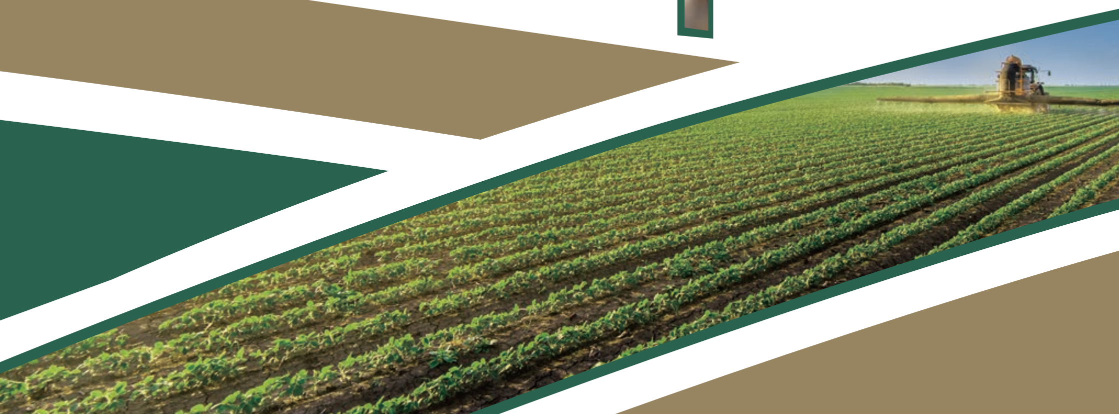
China Finance Investment Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 875)

Interim Report

2018



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This interim report is printed on environmental friendly paper.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Ms. DIAO Hong
Ms. DIAO Jing
Mr. YAU Yik Ming Leao *(retired on 15 June 2018)*

Non-executive director

Mr. LIN Yuhao *(Chairman)*

Independent non-executive directors

Mr. LI Shaohua
Ms. ZHU Rouxiang
Ms. LI Yang

AUDIT COMMITTEE

Ms. LI Yang *(Committee Chairlady)*
Mr. LI Shaohua
Ms. ZHU Rouxiang

REMUNERATION COMMITTEE

Ms. ZHU Rouxiang *(Committee Chairlady)*
Ms. DIAO Jing
Mr. LI Shaohua
Ms. LI Yang

NOMINATION COMMITTEE

Ms. ZHU Rouxiang *(Committee Chairlady)*
Ms. DIAO Hong
Mr. LIN Yuhao
Mr. LI Shaohua
Ms. LI Yang

CORPORATE GOVERNANCE COMMITTEE

Ms. LI Yang *(Committee Chairlady)*
Mr. LI Shaohua
Ms. ZHU Rouxiang

AUTHORISED REPRESENTATIVES

Ms. DIAO Jing
Mr. LIN Yuhao *(appointed on 15 June 2018)*
Mr. YAU Yik Ming Leao *(retired on 15 June 2018)*

COMPANY SECRETARY

Ms. YEUNG Man Wah
(appointed on 31 July 2018)
Ms. LEUNG Tsz Kwan
(resigned on 31 July 2018)

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1510, 15/F
Ocean Centre
Harbour City
5 Canton Road
Tsim Sha Tsui
Kowloon, Hong Kong

AUDITOR

Elite Partners CPA Limited

LEGAL ADVISOR

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

PRINCIPAL SHARE REGISTRAR

Estera Services (Bermuda) Limited
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 875

CORPORATE WEBSITE

http://www.cfih.hk

INVESTOR RELATIONS

Email: ir@cfih.hk

The board (the "Board") of directors (the "Directors") of China Finance Investment Holdings Limited (the "Company"), 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 2018 (the "Reporting Period").

The Group is principally engaged in (i) growing and trading of agricultural produce ("Agricultural Business"); and started to develop (ii) provision of money lending services ("Money Lending Business") and (iii) internet finance business ("Internet Finance Business") since 2015.

FINANCIAL REVIEW

Results of Continuing Operations

During the Reporting Period, the Group's revenue generated from continuing operations amounted to approximately HK$41.1 million, representing an increase of approximately HK$10.1 million from approximately HK$31.0 million for the six months ended 30 June 2017 (the "Corresponding Period"). Such increase was mainly contributed by the significant increase in revenue generated from the Agricultural Business of approximately HK$9.7 million and the slight increase in revenue of approximately HK$0.4 million from the Money Lending Business.

Gross profit of the Group during the Reporting Period was approximately HK$16.8 million, representing a slight decrease of approximately HK$0.7 million or 4.0% as compared to approximately HK$17.5 million for the Corresponding Period, and the gross profit margin was 40.9% (30 June 2017: 56.6%). The decrease of the profitability during the Reporting Period was mainly attributable to the increase in the self-plantation costs and decrease in unit selling price of vegetables in the Agricultural Business.

The Group recorded other income and gains in the net amount of approximately HK$3.6 million during the Reporting Period, representing a decrease of approximately HK$10.6 million or 74.6% as compared to approximately HK$14.2 million for the Corresponding Period. Such decrease was mainly attributable to the absence of the exchange gain (the depreciation of Renminbi during the Reporting Period and resulting in an exchange loss), the decrease of government grants and the decrease of rental income during the Reporting Period compared with the Corresponding Period.

Selling and distribution expenses increased by approximately HK$8.5 million or 157.4% to approximately HK$13.9 million (30 June 2017: HK$5.4 million). This increase was mainly attributable to the increase of the transportation and packaging costs of the agricultural produce as a result of the increase in harvest attributable to the Agricultural Business.

Administrative expenses decreased by approximately HK$1.2 million or 5.4% to approximately HK$21.0 million (30 June 2017: HK$22.2 million). Such improvement was mainly attributable to the decrease in number of directors of the Board and the decrease in directors' remuneration.

Other operating expenses was approximately HK$13.1 million as compared with HK$0.02 million in the Corresponding Period. This significant increase in operating expenses was mainly attributable to depreciation of Renminbi during the Reporting Period and resulting in an exchange loss, loss allowance for trade receivables and loss allowance for loan receivables due to the impairment provisions upon the application of HKFRS 9 by the Group during the Reporting Period as compared to the Corresponding Period.

Results of Discontinued Operations

In 2017, having considered that there is no clear potential for material improvement on the performance of the securities brokerage services ("Securities Brokerage Business") under the operation scale, the Group believed that the disposal of the Securities Brokerage Business represented a good opportunity for the Group to improve its overall returns and would provide a greater value to the shareholders of the Company by focusing its resources on other profitable business segments.

As such, on 25 May 2017, the Group entered into a sale and purchase agreement (the "Agreement") with an independent third party, pursuant to which the Group has conditionally agreed to sell the Securities Brokerage Business at the consideration of net asset value of the Securities Brokerage Business as at the date of the Agreement plus HK$12 million.

On 20 October 2017, the Group entered into a supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 3 months to a date falling on the expiration of 9 months from the date of the Agreement.

On 22 February 2018, the Group entered into a second supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 2 months to a date falling on the expiration of 11 months from the date of the Agreement.

On 24 April 2018, the Group entered into a third supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 12 months from the date of the Agreement.

On 25 May 2018, the Group entered into a fourth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 2 months to a date falling on the expiration of 14 months from the date of the Agreement.

On 24 July 2018, the Group entered into a fifth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 2 months to a date falling on the expiration of 16 months from the date of the Agreement.

During the Reporting Period, the Securities Brokerage Business generated a revenue and a net profit of approximately HK$7.2 million and approximately HK$2.3 million respectively. As at 30 June 2018, the Company is expected to record a gain on disposal in the amount of approximately HK$8.1 million.

In the light of the above, the Group recorded a net loss of approximately HK$34.4 million for the Reporting Period as compared to a net loss of approximately HK$3.9 million for the Corresponding Period. Such loss for the six months ended 30 June 2018 was mainly and primarily attributable to (i) the plantation cost from Agricultural Business of approximately HK$24.2 million; (ii) the selling and distribution expenses of approximately HK$13.9 million; and (iii) the exchange loss of approximately HK$7.1 million.

BUSINESS REVIEW

Agricultural Business

Due to (i) fierce competition in the agricultural market and the general decreasing trend in average selling price of vegetables; (ii) increase in production costs (including but not limited to labour and rental costs); and (iii) the worsening soil condition of certain farmlands, profitability of the Group's Agricultural Business has been affected. To place viability as its top priority, the Group decisively adjusted its strategies by minimising inventory level, promoting sales at competitive prices and increasing liquidity. As a result, during the Reporting Period, the turnover of the Agricultural Business segment increased by approximately 85.8% to approximately HK$21.0 million from approximately HK$11.3 million for the Corresponding Period. Given the margin squeeze, the rise in turnover co-existed with the decrease in gross profit margin. During the Reporting Period, the Agricultural Business segment recorded a gross loss of approximately HK$3.3 million (30 June 2017: gross loss of HK$1.5 million).

In the second quarter of 2018, the management decided to focus on new agricultural products with high potential for development. On 9 July 2018, the Group signed a framework cooperation agreement with Guangdong Academy of Agricultural Sciences*（廣東省農業科學院作物研究所）, pursuant to the framework cooperation agreement, the Company will collaborate with Guangdong Academy of Agricultural Sciences*（廣東省農業科學院作物研究所）to conduct the research and development of growing medicinal value crop such as Dendrobium officinale Kimura et Migo*（鐵皮石斛）.

After years of cultivation, soil quality has been seriously declined because of the previous cultivation methods and the use of chemical fertilisers, which prevent land from regenerating. Therefore, in April 2018, the management engaged sub-contractors to apply a more conservative/eco-friendly method for cultivation. The management believed that conservative cultivation will be a sustainable way of minimising soil quality decline which can take minimal changes to the soil's natural condition and at the same time improving the soil's productivity and minimised the cost in the long run. The soil improvement started in May 2018 and is expected to complete in late August 2018.

Looking ahead, the Group will continue to control the costs, utilise the existing resources and collaborate with research institutes in Mainland China to further strengthen the agricultural products with high potential for development, or through acquisitions when opportunities arise.

Money Lending Business

Given the current market conditions and increasingly stringent conventional bank lending requirements, licensed and non-bank money lenders provide another alternative for potential borrowers to obtain efficient and flexible liquidity solutions. This has driven an increase in demand for loan services in the money lending business, and creates a huge potential for the Group to further expand its Money Lending Business segment.

Following the completion of the acquisition of Shenzhen Taihengfeng Technology Company Limited and its subsidiaries (the "Taihengfeng Group") in November 2016, the Group expanded into the micro finance business sector in Shenzhen, the PRC through the provision of personal loans and corporate loans services. The Taihengfeng Group has generated significant segment profits and contributed to the stability of the overall results of the Group during the Reporting Period.

* *For identification purpose only*

During the Reporting Period, loan interest income and gross profit under Money Lending Business amounted to approximately HK$20.1 million (30 June 2017: HK$19.7 million) and HK$20.1 million (30 June 2017: 19.1 million) respectively. Outstanding loan principal and interest receivables amounted to approximately HK$316.4 million (31 December 2017: HK$293.0 million). The average interest rate charged on the loans is 13.6% per annum. No material default event occurred as at 30 June 2018 but a provision of approximately HK$4.6 million for the loss allowance for loan receivables was considered necessary upon the application of HKFRS 9 by the Group during the Reporting Period.

To further strengthen the development of Money Lending Business in future, the Group may consider obtaining bank loans or other financing opportunities by prudent credit control procedures and strategies to balance between business growth and risk management.

Investment in Internet Finance Business in Mainland China

The Group owns 25% equity interest in Shenzhen Qianhai Gelin Internet Financial Services Company Limited* (the "GLQH"), which is engaged in internet finance business in Mainland China.

During the Reporting Period, the revenue under Internet Finance Business amounted to approximately HK$2.2 million and the net profit was approximately HK$5.9 million due to the adjustment of over provision of prior years in respect of enterprise income tax in Mainland China.

After the implementation of the rules on internet finance industry by the PRC government with its efforts in reforming the financial system, the internet finance industry has undergone the stable development stage. Given the challenges and opportunities on internet finance industry, GLQH developed new businesses including but not limited to boosting the development progress of internet financial platform, providing management consultancy, marketing strategy, information technology support and data processing services in order to diversify the income stream and bring higher returns to shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

Except for equity fund raising from the Company, the Group mainly finances its business operations with internally generated cash flows and general banking facilities.

As at 30 June 2018, the Group had bank balances and cash of HK$0.6 million (31 December 2017: HK$10.2 million). The Group's quick ratio (measured by total current assets less inventories, biological assets, deposits and prepayments divided by total current liabilities) was approximately 1.3 times (31 December 2017: 2.3 times).

As at 30 June 2018, the total borrowings of the Group amounted to HK$161.3 million of which, HK$16.9 million were secured by several properties and motor vehicles of the Group. As at 31 December 2017, the total borrowings of the Group amounted to HK$75.7 million of which, HK$0.4 million were secured by motor vehicles of the Group. The borrowings in the amount of HK$161.1 million (31 December 2017: HK$75.4 million) were repayable within one year.

As at 30 June 2018, the Group had capital expenditure commitments of approximately HK$0.8 million (31 December 2017: HK$1.5 million) which comprised of acquisition of property, plant and equipment.

* *For identification purpose only*

The Group will continue to adopt a positive but prudent approach in managing its financial resources. Should other opportunities arise requiring additional funding, management also believes that the Group is in a good position to obtain financing on favorable terms.

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 23 January 2018, the Company entered into a subscription agreement with Hui Jia Investments Limited ("Hui Jia") pursuant to which the Company has conditionally agreed to issue and Hui Jia has conditionally agreed to subscribe for the convertible bonds in the principal amount of HK$40 million with conversion price of HK$0.04 per conversion share (adjusted from HK$0.04 to HK$0.40 per conversion share as a result of the Capital reorganisation effected on 25 June 2018) under the general mandate granted to the Directors by the shareholders at the annual general meeting held on 16 June 2017. The conversion price of HK$0.04 per conversion share (before Capital Reorganisation) represents a premium of approximately 17.65% to the closing price of HK$0.034 per share as quoted on the Stock Exchange on 23 January 2018. All the conditions set out in the subscription agreement have been fulfilled subsequently and the subscription was completed on 7 February 2018 in accordance with the terms and conditions of the subscription agreement. The convertible bonds bear interest at the rate of 5% per annum and will mature on the date falling on the first (1st) anniversary of the date of issue. The gross and net proceeds from the subscription were HK$40 million and approximately HK$39.9 million respectively, which were used (i) approximately HK$13.0 million for repayment of debts; (ii) approximately HK$23.0 million for agricultural produce segment's operation, including approximately HK$15.9 million for settlement of accounts payables, HK$4.8 million for farmland rental and approximately HK$2.3 million for staff costs; and (iii) the balance for general working capital of the Group.

On 15 May 2018, the Company entered into the subscription agreements with Mr. Hong Shaopei ("Mr. Hong") and Mr. Wang Chaoyang (Mr. "Wang") respectively pursuant to which the Company has conditionally agreed to issue and Mr. Hong and Mr. Wang have conditionally agreed to subscribe for the convertible bonds in the aggregate principal amount of HK$21.2 million under the general mandate granted to the Directors by the shareholders at the annual general meeting held on 16 June 2017. The conversion price of HK$0.023 per conversion share (before Capital Reorganisation) represents a premium of approximately 9.52% to the closing price of HK$0.021 per share as quoted on the Stock Exchange on 15 May 2018. All the conditions set out in the subscription agreements have been fulfilled subsequently and the subscriptions were completed on 5 June 2018 in accordance with the terms and conditions of the subscription agreements. The convertible bonds bear interest at the rate of 5% per annum and will mature on the date falling on the first (1st) anniversary of the date of issue. The gross and net proceeds from the subscription were HK$21.2 million and approximately HK$21.1 million respectively, which were applied for repayment of debts of the Group. On 11 June 2018, the Company respectively issued and allotted 460,869,565 shares of HK$0.01 to each of Mr. Hong and Mr. Wang (a total of 921,739,130 shares) upon the exercise of conversion rights with the conversion price of HK$0.023 per conversion share in respect of an aggregate principal amount of HK$21.2 million of the convertible bonds issued by the Company on 5 June 2018.

On 15 May 2018, the Company proposed to reorganise the capital of the Company (the "Capital Reorganisation") through (i) a reduction in the par value of each issued share from HK$0.01 to HK$0.001 by cancelling paid up capital to the extent of HK$0.009 on each issued share and round down of the total number of consolidated shares in the issued share capital of the Company (the "Capital Reduction"); and (ii) consolidation of the reduced shares on the basis that every 10 issued reduced shares of HK$0.001 each will be consolidated into one consolidated share of HK$0.01 each (the "Share Consolidation"), which were duly passed in the special general meeting held by the Company on 22 June 2018. Following the fulfillment of all the conditions for the implementation of the Capital Reorganisation, the Capital Reorganisation became effective on 25 June 2018 upon which the number of issued shares of the Company was 11,217,876,347 shares of HK$0.01 each consolidated into 1,121,787,634 of HK$0.01 each. Details of the Capital Reorganisation were set out in the Company's announcements dated 15 May 2018, 25 May 2018 and 22 June 2018, the next day disclosure return dated 25 June 2018 and the Company's circular dated 25 May 2018.

In the light of the above, during the Reporting Period, the Company issued and allotted a total number of 921,739,130 shares of HK$0.01 each, resulting in a total number of 11,217,876,347 issued shares as at 11 June 2018 prior to the Capital Reorganisation, pursuant to the Capital Reorganisation, 11,217,876,347 shares of HK$0.01 each were consolidated into 1,121,787,634 shares of HK$0.01 each pursuant to the Capital Reorganisation.

As at 30 June 2018, the net debt to adjusted equity ratio was 0.5 (31 December 2017: 0.2). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group's gearing ratio as at 30 June 2018 was 0.5 (31 December 2017: 0.2), which was measured as total debt to total shareholders' equity.

SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not have any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Except the disclosure under section headed "Results of Discontinued Operations", the Group did not have material acquisition or disposals of subsidiaries and associated companies during the six months ended 30 June 2018.

CHARGES ON GROUP'S ASSETS

As at 30 June 2018, leasehold land and buildings and motor vehicles with carrying amount of HK$4.8 million (31 December 2017: HK$0.3 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 2018, the Group did not have any material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2018, the Group had a total of 95 (31 December 2017: 245) full time employees in Hong Kong and Mainland China. Total staff costs (including directors' remuneration and excluding the staff costs from discontinued operations) for the Reporting Period amounted to HK$15.1 million (six months ended 30 June 2017: HK$20.1 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 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 directors) of the Group.

PROSPECTS

The Group will seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new lines 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.

To diversify its income streams and counter balance the cyclical nature of the Group's Agricultural Business, the Company has been actively developing its business blueprint in the realm of financial business since 2015.

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 Mainland China and Hong Kong.

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 2018 (six months ended 30 June 2017: Nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Continuing operations			
Revenue	4	**41,098**	30,998
Cost of sales and services rendered		**(24,255)**	(13,450)
Gross profit		**16,843**	17,548
Other income and gains	5	**3,598**	14,197
Loss arising from change in fair value less costs to sell of biological assets		**(288)**	(184)
Selling and distribution expenses		**(13,859)**	(5,419)
Administrative expenses		**(20,982)**	(22,239)
Other operating expenses		**(13,146)**	(15)
Share of profit/(loss) of an associate		**1,474**	(57)
Finance costs	5	**(7,695)**	(3,364)
(Loss)/Profit before taxation	5	**(34,055)**	467
Income tax expense	6	**(2,665)**	(372)
(Loss)/Profit from continuing operations		**(36,720)**	95
Discontinued operations			
Profit/(Loss) from discontinued operations, net of tax	7	**2,322**	(3,988)
Loss for the period		**(34,398)**	(3,893)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,387**	(1,179)
Total comprehensive income for the period		**(33,011)**	(5,072)

	Notes	Six months ended 30 June 2018 HK$'000 (Unaudited)	 2017 HK$'000 (Unaudited)
(Loss)/Profit attributable to equity shareholders of the Company			
– from continuing operations		**(36,720)**	95
– from discontinued operations		**2,322**	(3,988)
		(34,398)	(3,893)
Total comprehensive income attributable to equity shareholders of the Company:			
– from continuing operations		**(35,333)**	(1,083)
– from discontinued operations		**2,322**	(3,989)
		(33,011)	(5,072)
Loss per share			
Basic (HK cents)	8		(Restated)
– Continuing operations		**(3.53)**	0.01
– Discontinued operations		**0.22**	(0.42)
		(3.31)	(0.41)
Diluted (HK cents)	8		
– Continuing operations		**(3.53)**	0.01
– Discontinued operations		**0.22**	(0.42)
		(3.31)	(0.41)

The notes on pages 16 to 51 form part of this interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**56,154**	43,477
Construction in progress		**–**	–
Goodwill		**50,732**	50,732
Interest in an associate	11	**49,564**	46,911
Other non-current assets		**–**	1,370
		156,450	142,490
Current assets			
Inventories		**2,974**	1,328
Biological assets		**656**	1,632
Trade and other receivables	12	**76,244**	14,526
Loan receivables	13	**274,618**	288,192
Interest receivables	14	**10,276**	4,779
Cash and cash equivalents		**626**	10,247
		365,394	320,704
Assets associated with disposal group held for sale	7	**18,054**	14,759
		383,448	335,463
Current liabilities			
Trade and other payables	15	**65,898**	52,981
Convertible bonds	16	**39,848**	–
Bonds	17	**27,811**	28,204
Promissory notes		**26,432**	24,770
Interest-bearing bank and other borrowings	18	**66,851**	22,273
Obligations under a finance lease		**167**	164
Tax payables		**8,601**	6,129
		235,608	134,521
Liabilities associated with disposal group held for sale	7	**6,450**	5,477
		242,058	139,998
Net current assets		**141,390**	195,465
Total assets less current liabilities		**297,840**	337,955

	Notes	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Capital and reserves			
Share capital	19	**11,248**	102,991
Reserves		**281,374**	229,021
Total equity		**292,622**	332,012
Non-current liabilities			
Government grants	15	**5,058**	5,699
Obligations under a finance lease		**160**	244
		5,218	5,943
		297,840	337,955

The notes on pages 16 to 51 form part of this interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Notes	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Convertible bonds reserve HK$'000	Exchange fluctuation reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
		Attributable to equity shareholders							
At 1 January 2017 (Audited)		96,120	744,079	59,668	–	9,358	207,467	(760,585)	356,107
Loss for the period		–	–	–	–	–	–	(3,893)	(3,893)
Other comprehensive income for the period		–	–	–	–	(1,179)	–	–	(1,179)
Total comprehensive income for the period		–	–	–	–	(1,179)	–	(3,893)	(5,072)
At 30 June 2017 (Unaudited)		96,120	744,079	59,668	–	8,179	207,467	(764,478)	351,035
At 31 December 2017 (Audited)		102,991	781,664	61,432	–	6,784	214,419	(835,278)	332,012
Impact on initial application of HKFRS 9	2	–	–	–	–	–	–	(28,967)	(28,967)
At 1 January 2018 (Unaudited)		102,991	781,664	61,432	–	6,784	214,419	(864,245)	303,045
Loss for the period		–	–	–	–	–	–	(34,398)	(34,398)
Other comprehensive income for the period		–	–	–	–	1,387	–	–	1,387
Total comprehensive income for the period		–	–	–	–	1,387	–	(34,398)	(33,011)
Issue of convertible bonds		–	–	–	2,127	–	–	–	2,127
Conversion of convertible bonds to ordinary shares		9,217	11,944	–	(700)	–	–	–	20,461
Lapse of share options		–	–	–	–	–	(50,027)	50,027	–
Reduction in the par value of each issued Shares from HK$0.01 to HK$0.001; and consolidation of the Reduced Shares of every ten (10) issued Reduced Shares of HK$0.001 each into one (1) consolidated Share of HK$0.01 each	19	(100,960)	(793,608)	894,568	–	–	–	–	–
At 30 June 2018 (Unaudited)		11,248	–	956,000	1,427	8,171	164,392	(848,616)	292,622

The notes on pages 16 to 51 form part of this interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018 **HK$'000** **(Unaudited)**	2017 HK$'000 (Unaudited)
Net cash (used in)/generated from operating activities	**(93,907)**	1,708
Net cash (used in)/generated from investing activities	**(16,181)**	350
Net cash generated from/(used in) financing activities	**97,143**	(5,806)
Net decrease in cash and cash equivalents	**(12,945)**	(3,748)
Cash and cash equivalents at the beginning of the period	**16,380**	18,073
Effect of foreign exchange rate changes	**5,428**	304
Cash and cash equivalents at the end of the period	**8,863**	14,629
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**626**	7,658
Cash and cash equivalents included in disposal group held for sale	**8,237**	6,971
	8,863	14,629

The notes on pages 16 to 51 form part of this interim financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

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

The preparation of an unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This unaudited condensed consolidated interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual consolidated financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

2 CHANGE IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, HKFRS 15 Revenue from Contracts with Customers and HKFRS 9 Financial Instruments that require restatement of previous financial statements. As required by HKAS 34, the nature and effect of these changes are disclosed below.

Other than as further explained below, the directors do not anticipate that the application of the new HKFRSs above will have a material effect on the Group's consolidated financial statements and the disclosures.

2 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. Considering the nature of the Group's principal activities, the adoption of HKFRS 15 does not have material impact on the Group's revenue recognition and HKFRS 15 had no material impact on amounts and/or disclosures reported in these unaudited condensed consolidated interim financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

(a) Classification and measurement

On 1 January 2018 (the date of initial adoption of the New HKFRSs), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate categories of the New HKFRSs.

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Upon the adoption of HKFRS 9, the classification and measurement of financial assets depends on two assessments: the financial asset's contractual cash flow characteristics and the entity's business model for managing the financial asset. The Group considered that its equity investments previously classified as available-for-sale financial assets were reclassified as financial assets at fair value through other comprehensive income as these investments are held as long-term strategic investments. Fair value is measured at the reclassification date. Dividends are recognised as income in profit or loss. Any difference between previous amortised cost and fair value on reclassification is recognised in other comprehensive income and never reclassified to profit or loss.

2 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 9 Financial Instruments (Continued)

(b) Impairment

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost, trade receivables, other receivables and loan receivables that are not accounted for at fair value through profit or loss under HKFRS 9 are recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group considers reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12-month after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

Impairment on other receivables is measured at either 12-month expected credit loss or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss.

2 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 9 Financial Instruments (Continued)

(b) Impairment (Continued)

Measurement of ECLs (Continued)

For loan receivables, the Group applies the general approach, which requires an amount equal to 12-month expected credit losses to be recognised as the loss allowance for the financial instrument if the credit risk on a financial instrument has not increased significantly since initial recognition and expected lifetime losses to be recognised if the credit risk on that financial instrument has increased significantly since initial recognition.

For all other financial instruments, the group recognises a loss allowance equal 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- The Group has taken an exemption not to restate comparative information for prior periods with respect to measurement (including impairment) requirements. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

- The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of HKFRS 9 by the Group).

- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

2 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

HKFRS 9 Financial Instruments (Continued)

The following table summarises the classification and measurement (including impairment) of financial assets under HKFRS 9 and HKAS 39 at 1 January 2018:

	Trade receivables HK$'000	**Loan receivables** HK$'000	**Accumulated losses** HK$'000
Closing balance at 31 December 2017 under HKAS 39	3,774	288,192	835,278
Remeasurement			
Recognition of ECLs on trade receivables	(1,945)	–	1,945
Recognition of ECLs on loan receivables	–	(27,022)	27,022
Opening balance at 1 January 2018 under HKFRS 9	1,829	261,170	864,245

Loss allowances for other financial assets at amortised cost mainly comprising bank balances and other receivables are measured on 12-month ECLs basis and there had been no significant increase in credit risk since initial recognition. No additional credit loss allowance has been recognised against retained earnings as at 1 January 2018.

The preparation of the unaudited condensed consolidated interim financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgements in the process of applying the Group's accounting policies. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 December 2017.

Except as described above, the application of HKFRS 9 in the current interim period has had no material impact on the amounts and/or disclosures reported in these condensed consolidated interim financial statements.

3 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2018

A number of amendments and new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. Except for the amendments to HKFRS 9, Prepayment features with negative compensation, which have been adopted at the same time as HKFRS 9 (note 2), the Group has not early adopted any new or amended standards in preparing this unaudited condensed consolidated interim financial statements.

The Group has the following update to the information provided in the last annual financial statements in respect of HKFRS 16, Leases, which may have significant impact on the Group's unaudited condensed consolidated interim financial statements.

HKFRS 16, Leases

As discussed in the 2017 annual financial statements, currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. Upon the adoption of HKFRS 16, where the Group is the lessee under the lease the Group will be required to account for all leases in a similar way to current finance lease accounting, i.e. recognise and measure a lease liability at the present value of the minimum future lease payments and recognise a corresponding "right-of-use" asset at the commencement date of the lease, subject to practical expedients. HKFRS 16 will primarily affect the group's accounting as a lessee of leases for items of property, plant and equipment which are currently classified as operating leases.

During the six months ended 30 June 2018, the Group has entered into a new lease agreement for its head office in Hong Kong, with a lease term of 3 years. This lease is currently classified as operating lease.

3 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2018 (CONTINUED)

The following is an updated information about the Group's future minimum lease payments, based on the non-cancellable operating leases that have been entered into by 30 June 2018:

	Properties HK$'000	**Farmlands** HK$'000	**Total** HK$'000
Amounts payable:			
Within 6 months	2,285	2,038	4,323
After 6 months but within 1 year	1,974	4,114	6,088
After 1 year but within 5 years	3,957	33,112	37,069
After 5 years	–	22,223	22,223
	8,216	61,487	69,703

Upon the initial adoption of HKFRS 16 at 1 January 2019, the present value of most of the future minimum lease payments that are payable after 6 months will be recognised as lease liabilities, with corresponding righ-of-use assets recognised as non-current assets. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in cultivating and trading of agricultural produce and provision of money lending services.

Revenue represents the revenue from trading of agricultural produce and money lending business. The amount of each significant category of revenue recognised in revenue during the period is as follows:

	Six months ended 30 June	
	2018 **HK$'000** **(Unaudited)**	2017 HK$'000 (Unaudited)
Continuing operations		
Trading income from sale of agricultural produce	**20,983**	11,331
Interest income from money lending business	**20,115**	19,667
	41,098	30,998

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting

The Group manages its business by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following 3 reportable segments. No operating segments have been aggregated to form the following reportable segments.

Agricultural produce: Cultivating, and trading of agricultural produce

Money lending: Loan financing

Securities broking: Broking services in securities traded in Hong Kong

The operating segment of securities broking was classified as discontinued operations in current period under review. For details, please refer to note 7.

(i) *Information about profit or loss*

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Continuing operations				Discontinued operations	
	Agricultural produce HK$'000	Money lending HK$'000	Unallocated HK$'000	Sub-total HK$'000	Securities broking HK$'000	Total HK$'000
For the six months ended 30 June 2018 (Unaudited)						
Revenue						
Point in time	20,983	20,115	–	41,098	7,212	48,310
Over time	–	–	–	–	–	–
Reportable segment revenue	20,983	20,115	–	41,098	7,212	48,310
Elimination of inter-segment revenue	–	–	–	–	–	–
Consolidated revenue	20,983	20,115	–	41,098	7,212	48,310
Loss						
Reportable segment (loss)/profit (adjusted (LBITDA)/EBITDA)	(20,032)	16,145	–	(3,887)	2,886	(1,001)
Depreciation	(3,291)	(59)	(1,638)	(4,988)	(564)	(5,552)
Finance costs	(4,490)	–	(3,205)	(7,695)	–	(7,695)
Gain on disposal of a subsidiary	–	–	100	100	–	100
Government grants	1,758	–	–	1,758	–	1,758
Loss allowance for loan receivables	–	(4,578)	–	(4,578)	–	(4,578)
Loss allowance for trade receivables	(1,485)	–	–	(1,485)	–	(1,485)
Interest income	2	1	15	18	–	18
Share of profit of an associate	–	–	1,474	1,474	–	1,474
Reversal of loss allowance for other receivables	1,159	–	–	1,159	–	1,159
Reversal of loss allowance for trade receivables	256	–	–	256	–	256
Reversal of written down of inventories	60	–	–	60	–	60
Unallocated head office and corporate income	–	–	66	66	–	66
Unallocated head office and corporate expenses	–	–	(16,313)	(16,313)	–	(16,313)
Consolidated (loss)/profit before taxation	(26,063)	11,509	(19,501)	(34,055)	2,322	(31,733)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(i) Information about profit or loss (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Continuing operations				Discontinued operations	
	Agricultural produce HK$'000	Money lending HK$'000	Unallocated HK$'000	Sub-total HK$'000	Securities broking HK$'000	Total HK$'000
For the six months ended 30 June 2017 (Unaudited)						
Revenue						
Reportable segment revenue	11,331	19,667	–	30,998	591	31,589
Elimination of inter-segment revenue	–	–	–	–	–	–
Consolidated revenue	11,331	19,667	–	30,998	591	31,589
Loss						
Reportable segment (loss)/profit (adjusted (LBITDA)/EBITDA)	(7,926)	14,398	–	6,472	(3,521)	2,951
Depreciation	(3,180)	(160)	(1,807)	(5,147)	(428)	(5,575)
Finance costs	(1,416)	–	(1,948)	(3,364)	(39)	(3,403)
Government grants	2,136	–	–	2,136	–	2,136
Loss allowance for other receivables	(15)	–	–	(15)	–	(15)
Interest income	2	13	305	320	–	320
Share of loss of an associate	–	–	(57)	(57)	–	(57)
Unallocated head office and corporate incomes	–	–	10,779	10,779	–	10,779
Unallocated head office and corporate expenses	–	–	(10,657)	(10,657)	–	(10,657)
Consolidated (loss)/profit before taxation	(10,399)	14,251	(3,385)	467	(3,988)	(3,521)

The measure used for reporting segment (loss)/profit is "adjusted (LBITDA)/EBITDA" i.e. "adjusted (loss)/earnings before interest, taxes, depreciation and amortisation, loss allowance on property, plant and equipment, inventories", where "interest" is regarded as not including interest income from money lending business. To arrive at adjusted (LBITDA)/EBITDA the Group's loss are further adjusted for items not specifically attributed to individual segments, such as share of profit/(loss) of associates, directors' and auditors' remuneration and other head office or corporate administration costs.

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(ii) Reconciliations of reportable segment assets and liabilities

	Continuing operations				Discontinued operations	
	Agricultural produce HK$'000	Money lending HK$'000	Unallocated HK$'000	Sub-total HK$'000	Securities broking HK$'000	Total HK$'000
At 30 June 2018 (Unaudited)						
Assets						
Reportable segment assets	130,632	287,818	–	418,450	18,054	436,504
Goodwill	–	50,732	–	50,732	–	50,732
Interest in an associate	–	–	49,564	49,564	–	49,564
Unallocated head office and corporate assets	–	–	3,098	3,098	–	3,098
Consolidated total assets	130,632	338,550	52,662	521,844	18,054	539,898
Liabilities						
Reportable segment liabilities	118,215	9,401	–	127,616	6,450	134,066
Convertible bonds	–	–	39,848	39,848	–	39,848
Bonds	–	–	27,811	27,811	–	27,811
Promissory notes	–	–	26,432	26,432	–	26,432
Unallocated head office and corporate liabilities	–	–	19,119	19,119	–	19,119
Consolidated total liabilities	118,215	9,401	113,210	240,826	6,450	247,276
Other segment information						
Capital expenditure*	18,961	189	–	19,150	–	19,150
Income tax expense	–	2,648	17	2,665	–	2,665

* Capital expenditure consists of additions to property, plant and equipment.

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(ii) Reconciliations of reportable segment assets and liabilities (Continued)

	Continuing operations				Discontinued operations	
	Agricultural produce HK$'000	Money lending HK$'000	Unallocated HK$'000	Sub-total HK$'000	Securities broking HK$'000	Total HK$'000
At 31 December 2017 (Audited)						
Assets						
Reportable segment assets	56,308	304,530	–	360,838	14,759	375,597
Goodwill	–	50,732	–	50,732	–	50,732
Interest in an associate	–	–	46,911	46,911	–	46,911
Unallocated head office and corporate assets	–	–	4,713	4,713	–	4,713
Consolidated total assets	56,308	355,262	51,624	463,194	14,759	477,953
Liabilities						
Reportable segment liabilities	54,832	7,086	–	61,918	5,477	67,395
Bonds	–	–	28,204	28,204	–	28,204
Promissory notes	–	–	24,770	24,770	–	24,770
Unallocated head office and corporate liabilities	–	–	25,572	25,572	–	25,572
Consolidated total liabilities	54,832	7,086	78,546	140,464	5,477	145,941
Other segment information						
Capital expenditure*	3,135	9	3	3,147	–	3,147
Income tax (credit)/expense	(20)	5,328	–	5,308	–	5,308

* Capital expenditure consists of additions to property, plant and equipment.

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(iii) Geographical information

Disaggregated by geographical location of customers:

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Revenue		
– Hong Kong	**47**	2,613
– Mainland China	**41,051**	28,385
	41,098	30,998

5 (LOSS)/PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Continuing operations		
(a) Finance costs:		
– Imputed interest expenses on convertible bonds	**1,372**	–
– Imputed interest expenses on promissory notes	**1,662**	1,458
– Interest on bank loans wholly repayable within five years	**639**	1,383
– Interest on bonds	**–**	490
– Interest on finance lease	**8**	1
– Interest on other loans	**4,014**	32
	7,695	3,364
(b) Other income and gains:		
– Bank interest received	**(4)**	(15)
– Exchange gain, net	**–**	(10,776)
– Gain on disposal of a subsidiary	**(100)**	–
– Government grants	**(1,758)**	(2,136)
– Other interest income	**(14)**	(305)
– Rental income	**(109)**	(856)
– Reversal of loss allowance for other receivables	**(1,159)**	–
– Reversal of loss allowance for trade receivables	**(256)**	–
– Reversal of written down of inventories	**(60)**	–
– Sundry income	**(138)**	(109)
	(3,598)	(14,197)
(c) Other items:		
– Depreciation of property, plant and equipment	**4,988**	5,147
– Exchange loss, net	**7,076**	–
– Interest receivables written off	**–**	1
– Loss allowance for loan receivables	**4,578**	–
– Loss allowance for other receivables	**–**	15
– Loss allowance for trade receivables	**1,485**	–
– Loan receivables written off	**–**	10
– Loss arising from change in fair value less costs to sell of biological assets	**288**	184
– Loss on disposal of property, plant and equipment	**4**	–

6 INCOME TAX EXPENSE (RELATING TO CONTINUING OPERATIONS)

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the Group is not subject to any taxation under the jurisdictions of the Bermuda and the BVI during the Reporting Period.

No provision for Hong Kong Profits tax has been provided as the subsidiaries in Hong Kong did not have any assessable profit arising in Hong Kong during the Reporting Period.

PRC enterprise income tax is provided at the rates applicable to the subsidiaries in the People's Republic of China (the "PRC") of the income for statutory reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practices and interpretations thereof.

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 enterprise income tax exemption or half reduction of enterprise income tax on profits derived from such business. The Group's PRC subsidiaries engaged in qualifying agricultural business, which includes growing, processing and selling of vegetables, are entitled to full exemption of enterprise income tax.

	Six months ended 30 June	
	2018 **HK$'000** **(Unaudited)**	2017 HK$'000 (Unaudited)
Current tax – Enterprise Income Tax in Mainland China		
– Provision for the period	**2,884**	372
– Over provision in respect of prior years	**(219)**	–
	2,665	372

7 DISCONTINUED OPERATIONS

On 25 May 2017, the Group entered into a sale and purchase agreement ("Agreement") with Ace Jumbo Ventures Limited, an independent third party, pursuant to which the Company has conditionally agreed to sell Golden Rich Securities Limited, at the consideration of net asset value of Golden Rich Securities Limited as at the date of the Agreement plus HK$12,000,000. Accordingly, all assets and liabilities attributable to Golden Rich Securities Limited and its subsidiary ("Disposal Group") have been classified as a disposal group held for sale and are presented separately in the unaudited condensed consolidated statement of financial position as at 30 June 2017, 31 December 2017 and 30 June 2018 respectively. The Disposal Group has been presented as discontinued operations in the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2017 and 30 June 2018 respectively.

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	
	2018 **HK$'000** **(Unaudited)**	2017 HK$'000 (Unaudited)
Revenue	**7,212**	591
Cost of services	**(776)**	(624)
Gross profit/(loss)	**6,436**	(33)
Other income and gains	**40**	66
Administrative expenses	**(4,154)**	(3,982)
Finance costs	**–**	(39)
Profit/(loss) before taxation	**2,322**	(3,988)
Income tax expense	**–**	–
Profit/(loss) after taxation	**2,322**	(3,988)
Profit/(loss) for the period from discontinued operations attributable to equity holders of the Company	**2,322**	(3,988)

7 DISCONTINUED OPERATIONS (CONTINUED)

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

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**564**	428

(c) Analysis of cash flows from discontinued operations is as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash inflows from operating activities	**2,104**	311
Net cash outflows from investing activities	**–**	(725)
Net cash inflows/(outflows) for the period	**2,104**	(414)

(d) Analysis of value of the identifiable assets and liabilities of the Disposal Group is as follows:

	At 30 June 2018	At 31 December 2017
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Property, plant and equipment	**663**	1,227
Intangible asset	**500**	500
Other non-current assets	**230**	230
Trade and other receivables	**4,674**	3,513
Cash held on behalf of brokerage clients	**3,750**	3,156
Cash and cash equivalents	**8,237**	6,133
Total assets classified as held for sale	**18,054**	14,759
Trade and other payables	**6,450**	5,477
Total liabilities classified as held for sale	**6,450**	5,477

8 LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to the equity holders of the Company of HK$34,398,000 (2017: loss of HK$3,893,000) and the weighted average number of 1,039,799,000 (2017 restated: 960,902,000) ordinary shares in issue during the period.

The weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share has been adjusted for the share consolidation on 25 June 2018 as set out in Note 19.

The computation of diluted (loss)/earnings per share for the six months ended 30 June 2018 and 2017 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.

From continuing operations

The calculation of basic (loss)/earnings per share is based on the Group's (loss)/profit for the period attributable to the equity holders of the Company of HK$36,720,000 (2017: profit of HK$95,000) and the weighted average number of 1,039,799,000 (2017 restated: 960,902,000) ordinary shares in issue during the period.

The computation of diluted loss per share for the six months ended 30 June 2018 and 2017 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.

From discontinued operations

The calculation of basic earnings/(loss) per share is based on the Group's profit/(loss) attributable to the equity holders of the Company of HK$2,322,000 (2017: loss of HK$3,988,000) and the weighted average number of 1,039,799,000 (2017 restated: 960,902,000) ordinary shares in issue during the period.

The computation of diluted earnings/(loss) per share for the six months ended 30 June 2018 and 2017 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 decrease in earnings/(loss) per share. Therefore, the basic and diluted earnings/(loss) per share are the same.

9 DIVIDEND

No dividend was paid, declared or proposed during the reporting period. The Directors do not recommend the payment of an interim dividend (2017: Nil).

10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired items of plant and equipment with a cost of HK$19,150,000 (six months ended 30 June 2017: HK$65,000). Items of plant and equipment with carrying amounts of HK$48,600 were disposed of during the six months ended 30 June 2018 (six months ended 30 June 2017: HK$Nil), resulting in a loss on disposal of HK$4,000.

11 INTEREST IN AN ASSOCIATE

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
At 1 January	**46,911**	38,000
Share of post-acquisition profit and other comprehensive income	**2,653**	8,911
At 30 June/31 December	**49,564**	46,911

The Group's associate, which is unlisted and established in a form of limited company, is as follows:

Name	Place of incorporation/ business	Particular of registered capital	Percentage of ownership interest held by the Company	Principal activities
Shenzhen Qianhai Gelin Internet Financial Services Company Limited*	PRC/PRC	RMB100,000,000	25%	Provision of internet financing service

The associate is accounted for using the equity method in the unaudited condensed consolidated interim financial statements.

There are no contingent liabilities relating to the Group's interest in the associate.

* *For identification purpose only*

11 INTEREST IN AN ASSOCIATE (CONTINUED)

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the unaudited condensed consolidated interim financial statements are disclosed below:

	At 30 June 2018 HK$'000	At 31 December 2017 HK$'000
Current assets	**117,460**	118,176
Non-current assets	**116,711**	115,110
Total assets	**234,171**	233,286
Current liabilities	**(1,400)**	(11,351)
Net assets	**232,771**	221,935

	Six months ended 30 June	
	2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Revenue	**2,165**	4,774
Profit/(Loss) for the period	**5,897**	(227)
Other comprehensive income for the period	**4,720**	6,480
Profit/(Loss) and total comprehensive income for the period attributable to equity holders	**10,617**	6,253
Share of total comprehensive income (25%) (2017: 25%)	**2,653**	1,563

12 TRADE AND OTHER RECEIVABLES

	Notes	**At 30 June 2018 HK$'000 (Unaudited)**	At 31 December 2017 HK$'000 (Audited)
Trade receivables arising from trading of agricultural produce		**17,422**	5,147
Less: Loss allowance		**(4,471)**	(1,373)
Total trade receivables	(a)	**12,951**	3,774
Other receivables		**15,212**	16,268
Less: Loss allowance		**(9,048)**	(10,185)
Total other receivables		**6,164**	6,083
Deposits and prepayments		**85,379**	32,919
Less: Loss allowance		**(28,250)**	(28,250)
Total deposits and prepayments		**57,129**	4,669
		76,244	14,526

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) The average credit period on sales of agricultural produce is 60 days. As of the end of the reporting period, the ageing analysis of trade receivables from trading of agricultural produce, based on the invoice date and net loss allowance, is as follows:

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Current	**14,502**	1,349
61 – 120 days	**13**	305
Over 120 days	**2,907**	3,493
	17,422	5,147
Less: Loss allowance	**(4,471)**	(1,373)
	12,951	3,774

13 LOAN RECEIVABLES

The Group's loan receivables arose from the money lending business. Loan receivables bear interest at rates range from 7.2% to 48% (31 December 2017: 7.2% to 48%), and with credit periods, mutually agreed between the contracting parties. Each customer has a credit limit. Overdue balances are reviewed regularly and handled closely by senior management.

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Carrying amount receivable based on scheduled repayment dates set out in the loan agreements		
Within one year	**306,099**	288,192
Repayment on demand clause (shown under current assets)	**–**	–
	306,099	288,192
Less: Loss allowance	**(31,481)**	–
	274,618	288,192
Less: current portion	**(274,618)**	(288,192)
Non-current portion	**–**	–

13 LOAN RECEIVABLES (CONTINUED)

The Group's loan receivables, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong and in Mainland China, are denominated in Hong Kong dollars with amount of HK$5,517,000 (31 December 2017: HK$5,580,000) and in Renminbi ("RMB") with amount of approximately HK$300,582,000 (31 December 2017: approximately HK$282,612,000), respectively.

Except for loan receivables of approximately HK$300,599,000 (31 December 2017: approximately HK$282,692,000) as at 30 June 2018, which are unsecured, interest-bearing and are repayable with fixed terms agreed with customers, all loan receivables are secured by collaterals provided by customers, interest-bearing and are repayable within fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the loan receivables mentioned above.

A maturity profile of the loan receivables as at the end of the reporting periods, based on the maturity date, net of loss allowance, is as follows:

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Within 3 months	**13,556**	21,414
3 months to 1 year	**292,543**	266,778
Over 1 year	**–**	–
Classified as non-current assets	**–**	–
	306,099	288,192
Less: Loss allowance	**(31,481)**	–
	274,618	288,192

14 INTEREST RECEIVABLES

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Interest receivables	10,276	4,779

The Group's interest receivables, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong and in Mainland China, are denominated in Hong Kong dollars and RMB, respectively.

Except for interest receivables of approximately HK$8,879,000 (31 December 2017: HK$3,381,000) as at 30 June 2018, which are unsecured, and repayable with fixed terms agreed with customers, the remainings are secured by collaterals provided by customers are repayable within fixed terms agreed with the customers.

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Current	–	2
0 – 30 days	3,106	2,000
31 – 90 days	3,665	1,380
Over 90 days	3,505	1,397
	10,276	4,779

15 TRADE AND OTHER PAYABLES

	Notes	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Trade payables arising from trading of agricultural produce	(a)	**34,737**	17,312
Accruals and other payables		**30,021**	33,897
Amounts due to directors of subsidiaries in Mainland China		**–**	599
Government grants		**6,198**	6,872
		70,956	58,680
Less: current portion		**(65,898)**	(52,981)
Non-current portion – government grants		**5,058**	5,699

(a) Trade payables arising from trading of agricultural produce principally comprise amounts outstanding for trade purchases and have an average credit period of 30 days. The aged analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
0 – 60 days	**25,179**	801
61 – 120 days	**258**	3,780
Over 120 days	**9,300**	12,731
	34,737	17,312

16 CONVERTIBLE BONDS

(a) Convertible bonds issued on 7 February 2018

Pursuant to the announcement of the Company dated 7 February 2018, all conditions precedent under the subscription agreement date 23 January 2018 has been fulfilled and convertible bonds with aggregate principal amount of HK$40,000,000 were issued with conversion price of HK$0.40 (adjusted from HK$0.04 to HK$0.40 per share as a result of the capital reorganisation effected on 25 June 2018) per share to an independent third party on 7 February 2018 (the "Issue Date").

The convertible bonds are denominated in Hong Kong dollars and carry an interest rate of 5% per annum. The holders of the convertible bonds are entitled to convert the bonds into 1,000,000,000 ordinary shares of the Company ("Conversion Shares") at initial conversion price of HK$0.04 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.

The outstanding amount is repayable on 6 February 2019 (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$38,570,000 was recognised with the residual value of approximately HK$1,430,000, representing equity component, presented in equity heading "convertible bonds reserve".

Transaction costs relating to the liability component of approximately HK$65,000 are included in the carrying amount of the liability portion.

The effective interest rate of the liability component is 8.89% per annum.

During the reporting period, interest charged on the convertible bonds of approximately HK$1,343,000 was debited to profit or loss.

16 CONVERTIBLE BONDS (CONTINUED)

(a) Convertible bonds issued on 7 February 2018 (Continued)

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

	Convertible bonds		
	Liability component HK$'000	Equity component HK$'000	Total HK$'000
At 1 January 2018	–	–	–
Issued during the period	38,570	1,430	40,000
Direct transaction costs	(65)	(3)	(68)
Imputed interest expense	1,343	–	1,343
At 30 June 2018	39,848	1,427	41,275

(b) Convertible bonds issued on 5 June 2018

Pursuant to the announcement of the Company dated 5 June 2018, all conditions precedent under the subscription agreement date 15 May 2018 has been fulfilled and convertible bonds with aggregate principal amount of HK$21,200,000 were issued with conversion price of HK$0.023 per share to independent third parties on 5 June 2018 (the "Issue Date").

The convertible bonds are denominated in Hong Kong Dollars and carry an interest rate of 5% per annum. The holders of the convertible bonds are entitled to convert the bonds into 921,739,130 ordinary shares of the Company ("Conversion Shares") at initial conversion price of HK$0.023 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.

The convertible bonds contain two components, liability component and equity component. At initial recognition, the fair value of liability of approximately HK$20,498,000 was recognised with the residual value of approximately HK$702,000, representing equity component, presented in equity heading "convertible bonds reserve".

Transaction costs relating to the liability component of approximately HK$66,000 are included in the carrying amount of the liability portion.

The effective interest rate of the liability component is 8.6% per annum.

16 CONVERTIBLE BONDS (CONTINUED)

(b) Convertible bonds issued on 5 June 2018 (Continued)

During the reporting period, interest charged on the convertible bonds of approximately HK$29,000 was debited to profit or loss.

On 11 June 2018, all convertible bonds were converted into ordinary shares of the Company.

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

	Convertible bonds		
	Liability component	**Equity component**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 January 2018	–	–	–
Issued during the period	20,498	702	21,200
Direct transaction costs	(66)	(2)	(68)
Imputed interest expense	29	–	29
Conversion into shares	(20,461)	(700)	(21,161)
At 30 June 2018	–	–	–

17 BONDS

	Notes	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
At 1 January		**28,204**	–
Issue of bonds		**–**	31,081
Interest expenses		**–**	1,821
Early redemption of Bond 1		**–**	(5,161)
Repayment of interest expenses		**–**	(757)
Exchange realignment		**(393)**	1,220
At 30 June/31 December		**27,811**	28,204

Notes:

(a) On 4 May 2017, the Company issued unsecured bond ("Bond 1") with principal value of RMB13,548,000 (approximately HK$15,538,000) to an independent third party ("Subscriber 1"). The Bond 1 bears interest at 10% per annum and is repayable on 31 December 2017.

During the year ended 31 December 2017, interest expense of RMB668,000 (approximately HK$780,000) was charged to profit or loss of the Group. In addition, interest expense of RMB296,000 (approximately HK$354,000) has been paid in connection to this Bond 1 during the year ended 31 December 2017.

On 31 December 2017, principal value of RMB4,500,000 (approximately HK$5,161,000) has been repaid to Subscriber 1.

During the six months period ended 30 June 2018, no principal and interest were paid to the Subscriber 1 .

(b) On 5 May 2017, the Company issued unsecured bond ("Bond 2") with principal value of RMB13,552,000 (approximately HK$15,543,000) to an independent third party ("Subscriber 2"). The Bond 2 bears interest at 10% per annum and is repayable on 31 December 2017.

During the year ended 31 December 2017, interest expense of RMB891,000 (approximately HK$1,041,000) was charged to profit or loss of the Group. In addition, interest expense of RMB338,000 (approximately HK$403,000) has been paid in connection to this Bond 2 during the year ended 31 December 2017.

During the six months period ended 30 June 2018, no principal and interest has been repaid to Subscriber 2.

18 INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	**At 30 June 2018 HK$'000 (Unaudited)**	At 31 December 2017 HK$'000 (Audited)
Bank loans	(a)	**16,551**	8,992
Other loans	(b)	**50,300**	13,281
		66,851	22,273
Secured		**16,551**	–
Unsecured		**50,300**	22,273
Carrying amount		**66,851**	22,273
Repayable:			
Within one year		**66,851**	22,273
More than one year, but not exceeding than two years		**–**	–
		66,851	22,273
Less: Amounts shown under current liabilities		**(66,851)**	(22,273)
Non-current liabilities		**–**	–

Notes:

(a) The bank loans amounted to approximately HK$16,551,000 is secured by several Group's properties (2017: unsecured of approximately HK$8,992,000). The loan interest is charged at fixed rate of 9% per annum and repayable with one year.

(b) Other loans amounted to approximately HK$3,875,000 is unsecured, interest-free and has no fixed term of repayment.

Other loans amounted to approximately HK$46,425,000 is unsecured, interest is charged at fixed rate from 14.4% to 32.85% per annum and repayable within three months to one year.

18 INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Movement of the bank and other borrowings are as follows:

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
At 1 January	**22,273**	38,447
Additions	**86,573**	20,577
Repayment	**(39,838)**	(38,281)
Exchange realignment	**(2,157)**	1,530
At 30 June/31 December	**66,851**	22,273

19 SHARE CAPITAL

	Notes	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Authorised:			
150,000,000,000 (31 December 2017: 150,000,000,000) ordinary shares of HK$0.01 each		**1,500,000**	1,500,000
10,000,000,000 (31 December 2017: 10,000,000,000) preference shares of HK$0.01 each		**100,000**	100,000
Issued and fully paid:			
1,121,787,634 (31 December 2017: 10,296,137,217) ordinary shares of HK$0.01 each		**11,218**	102,961
3,030,000 (31 December 2017: 3,030,000) preference shares of HK$0.01 each	(a)	**30**	30
Total amount		**11,248**	102,991

19 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 2017 and 1 January 2018 (Audited)		10,296,137,217	102,961
Conversion of convertible bonds to ordinary shares	(b)	921,739,130	9,217
Reduction in the par value of each issued Shares from HK$0.01 to HK$0.001; and consolidation of the Reduced Shares of every ten (10) issued Reduced Shares of HK$0.001 each into one (1) consolidated Share of HK$0.01 each	(c)	(10,096,088,713)	(100,960)
At 30 June 2018 (Unaudited)		1,121,787,634	11,218

Notes:

(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 Year 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 11 June 2018, convertible bonds with an aggregate principal amount of HK$21,200,000 were converted into 921,739,130 ordinary shares of the Company at a conversion price of HK$0.023 each.

(c) Save as disclosed in the Company's circular dated 28 May 2018 in respect of a proposed capital reorganisation ("Capital Reorganisation") which was approved by the Shareholders of the Company in a special general meeting of the Company on 22 June 2018, the Capital Reorganisation has become effect on 25 June 2018 as details below.

    i. Reduction in the par value of each issued Share from HK$0.01 to HK$0.001 by cancelling paid up capital to the extent of HK$0.009 on each issued Share and round down of the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation;

    ii. Consolidation of the Reduced Shares on the basis that every 10 issued Reduced Shares of HK$0.001 each will be consolidated into one Consolidated Share of HK$0.01 each.

20 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.

Details of specific categories of options are as follows:

Date of grant	**Exercise period**	**Exercise price** HK$	Notes
3/7/2015	3/7/2015 – 2/7/2025	4.95	(a)
10/9/2015	10/9/2015 – 9/9/2025	3.49	(b)
22/7/2016	22/7/2016 – 21/7/2026	1.98	(c)
20/9/2017	20/9/2017 – 19/9/2027	0.39	(d)

Notes:

As a result of the Capital Reorganisation, adjustments were made to the number of ordinary shares to be allotted and issued upon exercise of the subscription rights attaching to all these share options then outstanding granted under the Share Option Scheme by the decrease of:

(a) 517,295,504 ordinary shares to 51,729,550 ordinary shares and the exercise prices of the outstanding options were adjusted from HK$0.495 per ordinary share to HK$4.95 per ordinary share, effective from 25 June 2018;

(b) 515,000 ordinary shares to 51,500 ordinary shares and the exercise prices of the outstanding options were adjusted from HK$0.349 per ordinary share to HK$3.49 per ordinary share, effective from 25 June 2018;

20 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Notes: (Continued)

(c) 675,659,762 ordinary shares to 67,565,976 ordinary shares and the exercise prices of the outstanding options were adjusted from HK$0.198 per ordinary share to HK$1.98 per ordinary share, effective from 25 June 2018; and

(d) 273,780,000 ordinary shares to 27,378,000 ordinary shares and the exercise prices of the outstanding options were adjusted from HK$0.039 per ordinary share to HK$0.39 per ordinary share, effective from 25 June 2018.

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

	20 September 2017	22 July 2016	10 September 2015	3 July 2015
Fair value at measurement date	HK$24,609,958	HK$72,732,958	HK$87,497	HK$135,904,419
Share price	HK$0.039	HK$0.198	HK$0.325	HK$0.465
Exercise price	HK$0.039	HK$0.198	HK$0.349	HK$0.495
Expected volatility (expressed as weighted average volatility used in the modeling under the Binominal Option Price Model)	62%	59%	65%	65%
Option life (expressed as weighted average life used in the modeling under the Binominal Option Price Model)	10 years	10 years	10 years	10 years
Expected dividends	0%	0%	0%	0%
Risk-free interest rate (based on exchange fund notes)	1.5%	1.01%	1.53%	1.87%

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

20 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The table below discloses movement of the Company's share options held by the Group's Directors, employees and consultants:

	Number of share options						
Name of category/ participant	At 1 January 2018 (Audited)	Lapsed during the period	Share consolidation during the period	At 30 June 2018 (Unaudited)	Date of granted	Exercise period	Adjusted exercise price HK$
Directors							
In aggregate	58,964,806	(48,051,327)	(9,822,131)	1,091,348	3/7/2015	3/7/2015 – 2/7/2025	4.95
In aggregate	213,280,000	(137,600,000)	(68,112,000)	7,568,000	22/7/2016	22/7/2016 – 21/7/2026	1.98
In aggregate	96,080,000	–	(86,472,000)	9,608,000	20/9/2017	20/9/2017 – 19/9/2027	0.39
	368,324,806	**(185,651,327)**	**(164,406,131)**	**18,267,348**			
Employees							
In aggregate	102,601,025	(36,000,000)	(59,940,923)	6,660,102	3/7/2015	3/7/2015 – 2/7/2025	4.95
In aggregate	515,000	–	(463,500)	51,500	10/9/2015	10/9/2015 – 9/9/2025	3.49
In aggregate	462,379,762	(138,500,000)	(291,491,786)	32,387,976	22/7/2016	22/7/2016 – 21/7/2026	1.98
In aggregate	177,700,000	(27,000,000)	(135,630,000)	15,070,000	20/9/2017	20/9/2017 – 19/9/2027	0.39
	743,195,787	**(201,500,000)**	**(487,526,209)**	**54,169,578**			
Consultants							
In aggregate	355,729,673	–	(320,156,706)	35,572,967	3/7/2015	3/7/2015 – 2/7/2025	4.95
	355,729,673	**–**	**(320,156,706)**	**35,572,967**			
	1,467,250,266	**(387,151,327)**	**(972,089,046)**	**108,009,893**			

The options outstanding at 30 June 2018 had an exercise price ranging from HK$0.39 to HK$4.95 (31 December 2017: HK$0.39 to HK$4.95) and a weighted average remaining contractual life of 7.9 years (31 December 2017: 8.4 years).

At the end of the reporting period, the Company has 108,009,893 share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in issue of 108,009,893 additional ordinary shares of the Company and additional share capital of approximately HK$1,080,000.

21 CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL STATEMENTS

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

	At 30 June 2018 HK$'000 (Unaudited)	At 31 December 2017 HK$'000 (Audited)
Capital expenditure contracted for but not provided for	**833**	1,459

22 MATERIAL RELATED PARTY TRANSACTIONS

Remuneration for key management personnel, including amounts paid to the Company's directors and certain of the highest paid employees, is as follows:

	At 30 June 2018 HK$'000 (Unaudited)	At 30 June 2017 HK$'000 (Unaudited)
Salaries and other short-term employee benefits	**5,357**	6,696
Contribution to defined contribution retirement scheme plans	**106**	106
	5,463	6,802

23 COMPARATIVE FIGURES

The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

24 SUBSEQUENT EVENT

On 9 July 2018, the Company offered share options (the "Options"), subject to acceptance of the grantees, to certain eligible persons under the share option scheme of the Company adopted on 6 June 2013, to subscribe for a total of 112,178,756 ordinary shares of HK$0.01 each of the Company. Among the 112,178,756 Options, a total of 4,795,974 Options were granted to the Directors and a total of 107,382,782 Options were granted to other eligible participants of the Company and its subsidiaries.

On 18 July 2018 (after trading hours), the Company entered into five subscription agreements with five subscribers pursuant to which the subscribers have agreed to subscribe for the 5% convertible bonds due in 2019 in the aggregate principal amount of HK$39.5 million with initial conversion price of HK$0.091 per conversion share (the "Subscriptions"). The Subscriptions are subject to the fulfillment of the conditions set out in the subscription agreements including approval by shareholders at a special general meeting ("SGM") of the Company. A SGM will be held to consider and, if thought fit, approve the Subscriptions. A circular containing, among other things, further details of the Subscriptions and a notice convening the SGM is expected to be despatched to the shareholders on or before 14 September 2018.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 30 June 2018 and up to the date of this financial statements.

OTHER INFORMATION

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

As at 30 June 2018, 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 and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in the shares of the Company:

Name of directors	Capacity	Class of shares	Number of Shares held (Note 4) Before Capital Reorganisation	After Capital Reorganisation	Percentage of shareholding in class
Diao Jing	Beneficial owner	Ordinary shares	96,080,000	9,608,000	0.86%
Lin Yuhao	Interest of controlled corporation	Ordinary shares (Note 1)	863,017,507	86,301,750	7.69%
	Beneficial owner	Share Options (Note 2)	102,960,000	10,296,000	0.92%
Yau Yik Ming Leao	Interest of controlled corporation	Ordinary shares (Note 3)	101,500,000	10,150,000	0.90%
	Beneficial owner	Share Options (Note 2)	79,713,479	7,971,348	0.71%

Notes:

1. 86,301,750 shares were held by Sino Richest Investment Holdings Limited which is wholly and beneficially owned by Mr. Lin Yuhao, the non-executive Director and Chairman of the Company.

2. These represented the interests in underlying shares in respect of share options granted by the Company, details of which are disclosed in section headed "SHARE OPTION SCHEME" below.

3. 10,150,000 shares were held by Asiacorp International Holdings Limited which is wholly and beneficially owned by Mr. Yau Yik Ming Leao, the chief executive officer of the Company.

4. The number of shares held has been adjusted accordingly pursuant to the Capital Reorganisation of the Company on 25 June 2018.

Save as disclosed above, as at 30 June 2018, 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. Xu Bin	Resignation as executive Director and Deputy Chairman	28 February 2018
Mr. Yau Yik Ming Leao	Retirement as executive Director	15 June 2018

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, 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:

			Number of shares held (Note 2)		
Name of shareholder	Capacity	Class of shares	Before Capital Reorganisation	After Capital Reorganisation	Percentage of shareholding in class
Sino Richest Investment Holdings Limited (Note 1)	Beneficial owner	Ordinary shares	863,017,507	86,301,750	7.69%
Lin Yuhao (Note 1)	Interest of controlled corporation	Ordinary shares	863,017,507	86,301,750	7.69%

Note:

1. Sino Richest Investment Holdings Limited is wholly and beneficially owned by Mr. Lin Yuhao, the non-executive Director and Chairman of the Company.

2. The number of shares held has been adjusted accordingly pursuant to the Capital Reorganisation of the Company on 25 June 2018.

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 2018.

SHARE OPTION SCHEME

On 6 June 2013, the Company adopted a 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.

SHARE OPTION SCHEME (CONTINUED)

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 15 June 2018, 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 112,178,763 shares after adjustment of Capital Reorganisation.

Movements of the share options, which were granted under the Scheme, during the six months ended 30 June 2018 are set out below:

						Number of Share Options						
Category of Participant	Date of grant	Exercise period	Closing price of Shares immediately before the date of grant (HK$)	Exercise price (HK$)	Adjusted exercise price (HK$) (Note 1)	Outstanding as at 1 January 2018	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed during the Reporting Period	As at 25 June 2018 (before Capital Reorganisation) (Note 1)	Capital Reorganisation	As at 30 June 2018 (After Capital Reorganisation) (Note 1)
Directors												
Lin Yuhao	22 July 2016	22 July 2016 to 21 July 2026	0.198	0.198	1.98	6,880,000	–	–	–	6,880,000	(6,192,000)	688,000
	20 September 2017	20 September 2017 to 19 September 2027	0.039	0.039	0.39	96,080,000	–	–	–	96,080,000	(86,472,000)	9,608,000
Yau Yik Ming Leao (Note 2)	3 July 2015	3 July 2015 to 2 July 2025	0.465	0.495	4.95	10,913,479	–	–	–	10,913,479	(9,822,131)	1,091,348
	22 July 2016	22 July 2016 to 21 July 2026	0.198	0.198	1.98	68,800,000	–	–	–	68,800,000	(61,920,000)	6,880,000
Xu Bin (Note 3)	3 July 2015	3 July 2015 to 2 July 2025	0.465	0.495	4.95	14,137,848	–	–	(14,137,848)	–	–	–
	22 July 2016	22 July 2016 to 21 July 2026	0.198	0.198	1.98	68,800,000	–	–	(68,800,000)	–	–	–
Tsang King Sun (Note 4)	3 July 2015	3 July 2015 to 2 July 2025	0.465	0.495	4.95	33,913,479	–	–	(33,913,479)	–	–	–
	22 July 2016	22 July 2016 to 21 July 2026	0.198	0.198	1.98	68,800,000	–	–	(68,800,000)	–	–	–
Employees	3 July 2015	3 July 2015 to 2 July 2025	0.465	0.495	4.95	102,601,025	–	–	(36,000,000)	66,601,025	(59,940,923)	6,660,102
	10 September 2015	10 September 2015 to 9 September 2025	0.325	0.349	3.49	515,000	–	–	–	515,000	(463,500)	51,500
	22 July 2016	22 July 2016 to 21 July 2026	0.198	0.198	1.98	462,379,762	–	–	(138,500,000)	323,879,762	(291,491,786)	32,387,976
	20 September 2017	20 September 2017 to 19 September 2027	0.039	0.039	0.39	177,700,000	–	–	(27,000,000)	150,700,000	(135,630,000)	15,070,000
Other eligible participants	3 July 2015	3 July 2015 to 2 July 2025	0.465	0.495	4.95	355,729,673	–	–	–	355,729,673	(320,156,706)	35,572,967
Total						**1,467,250,266**	**–**	**–**	**(387,151,327)**	**1,080,098,939**	**(972,089,046)**	**108,009,893**

Notes:

1. The number of share options and exercise price have been adjusted accordingly pursuant to the Capital Reorganization of the Company on 25 June 2018. Details of the adjustments to share options in respect of Capital Reorganization were set out in the Company's announcement dated 22 June 2018.

SHARE OPTION SCHEME (CONTINUED)

Notes: (Continued)

2. Mr. Yau Yik Ming Leao retired as executive Director of the Company on 15 June 2018 and remained as chief executive officer of the Company.

3. Mr. Xu Bin resigned as executive Director and Deputy Chairman of the Company on 28 February 2018.

4. Mr. Tsang King Sun resigned as executive Director of the Company on 31 August 2017 and the share options granted to Mr. Tsang King Sun lapsed on 28 February 2018.

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 20 to the unaudited condensed consolidated interim 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 directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by directors as set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry with the Directors of the Company, all the Directors confirmed that they had complied with the required standards of the said code during the Reporting Period.

CORPORATE GOVERNANCE CODE

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 Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). During the Reporting Period, the Company has complied with the Code Provisions and mandatory disclosure requirement as set out in the CG Code, except for the following deviation in respect of which remedial steps for compliance have been taken or considered reasons are given below.

Under the Code Provision A.6.7, independent non-executive directors and non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to conflicting business schedules, Ms. ZHU Rouxiang and Ms. LI Yang, both being the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 15 June 2018.

The Company periodically reviews its corporate governance practices to ensure they continue to meet the requirements of the CG Code during the Reporting Period.

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 2018. The Audit Committee is of the opinion that such financial information complies with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

As at the date of this report, the Audit Committee comprises all independent non-executive directors, namely Ms. LI Yang (Committee Chairlady), Mr. LI Shaohua and Ms. ZHU Rouxiang.

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
Lin Yuhao
Chairman

Hong Kong, 24 August 2018