



KIRIN GROUP  
HOLDINGS LIMITED  
麒麟集團控股有限公司  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 8109)

# 2017 Interim Report



*A Step Forward, A Leap for Life*

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “Directors”) of Kirin Group Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Notes	Three months ended 31 December		Six months ended 31 December	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue	3	17,449	8,415	30,000	9,142
Cost of sales and services		(12,168)	(5,828)	(18,344)	(6,461)
Loss on disposal of subsidiaries		—	—	—	(556)
Other income		98	129	225	160
Distribution costs		(6,867)	(1,649)	(11,251)	(1,843)
Share of loss of a joint venture		—	—	(3)	—
Administrative and other expenses		(14,005)	(8,184)	(27,426)	(12,829)
Finance costs	4	(5,308)	(2,562)	(9,037)	(3,876)
Loss before taxation		(20,801)	(9,679)	(35,836)	(16,263)
Taxation	5	(502)	(306)	(962)	(306)
Loss for the period	6	<u>(21,303)</u>	<u>(9,985)</u>	<u>(36,798)</u>	<u>(16,569)</u>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange reserve released upon disposal of subsidiaries		—	—	—	2
Exchange difference arising from translation of financial statements of foreign operations		3,659	209	4,057	1,403
Other comprehensive income for the period		<u>3,659</u>	<u>209</u>	<u>4,057</u>	<u>1,405</u>
Total comprehensive expense for the period		<u>(17,644)</u>	<u>(9,776)</u>	<u>(32,741)</u>	<u>(15,164)</u>

	<i>Note</i>	Three months ended 31 December		Six months ended 31 December	
		2016 <i>RMB'000</i> <b>(Unaudited)</b>	2015 <i>RMB'000</i> (Unaudited)	2016 <i>RMB'000</i> <b>(Unaudited)</b>	2015 <i>RMB'000</i> (Unaudited)
Loss for the period attributable to:					
— Equity shareholders of the Company		<b>(21,206)</b>	(9,556)	<b>(35,988)</b>	(15,802)
— Non-controlling interests		<b>(97)</b>	(429)	<b>(810)</b>	(767)
		<b>(21,303)</b>	(9,985)	<b>(36,798)</b>	(16,569)
Total comprehensive expense for the period attributable to:					
— Equity shareholders of the Company		<b>(17,467)</b>	(9,347)	<b>(31,851)</b>	(14,397)
— Non-controlling interests		<b>(177)</b>	(429)	<b>(890)</b>	(767)
		<b>(17,644)</b>	(9,776)	<b>(32,741)</b>	(15,164)
		<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Loss per share					
Basic and diluted	8	<b>(1.67 cents)</b>	(2.64 cents)	<b>(2.84 cents)</b>	(4.36 cents)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 DECEMBER 2016*

	<i>Notes</i>	<b>31/12/2016</b> <b>RMB'000</b> <b>(Unaudited)</b>	30/6/2016 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	9	6,148	3,393
Prepaid lease payment		2,302	2,361
Intangible asset	10	5,105	5,536
Goodwill	11	24,887	20,178
Deposits paid for acquisition of investments	12	38,011	8,800
Deposits paid for property, plant and equipment		9,001	11,867
Deposits paid for livestocks		4,999	4,784
Available-for-sale financial assets		—	—
		<u>90,453</u>	<u>56,919</u>
<b>CURRENT ASSETS</b>			
Held for trading investments	13	4,307	—
Prepaid lease payment		100	100
Loan receivables	14	90,636	55,759
Consideration receivables	15	6,582	16,710
Trade and other receivables	16	44,229	45,120
Fair value on contingent consideration		—	6,298
Cash and bank balances		8,664	15,943
		<u>154,518</u>	<u>139,930</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	38,569	31,409
Obligations under finance leases		447	333
Promissory notes	18	28,658	4,552
Corporate bonds	19	82,710	34,376
Current tax payable		1,466	795
		<u>151,850</u>	<u>71,465</u>
<b>NET CURRENT ASSETS</b>		<u>2,668</u>	<u>68,465</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>93,121</u>	<u>125,384</u>

	<i>Notes</i>	<b>31/12/2016</b> <b>RMB'000</b> <b>(Unaudited)</b>	30/6/2016 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Obligations under finance leases		<b>458</b>	467
Corporate bonds	<i>19</i>	<b>20,885</b>	19,973
Deferred tax liability	<i>21</i>	<b>255</b>	277
		<u><b>21,598</b></u>	<u>20,717</u>
<b>NET ASSETS</b>		<u><b>71,523</b></u>	<u>104,667</u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity shareholders of the Company</b>			
Share capital	<i>20</i>	<b>53,148</b>	53,148
Reserves		<u><b>17,971</b></u>	<u>49,727</u>
		<b>71,119</b>	102,875
Non-controlling interests		<u><b>404</b></u>	<u>1,792</u>
<b>TOTAL EQUITY</b>		<u><b>71,523</b></u>	<u>104,667</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

	Attributable to equity shareholders of the Company					Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Translation reserve RMB'000	Other reserve RMB'000	Acc- umulated losses RMB'000			
At 1 July 2015 (Audited)	9,108	147,696	5,668	—	(125,949)	36,523	1,189	37,712
Loss for the year	—	—	—	—	(55,542)	(55,542)	(842)	(56,384)
Exchange difference arising from translation of financial statements of foreign operations	—	—	4,839	—	—	4,839	62	4,901
Release of translation reserve upon disposal of subsidiaries	—	—	2	—	—	2	—	2
Total comprehensive income/(expense) for the year	—	—	4,841	—	(55,542)	(50,701)	(780)	(51,481)
Capital contribution from non-controlling interests	—	—	—	—	—	—	2	2
Acquisition of subsidiaries	—	—	—	—	—	—	2,453	2,453
Disposal of subsidiaries	—	—	—	—	—	—	(1,072)	(1,072)
Issue of shares upon placing, net of expense	3,635	29,392	—	—	—	33,027	—	33,027
Issue of shares under the open offer, net of expense	35,725	48,301	—	—	—	84,026	—	84,026
Bonus issues	4,680	(4,680)	—	—	—	—	—	—
At 30 June 2016 and 1 July 2016 (Audited)	53,148	220,709	10,509	—	(181,491)	102,875	1,792	104,667
Loss for the period	—	—	—	—	(35,988)	(35,988)	(810)	(36,798)
Exchange difference arising from translation of financial statements of foreign operations	—	—	4,137	—	—	4,137	(80)	4,057
Total comprehensive income/(expense) for the year	—	—	4,137	—	(35,988)	(31,851)	(890)	(32,741)
Acquisition of additional interest in a subsidiary (note 26)	—	—	—	95	—	95	(498)	(403)
At 31 December 2016 (Unaudited)	<b>53,148</b>	<b>220,709</b>	<b>14,646</b>	<b>95</b>	<b>(217,479)</b>	<b>71,119</b>	<b>404</b>	<b>71,523</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

	<b>Six months ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net cash used in operating activities	<u><b>(52,402)</b></u>	<u>(26,371)</u>
Investing activities		
Net cash outflow on acquisition of a subsidiary	<b>(733)</b>	(9,492)
Net cash outflow on deposits paid for acquisition of investments	<b>(31,783)</b>	(5,612)
Net cash inflow in relation to consideration receivable	<b>16,710</b>	3,734
Acquisition of plant and equipment	<b>(382)</b>	(615)
Interest received	<u><b>1</b></u>	<u>—</u>
Net cash used in investing activities	<u><b>(16,187)</b></u>	<u>(11,985)</u>
Financing activities		
Proceeds from issuance of corporate bonds	<b>52,551</b>	25,443
Expenses on issuance of corporate bonds	<b>(6,495)</b>	(4,058)
Proceeds from issuance of shares	—	25,714
Expenses on issuance of shares	—	(257)
Interest paid	<b>(4,482)</b>	(2,457)
Proceeds from issuance of a promissory note	<b>28,658</b>	—
Acquisition of additional interest in a subsidiary	<b>(403)</b>	—
Repayment of finance leases	<b>(247)</b>	—
Repayment of promissory notes	<b>(5,015)</b>	—
Repayment of corporate bonds	<u><b>(3,582)</b></u>	<u>(4,190)</u>
Net cash generated from financing activities	<u><b>60,985</b></u>	<u>40,195</u>
Net (decrease)/increase in cash and cash equivalents	<b>(7,604)</b>	1,839
Effect of change in foreign exchange rate	<b>325</b>	5
Cash and cash equivalents at 1 July	<u><b>15,943</b></u>	<u>657</u>
Cash and cash equivalents at 31 December, represented by bank balances and cash	<u><u><b>8,664</b></u></u>	<u><u>2,501</u></u>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Kirin Group Holdings Limited (the “Company”) is a public limited company domiciled and incorporated in Bermuda and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at 23/F., Sang Woo Building, No. 227-228 Gloucester Road, Wan Chai, Hong Kong. The Company acts as an investment holding company and the Group is principally engaged in the provision of energy saving service and related products and sales of livestock in the People’s Republic of China (the “PRC”), money lending business, provision of insurance brokerage services and assets management service in Hong Kong and provision of information technology services in Philippines.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), as the currency of the primary economic environment in which the principal subsidiaries of the Company operate is in the PRC, while the functional currency of the Company is Hong Kong dollar. All values are rounded to the nearest thousand except when otherwise indicated.

### 2. BASIS OF PREPARATION

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

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period. Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2016 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 30 June 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the above amendments to HKFRSs and HKAS in the current interim period has had no material impact on the results, the financial position and disclosures of the condensed consolidated financial statements of the Group.

### **3. REVENUE AND SEGMENT INFORMATION**

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group. The Group is principally engaged in provision of energy saving service and related products, insurance brokerage service, assets management service, money lending service, information technology service and sales of livestock. Specifically, the Group's reportable segments same as operating segments under HKFRS 8 are as follows:

- (a) Energy saving service and related products;
- (b) Insurance brokerage and related service;
- (c) assets management service;
- (d) Money lending service;
- (e) Information technology service; and
- (f) sales of livestock

The assets management service segment are introduced during the six months ended 31 December 2016 through the acquisition of Sang Woo (Kirin) Asset Management Limited (note 25).

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

For the six months ended 31 December (Unaudited)

	2016						2015					Total RMB'000
	Energy saving service and related products RMB'000	Insurance brokerage and related service RMB'000	Money lending service RMB'000	Information technology service RMB'000	Assets management service RMB'000	Sale of livestock RMB'000	Energy saving service and related products RMB'000	Insurance brokerage and related service RMB'000	Money lending service RMB'000	Information technology service RMB'000		
Revenue	3,620	18,592	4,936	2,852	—	—	30,000	5,108	2,152	409	1,473	9,142
Segment (loss) profit	(104)	(23,042)	4,441	673	(28)	(79)	(18,139)	(320)	(3,909)	165	956	(3,108)
Unallocated corporate expenses							(8,882)					(8,883)
Unallocated other income							225					160
Share of loss of a joint venture							(3)					—
Loss on disposal of subsidiaries							—					(556)
Finance costs							(9,037)					(3,876)
Loss before taxation							(35,836)					(16,263)

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

For the three months ended 31 December (Unaudited)

	2016						2015					Total RMB'000
	Energy saving service and related products RMB'000	Insurance brokerage and related service RMB'000	Money lending service RMB'000	Information technology service RMB'000	Assets management service RMB'000	Sale of livestock RMB'000	Energy saving service and related products RMB'000	Insurance brokerage and related service RMB'000	Money lending service RMB'000	Information technology service RMB'000		
Revenue	2,912	11,054	2,037	1,446	—	—	17,449	4,381	2,152	409	1,473	8,415
Segment (loss) profit	(387)	(11,335)	1,723	527	(28)	(79)	(9,579)	(480)	(3,909)	165	956	(3,268)
Unallocated corporate expenses							(6,009)					(3,978)
Unallocated other income							98					129
Share of loss of a joint venture							(3)					—
Finance costs							(5,308)					(2,562)
Loss before taxation							(20,801)					(9,679)

Segment loss represents the loss incurred for or profit earned by each segment without allocation of central administration costs, directors' salaries, finance costs, loss on disposal of subsidiaries, income tax expenses, share of loss of a joint venture and other income. This is the measure reported to the board of directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance.

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

	31/12/2016 (Unaudited)							30/6/2016 (Audited)						
	Energy saving services and related products RMB'000	Insurance brokerage and related services RMB'000	Assets management service RMB'000	Money lending service RMB'000	Information technology services RMB'000	Sales of livestock RMB'000	Total RMB'000	Energy saving services and related products RMB'000	Insurance brokerage and related services RMB'000	Money lending service RMB'000	Information technology services RMB'000	Sales of livestock RMB'000	Total RMB'000	
Segment assets	15,523	24,043	4,803	93,211	29,454	20,154	187,188	13,938	26,822	61,159	32,471	19,447	153,837	
Unallocated corporate assets							57,783						43,012	
Total assets							244,971						196,849	
Segment liabilities	21,424	8,647	28	911	860	—	31,870	20,435	2,108	866	1,252	1	24,662	
Unallocated corporate liabilities							141,578						67,520	
Total liabilities							173,448						92,182	

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments other than certain plant and equipment, available-for-sale financial assets, held for trading investment, consideration receivables, certain other receivables, deposits paid for acquisition of investments and bank balances and cash as these assets are managed on a group basis.
- All liabilities are allocated to operating segments other than certain other payables, promissory notes, obligations under finance leases, corporate bonds and deferred tax liability as these liabilities are managed on a group basis.

#### 4. FINANCE COSTS

	Three months ended		Six months ended	
	31/12/2016 RMB'000 (Unaudited)	31/12/2015 RMB'000 (Unaudited)	31/12/2016 RMB'000 (Unaudited)	31/12/2015 RMB'000 (Unaudited)
Interest on corporate bonds	1,446	1,337	3,435	2,445
Interest on promissory notes	981	—	981	—
Imputed interest on corporate bonds (note 19)	2,847	972	4,317	1,178
Imputed interest on promissory notes (note 18)	—	241	238	241
Finance charges	34	12	66	12
	<u>5,308</u>	<u>2,562</u>	<u>9,037</u>	<u>3,876</u>

#### 5. TAXATION

	Three months ended		Six months ended	
	31/12/2016 RMB'000 (Unaudited)	31/12/2015 RMB'000 (Unaudited)	31/12/2016 RMB'000 (Unaudited)	31/12/2015 RMB'000 (Unaudited)
Current tax	(519)	(400)	(995)	(400)
Deferred tax	17	94	33	94
	<u>(502)</u>	<u>(306)</u>	<u>(962)</u>	<u>(306)</u>

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

## 6. LOSS FOR THE PERIOD

	Three months ended		Six months ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss for the period have been arrived at after charging (crediting):				
Staff costs (including directors' remuneration)				
— Salaries, wages and other benefits	4,750	3,036	9,569	3,708
— Retirement benefits scheme contribution	157	19	316	139
Bank interest income	—	—	(1)	—
Amortisation	368	293	725	293
Depreciation of plant and equipment	737	36	1,485	262
Operating lease rentals of properties	1,255	641	2,528	1,181
	<u>1,255</u>	<u>641</u>	<u>2,528</u>	<u>1,181</u>

## 7. INTERIM DIVIDEND

No dividend was paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period (six months ended 31 December 2015: nil).

## 8. LOSS PER SHARE

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

	Three months ended		Six months ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Loss</b>				
Loss for the purpose of basic and diluted loss per share for the period attributable to the owners of the Company	(21,206)	(9,556)	(35,988)	(15,802)
	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic loss per share	1,266,767	361,459	1,266,767	362,279
	<u>1,266,767</u>	<u>361,459</u>	<u>1,266,767</u>	<u>362,279</u>

The calculation of basic loss per share is based on the loss attributable to the equity shareholders of the Company for the six months ended 31 December 2016 of approximately RMB35,988,000 (2015: RMB15,802,000) and the weighted average number of 1,266,767,000 (2015: 362,279,000 (restated)) ordinary shares in issue during the period. The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the six months ended 31 December 2016 (2015: nil).

The comparative figures for the basic loss per share for the three months and six months ended 31 December 2016 are restated to take into account of the effect of the share consolidation, open offer and bonus issue completed during the year ended 30 June 2016 as if they had been taken place since the beginning of the comparative period.

## 9. MOVEMENT IN PLANT AND EQUIPMENT

During the current interim period, the Group acquired certain plant and equipment at the cost of approximately RMB4,102,000 (six months ended 30 June 2015: RMB615,000).

## 10. INTANGIBLE ASSET

	<b>Customer service contract</b> <i>RMB '000</i>
<b>COST</b>	
At 1 July 2015 (Audited)	—
Currency realignment	276
Acquisition of subsidiaries	6,237
	<hr/>
At 30 June 2016 and 1 July 2016 (Audited)	6,513
Currency realignment	300
	<hr/>
At 31 December 2016 (Unaudited)	6,813
	<hr/>
<b>ACCUMULATED AMORTISATION</b>	
At 1 July 2015 (Audited)	—
Currency realignment	34
Amortisation for the year	943
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At 30 June 2016 and 1 July 2016 (Audited)	977
Currency realignment	65
Amortisation for the period	666
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At 31 December 2016 (Unaudited)	1,708
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<b>NET BOOK VALUE</b>	
At 31 December 2016 (Unaudited)	5,105
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At 30 June 2016 (Audited)	5,536
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The customer service contract has definite lives and is amortised on a straight-line basis over its useful life of 5 years.

## 11. GOODWILL

	<i>RMB'000</i>
<b>Cost</b>	
At 1 July 2015 (Audited)	—
Currency realignment	851
Acquisition of subsidiaries	29,139
	<hr/>
At 30 June 2016 and 1 July 2016 (Audited)	29,990
Acquisition of a subsidiary ( <i>note 25</i> )	3,798
Currency realignment	1,354
	<hr/>
At 31 December 2016 (Unaudited)	35,142
	<hr/>
<b>Accumulated impairment losses</b>	
At 1 July 2015 (Audited)	—
Currency realignment	341
Impairment loss for the period	9,471
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At 30 June 2016 and 1 July 2016 (Audited)	9,812
Currency realignment	433
	<hr/>
At 31 December 2016 (Unaudited)	10,255
	<hr/>
<b>Net book value</b>	
At 31 December 2016 (Unaudited)	24,887
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At 30 June 2016 (Audited)	20,178
	<hr/> <hr/>

The net carrying amount of goodwill was allocated to CGU as follows:

	<b>31/12/2016</b>	30/6/2016
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Information technology service	18,544	17,743
Money lending service	2,545	2,435
Assets management service	3,798	—
	<hr/>	<hr/>
	<b>24,887</b>	20,178
	<hr/> <hr/>	<hr/> <hr/>



### **Information technology service**

The recoverable amount of the CGU had been determined on the basis of value-in-use calculation with reference to a valuation performed by Roma Appraisal Limited. That calculation used cash flow projections based on financial budgets approved by management covering a 5 year period, and a pre-tax discount rate of 22.54%. Cash flows beyond the 5 year period had been extrapolated using 3.38% growth rate. This growth rate was based on the relevant industry growth forecasts and did not exceed the average long term growth rate for the relevant industry.

### **Insurance brokerage service**

The recoverable amount of the CGU had been determined on the basis of value-in-use calculation with reference to a valuation performed by Roma Appraisal Limited. That calculation used cash flow projections based on financial budgets approved by management covering a 5 year period, and a pre-tax discount rate of 25.13%. Cash flows beyond the 5 year period had been extrapolated using 3.5% growth rate. This growth rate was based on the relevant industry growth forecasts and did not exceed the average long term growth rate for the relevant industry.

An impairment loss of RMB9,471,000 was recognised during the year due to the increase in market competition and operating expenses which affect adversely the future growth and profits of the Group's insurance brokerage service business.

### **Money lending service**

The recoverable amount of the CGU had been determined on the basis of value-in-use calculation with reference to a valuation performed by Roma Appraisal Limited. That calculation used cash flow projections based on financial budgets approved by management covering a 5 year period, and a pre-tax discount rate of 19.66%. Cash flows beyond the 5 year period had been extrapolated using 3.5% growth rate. This growth rate was based on the relevant industry growth forecasts and did not exceed the average long term growth rate for the relevant industry.

### **Assets management service**

The recoverable amount of the CGU had been determined on the basis of value-in-use calculation with reference to a valuation performed by Roma Appraisal Limited. That calculation used cash flow projections based on financial budgets approved by management covering a 5 year period, and a pre-tax discount rate of 23.77%. Cash flows beyond the 5 year period had been extrapolated using 3% growth rate. This growth rate was based on the relevant industry growth forecasts and did not exceed the average long term growth rate for the relevant industry.

## 12. DEPOSITS PAID FOR ACQUISITION OF INVESTMENTS

	31/12/2016 <i>RMB'000</i> (Unaudited)	30/6/2016 <i>RMB'000</i> (Audited)
Principal activities of potential investments		
Assets management and financial service	—	3,016
Insurance brokerage service in Japan	9,057	—
Insurance brokerage service in Philippines	6,968	—
Insurance brokerage service in Thailand	6,141	—
Transportation service	6,045	5,784
Public Relation service	4,209	—
Sales of livestock	5,591	—
	<u>38,011</u>	<u>8,800</u>

The deposits were paid to various independent third parties and refundable.

## 13. HELD FOR TRADING INVESTMENTS

	31/12/2016 <i>RMB'000</i> (Unaudited)	30/6/2016 <i>RMB'000</i> (Audited)
Held for trading investments:		
— Equity securities listed in Hong Kong	<u>4,307</u>	<u>—</u>

Held-for-trading investments are stated at fair value. The fair value of the listed securities has been determined by reference to published price quotations in active markets. Loss on held-for-trading investments of approximately RMB421,000 (30/6/2016: nil) has been recognised in profit or loss during six months ended 31 December 2016.

## 14. LOAN RECEIVABLES

	31/12/2016 <i>RMB'000</i> (Unaudited)	30/6/2016 <i>RMB'000</i> (Audited)
Unsecured loan receivables	<u>90,636</u>	<u>55,759</u>

The unsecured loan receivables carried at 12%-24% (30/6/2016: 12-24%) interest rate per annum.

The loan receivables are due for settlement at the date specified in the respect loan agreements. The ageing analysis of the loan receivables is prepared based on contractual due date:

	<b>31/12/2016</b> <b>RMB'000</b> <b>(Unaudited)</b>	30/6/2016 <i>RMB'000</i> <i>(Audited)</i>
Neither past due nor impaired	<b>90,636</b>	55,305
Less than 90 days past due	<u>—</u>	<u>454</u>
	<b><u>90,636</u></b>	<b><u>55,759</u></b>

In respect of the receivables that were past due but not impaired mainly represent occasional delay in repayment and are not an indication of significant deterioration of credit quality of these loan receivables. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances and the balances are still considered fully recoverable.

#### 15. CONSIDERATION RECEIVABLES

	<b>31/12/2016</b> <b>RMB'000</b> <b>(Unaudited)</b>	30/6/2016 <i>RMB'000</i> <i>(Audited)</i>
Consideration receivables in respect of:		
Disposal of Sincere Action Investments Limited	—	5,200
Disposal of Luck Shamrock Limited	—	11,510
Compensation in relation to profit guarantee provided by the vendor of Kirin Financial Group Limited	<u>6,582</u>	<u>—</u>
	<b><u>6,582</u></b>	<b><u>16,710</u></b>

## 16. TRADE AND OTHER RECEIVABLES

	31/12/2016 <i>RMB'000</i> (Unaudited)	30/6/2016 <i>RMB'000</i> (Audited)
Trade receivables	23,642	33,936
<i>Less: Allowance for impairment</i>	<u>(13,197)</u>	<u>(13,197)</u>
	<u>10,445</u>	<u>20,739</u>
Other receivables	12,625	3,255
<i>Less: Allowance for impairment</i>	<u>(744)</u>	<u>(744)</u>
	<u>11,881</u>	<u>2,511</u>
Prepayments, rental and other deposits	<u>21,903</u>	<u>21,870</u>
	<u><u>44,229</u></u>	<u><u>45,120</u></u>

The Group allows an average credit period normally 90 days (30/6/2015: 90 days) to its customers. The following is an ageing analysis of trade receivables (net of allowance for doubtful debt) presented based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition date.

	31/12/2016 <i>RMB'000</i> (Unaudited)	30/6/2016 <i>RMB'000</i> (Audited)
0-3 months	9,553	12,823
4 to 6 months	—	2,999
7 to 12 months	892	4,707
Over 1 year	<u>—</u>	<u>210</u>
	<u><u>10,445</u></u>	<u><u>20,739</u></u>

The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	<b>31/12/2016</b> <b>RMB'000</b> <b>(Unaudited)</b>	30/6/2016 <b>RMB'000</b> <b>(Audited)</b>
Neither past due nor impaired	9,553	15,185
Less than 6 months past due	892	5,188
6 months to 1 year past due	—	366
	<u>10,445</u>	<u>20,739</u>

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

## 17. TRADE AND OTHER PAYABLES

	<b>31/12/2016</b> <b>RMB'000</b> <b>(Unaudited)</b>	30/6/2016 <b>RMB'000</b> <b>(Audited)</b>
Trade payables	20,366	19,084
Other payables and accruals	12,686	7,907
Amount due to a director	861	3,175
Receipt in advance	4,656	1,243
	<u>38,569</u>	<u>31,409</u>

The ageing analysis of trade payables presented based on the invoice date at the end of the reporting period is as follow:

	<b>31/12/2016</b> <b>RMB'000</b> <b>(Unaudited)</b>	30/6/2016 <b>RMB'000</b> <b>(Audited)</b>
Within 1 year	8,881	11,807
Over 1 year	11,485	7,277
	<u>20,366</u>	<u>19,084</u>

The average credit period on purchases of goods is normally 90 days. The Group has financial risk management policies in place to ensure that all trade payables are settled within the credit timeframe.

## 18. PROMISSORY NOTES

During the year ended 31 December 2015, the Company issued promissory notes (“PN 1”) with principal amount of HK\$5,000,000 (equivalent to approximately RMB4,190,000) as part of the consideration for acquisition of 51% equity interests in Red Rabbit International Technology Inc.. The fair value of the promissory notes at 24 September 2015 is approximately HK\$4,447,000 (equivalent to approximately RMB3,678,000) with reference to a valuation performed by Roma Appraisal Limited.

The PN 1 bear interest of 12% per annum, which is subsequently measured at amortised cost and its effective interest rate is 25.93%. The PN 1 was settled during the six months ended 31 December 2016.

During the six months ended 31 December 2016, the Company issued a promissory note (“PN 2”) with principal amount of HK\$32,000,000 (equivalent to approximately RMB28,658,000), which bear interest of 12% per annum. Its maturity date is 6 March 2017.

The movement of the promissory notes is set out below:

	<i>RMB'000</i>
At 1 July 2015 (Audited)	—
Currency realignment	159
Issued during the year	3,678
Imputed interests	715
	<hr/>
At 30 June 2016 and 1 July 2016 (Audited)	4,552
Currency realignment	225
Imputed interests	238
Issued during the period	28,658
Interest paid	(537)
Principal repaid	(4,478)
	<hr/>
At 31 December 2016 (Unaudited)	<u>28,658</u>

## 19. CORPORATE BONDS

During the six months ended 31 December 2016, the Company issued 1 year to 8 years corporate bonds with aggregate gross principal amounts of HK\$58,678,000 (equivalent to approximately RMB52,551,000) to certain independent third parties. The direct expenses in relation to the issuance of such bonds were approximately HK\$7,252,000 (equivalent to approximately RMB6,495,000). These corporate bonds carried interest at fixed rates of 5% to 24% per annum with interest payable monthly or semi-annually in arrears. These corporate bonds are unsecured. The effective interest rates of these corporate bonds are ranging from 10% to 24% per annum.

During the year ended 30 June 2016, the Company issued 3 months to 18 months corporate bonds with aggregate amounts of HK\$83,253,500 (equivalent to approximately RMB68,861,000) to certain independent third parties, net of direct expenses of approximately HK\$9,598,628 (equivalent to approximately RMB7,939,000). These corporate bonds carried at fixed rates of 6.5% to 36% per

annum with interest payable monthly or semi-annually in arrears. These corporate bonds are unsecured. The effective interest rates of these corporate bonds are ranging from 16.68% to 36%.

	<b>31/12/2016</b> <b>RMB'000</b> <b>(Unaudited)</b>	30/6/2016 <b>RMB'000</b> <b>(Audited)</b>
At 1 July	54,349	19,821
Currency realignment	2,455	2,567
Proceeds from issuance of corporate bonds	52,551	68,861
Transaction costs for corporate bonds issuance	<b>(6,495)</b>	<b>(7,939)</b>
Imputed interest	4,317	3,379
Principal repaid	<b>(3,582)</b>	<b>(32,340)</b>
	<hr/> <b>103,595</b> <hr/>	<hr/> 54,349 <hr/>
At 30 June		
Carrying amount repayable:		
Within one year	82,710	34,376
After one year but within five years	11,929	19,973
Over five years	8,956	—
	<hr/> <b>103,595</b> <hr/>	<hr/> 54,349 <hr/>
Less: Amount shown under current liabilities	<b>(82,710)</b>	<b>(34,376)</b>
	<hr/> <b>20,885</b> <hr/>	<hr/> 19,973 <hr/>
Amount shown under non-current liabilities		

## 20. SHARE CAPITAL

	<b>Number</b> <b>of shares</b> <b>'000</b>	<b>Amount</b> <b>RMB'000</b>
Authorised:		
At 1 July 2015 (ordinary shares of HK\$0.005) (Audited)	20,000,000	106,000
Share consolidation (note (a))	(18,000,000)	—
Increase in authorised share capital (note (a))	1,000,000	42,845
	<hr/> <b>3,000,000</b> <hr/>	<hr/> 148,845 <hr/>
At 30 June 2016 (Audited) and 31 December 2016 (Unaudited) (ordinary shares of HK\$0.05)		
Issued and fully paid:		
At 1 July 2015 (Audited)	2,092,490	9,108
Issue of shares upon placing (note (b)(i))	190,000	761
Bonus issue (note (c))	1,141,245	4,680
Share consolidation (note (a))	(3,081,362)	—
Issue of shares under open offer (note (d))	855,934	35,725
Issue of shares upon placing (note (b)(ii))	68,460	2,874
	<hr/> <b>1,266,767</b> <hr/>	<hr/> 53,148 <hr/>
At 30 June 2016 (Audited) and 31 December 2016 (Unaudited) (ordinary shares of HK\$0.05)		

**(a) Share consolidation**

Pursuant to an ordinary resolution passed at a special general meeting of the Company on 7 March 2016, the shareholders of the Company have approved the following: (i) every ten issued and unissued ordinary shares of HK\$0.005 each were consolidated into one consolidated share of HK\$0.05; and (ii) the authorised share capital of the Company was increased from HK\$100,000,000 divided into 2,000,000,000 consolidated shares to HK\$150,000,000 divided into 3,000,000,000 consolidated shares by the creation of an additional 1,000,000,000 unissued consolidated shares.

**(b) Issue of shares upon placing**

(i) During the year ended 30 June 2016, the Company completed the placing and subscription of 190,000,000 shares at a price of HK\$0.165 per share. The proceeds of HK\$950,000 (equivalent to approximately RMB761,000), representing the par value, have been credited to the Company's share capital. The remaining proceeds of HK\$30,400,000 (equivalent to approximately RMB24,349,000), before the deduction of placing expenses, have been credited to the share premium account. Details are set out in the announcements dated 22 June 2015 and 6 July 2015.

(ii) During the year ended 30 June 2016, the Company completed the placing and subscription of 68,460,000 shares at a price of HK\$0.145 per share. The proceeds of HK\$3,423,000 (equivalent to approximately RMB2,874,000), representing the par value, have been credited to the Company's share capital. The remaining proceeds of HK\$6,504,000 (equivalent to approximately RMB5,462,000), before the deduction of placing expenses, have been credited to the share premium account. Details are set out in the announcements dated 20 April 2016 and 10 May 2016.

**(c) Bonus issue**

By an ordinary resolution passed at the special general meeting on 24 September 2015, the Company made a bonus issue of 1 ordinary share for every 2 existing ordinary shares held by members on the register of members on 6 October 2015, resulting in the issue of 1,141,245,000 shares of HK\$0.005 each and credit as fully paid from the Company's share premium account.

**(d) Open offer**

On 14 January 2016, the Company announced its proposal to issue 855,933,750 shares of HK\$0.05 each, upon the share consolidation become effective (note (a) above), by way of the open offer on the basis of five offer shares for every two ordinary shares then held by qualifying shareholders at a subscription price of HK\$0.12 per offer share.

On 13 April 2016, the Company completed the open offer and issued 855,933,750 shares for gross proceeds of HK\$102,712,000. The difference of HK\$57,861,000 (equivalent to approximately RMB48,301,000) between the net proceeds of HK\$100,658,000 (after deduction of related expenses of HK\$2,054,000) and the par value of shares issued of HK\$42,797,000 (equivalent to approximately RMB35,725,000) has been credited to the share premium account of the Company.

Details of the open offer were set out in the prospectus of the Company dated 18 March 2016.



None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

All new ordinary shares issued during the year rank pari passu in all respects with the existing shares.

## 21. DEFERRED TAX LIABILITY

	<b>Intangible asset</b>
	<i>RMB'000</i>
At 1 July 2015 (Audited)	—
Arising on acquisition of a subsidiary	12
Charged to profit or loss	312
Currency realignment	(47)
	<hr/>
At 30 June 2016 and 1 July 2016 (Audited)	277
Currency realignment	11
Charged to profit or loss	(33)
	<hr/>
At 31 December 2016 (Unaudited)	<u>255</u>

## 22. COMMITMENTS

### Commitments under operating leases

#### *The Group as lessee*

The Group leases certain of its offices under operating lease arrangements. The leases typically run for an initial period of two to three years. None of the leases included contingent rentals. At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which are payable as follows:

	<b>31/12/2015</b>	30/6/2016
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Within one year	<b>3,301</b>	4,296
In the second to fifth year inclusive	<b>617</b>	1,840
	<hr/>	<hr/>
	<b>3,918</b>	6,136
	<hr/> <hr/>	<hr/> <hr/>

## 23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

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

## 24. RELATED PARTIES TRANSACTIONS

### Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the six months ended 31 December 2016 and 2015 is as follows:

	Six months ended	
	31/12/2016	31/12/2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries and other benefits in kind	1,160	779
Retirement benefits scheme contributions	20	22
	<u>1,180</u>	<u>801</u>

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

## 25. ACQUISITION OF A SUBSIDIARY

On 12 August 2016, the Group completed to acquire the entire equity interest in Sang Woo (Kirin) Asset Management Limited ("KAM"), which engaged in asset management service in the Hong Kong, for a cash consideration of approximately RMB3,857,000 (equivalent to HK\$4,307,000) from an independent third party.

The directors of the Company consider that the acquisition of KAM will provide a good business opportunity to the Group in asset management industry in Hong Kong. The acquisition of KAM had been accounted for using the acquisition method.

The fair values of the identified assets acquired and liabilities assumed in the above acquisition as at the date of acquisition were as follows:

	<i>RMB'000</i> (Unaudited)
Other receivables	331
Bank balances and cash	108
Trade and other payables	<u>(380)</u>
	59
Goodwill	<u>3,798</u>
Total consideration	<u><u>3,857</u></u>
Analysis of net cash flow of cash and cash equivalents arising on acquisition	
Cash consideration paid	(3,857)
Less: cash and cash equivalents acquired	108
deposit paid for acquisition of investments	<u>3,016</u>
Net cash outflow arising on acquisition	<u><u>(733)</u></u>

From the date of the acquisition to 31 December 2016, KAM has contributed net loss of approximately RMB28,000 and no revenue has been contributed to the Group.

Had the acquisition been completed on 1 July 2016, total group revenue for the period would have been RMB30,000,000 and loss for the period would have been RMB36,798,000. The pro forma information is for illustrative purposes only and is not necessary an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2016, nor is it intended to be a projection of future results.

Goodwill arose in the acquisition of KAM is attributable to the anticipation profitability of the asset management service business.

## 26. ACQUISITION OF ADDITIONAL EQUITY INTEREST IN A SUBSIDIARY

On 21 November 2016, the Group further acquired 30% equity interest in Kirin Wealth Management Limited (“KWM”) at a cash consideration of RMB403,000 (equivalent to HK\$450,000). After the acquisition, the Group indirectly holds 75% equity interest of KWM. KWM is principally engaged in provision of insurance brokerage service in Hong Kong.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company acts as an investment holding company and the Group is principally engaged in the provision of energy saving services and sales of energy saving products and the sale of livestock in the PRC. The Group also engaged in the money lending business and the provision of insurance brokerage services and assets management services in Hong Kong and the provision of information technology services in the Philippines through its subsidiaries during the six months ended 31 December 2016.

### Financial Review

For the six months ended 31 December 2016, the Group's turnover was approximately RMB30,000,000, representing an increase of approximately RMB20,858,000 or 228.2% as compared to the same period in the previous year (31 December 2015: approximately RMB9,142,000). The increase was mainly due to the growth of insurance brokerage and money lending business.

Distribution costs for the six months ended 31 December 2016 was approximately RMB11,251,000, representing an increase of RMB9,408,000 as compared to approximately RMB1,843,000 for the six months ended 31 December 2015. The increase was mainly due to additional selling, distribution and marketing promotion expenses incurred for the business of insurance brokerage services.

Administrative expenses for the six months ended 31 December 2016 was approximately RMB27,426,000, representing an increase of approximately RMB14,597,000 as compared to the same period in the previous year (31 December 2015: approximately RMB12,829,000). The increase was mainly due to increase in legal and professional fee related to certain business acquisitions of the subsidiaries, salaries, operating lease rental of premises, travelling and entertainment expenses.

The finance costs represented interest on corporate bonds and promissory notes.

The Group recorded a loss of approximately RMB36,798,000 for the six months ended 31 December 2016, representing an increase of 122.1% as compared to the same period in the previous year. (31 December 2015: approximately RMB16,569,000).

### Profit Guarantee

- (1) Reference is made to the announcement of the Company dated 24 August 2015 in relation to the acquisition of the Kirin (the "Announcement"). Definitions and terms, unless otherwise stated, shall bear the same meanings as defined in the Announcement.

Pursuant to the Agreement, the Vendor undertakes to the Purchaser that the Guaranteed Profit for the 12 months immediately after the date of Completion shall not be less than HK\$3,000,000 and the Vendor will compensate the Purchaser for the Shortfall.

The Actual Profit for the 12 months immediately after the date of Completion was zero and therefore the Guaranteed Profit has not been met and the Shortfall amounted to HK\$7,350,000 will be fully compensated by way of cash payment to the Purchaser. As such, the Vendor will fulfill his obligation in relation to the Guaranteed Profit under the Agreement.

- (2) Reference is made to the announcement of the Company dated 8 April 2015, 12 June 2015, 23 June 2015 and 24 September 2015 in relation to the acquisition of Red Rabbit (the “Announcement”). Definitions and terms, unless otherwise stated, shall bear the same meanings as defined in the Announcement.

Pursuant to the Agreement, the Vendor undertakes to the Purchaser that the Revised Guaranteed Profit for the 12 months immediately after the date of Completion shall not be less than HK\$5,000,000 and the Vendor will compensate the Purchaser for the Shortfall.

The Actual Profit of not less than HK\$5,000,000 was generated for the 12 months immediately after the date of Completion. Therefore, the Revised Guaranteed Profit was met and the Company has settled the Revised Promissory Notes in October 2016.

#### Use of Proceeds from Equity Fund Raising Activities

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of the proceeds	Actual use of the proceeds
22 June 2015	Placing of Shares under general mandate	HK\$31.04 million	(i) as to HK\$15.52 million for future acquisitions; and (ii) as to approximately HK\$15.52 million as general working capital of the Group	<p>(i) as to approximately HK\$15.52 million for the acquisition of a transportation service business and a financial services and assets management services business and the associated legal and professional fees;</p> <p>(ii) as to approximately HK\$2.75 million for upgrade of the IT system;</p> <p>(iii) as to approximately HK\$2.27 million as salaries and related expenses;</p> <p>(iv) as to approximately HK\$1.98 million as marketing expenses;</p> <p>(v) as to approximately HK\$0.72 million as rental; and</p> <p>(vi) as to approximately HK\$7.80 million as the principal amount for the loan financing business, financing costs, trading and transaction costs and other office expenses.</p>

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of the proceeds	Actual use of the proceeds
13 April 2016	Open offer	HK\$99.4 million	(i) approximately HK\$20.5 million for the development of the Group's insurance brokerage business; (ii) approximately HK\$16.00 million for the expansion of the Group's money lending business; and (iii) approximately HK\$62.90 million for the general working capital of the Group including but not limited to the repayment of bonds and the associated interests payments and the acquisition of an office as the head quarter of the Group.	(i) approximately HK\$18.00 million for the expansion of the Group's money lending business; (ii) approximately HK\$45 million for the repayment of bonds and the associated interests payments; (iii) approximately HK\$4.5 million for the staff training; (iv) approximately HK\$12 million was for marketing and promotion expenses; (v) approximately HK\$2 million for setting up information technology system; (vi) approximately HK\$12.9 million for acquisition of a land use right and office premises in the PRC; (vii) approximately of HK\$2 million for relocation of Hong Kong office; (viii) the balance of approximately HK\$3 million was maintained at the Group's bank accounts as at 30 September 2016, mainly allocated for repayment of bonds and working capital.
20 April 2016	Placing of Shares under general mandate	HK\$9.73 million	(i) as to HK\$4.87 million for the settlement of loans and other current liabilities; (ii) as to approximately HK\$4.86 million as general working capital of the Group; (iii) approximately HK\$0.6 million was for rental expenses and building management fee;	(i) approximately HK\$1 million was for the settlement of expenses for a subsidiary located in the PRC; (ii) approximately HK\$7 million was for salaries and commission; (iii) approximately HK\$0.6 million was for rental expenses and building management fee; (iv) the balance of approximately HK\$1.13 million was maintained at the Group's bank accounts. The amount is mainly allocated for the repayment of bonds.

## **Business Review and Prospects**

The Group is principally engaged in (i) provision of energy saving solutions and related services in the PRC; (ii) sale of livestocks in the PRC; (iii) insurance brokerage business in Hong Kong; (iv) money lending business in Hong Kong; (v) provision of assets management services in Hong Kong and (vi) provision of information technology service in Philippines during the six months ended 31 December 2016.

The management of the Group is looking for business and investment opportunities that would generate long-term returns to the Shareholders.

## **Liquidity and Financial Resources**

Cash and bank balances as at 31 December 2016 was approximately RMB8,664,000 (30 June 2016: approximately RMB15,943,000). At 31 December 2016, the Group's current ratio was 1.02 (30 June 2016: 1.96), based on the current assets of approximately RMB154,518,000 and current liabilities of approximately RMB151,850,000. The gearing ratio was approximately 243% as at 31 December 2016. (30 June 2016: 88.1%). The gearing ratio is calculated as total liabilities divided by total equity.

## **Capital Structure**

Details of the capital structure of the Company are set out in note 20 to the condensed consolidated financial statements.

## **Capital Commitments**

As at 31 December 2016, the Group did not have any capital commitments.

## **Contingent Liabilities**

As at 31 December 2016, the Directors are not aware of any material contingent liabilities.

## **Employees and Remuneration Policies**

At 31 December 2016, the Group had 51 (31 December 2015: 58) full-time employees. Staff costs amounted to approximately RMB9,569,000 for the six months ended 31 December 2016 (31 December 2015: approximately RMB3,708,000). The Group's remuneration policy remained the same as detailed in the Company's 2016 annual report.

## **DIVIDEND**

The directors do not recommend the payment of any dividend for the six months ended 31 December 2016 (31 December 2015: Nil).

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “Audit Committee”) with written terms of reference, for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls.

The Audit Committee currently comprises all the independent non-executive Directors, namely, Mr. Ng Chi Ho, Dennis (as chairman), Ms. Chan Sin Wa, Carrie, and Mr. Chung Shu Kun, Christopher.

The unaudited financial results for the six months ended 31 December 2016 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such financial results complied with the applicable accounting standards and requirements and adequate disclosure have been made.

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

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **OTHER INFORMATION**

### **Directors’ and chief executives’ interests or short positions in the shares, underlying shares or debentures of the company or any associated corporations**

As at 31 December 2016, none of the directors or chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong (SFO)), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

### **Directors’ and chief executives’ rights to acquire shares or debt securities**

As at 31 December 2016, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.



## Substantial Shareholders

As at 31 December 2016, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name	Capacity/Nature of interest	No. of shares (Note 1)	Approximate percentage of interest
Sino Ahead Holdings Limited (Note 2)	Beneficial owner	217,068,810 (L)	17.14%
Mr. Hui Chi Kwan (Note 2)	Interest in a controlled corporation	217,068,810 (L)	17.14%

Notes:

1. The Letter “L” – denotes a long position in shares.
2. The interest disclosed represents the corporate interest in 217,068,810 shares held by Sino Ahead Holdings Limited, which is wholly owned by Mr. Hui Chi Kwan.

Save as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company at 31 December 2016.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”) pursuant to a resolution passed by the shareholders on 5 November 2010. Under the Scheme, the board of directors may grant share options to the eligible persons to subscribe for such number of shares during such period of time as the board of directors may determine.

As at 31 December 2016, none of the board of directors, employees and other eligible persons of the Company on its subsidiaries were granted options to subscribe for the shares of the Company.

## MAJOR EVENTS DURING THE PERIOD

On 7 July 2016, the Group had entered into a joint venture agreement with Zhongjun Investment Management (Hong Kong) Company Limited for the establishment of a joint venture company (the “JV Company”). The JV Company shall provide China veterans and their family members with not less than fifty thousand places of study tours for five specific subjects which are investment, medical benefits, retirement protection, business startup and wealth creation, and training. The JV Company shall also facilitate Hong Kong investors to make investment that are beneficial to the employment of veterans in China.

On 12 August 2016, the Group completed the acquisition of the entire equity interest in Sang Woo (Kirin) Asset Management Limited (“KAM”), which engaged in asset management service in the Hong Kong, for a cash consideration of approximately RMB3,857,000 (equivalent to HK\$4,307,000) from an independent third party.

On 21 November 2016, the Group further acquired 30% equity interest in Kirin Wealth Management Limited (“KWM”) at a cash consideration of RMB403,000 (equivalent to HK\$450,000). After the acquisition, the Group indirectly holds 75% equity interest of KWM. KWM is principally engaged in provision of insurance brokerage service in Hong Kong.

## **EVENTS AFTER THE REPORTING PERIOD**

There was no significant event after the period under review.

## **DIRECTORS’ INTERESTS IN COMPETING BUSINESS**

As at 31 December 2016, none of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group during the period.

## **COMPLIANCE WITH CODE OF BEST PRACTICE**

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders’ value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions of the Code on Corporate Governance Practices (“Code on CG Practices”) as set out in Appendix 15 to the Rules (“GEM Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

The Company is in compliance with the CG Code contained in Appendix 15 of the GEM Listing Rules and the Code Provisions save for the deviation as explained below:

The Code provision A4.1 provides that Non-executive Directors should be appointed for specific term, subject to re-election. The Company has deviated from the provision in that the Non-executive Directors and all Independent Non-executive Directors are not appointed for specific term. They are, however, subject to retirement by rotation and re-election. The reason for the deviation is that the Company does not believe that arbitrary limits on term of non-executive directorship are appropriate given that Directors ought to be committed to representing the long time interest of the Company’s shareholders and the retirement and the re-election requirements of Non-executive Directors and Independent Non-executive Directors have given the Company’s shareholders the right to approve continuation of Independent Non-executive Directors’ offices.

Save as the aforesaid and in the opinion of the Directors, the Company has met all relevant code provisions set out in the CG code during the period ended 31 December 2016.

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

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings (“Standard Dealings”) set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and all the Directors confirmed that they have complied with the Standard Dealings during the six months ended 31 December 2016.

By order of the Board  
**Chow Yik**  
Chairman

Hong Kong, 10 February 2017

*As at the date of this report, the Board comprises Mr. Chow Yik, Dr. Ma Jun and Mr. Leung King Fai as the executive directors; and Mr. Ng Chi Ho, Dennis, Ms. Chan Sin Wa, Carrie and Mr. Chung Shu Kun, Christopher as the independent non-executive directors.*

*This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this report misleading.*

*The report will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days after its posting and on the website of the Company at <http://www.tricor.com.hk/webservice/08109>.*