



中國農業生態有限公司
China Eco-Farming Limited

(Continued into Bermuda with limited liability)
(Stock Code: 8166)

Interim Report
2017



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This report, for which the directors of China Eco-Farming Limited (the “Company”) (the “Director(s)”) 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.

This report will remain on the Company’s website at <http://www.aplushk.com/clients/8166chinaeco-farming/index.html> and the “Latest Company Reports” page of the GEM website for at least 7 days from the date of its posting.



HIGHLIGHTS

Financial Highlights

The Company and its subsidiaries (collectively referred to as the “Group”) recorded an unaudited revenue of approximately HK\$30,420,000 for the six months ended 30 June 2017 (the “Reporting Period”), representing a decrease of approximately 6.6% as compared with approximately HK\$32,561,000 for the last corresponding period.

The unaudited loss for the period attributable to owners of the Company for the Reporting Period was approximately HK\$40,096,000 (six months ended 30 June 2016: HK\$24,361,000). The basic loss per share of the Company for the six months ended 30 June 2017 is 0.67 HK cents (six months ended 30 June 2016: 0.52 HK cents).

The board of directors of the Company (the “Board”) does not recommend any payment of interim dividend for the Reporting Period.

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The Board hereby announces the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2017 together with the comparative figures for the last corresponding periods.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Expressed in Hong Kong dollars)*

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017 \$'000	2016 \$'000 (Restated)	2017 \$'000	2016 \$'000 (Restated)
Revenue	3	14,971	13,684	30,420	32,561
Cost of sales		(11,692)	(11,460)	(23,677)	(27,810)
Gross profit		3,279	2,224	6,743	4,751
Other revenue	3	558	319	644	652
Selling and distribution expenses		(344)	(232)	(746)	(232)
Administrative expenses		(13,909)	(10,599)	(29,062)	(21,541)
Finance costs	5	(2,222)	(1,628)	(4,891)	(3,243)
(Loss)/Gain on disposal of financial assets at fair value through profit or loss		7	39	(7,543)	39
Gain on disposal of plant and equipment		224	-	224	-
Loss on disposal of interest in a subsidiary		(764)	-	(764)	-
Share of results of associates		1,246	(257)	1,465	(602)
Decrease in fair value of financial assets at fair value through profit or loss		(2,297)	(3,799)	(8,468)	(7,197)
Loss before taxation		(14,222)	(13,933)	(42,398)	(27,373)
Taxation	6	(51)	-	2,028	1,508
Loss for the period	7	(14,273)	(13,933)	(40,370)	(25,865)

	For the three months ended 30 June		For the six months ended 30 June	
	2017 \$'000	2016 \$'000 (Restated)	2017 \$'000	2016 \$'000 (Restated)
Notes				
Loss for the period	(14,273)	(13,933)	(40,370)	(25,865)
Other comprehensive income (expense) for the period:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Fair value change of available-for-sale investments	(2,140)	–	(2,944)	–
Exchange differences arising on translation of foreign operations	313	(406)	261	(403)
Total comprehensive expense for the period	(16,100)	(14,339)	(43,053)	(26,268)
Loss for the period attributable to:				
– Owners of the Company	(14,248)	(13,044)	(40,096)	(24,361)
– Non-controlling interests	(25)	(889)	(274)	(1,504)
	(14,273)	(13,933)	(40,370)	(25,865)
Total comprehensive expense for the period attributable to:				
– Owners of the Company	(16,157)	(13,479)	(42,913)	(24,670)
– Non-controlling interests	57	(860)	(140)	(1,598)
	(16,100)	(14,339)	(43,053)	(26,268)
LOSS PER SHARE				
Basic and diluted (<i>HK cents</i>)	(0.24)	(0.27)	(0.67)	(0.52)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

	Notes	At 30 June 2017 \$'000 (Unaudited)	At 31 December 2016 \$'000 (Audited)
Non-current assets			
Plant and equipment		8,849	6,791
Investment properties		155,457	155,457
Goodwill		7,465	7,465
Intangible asset		3,877	4,679
Interests in associates		74,642	73,176
Loan and interest receivables	12	1,921	3,814
Available-for-sale investments	10	55,834	58,778
Deposit paid for acquisition of plant and equipment		-	778
		308,045	310,938
Current assets			
Inventories, finished goods		1,059	1,215
Trade and other receivables	11	35,113	36,576
Loan and interest receivables	12	45,118	45,444
Loan to an associate		2,932	2,773
Financial assets at fair value through profit or loss		56,162	79,269
Bank balances and cash		8,157	22,298
		148,541	187,575
Assets classified as held for sale	13	-	19,393
		148,541	206,968

	<i>Notes</i>	At 30 June 2017 \$'000 (Unaudited)	At 31 December 2016 \$'000 (Audited)
Current liabilities			
Trade and other payables	14	8,046	20,545
Amount due to non-controlling interests		2,995	2,995
Bank borrowings	15	19,416	19,181
Loan payable		-	20,000
Unsecured loan		23,000	-
Margin loan payable		22,890	16,768
Convertible bonds		-	31,551
Contingent consideration payable		1,047	1,047
Income tax payable		259	200
		77,653	112,287
Net current assets		70,888	94,681
Total assets less current liabilities		378,933	405,619
Non-current liabilities			
Convertible bonds		20,707	19,786
Contingent consideration payable		1,929	1,929
Deferred tax liabilities		19,526	21,777
		42,162	43,492
Net assets		336,771	362,127
Capital and reserves			
Share capital	16	121,376	120,007
Reserves		170,773	198,122
Equity attributable to owners of the Company		292,149	318,129
Non-controlling interests		44,622	43,998
Total equity		336,771	362,127

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017 (Expressed in Hong Kong dollars)

	Attributable to owners of the Company										
	Share capital \$'000	Share premium \$'000	Equity component of convertible bonds \$'000	Investment revaluation reserve \$'000	Share option reserve \$'000	Translation reserve \$'000	Special reserve \$'000	Accumulated losses \$'000	Total \$'000	Non-controlling interests \$'000	Total \$'000
At 1 January 2016	90,574	304,528	24,918	-	2,300	(8,029)	6,026	(192,687)	227,630	46,235	273,865
Loss for the period	-	-	-	-	-	-	-	(24,361)	(24,361)	(1,504)	(25,865)
Other comprehensive expense for the period:											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(309)	-	-	(309)	(94)	(403)
Total comprehensive expense for the period	-	-	-	-	-	(309)	-	(24,361)	(24,670)	(1,598)	(26,268)
Placing of new shares (note 16)	8,400	33,600	-	-	-	-	-	-	42,000	-	42,000
Transaction costs attributable to placing of new shares	-	(417)	-	-	-	-	-	-	(417)	-	(417)
Recognition of equity-settled share based payments (note 17)	-	-	-	-	1,706	-	-	-	1,706	-	1,706
At 30 June 2016	98,974	337,711	24,918	-	4,006	(8,338)	6,026	(217,048)	246,249	44,637	290,886
At 1 January 2017	120,007	398,019	12,847	4,662	13,168	(17,725)	6,026	(218,875)	318,129	43,998	362,127
Loss for the period	-	-	-	-	-	-	-	(40,096)	(40,096)	(274)	(40,370)
Other comprehensive expense for the period:											
Fair value change of available-for-sale investments	-	-	-	(2,944)	-	-	-	-	(2,944)	-	(2,944)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	127	-	-	127	134	261
Total comprehensive expense for the period	-	-	-	(2,944)	-	127	-	(40,096)	(42,913)	(140)	(43,053)
Recognition of equity-settled share based payments (note 17)	-	-	-	-	5,962	-	-	-	5,962	-	5,962
Transfer of convertible bond to unsecured loan	-	-	(2,954)	-	-	-	-	2,954	-	-	-
Loss on disposal of interest in a subsidiary (note 21)	-	-	-	-	-	-	-	-	-	764	764
Reversal of convertible bonds in previous year	-	-	269	-	-	-	-	(269)	-	-	-
Share option lapsed during the period	-	-	-	-	(100)	-	-	100	-	-	-
Issue of new shares upon conversion of convertible bonds (note 16)	1,369	14,065	(4,463)	-	-	-	-	-	10,971	-	10,971
At 30 June 2017	121,376	412,084	5,699	1,718	19,030	(17,598)	6,026	(256,186)	292,149	44,622	336,771

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in Hong Kong dollars)

	For the six months ended 30 June	
	2017 \$'000	2016 \$'000
Net cash used in operating activities	(16,031)	(37,863)
Net cash from/(used in) investing activities	16,821	(2,643)
Net cash (used in)/from financing activities	(15,192)	40,477
Net decrease in cash and cash equivalents	(14,402)	(29)
Cash and cash equivalents at the beginning of period	22,298	36,871
Effect of foreign exchange rates changes, net	261	(403)
Cash and cash equivalents at the end of period, represented by bank balances and cash	8,157	36,439

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organisation and operations

China Eco-Farming Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 30 November 2000.

The shares of the Company were listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 5 February 2002.

During the year ended 31 December 2007, the Company re-domiciled from the Cayman Islands into Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The change of domicile was approved by the shareholders of the Company on 15 October 2007 and the Company was continued into Bermuda with limited liability with effect from 29 October 2007.

The registered office of the Company is Clarendon House, 2 Church street, Hamilton HM11, Bermuda. The head office and principal place of business of the Company is Suites 2303-06, 23/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The directors of the Company do not consider any company to be the ultimate holding company or parent company of the Company.

During the six months ended 30 June 2017, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the business of trading of grocery food products, trading of consumables and agricultural products, property investment, provision of money lending services and one-stop value chain services.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is also the functional currency of the Company. Other than those subsidiaries established in the People’s Republic of China (the “PRC”) and incorporated in Taiwan whose functional currencies are Renminbi (“RMB”) and New Taiwan dollars (“NTD”) respectively, the functional currency of the Company and its subsidiaries is HK\$.

The unaudited condensed consolidated financial statements are prepared in HK\$ which is the same as the functional currency of the Company.

2. Basis of preparation and principal accounting policies

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The unaudited condensed financial results have been prepared on the historical cost basis except for the investment properties, certain financial instruments and available-for-sale investments that are measured at fair values.

The accounting policies used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2017 are consistent with those adopted in preparing the audited consolidated financial statements of the Group for the year ended 31 December 2016 except for the following amendments issued by the HKICPA which are or shall be in effect.

HKFRS 9 (2014)	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 16	Leases
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts

The adoption of the above amendments in the current period has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the current accounting period.

3. Revenue and other revenue

An analysis of the Group's revenue and other revenue for the three months and six months ended 30 June 2017 is as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited and restated)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited and restated)
Revenue:				
One-stop value chain services	1,925	6,854	4,690	20,111
Rental income (note (i))	798	930	1,605	1,842
Trading of grocery food products	9,032	4,504	18,308	7,601
Trading of consumables and agricultural products	1,721	295	2,957	859
Provision of money lending services (note (iii))	1,495	1,101	2,860	2,148
	14,971	13,684	30,420	32,561
Other revenue (note (iii))	558	319	644	652
	15,529	14,003	31,064	33,213

Notes :

(i) Rental income

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Gross rental income	798	930	1,605	1,842
Less: outgoings (included in cost of sales)	(22)	(83)	(42)	(272)
Net rental income	776	847	1,563	1,570

(ii) Provision of money lending services

Included in interest income from provision of money lending services was interest income of approximately HK\$95,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: nil), charged to Mr. Au Yeung Po Leung ("Mr. Au Yeung"), an executive director of the Company, for aggregate loan amount of HK\$2,400,000 extended in December 2016. The loans were interest-bearing with interest rate of 8% per annum, secured by the non-listed shares and repayable by 31 December 2017.

(iii) Other revenue

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited and restated)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited and restated)
Interest income (note (iv))	80	2	160	4
Sundry income	478	317	484	648
	558	319	644	652

(iv) Interest income

Included in interest income for the six months ended 30 June 2017 was approximately HK\$159,000 (six months ended 30 June 2016: nil), charged to Zhonghe Huaxia (Beijing) Investment Consulting Co., Ltd. ("Beijing HX") for a loan amount of approximately HK\$2,700,000 granted on 1 September 2016. The loan was interest-bearing with interest rate of 12% per annum, unsecured and repayable by 31 May 2017 and remained outstanding as at the date of this report. Mr. Au Yeung holds 15% interest in Beijing HX and Beijing HX are treated as associate in the consolidated financial statements of the Company.

4. Segment information

The Group's operating segments, based on information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. One-stop value chain services – provision of total solution services including trading, packaging and logistic solutions
2. Property investment – generated rental income from operating leases of Group's investment properties
3. Trading of consumables and agricultural products – trading of consumables and agricultural products
4. Trading of grocery food products – trading of grocery food products
5. Provision of money lending services – provision of money lending services

The provision of money lending services was commenced during the six months ended 30 June 2016 upon the grant of money lending licence in Hong Kong on 29 March 2016.

Segment revenue and results

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

	Unaudited six months ended 30 June 2017					Total HK\$'000
	One-stop value chain services HK\$'000	Property investment HK\$'000	Trading of consumables and agricultural products HK\$'000	Trading of grocery and food products HK\$'000	Provision of money lending services HK\$'000	
REVENUE						
External sales	4,690	1,605	2,957	18,308	2,860	30,420
Segment profit (loss)	(398)	(590)	(942)	(882)	2,444	(368)
Unallocated corporate other revenue						644
Unallocated corporate expenses						(23,237)
Loss on disposal of financial assets at fair value through profit or loss						(7,543)
Decrease in fair value of financial assets at fair value through profit or loss						(8,468)
Share of results of associates						1,465
Finance costs						(4,891)
Loss before taxation						(42,398)

Unaudited six months ended 30 June 2016 (Restated)

	One-stop value chain services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Trading of consumables and agricultural products <i>HK\$'000</i>	Trading of grocery food products <i>HK\$'000</i>	Provision of money lending services <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE						
External sales	20,111	1,842	859	7,601	2,148	32,561
Segment profit (loss)	94	(1,382)	(1,242)	(2,479)	2,083	(2,926)
Unallocated corporate other revenue						652
Unallocated corporate expenses						(14,096)
Gain on disposal of financial assets at fair value through profit or loss						39
Decrease in fair value of financial assets at fair value through profit or loss						(7,197)
Share of results of associates						(602)
Finance costs						(3,243)
Loss before taxation						(27,373)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration expenses, directors' emoluments, certain other gain or loss, net, decrease in fair value of financial assets at fair value through profit or loss, share of result of associates and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. Finance costs

	For the three months ended 30 June		For the six months ended 30 June	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Interest on bank borrowings	170	49	323	92
Interest on loan payable (Note (i))	–	–	92	–
Interest on margin loan payable	460	–	888	–
Effective interest expense on convertible bonds	1,592	1,579	3,588	3,151
	2,222	1,628	4,891	3,243

Note:

(i) Interest on loan payable

Included in interest on loans payable were interest expenses of approximately HK\$13,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: nil), payable to Mr. So David Tat Man, an executive director of the Company, for aggregate loan amount of HK\$2,000,000 granted in January 2017. The loan was interest-bearing with interest rate of 4% per annum and fully repaid by 31 March 2017.

6. Taxation

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Current tax	51	–	223	–
Deferred tax	–	–	(2,251)	(1,508)
Income tax credit recognised in profit or loss	51	–	(2,028)	(1,508)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the three months and six months ended 30 June 2017 and 2016. No provision for Hong Kong Profits Tax is provided as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the three months and six months ended 30 June 2017 and 2016.

Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. No EIT is provided for the three months and six months ended 30 June 2017 and 2016 as the Group did not derive any assessable profits subject to EIT.

No Taiwan Profit-Seeking Enterprise Income Tax, which is calculated at 17% of the estimated assessable profits, has been provided since there were no assessable profits for the three months and six months ended 30 June 2017 and 2016.

7. Loss for the period

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Loss for the period has been arrived at after charging:				
Directors' and chief executive's emoluments	2,804	1,781	5,591	3,561
Other staff costs (excluding directors' and chief executive's emoluments)	3,272	1,859	6,824	3,950
Retirement benefits scheme contributions (excluding directors and chief executive)	133	139	270	242
	6,209	3,779	12,685	7,753
Auditors' remuneration	165	144	330	288
Cost of inventories recognised as an expense	11,670	11,378	23,635	27,539
Amortisation of intangible asset	401	401	802	802
Depreciation for plant and equipment	594	463	1,516	868
Share based payment expenses (included in directors' and chief executives' emoluments and other staff costs)	2,952	853	5,962	1,706
Minimum lease payments paid under operating leases in respect of office premises	1,140	519	2,318	1,047

8. Dividend

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2017 (2016: nil).

9. Loss per share

The calculation of the basic and diluted loss per share attributable to owners of the Company during both the three months and six months ended 30 June 2017 and 2016 is based on the following data.

	For the three months ended 30 June		For the six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Unaudited loss attributable to owners of the Company for the purposes of basic and diluted loss per share (HK\$'000)	(14,248)	(13,044)	(40,096)	(24,361)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	6,029,674,486	4,796,397,368	6,015,088,985	4,662,551,214

Diluted loss per share is the same as basic loss per share for the three months and six months ended 30 June 2017. The computation of diluted loss per share does not assume (i) the conversion of the Company's outstanding convertible bonds as at 30 June 2017; (ii) the exercise of share options to subscribe for additional shares (see note 17); and (iii) the issue of contingent issuable shares from the contingent consideration arrangement as at 30 June 2017, since (i) the conversion of outstanding convertible bonds and the exercise of share options would result in an anti-dilutive effect; and (ii) the conditions of the contingent issuable shares were not met, for the three months and six months ended 30 June 2017.

Diluted loss per share is the same as basic loss per share for the three months and six months ended 30 June 2016. The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds as at 30 June 2016 since their conversion would result in an anti-dilutive effect on the basic loss per share for the three months and six months ended 30 June 2016.

10. Available-for-sale investments

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
At cost:		
Unlisted equity investments – cost <i>(Note (a) and (b))</i>	41,616	41,616
Less: Accumulated impairment losses	(500)	(500)
	41,116	41,116
At fair value:		
Listed equity investments – fair value <i>(Note (c) and (d))</i>	14,718	17,662
	55,834	58,778

Notes:

- (a) The unlisted equity investments of approximately HK\$500,000 represent investments in unlisted equity securities issued by a private entity incorporated in Hong Kong. They are measured at cost less accumulated impairment losses at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably. As at 31 December 2015, it had been fully impaired.
- (b) The unlisted equity investments of approximately RMB37,000,000 (equivalent to HK\$41,116,000) represent investment in unlisted equity securities issued by private entities incorporated in PRC. They are measured at cost less accumulated impairment losses at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably.
- (c) The listed equity investments listed in Hong Kong with the fair value of approximately HK\$14,718,000 as at 30 June 2017 (31 December 2016: HK\$17,662,000), have been pledged to a bank to secure the bank borrowings granted to the Group. Details of bank borrowings are set out in note 15.
- (d) As at 30 June 2017, the Group recognised a fair value loss of approximately HK\$2,944,000 (31 December 2016: gain of HK\$4,662,000) in the investment revaluation reserve.

11. Trade and other receivables

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Trade receivables (Note (c))	5,473	5,424
Deposit and other receivables (Note (a) and (b))	29,182	30,175
Less: Allowance for doubtful debts	(1,006)	(1,006)
	28,176	29,169
Prepayments	1,464	1,983
	35,113	36,576

The Group does not hold any collateral over the trade and other receivables.

Notes:

- (a) During the year ended 31 December 2016, deposit of approximately HK\$11,101,000 was paid for the purpose of acquisition of equity interest in three subsidiaries incorporated in Hong Kong and the PRC, the transaction has not yet completed at 30 June 2017.
- (b) During the year ended 31 December 2016, include in the deposit and other receivable is the amount of RMB7,700,000 (equivalent to approximately HK\$8,557,000) hold by a third party custodian, which is related to the disposal of investment property held by the Group. Details of the transaction are disclosed in note 13.
- (c) The credit period granted to the Group's trade customers generally ranges from 0 days to 90 days (31 December 2016: 0 days to 90 days). The ageing analysis of trade receivables presented based on the invoice dates, which approximates the respective revenues recognition dates, at the end of the reporting period, which is as follows:

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
0 to 30 days	3,132	3,281
31 to 90 days	1,107	1,923
Over 90 days	1,234	220
	5,473	5,424

12. Loan and interest receivables

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Fixed-rate loan and interest receivables		
– Secured	41,689	42,946
– Unsecured	9,499	10,461
	51,188	53,407
Less: Allowance for doubtful debts	(4,149)	(4,149)
	47,039	49,258
Analysed as		
Current asset (within one year)	45,118	45,444
Non-current asset	1,921	3,814

Notes:

- (a) The loan receivables are entered into with independent third parties except for those disclosed in notes (c) and (d) below, with contractual maturity within three months to nine months (31 December 2016: six months to one year). The Group seeks to maintain tight control over its loan and interest receivables in order to minimise credit risk by reviewing the borrowers' financial positions.
- (b) The secured loan and interest receivables are secured by the unlisted shares, properties of the borrowers or guaranteed by personal guarantees.
- (c) As at 30 June 2017, included in the carrying amount is approximately HK\$2,400,000 being a loan to the director of the Company (31 December 2016: HK\$2,400,000). The maximum amount outstanding for the six months ended 30 June 2017 was approximately HK\$2,495,000 (31 December 2016: HK\$2,490,000). The amount is secured by the unlisted shares in a PRC entity held by the director of the Company, subject to a fixed interest rate of 8% per annum and is repayable within a year from the date of loan granted or duly extended.
- (d) As at 30 June 2017, included in the carrying amount is approximately HK\$5,350,000 being a loan to the non-controlling interests of the Group (31 December 2016: HK\$6,312,000). The amount is secured by personal guarantee and subject to a fixed interest rate of 7% per annum and is repayable within 36 months from the date of loan granted.

- (e) The ranges of effective interest rates (which are equal to contractual interest rates) on the Group's loan and interest receivables are as follows:

	At 30 June 2017 (Unaudited)	At 31 December 2016 (Audited)
Effective interest rate:		
Fixed-rate loan and interest receivables	7% – 18%	7% – 18%

- (f) The following is an ageing analysis of loan and interest receivables, net of allowance for doubtful debts, presented based on the dates which loans are granted to borrowers and interests are accrued.

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Within 1 year	47,039	49,258

13. Assets classified as held for sale

On 3 December 2016, the Group entered into and signed a sale and purchase agreement with an independent third party to dispose of one of the investment properties held by the Group which is located in the PRC with fair value of approximately RMB17,500,000 (equivalent to approximately HK\$19,447,000) as at 31 December 2016. Such property was classified as asset held for sale in the consolidated statement of financial position as at 31 December 2016. The transaction was completed on 14 March 2017 with a gain of disposal between the sale proceed over the cost of acquisition of approximately HK\$4,685,000.

14. Trade and other payables

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Trade payables	707	970
Other payables	7,339	19,575
	8,046	20,545

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period.

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
0 to 30 days	707	970

The average credit period on purchases of goods is 14 days (31 December 2016: 14 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

15. Bank borrowings

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Bank borrowings, secured	19,416	19,181
Carrying amount of bank borrowings that is repayable within one year from the end of the reporting period	10,000	10,000
Carrying amount of bank borrowings that is not repayable within one year from the end of the reporting period but contains a repayment on demand clause (shown under current liabilities)	9,416	9,181
Less: Amount shown under current liabilities	(19,416)	(19,181)
Amount shown under non-current liabilities	-	-

At 30 June 2017, the secured bank borrowing of approximately HK\$9,416,000 (31 December 2016: HK\$9,181,000) is secured by a mortgage over an investment property of the Company located in Taiwan with carrying amount of NTD79,400,000 (31 December 2016: NTD79,400,000), equivalent to approximately HK\$19,691,000 (31 December 2016: HK\$19,691,000). The bank borrowing carried a saving deposit rate plus a fixed spread of 0.62% in the first year, 0.87% in the second year and 0.97% from the third to fifteen year.

At 30 June 2017, the secured bank borrowing of HK\$10,000,000 (31 December 2016: HK\$10,000,000) is secured by an investment property of the Company located in Hong Kong with fair value of approximately HK\$8,750,000 (31 December 2016: HK\$8,750,000) and the available-for-sale investment held by the Group with fair value of approximately of HK\$14,718,000 (31 December 2016: HK\$17,662,000). The bank borrowing carried a variable interest rate of HIBOR plus 4% per annum and repayable within 2 months. The borrowing was applied for the acquisition of listed equity investments classified as available-for-sale investments above.

16. Share capital

	Nominal value per share <i>HK\$</i>	Number of shares	Amount <i>HK\$'000</i>
Authorised ordinary shares:			
At 1 January 2016 and 31 December 2016 and 30 June 2017	0.02	9,130,434,785	182,609
Issued and fully paid ordinary shares:			
At 1 January 2016	0.02	4,528,705,060	90,574
Placing of new shares (<i>Note a</i>)	0.02	420,000,000	8,400
Issue of shares (<i>Note b</i>)	0.02	288,000,000	5,760
Issue of shares in consideration for the acquisition of an associate (<i>Note c</i>)	0.02	263,636,364	5,273
Issue of shares upon conversion of convertible bonds (<i>Note d</i>)	0.02	500,000,000	10,000
At 31 December 2016	0.02	6,000,341,424	120,007
Issue of shares upon conversion of convertible bonds (<i>Note e</i>)	0.02	68,443,811	1,369
At 30 June 2017	0.02	6,068,785,235	121,376
Authorised convertible preference shares:			
At 1 January 2016, 31 December 2016 and 30 June 2017	0.10	173,913,043	17,391
Issued and fully paid convertible preference shares:			
At 1 January 2016, 31 December 2016 and 30 June 2017	0.10	-	-

Notes:

- (a) On 25 April 2016, the Company and Sun International Securities Limited (the “Placing Agent”) entered into the placing agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis a maximum of 420,000,000 ordinary shares of the Company at a placing price of HK\$0.1 per placing share (the “2016 Placing”).

The gross proceeds from the 2016 Placing were HK\$42,000,000. The net proceeds after deducting the placing commission and other related expenses were approximately HK\$41,582,000. The relevant resolution was passed at the Company’s special general meeting on 25 April 2016. The completion of the 2016 Placing took place on 3 May 2016. Further details of the 2016 Placing are set out in the Company’s announcements dated 25 April 2016 and 3 May 2016.

- (b) On 19 July 2016, arrangements were made for a private placement to independent private investors, Mr. Sun Hui (the “Subscriber”). Pursuant to the subscription agreement, the Subscriber had conditionally agreed to subscribe for 288,000,000 subscription shares at a consideration of HK\$43,200,000 in the Company at a price of HK\$0.15 per share. The proceeds will utilise for investment purposes or working capital for operation of the Company. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 4 May 2016 and rank pari passu with other shares in issue in all respects.
- (c) On 20 September 2016, Allied Realty Limited (“Allied Realty”), a wholly-owned subsidiary of the Company and an independent third party Mr. Huang Zekai (“Mr. Huang”) entered into a sale and purchase agreement, pursuant to which (i) Mr. Huang has agreed to sell to Allied Realty 40,000 ordinary shares of Gold Wide Holdings Limited (“Gold Wide”), representing 25% of the entire issued share capital in Gold Wide, and (ii) Sale loan of net amount of HK\$114,634 at the consideration of HK\$29,527,274, to be settled by the issuance of 263,636,364 shares by the Company to Mr. Huang at closing price at the completion date of HK\$0.112 per share together with HK\$1 in cash. The transaction was completed on 6 October 2016. Further details of the acquisition are set out in the Company’s announcements dated 20 September 2016 and 6 October 2016.
- (d) During the year ended 31 December 2016, convertible bonds with principal amount of HK\$10,000,000 was converted into 500,000,000 ordinary shares of the Company at par at the conversion price of HK\$0.02 per ordinary share.
- (e) On 23 May 2017, convertible bonds with principal amount of HK\$11,635,448 was converted into 68,443,811 ordinary shares of the Company at exercise price of HK\$0.17 per ordinary share.
- (f) All new shares rank pari passu with other shares in issue in all respects.

17. Share options

The Company has a share option scheme, which was adopted on 6 May 2011, for eligible employees, the directors of the Company and other selected participants for their contribution to the Group.

Details of the share options outstanding are as follows:

	At 30 June 2017 (Unaudited)	At 31 December 2016 (Audited)
Number of share options outstanding	483,800,000	488,800,000
Exercisable at the end of the period/year	149,025,000	150,425,000
Weighted average exercise price	HK\$0.123	HK\$0.123

For the three months and six months ended 30 June 2017, 5,000,000 share options were lapsed, and no share options have been granted, exercised or cancelled (three months and six months ended 30 June 2016: nil).

For the three months ended and six months ended 30 June 2017, the Group has recognised approximately HK\$2,952,000 and HK\$5,962,000, respectively (three months and six months ended 30 June 2016: HK\$853,000 and HK\$1,706,000) of share based payment expenses in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

18. Operating lease commitment

Commitments under operating lease

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Within one year	3,578	3,793
In the second to the fifth year inclusive	4,682	7,032
	8,260	10,825

Operating lease payments represent rental payable by the Group for certain of its office premises. Leases are negotiated for terms of one to three years (31 December 2016: one to three years) and rentals are fixed over the terms of the leases.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Within one year	3,921	3,279
In the second to the fifth year inclusive	9,571	1,399
	13,492	4,678

19. Capital commitment

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of: Acquisition of plant and equipment	-	2,451

20. Fair value measurements of financial instruments

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

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial asset	Fair value as at 30 June 2017	Fair value hierarchy	Valuation technique(s) and key inputs
Listed equity securities			
Held-for-trading non-derivative financial assets classified as financial assets at fair value through profit or loss in the consolidated statement of financial position	Listed equity securities in Hong Kong HK\$56,162,000 (31 December 2016: HK\$79,269,000)	Level 1	Quoted closing prices in an active market
Listed equity securities			
Available-for-sale investments in the consolidated statement of financial position	HK\$14,718,000 (31 December 2016: HK\$17,662,000)	Level 1	Quoted closing prices in an active market

During the year ended 31 December 2016, a contingent consideration was resulted upon acquisition of Inno-Bag Limited ("Inno-Bag"). The fair value of the contingent consideration arrangement of approximately HK\$1,137,000 as at the date of acquisition and as at 31 December 2016 which was estimated by applying the income approach. The fair value estimates are based on the volatility of the Company's shares ranged from 45.8% to 46.1% and assumed that Inno-Bag has reached the profit after tax of not less than HK\$1,200,000 for each of the two years ending 31 March 2017 and 2018 respectively. This is a level 3 fair value measurement.

As at 31 December 2016, there was a gain on fair value of contingent consideration resulted from the acquisition of the YIHE Enterprise Holding Limited and its subsidiary (collectively referred as "YIHE Group") of approximately HK\$11,326,000 recognised in profit or loss which comprised the price per share of the Company's share has been decreased as at 31 December 2016 as well as the effect of the failure to meet the condition of the contingent consideration payable due to the share issuance condition had not been met in accordance with the sale and purchase agreement of the acquisition of YIHE Group. The fair value of the contingent consideration payable is determined by using the probabilistic method with reference to the projected net profit of the YIHE Group for the two financial years ended 31 December 2017 and 2018. The fair value of the contingent consideration as at 30 June 2017 is approximately HK\$1,839,000 (31 December 2016: HK\$1,839,000).

Note: There were no transfers between levels of fair value hierarchy in the current reporting period.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to the short-term maturity or the impact of discounting was not significant.

21. Disposal of a subsidiary

During the reporting period, the Group disposed of a subsidiary. Net assets of the subsidiary being disposed of at the date of disposal were as follows:

HK\$'000

Net assets disposed of:

Other receivables	6,212
Bank balances and cash	467
Amount due from immediate holding company	10
Amount due to ultimate holding company	(4,529)
Amount due to fellow subsidiaries	(222)
Other payables	(410)
	<hr/>
	1,528
Net assets disposal of (50%)	764
Loss on disposal	(764)
	<hr/>
	-
Satisfied by:	
Cash consideration	-
	<hr/>

22. Related party transactions

- (a) The Group entered into the following significant transactions with related parties during the six months ended 30 June 2017 and 2016:

Name of company	Nature of transaction	For the six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Au Yeung Po Leung (<i>Note a</i>)	Loan interest income received	95	–
Beijing HX (<i>Note b</i>)	Loan interest income received	159	–
Sino Coronet Limited ("Sino Coronet") (<i>Note c</i>)	Financial assets – Effective Interest expense of the convertible bonds	–	55
Bright Kingdom International Limited ("Bright Kingdom") (<i>Note d</i>)	Administrative expenses: Consultancy fee paid	300	300
Chan Kee Holdings Limited ("Chan Kee") (<i>Note e</i>)	Purchases	2,796	2,890
	Loan interest income received	182	100
	Deposit paid	1,207	1,191
	Consultancy fee paid	159	80

Note a: Au Yeung Po Leung is the director of the Company.

Note b: Beijing HX is the associate entity of the Group.

Note c: Sino Coronet Limited is the wholly-owned subsidiary of the shareholder of the Company.

Note d: Bright Kingdom International Limited is connected with the director of the Company.

Note e: On 4 February 2016, Maxford Wealth Limited ("Maxford Wealth"), a wholly-owned subsidiary of the Company, formed an entity named Right Ocean Asia Limited ("Right Ocean") with an independent third party Ms. Yoo (the spouse of Mr. Chan) and which Mr. Chan is the substantial shareholder of Chan Kee. Pursuant to the agreement entered into by Right Ocean and Chan Kee, Ms. Yoo and Mr. Chan shall procure Chan Kee to enter into the trademark licence agreement and the sole distributorship agreement with Right Ocean, for the sole and exclusive sale and distribution of the grocery food products and right to use the trademark granted by Chan Kee at nil consideration within the Hong Kong, Macau and Taiwan.

Upon the formation of Right Ocean, the equity of Right Ocean is held as to 51% by Maxford Wealth and 49% by Ms. Yoo. Therefore Right Ocean became a non-wholly owned subsidiary of the Company.

In the meantime, a shareholder loan agreement was entered into between Maxford Wealth and Right Ocean, pursuant to which Maxford Wealth has agreed to lend a loan of HK\$11,000,000 to Right Ocean, with a fixed interest rate of 5% per annum and repayable on demand.

Another loan agreement was entered into between Right Ocean and Chan Kee, pursuant to which Right Ocean has agreed to lend a loan of HK\$6,000,000 to Chan Kee, with Ms. Yoo and Mr. Chan as guarantors, a fixed interest rate of 7% per annum, repayable within 36 months after the date of drawdown for business operation. Details are disclosed in note 12(d).

Details are set out in the announcement of the Company dated 4 February 2016.

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during six months ended 30 June 2017 and 2016 was as follows:

	For the six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	6,566	4,533
Post-employment benefits	70	62
	6,636	4,595

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

23. Events after the Reporting Period

Acquisition of interest in certain properties in Shenzhen, the PRC

On 17 July 2017, Yardley Wealth Management Limited ("YWML") and Skyline Top Limited ("STL"), a wholly-owned subsidiary of the Company, entered into an agreement (the "Agreement") pursuant to which the YWML has agreed to sell and the STL has agreed to purchase the sale shares (the "Sale Shares"), representing 50% of the issued share capital of Delightful Hope Limited (the "Target Company") for cash consideration of HK\$55,000,000. The Target Company is a non-wholly owned subsidiary of the Company and is owned as to 50% by each of YWML and STL. Following completion, the Target Company will be wholly owned by the STL and will become an indirect wholly-owned subsidiary of the Company.

The principal assets of the Target Company consist of properties comprise 8 commercial units of a total gross floor area of approximately 1,690 sq.m. in Shenzhen City, Guangdong Province, the PRC, and a residential house in Shenzhen City, Guangdong Province, the PRC of a total gross floor area of approximately 315.23 sq.m. According to the audited consolidated account of the Target Company, the book value of the properties was approximately HK\$110,236,000 as at 31 December 2016.

The consideration payable by the STL to the YWML for the Sale Shares is HK\$55,000,000 and shall be satisfied by the STL's payment in cash to the YWML or its nominee in the following manner: (a) as to the part payment in the sum of HK\$20,000,000, within 14 days after the date of the Agreement; (b) as to the balance of HK\$35,000,000, upon completion.

On 31 July 2017, a supplemental agreement was entered into between the parties that the part payment in the sum of HK\$20,000,000 shall be paid on or before 28 August 2017 or such later date as the parties may agree in writing.

24. Comparative figures

Revenue in respect of provision of money lending services of approximately HK\$2,136,000 and HK\$1,089,000 for the six months ended 30 June 2016 and for the three months ended 30 June 2016 was previously included in other revenue. To confirm to current period's presentation, the above amount as comparative figure has been reclassified to revenue in the condensed consolidated statement of profit or loss and other comprehensive income to facilitate a better presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the six months ended 30 June 2017 (the “Reporting Period”), the Group has been principally engaged in the business of one-stop value chain services, property investment, trading of grocery food products, trading of consumables and agricultural products and provision of money lending services.

One-stop Value Chain Services

During the Reporting Period, this business segment reported a revenue of approximately HK\$4,690,000 (six months ended 30 June 2016: HK\$20,111,000) representing a decrease of approximately 76.7% as compared with the last corresponding period. Though the slowdown in this business segment was anticipated, the speed of drop exceeds the Company’s expectation. The directors were devising an exit strategy which shall be in the best interest of the Company. As such, resources can be allocated to other business segments that generate high return to the Company.

Property Investment

During the Reporting Period, the property investment segment reported revenue of approximately HK\$1,605,000 (six months ended 30 June 2016: HK\$1,842,000). At 30 June 2017, the Group held properties in the People’s Republic of China (the “PRC”), Taiwan and Hong Kong for investment purpose amounted to approximately HK\$155,457,000 (31 December 2016: HK\$174,850,000).

The demands in the property markets in Hong Kong, Taiwan and the PRC are considered stable general. The Group will continue to review and optimise the portfolio holding of the investment properties with the aim of maximising its returns.

Trading of Grocery Food Products

The Group’s trading of grocery food products segment consisted of distribution (i) in the catering channel in Hong Kong for “Mengniu” liquid milk and pasteurized dairy products, including but not limited to pure milk, low fat high calcium milk, “Milk Deluxe”, “Fruit Milk Drink”, and “Yoyi C” under the “Mengniu” brand; and (ii) in peanut oil, corn oil and canola oil under the “Jinlongyu” brand via supermarkets, convenience stores and small-scale stores in Hong Kong. The Group is also the sole and exclusive distributor for the sale and distribution of ramen and udon products under the brand of “Nittin” (日丁) in Hong Kong, Macau and Taiwan.

During the Reporting Period, the segment reported a revenue of approximately HK\$18,308,000 (six months ended 30 June 2016: HK\$7,601,000), representing an increase of approximately 140.9% as compared with the last corresponding period. Albeit surge in revenue, the profitability of this segment was not satisfactory to the Group's management, particularly the Mengniu and Jinlongyu products. The Group is negotiating with relevant business partners for performance improvement plan and is also prepared to consider different alternatives provided by the business partners.

Trading of consumables and agricultural products

During the Reporting Period, the trading of consumables and agricultural products segment generated revenue of approximately HK\$2,957,000 (six months ended 30 June 2016: HK\$859,000).

The acquisition of recycled bags trading arm filled up the slowdown of trading of other agricultural products which showed unstable track record over the past years. It is expected that the trading of recycled bags added sustainability in the segment's development and the Group will benefit from the society's environmental protection trend in the long run.

Provision of money lending services

During the Reporting Period, this segment reported a revenue of approximately HK\$2,860,000 (six months ended 30 June 2016: HK\$2,148,000), representing an increase of approximately 33.1% as compared with the last corresponding period. As the loan portfolio will be growing steadily, the Group will continue to maintain sound credit control policy to balance the finance income against credit risk from respective borrowers.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded an unaudited revenue of approximately HK\$30,420,000 (six months ended 30 June 2016: HK\$32,561,000), representing a decrease of approximately 6.6% as compared with the last corresponding period. This decrease was mainly attributable to the slump in the provision of one-stop value chain services but partly offset by the growth in trading of grocery food products and trading of consumables and agricultural products.

Cost of sales for the Reporting Period amounted to approximately HK\$23,677,000 (six months ended 30 June 2016: HK\$27,810,000), representing a decrease of approximately 14.9% as compared with the last corresponding period. The decrease was due to change of product mix of the Company's business portfolio during the Reporting Period.

Administrative expenses for the Reporting Period amounted to approximately HK\$29,062,000 (six months ended 30 June 2016: HK\$21,541,000), representing an increase of approximately 34.9% as compared with the last corresponding period. This increase was mainly due to increase of share based payment of approximately HK\$4,256,000, increase of legal and professional fees of approximately HK\$1,843,000 and rental expense of approximately HK\$1,271,000.

Finance costs for the Reporting Period was approximately HK\$4,891,000 (six months ended 30 June 2016: HK\$3,243,000), representing an increase of approximately 50.8% as compared with the last corresponding period. The increase was mainly due to the increase in effective interest expense on convertible bonds as compared with the last corresponding period and increase of interest paid and payable for the secured bank loans and margin loan.

The Group recorded a loss attributable to owners of the Company for the Reporting Period of approximately HK\$40,096,000 (six months ended 30 June 2016: HK\$24,361,000). The basic loss per share of the Company for the six months ended 30 June 2017 is 0.67 HK cents (six months ended 30 June 2016: 0.52 HK cents).

Liquidity and Financial Resources

During the Reporting Period, the Group financed its business operations mainly with its internally generated resources, borrowings and convertible bonds. At 30 June 2017, the bank balances and cash of the Group was approximately HK\$8,157,000 (31 December 2016: approximately HK\$22,298,000).

At 30 June 2017, the net assets of the Group was approximately HK\$336,771,000 (31 December 2016: HK\$362,127,000) and the net current assets was approximately HK\$70,888,000 (31 December 2016: HK\$94,681,000).

Gearing Ratio

At 30 June 2017, the total liabilities of the Group amounted to approximately HK\$119,815,000 (31 December 2016: HK\$155,779,000), which mainly comprised of trade and other payables, interest-bearing bank borrowings, amount due to non-controlling interests, loan from non-controlling interests, liability component of convertible bonds, unsecured loan, margin loan payable and deferred tax liabilities. The liabilities are denominated in Hong Kong dollars, Renminbi and New Taiwan dollars.

At 30 June 2017, the Group had total assets of approximately HK\$456,586,000 (31 December 2016: HK\$517,906,000). The gearing ratio of the Group, expressed as the ratio of total liabilities to total assets, decreased to 0.26 as at 30 June 2017 (31 December 2016: 0.30).

Segmental Information

An analysis of the Group's performance for the Reporting Period by business segment is set out in note 4 to this report.

Capital Structure

As at 30 June 2017, the Company's issued ordinary share capital with an aggregate nominal value of HK\$121,375,704.70 is divided into 6,068,785,235 ordinary shares of HK\$0.02 each ("Shares") (31 December 2016: HK\$120,006,828.48 divided into 6,000,341,424 Shares).

Fund Raising Activities

Issue of Convertible Bonds II as a consideration of an acquisition

On 13 December 2013, Skyline Top Limited ("Skyline Top"), a wholly-owned subsidiary of the Company and Mr. So Pan entered into a sale and purchase agreement, pursuant to which (i) Mr. So Pan has agreed to sell to Skyline Top, and Skyline Top has agreed to purchase from Mr. So Pan the sale shares of Konson Global Investments Limited; and (ii) Mr. So Pan has agreed to assign to Skyline Top, and Skyline Top has agreed to accept the assignment of, the sale loan at an aggregated consideration of HK\$40,000,000, of which: (i) HK\$20,000,000 shall be satisfied by Skyline Top by cheque or cashier order upon the completion; and (ii) HK\$20,000,000 shall be satisfied by the Skyline Top's procuring of the issue of the convertible bonds ("Convertible Bonds II") at the conversion price of HK\$0.17 (*note*) per conversion share by the Company to Mr. So Pan upon completion.

Upon exercise of conversion rights attaching to the Convertible Bonds II, 117,647,058 (*note*) new shares shall be issued.

The completion of the acquisition involving the issue of convertible bonds as a consideration took place on 31 March 2014.

Note: On 2 July 2015, a placing of 629,000,000 new shares of the Company was completed and pursuant to the terms and conditions of the bond instruments of the Convertible Bonds, the conversion price was revised from HK\$0.188 to HK\$0.17. As a result, number of new shares to be issued upon exercise of conversion attaching to the Convertible Bonds was revised from 106,382,978 to 117,647,058.

Included in the audited financial statements of the Property Investment Subsidiary (as defined in the Company's circular dated 19 February 2014) dated 28 April 2017 was the profit before tax of the Property Investment Subsidiary for the period commencing from the Placing Completion Date (as defined in the Company's circular dated 19 February 2014) up to 31 December 2016 of HK\$46,541,792 which was audited by the auditor of the Company. As a result, principal portion of Convertible Bond II amounted to HK\$8,364,552 was cancelled by the Company pursuant to the terms and conditions of the Convertible Bond II. On 23 May 2017, 68,443,811 new shares of the Company were issued to Mr. So Pan upon his exercise in full of the remaining portion of Convertible Bond II.

Further details of the issue of convertible bonds as a consideration of an acquisition are set out in the announcements of the Company dated 13 December 2013, 7 March 2014 and 31 March 2014 and the circular of the Company dated 19 February 2014.

Issue of Convertible Bond III & Convertible Bond IV as a consideration of an acquisition – completed

On 28 May 2015, Skyline Top Limited and Yardley Wealth Management Limited ("Yardley") became shareholders (the "JV Partners") of Delightful Hope Limited (the "JV Company") for the purpose of the proposed acquisition. The JV Company is owned as to 50% by each of the JV Partners.

Upon formation of JV Company, the JV Partners have agreed to make provision for the management and administration of the JV Company's affairs, and set out their respective obligations and rights on the terms and conditions set in the shareholders' agreement (the "Shareholders' Agreement").

On 29 May 2015, the Company, the JV Company, Yardley and Rich Best Asia Limited (the "Vendor") entered into the sale and purchase agreement (the "Sale and Purchase Agreement") pursuant to which (i) the Vendor has agreed to sell and the JV Company has agreed to purchase entire equity interest in China Smart Asia Limited, a subsidiary of Chinese Strategic Holdings Limited ("Chinese Strategic"), which the shares of Chinese Strategic are listed on the GEM of the Stock Exchange (stock code: 8089); and (ii) the Vendor has agreed to assign the JV Company, and the JV Company has agreed to accept the assignment of sale loan at an aggregate consideration of HK\$93,000,000, which shall be settled and discharged by the JV Company in accordance with the time, mode and manner set out under the Sale and Purchase Agreement: (i) forthwith upon the execution of the Sale and Purchase Agreement, the JV Company and Yardley shall jointly and severally pay the sum of HK\$20,000,000 either in cash or by cashier order to Chinese Strategic for and on behalf of the Vendor as deposit (the "Deposit"), and the Deposit shall be applied for part payment of the consideration at completion; (ii) the JV Company and Yardley shall jointly and severally pay a further sum of HK\$26,500,000 either in cash or by cashier order to Chinese Strategic for and on behalf of the Vendor for partial payment of the balance of the consideration at completion; and (iii) the remaining balance of the consideration in the sum of HK\$46,500,000 shall be settled and discharged by the Company's issuance to the Vendor (or any nominee of the Vendor) (a) the convertible bonds ("Convertible Bond III") in the principal amount of HK\$23,000,000; and (b) the convertible bonds ("Convertible Bond IV") in the principal amount of HK\$23,500,000 at completion.

Upon exercise of conversion rights attaching to the Convertible Bond III and Convertible Bond IV, 186,000,000 new shares shall be issued.

The completion of the acquisition involving the issue of Convertible Bond III and Convertible Bond IV as a part of the consideration took place on 20 August 2015.

Further details of the issue of convertible bonds as a consideration of an acquisition are set out in the announcements of the Company dated 29 May 2015, 20 August 2015 and the circular of the Company dated 27 July 2015.

Convertible Bond III expired on 31 March 2017 and subsequently the Company received a redemption notice from the Convertible Bond III holder for the principal amount of HK\$23,000,000. As at the date of this report, the amount remained outstanding and the Company is in negotiation with the Convertible Bond III holder for settlement arrangement.

Charges on Group's Assets

As at 30 June 2017, the Group had charges on one of its investment properties, to obtain a mortgage financing from a bank in Taiwan of approximately HK\$9,416,000 (31 December 2016: HK\$9,181,000). In addition, the Group had charges on another investment property and certain available-for-sale investments to obtain a term loan from a bank in Hong Kong of HK\$10,000,000 (31 December 2016: HK\$10,000,000). Certain investments held for trading have been pledged to brokers' account to obtain a margin loan financing of approximately HK\$22,890,000 (31 December 2016: HK\$16,768,000).

Contingent Liabilities

As at 30 June 2017, the Group did not have any material contingent liabilities (31 December 2016: nil).

Capital Commitments

As at 30 June 2017, the Group did not have any material capital commitments (31 December 2016: HK\$2,451,000).

Exposure to Fluctuations in Exchange Rates

All of the Group's assets, liabilities and transactions are mainly denominated either in Hong Kong dollars or Renminbi or New Taiwan dollars. The Directors do not consider that the Group is exposed to any material foreign currency exchange risk. Therefore, no hedging devices or any other alternatives have been implemented.

Significant Investments, Acquisitions and Disposal

Disposal of an investment property

On 3 December 2016, the Group entered into and signed a sale and purchase agreement with an independent third party to dispose of one of the investment properties held by the Group which is located in the PRC with fair value of approximately RMB17,500,000 (equivalent to approximately HK\$19,447,000) as at 31 December 2016. Such property was classified as asset held for sale in the consolidated statement of financial position as at 31 December 2016. The transaction was completed on 14 March 2017 with a gain of disposal between the sale proceed over the cost of acquisition of approximately HK\$4,685,000.

Acquisition of Shunxin Holdings Limited and placing of convertible bonds

(a) The acquisition of Shunxin Holdings Limited (the "Acquisition")

On 29 May 2017, Cosmic Bliss Limited as the vendor (the "Vendor"), Champion Front Limited as the purchaser (the "Purchaser") and the Company entered into a sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the entire issued share capital of Shunxin Holdings Limited, the target company, at the maximum consideration of HK\$120,000,000, which shall be settled by the issue of the consideration CBs (the "Consideration CBs").

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the outstanding shareholder loan due to the Vendor at the consideration of HK\$1, which shall be settled by cash at completion.

The Consideration CBs are convertible at the conversion price of HK\$0.06 per consideration conversion share. Assuming the Consideration CBs in the principal amount of HK\$120,000,000 are fully converted at the initial conversion price of HK\$0.06, 2,000,000,000 new shares will be allotted and issued by the Company under specific mandate to authorise the Directors to allot and issue the conversion shares under conversion of the Consideration CBs.

Upon completion of the Acquisition, the target company and its subsidiaries will become wholly-owned subsidiaries of the Company and accordingly, their financial results will be consolidated into the accounts of the Company.

(b) Placing of convertible bonds (the "Placing")

On 29 May 2017, Kingston Securities Limited (the "Placing Agent") and the Company entered into a placing agreement (the "Placing Agreement") pursuant to which the Company has agreed to appoint the Placing Agent as the placing agent and the Placing Agent has agreed to procure subscribers to subscribe for the placing CBs (the "Placing CBs") in the aggregate principal amount of HK\$360,000,000, on a best effort basis, on the terms and conditions set out in the Placing Agreement.

Completion of the Placing shall be conditional upon, among other things, the completion of the Acquisition. Assuming the Placing CBs in the principal amount of HK\$360,000,000 are fully converted at the initial conversion price of HK\$0.06, 6,000,000,000 new shares will be allotted and issued by the Company under the specific mandate to authorise the Directors to allot and issue the conversion shares under conversion of the Placing CBs.

As at the date of this report, the Acquisition and the Placing had not yet completed.

Events after the Reporting Period

Acquisition of interest in certain properties in Shenzhen, the PRC

On 17 July 2017, Yardley Wealth Management Limited (“YWML”) and Skyline Top Limited (“STL”), a wholly-owned subsidiary of the Company, entered into an agreement (the “Agreement”) pursuant to which the YWML has agreed to sell and the STL has agreed to purchase the sale shares (the “Sale Shares”), representing 50% of the issued share capital of Delightful Hope Limited (the “Target Company”) for cash consideration of HK\$55,000,000. The Target Company is a non-wholly owned subsidiary of the Company and is owned as to 50% by each of YWML and STL. Following completion, the Target Company will be wholly owned by the STL and will become an indirect wholly-owned subsidiary of the Company.

The principal assets of the Target Company consist of properties comprise 8 commercial units of a total gross floor area of approximately 1,690 sq.m. in Shenzhen City, Guangdong Province, the PRC, and a residential house in Shenzhen City, Guangdong Province, the PRC of a total gross floor area of approximately 315.23 sq.m. According to the audited consolidated account of the Target Company, the book value of the properties was approximately HK\$110,236,000 as at 31 December 2016.

The consideration payable by the STL to the YWML for the Sale Shares is HK\$55,000,000 and shall be satisfied by the STL’s payment in cash to the YWML or its nominee in the following manner: (a) as to the part payment in the sum of HK\$20,000,000, within 14 days after the date of the Agreement; (b) as to the balance of HK\$35,000,000, upon completion.

On 31 July 2017, a supplemental agreement was entered into between the parties that the part payment in the sum of HK\$20,000,000 shall be paid on or before 28 August 2017 or such later date as the parties may agree in writing.



OUTLOOK

In year 2017, economic, social and political uncertainties still scattered around the whole world though the market began to respond more optimistically. The US government's intention to reverse the quantitative easing and raise interest rate also seemed hindered by economic conditions in other continents. Certain political filibuster in Hong Kong also posed negative impact on macro-economic environment.

Revenue from one-stop value chain services had been dropped very rapidly and it is not expected to provide lots of positive contribution to the Group in future.

As regard PRC property investment, the market remained resilient with those in different parts of PRC performing differently. While the Group continues to solidify its investments in Shenzhen, the management is open to offers for realising profits on those non-core properties holding.

Trading of consumables and agricultural products was intensified by the acquisition of recycle bags business, whose result was satisfactory up to date. The Group may try to make use of its different networks to promote further this business segment.

Of the three key brands in business, the Group is more optimistic on Nittin udon and ramen over Jinlongyu and Mengniu, as the margins of the latter were considered too narrow. More resources will be allocated to expanding the udon and ramen trading.

Provision of money lending services is always in demand in Hong Kong. Since most of the Group's lending were covered and protected by collaterals, the Group will continue to allocate certain resources in this segment.

Nonetheless, the Group continues to allocate resources to existing segments together with identifying new opportunities to enhance the shareholders' value.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had 37 full-time employees (31 December 2016: 44). Staff costs for the Reporting Period, including Directors' emoluments, were approximately HK\$12,685,000 (six months ended 30 June 2016: approximately HK\$7,753,000). The Group determines the remuneration and compensation payable to its staff based on individual performance and expertise. Apart from basic remuneration, share options may be granted to eligible employees by reference to the Group's performance as well as individual contribution.

DIRECTORS' INTERESTS IN CONTRACTS

No Director of the Company had a significant beneficial interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any its subsidiaries was a party at any time during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2017, the interests and short positions of the Directors or the chief executive of the Company 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 (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, were as follows:

Long position in the underlying shares in respect of the share options of the Company (which were regarded as unlisted physically settled equity derivatives) granted under the share option scheme adopted by the Company on 6 May 2011:

Name	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2017
So David Tat Man	13 July 2015	0.212	14 July 2016 – 13 July 2017	12,825,000	-	-	-	12,825,000
			14 July 2017 – 13 July 2018	21,375,000	-	-	-	21,375,000
	12 September 2016	0.11	13 September 2016 – 12 September 2019	15,600,000	-	-	-	15,600,000
Lai Yick Fung	13 July 2015	0.212	14 July 2016 – 13 July 2017	3,000,000	-	-	-	3,000,000
			14 July 2017 – 13 July 2018	5,000,000	-	-	-	5,000,000
	12 September 2016	0.11	13 September 2016 – 12 September 2019	12,000,000	-	-	-	12,000,000
Au Yeung Po Leung	13 July 2015	0.212	13 September 2017 – 12 September 2019	12,000,000	-	-	-	12,000,000
			13 September 2018 – 12 September 2019	16,000,000	-	-	-	16,000,000
	12 September 2016	0.11	13 September 2016 – 12 September 2019	12,000,000	-	-	-	12,000,000
Ng Cheuk Fan, Keith	13 July 2015	0.212	13 September 2017 – 12 September 2019	12,000,000	-	-	-	12,000,000
			13 September 2018 – 12 September 2019	16,000,000	-	-	-	16,000,000
	12 September 2016	0.11	13 September 2016 – 12 September 2019	12,000,000	-	-	-	12,000,000
Yick Ting Fai, Jeffrey	13 July 2015	0.212	13 September 2017 – 12 September 2019	1,200,000	-	-	-	1,200,000
			13 September 2018 – 12 September 2019	2,000,000	-	-	-	2,000,000
	12 September 2016	0.11	13 September 2016 – 12 September 2019	1,500,000	-	-	-	1,500,000
	13 July 2015	0.212	13 September 2017 – 12 September 2019	1,500,000	-	-	-	1,500,000
			13 September 2018 – 12 September 2019	2,000,000	-	-	-	2,000,000
	12 September 2016	0.11	13 September 2016 – 12 September 2019	1,500,000	-	-	-	1,500,000

Name	Date of grant	Exercise price per Share (HK\$)	Exercisable period	Outstanding as at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2017	
Zhang Min	13 July 2015	0.212	14 July 2016 – 13 July 2017	1,200,000	-	-	-	1,200,000	
			14 July 2017 – 13 July 2018	2,000,000	-	-	-	2,000,000	
	12 September 2016	0.11	13 September 2016 – 12 September 2019	1,500,000	-	-	-	1,500,000	
			13 September 2017 – 12 September 2019	1,500,000	-	-	-	1,500,000	
			13 September 2018 – 12 September 2019	2,000,000	-	-	-	2,000,000	
Yuen Wai Man	12 September 2016	0.11	13 September 2016 – 12 September 2019	1,500,000	-	-	-	1,500,000	
			13 September 2017 – 12 September 2019	1,500,000	-	-	-	1,500,000	
				13 September 2018 – 12 September 2019	2,000,000	-	-	-	2,000,000

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS" above, at no time during the Reporting Period, there subsisted arrangements to which the Company or any of its subsidiaries is a party, being arrangements whose subjects are, or one of whose objects is, to enable any of the directors or the chief executive 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 of the Company, their spouse or their children under the age of 18, had any right to subscribe for the securities of the Company during the Reporting Period.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware of and having made due enquiries, as at 30 June 2017, the following parties, other than the Directors or the chief executive of the Company, had interests or short positions directly or indirectly in the shares and underlying shares of the Company disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

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

Name of shareholders	Number of shares of the Company (Personal Interests)	Number of shares of the Company (Corporate Interests)	Number of underlying shares of the Company	Total	Approximate percentage of the issued share capital (Note 1)
Yardley Finance Limited (Note 2)	-	471,600,000	-	471,600,000	7.77%
Chan Kin Sun (Note 2)	-	471,600,000	-	471,600,000	7.77%
Sun Hui	395,480,000	-	-	395,480,000	6.51%
Cosmic Bliss Limited (Note 3)	-	-	2,000,000,000 (Note 4)	2,000,000,000	32.95%
Li Wei Bo (Note 3)	-	-	2,000,000,000 (Note 4)	2,000,000,000	32.95%

Notes:

- As at 30 June 2017, the Company's issued ordinary share capital was HK\$121,375,704.70 divided into 6,068,785,235 Shares of HK\$0.02 each.
- These shares were held by Yardley Finance Limited ("Yardley Finance"), a company incorporated in Hong Kong with limited liability. Since Yardley Finance is wholly-owned by Chan Kin Sun, Chan Kin Sun was deemed to be interested in these shares.
- These shares were held by Cosmic Bliss Limited ("Cosmic Bliss"), a company incorporated in the British Virgin Islands with limited liability. Since Cosmic Bliss is wholly-owned by Li Wei Bo, Li Wei Bo was deemed to be interested in these shares.
- Pursuant to a sale and purchase agreement dated 29 May 2017, Cosmic Bliss shall receive convertible bonds up to a maximum of HK\$120,000,000 as consideration which are convertible into 2,000,000,000 new shares of the Company. For details, please refer to the Company's announcement dated 29 May 2017.

Save for disclosed above, the Company is not aware of any other person, other than a director or the chief executive of the Company, who held interests or short positions in the shares and underlying shares of the Company as at 30 June 2017 as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 6 May 2011 (the “Share Option Scheme”). During the Reporting Period, options for 5,000,000 Shares were lapsed and none was granted, exercised nor cancelled. As at 30 June 2017, options for 483,800,000 Shares remained outstanding.

COMPETING INTERESTS

None of the Directors or controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business or interest that compete with the business of the Group or has or may have any other conflict of interest with the Group during the Reporting Period.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 of the GEM Listing Rules throughout the Reporting Period except for the following deviation:

Provision A.2.1 of the CG Code prescribed, among others, the roles of chairman of the Board and chief executive of the Company should be separate and should not be performed by the same individual. Throughout the Reporting Period, the Company did not appoint a chairman of the Board. The Board will keep reviewing the current structure of the Board from time to time. If candidate with suitable knowledge, skills and experience is identified, the Company will make appointment to fill the post as appropriate.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “Code”). Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Code during the Reporting Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 31 July 2001 with written terms of reference in compliance with GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and the internal control and risk management system of the Group. The Audit Committee currently comprises three independent non-executive Directors, namely Ms. Yuen Wai Man (Chairman of the Audit Committee), Mr. Yick Ting Fai, Jeffrey and Mr. Zhang Min.

The unaudited condensed consolidated financial results of the Group for the Reporting Period have been reviewed by the Audit Committee.

By Order of the Board
China Eco-Farming Limited
So David Tat Man
Executive Director

Hong Kong, 9 August 2017

As at the date of this report, the executive Directors are Mr. So David Tat Man, Mr. Lai Yick Fung, Mr. Au Yeung Po Leung and Mr. Ng Cheuk Fan, Keith; and the independent non-executive Directors are Mr. Yick Ting Fai, Jeffrey, Mr. Zhang Min and Ms. Yuen Wai Man.