



**China Financial International Investments Limited**

**中國金融國際投資有限公司**

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 721)

INTERIM *2014*  
REPORT

## BOARD OF DIRECTORS

### Executive Directors

Mr. Du Lin Dong (*Chief Executive Director*)  
Mr. Pong Po Lam

### Non-executive Directors

Mr. Wang Dehe (*Chairman*)  
Mr. Sha Naiping  
Mr. Ding Xiaobin

### Independent Non-executive Directors

Dr. Cheung Wai Bun Charles, *J. P.*  
Mr. Wan Hongchun  
Mr. Zeng Xianggao

## EXECUTIVE COMMITTEE

Mr. Du Lin Dong (*Chairman*)  
Mr. Pong Po Lam

## AUDIT COMMITTEE

Dr. Cheung Wai Bun Charles, *J. P.* (*Chairman*)  
Mr. Wan Hongchun  
Mr. Zeng Xianggao

## REMUNERATION COMMITTEE

Mr. Wan Hongchun (*Chairman*)  
Mr. Du Lin Dong  
Dr. Cheung Wai Bun Charles, *J. P.*

## NOMINATION COMMITTEE

Dr. Cheung Wai Bun Charles, *J. P.* (*Chairman*)  
Mr. Wan Hongchun  
Mr. Zeng Xianggao

## RISK MANAGEMENT COMMITTEE

Mr. Du Lin Dong (*Chairman*)  
Dr. Cheung Wai Bun Charles, *J. P.*  
Mr. Wan Hongchun

## AUTHORISED REPRESENTATIVES

Mr. Pong Po Lam  
Mr. Li Chi Chung

## COMPANY SECRETARY

Mr. Li Chi Chung

## AUDITORS

Ernst & Young  
*Certified Public Accountants*

## INVESTMENT MANAGER

China Financial International Investments &  
Managements Limited

## CUSTODIAN

Bank of Communications Trustee Limited

## LEGAL ADVISER

*As to Bermuda law*  
Conyers Dill & Pearman

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton  
HM 11  
Bermuda

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 5704-05, 57/F, Central Plaza  
18 Harbour Road  
Wanchai, Hong Kong

## SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08  
Bermuda

## SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

## PRINCIPAL BANKER

The Hongkong and Shanghai Banking  
Corporation Limited

## TRADING CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

0721

## COMPANY WEBSITE

<http://www.irasia.com/listco/hk/cfii>



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## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the board of directors of

**China Financial International Investments Limited**

*(An exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

### Introduction

We have reviewed the interim financial information set out on pages 3 to 30, which comprises the condensed consolidated statement of financial position of China Financial International Investments Limited (the "Company") and its subsidiaries as at 31 December 2014 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of review

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

### Conclusion

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

**Ernst & Young**  
*Certified Public Accountants*

Hong Kong  
17 February 2015

# Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2014

	Notes	Unaudited Six months ended 31 December	
		2014 HK\$'000	2013 HK\$'000
Revenue	7	–	3,163
Other income and gains	7	986	796
Net change in fair value of financial assets	8	40,018	(8,110)
Impairment loss of available-for-sale financial assets	16(b)	–	(1,430)
Finance costs	9	(12,724)	(12,037)
Administrative expenses		(14,176)	(12,997)
Share of (loss)/profit of an associate		(10)	3
Profit/(loss) before tax	10	14,094	(30,612)
Income tax credit/(expense)	11	212	(624)
Profit/(loss) for the period		<u>14,306</u>	<u>(31,236)</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale financial assets:			
Change in fair value		(12,447)	(5,772)
Reclassification adjustment for loss included in the profit or loss			
– Impairment loss		–	1,430
Income tax effect		1,241	159
		<u>(11,206)</u>	<u>(4,183)</u>
Exchange differences on translation of foreign operations		666	(780)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		<u>(10,540)</u>	<u>(4,963)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<u>(10,540)</u>	<u>(4,963)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>3,766</u>	<u>(36,199)</u>
Earnings/(loss) per share attributable to ordinary equity holders of the Company			
– Basic	13(a)	<u>HK0.31 cents</u>	<u>HK(0.67) cents</u>
– Diluted	13(b)	<u>HK0.30 cents</u>	<u>HK(0.67) cents</u>

# Interim Condensed Consolidated Statement of Financial Position

31 December 2014

	<i>Notes</i>	<b>Unaudited 31 December 2014 HK\$'000</b>	<b>Audited 30 June 2014 HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	159	206
Investment in an associate	15	419	429
Available-for-sale financial assets	16	91,483	335,770
Financial assets at fair value through profit or loss	17	316,603	621,143
		<hr/>	<hr/>
Total non-current assets		408,664	957,548
<b>CURRENT ASSETS</b>			
Available-for-sale financial assets	16	231,840	–
Financial assets at fair value through profit or loss	17	463,249	99,663
Prepayments, deposits and other receivables	18	19,648	107,385
Cash and cash equivalents		63,296	6,818
		<hr/>	<hr/>
Total current assets		778,033	213,866
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		11,107	887
Due to an associate	15	95	64
Convertible bond	19, 20	277,624	–
Tax payable		4,199	4,199
		<hr/>	<hr/>
Total current liabilities		293,025	5,150
<b>NET CURRENT ASSETS</b>		<b>485,008</b>	<b>208,716</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>893,672</b>	<b>1,166,264</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans	19	62,978	62,965
Convertible bond	19, 20	–	276,301
Deferred tax liabilities		3,800	5,253
		<hr/>	<hr/>
		66,778	344,519
<b>Net assets</b>		<b>826,894</b>	<b>821,745</b>
<b>EQUITY</b>			
Issued capital	21	46,717	46,607
Reserves		780,177	775,138
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>826,894</b>	<b>821,745</b>
<b>Net asset value per share</b>	22	<b>HK17.70 cents</b>	<b>HK17.63 cents</b>

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2014

	Attributable to equity holders of the Company									
	Issued capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Available-for-sale financial asset revaluation reserve HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Equity component of a convertible bond HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2014 (audited)	46,607	680,967	278,979	2,766	22,409	64,349	108	7,231	(281,671)	821,745
Profit for the period	-	-	-	-	-	-	-	-	14,306	14,306
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(666)	-	-	(666)
Change in fair value of available-for-sale financial assets, net of tax	-	-	-	-	(11,206)	-	-	-	-	(11,206)
Total comprehensive income for the period	-	-	-	-	(11,206)	-	(666)	-	14,306	2,434
Equity-settled share-based transactions	-	-	-	-	-	1,285	-	-	-	1,285
Issue of shares – upon exercise of share options	110	1,819	-	-	-	(499)	-	-	-	1,430
At 31 December 2014 (unaudited)	<u>46,717</u>	<u>682,786*</u>	<u>278,979*</u>	<u>2,766*</u>	<u>11,203*</u>	<u>65,135*</u>	<u>(558)*</u>	<u>7,231*</u>	<u>(267,365)*</u>	<u>826,894</u>
At 1 July 2013 (audited)	46,599	680,922	278,979	2,766	45,477	2,275	918	7,231	(70,554)	994,613
Loss for the period	-	-	-	-	-	-	-	-	(31,236)	(31,236)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(780)	-	-	(780)
Change in fair value of available-for-sale financial assets, net of tax	-	-	-	-	(4,183)	-	-	-	-	(4,183)
Total comprehensive income for the period	-	-	-	-	(4,183)	-	(780)	-	(31,236)	(36,199)
Equity-settled share-based transactions	-	-	-	-	-	253	-	-	-	253
Issue of shares – upon exercise of share options	8	45	-	-	-	(13)	-	-	-	40
At 31 December 2013 (unaudited)	<u>46,607</u>	<u>680,967</u>	<u>278,979</u>	<u>2,766</u>	<u>41,294</u>	<u>2,515</u>	<u>138</u>	<u>7,231</u>	<u>(101,790)</u>	<u>958,707</u>

\* These reserve accounts comprise the consolidated reserves of HK\$780,177,000 (30 June 2014: HK\$775,138,000) in the interim condensed consolidated statement of financial position.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2014

	Unaudited Six months ended 31 December	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Net cash generated from/(used in) operating activities	67,102	(26,800)
Net cash (used in)/generated from financing activities	(9,958)	32,557
Net increase in cash and cash equivalents	57,144	5,757
Cash and cash equivalents at beginning of period	6,818	7,944
Effect of foreign exchange rate changes	(666)	(782)
Cash and cash equivalents at end of period	<u>63,296</u>	<u>12,919</u>
Analysis of the balances of cash and cash equivalents: Cash and bank balances	<u>63,296</u>	<u>12,919</u>

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 31 December 2014

## 1. CORPORATION INFORMATION

China Financial International Investments Limited (the "Company") was previously incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). With effect from 9 May 2006, the Company was de-registered from the Cayman Islands under the Cayman Islands Companies Law and re-domiciled in Bermuda under the Companies Act 1981 of Bermuda as an exempted company. The Company's registered office address is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and the Company's principal place of business is Suite 5704-05, 57/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company and its subsidiaries (the "Group") are principally engaged in the investment of listed and unlisted companies established and/or doing business in Hong Kong and the People's Republic of China (the "PRC").

## 2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2014 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). They have been prepared on the historical cost convention, except for financial assets at fair value through profit or loss ("FVTPL") and available-for-sale financial assets, which have been measured at fair values. These interim condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2014.

## 3. ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and key sources of uncertainty were the same as those applied in the preparation of the annual financial statements for the year ended 30 June 2014.

## 4.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2014, except for the adoption to the following revised standards as of 1 July 2014 as noted below:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition</i>
Amendments to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>

Other than explained below regarding the impact of amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011), HKAS 32, and certain amendments included in *Annual Improvement 2010-2012 Cycle*, the adoption of the above revised standards has had no significant financial effect on these financial statements.



# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 4.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group.

The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to setoff” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

## 4.2 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRS, that have been issued but are not yet effective, in this interim financial information.

HKFRS 9	<i>Financial Instruments</i> <sup>3</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>2</sup>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018.

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 30 June 2015. The Group is in the process of making an assessment of the impact of these changes.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 5. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by management for making investment decisions. These segments are based on the underlying business of the Group's investments as follows:

- a) micro-loan service
- b) real estates
- c) others (includes guarantee service, investment consultation service and other businesses)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment.

### Segment results

	Unaudited Micro-loan service <i>HK\$'000</i>	Unaudited Real estates <i>HK\$'000</i>	Unaudited Others <i>HK\$'000</i>	Unaudited Total <i>HK\$'000</i>
<b><i>Six months ended 31 December 2014</i></b>				
Segment results	<u>(11,507)</u>	<u>51,151</u>	<u>374</u>	40,018
Share of loss of an associate				(10)
Unallocated income and gains				986
Unallocated expenses				<u>(26,900)</u>
Profit before tax				14,094
Income tax credit				<u>212</u>
Profit for the period				<u>14,306</u>
<b><i>Six months ended 31 December 2013</i></b>				
Segment results	<u>8,540</u>	<u>(14,236)</u>	<u>(681)</u>	(6,377)
Share of profit of an associate				3
Unallocated income and gains				796
Unallocated expenses				<u>(25,034)</u>
Loss before tax				(30,612)
Income tax expense				<u>(624)</u>
Loss for the period				<u>(31,236)</u>

Segment results represent profit/(loss) on disposal of listed securities, gain on disposal of unlisted investments, fair value (loss)/gain on financial assets at FVTPL, impairment loss of available-for-sale financial assets and the corresponding dividend income earned from unlisted investments without allocation of central administration expenses and fees to the investment managers.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 5. OPERATING SEGMENT INFORMATION (Continued)

### Segment assets

The following is an analysis of the Group's assets by reportable segment:

	Unaudited 31 December 2014 HK\$'000	Audited 30 June 2014 HK\$'000
Micro-loan service	844,904	854,663
Real estates	139,683	88,531
Others	118,588	113,382
	<hr/>	<hr/>
Total segment assets	1,103,175	1,056,576
Unallocated assets	83,522	114,838
	<hr/>	<hr/>
	<b>1,186,697</b>	<b>1,171,414</b>

For the purpose of monitoring segment performances and allocating resources between segments, all assets are allocated to reportable segments other than property, plant and equipment, investment in an associate, prepayments, deposits and other receivables and cash and cash equivalents.

All liabilities as at 31 December 2014 and 30 June 2014 were unallocated liabilities.

Given that the nature of the Group's operation is investment holding, there was no information regarding major customers as determined by the Group.

## 6. GAIN/(LOSS) ON INVESTMENTS

	Unaudited Listed securities HK\$'000	Unaudited Unlisted investments HK\$'000	Unaudited Total HK\$'000
<b>Six months ended 31 December 2014</b>			
<i>Included in profit or loss:</i>			
Realised gain:			
Available-for-sale financial asset	–	2	2
Unrealised gain/(loss):			
Financial assets at FVTPL	48,925	(8,909)	40,016
	<hr/>	<hr/>	<hr/>
Total realised and unrealised gain/(loss) included in profit or loss	48,925	(8,907)	40,018
<i>Included in other comprehensive income:</i>			
Unrealised loss:			
Available-for-sale financial assets	–	(12,447)	(12,447)
	<hr/>	<hr/>	<hr/>
Total realised and unrealised gain/(loss) for the period	<b>48,925</b>	<b>(21,354)</b>	<b>27,571</b>

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 6. GAIN/(LOSS) ON INVESTMENTS (Continued)

	Unaudited Listed securities <i>HK\$'000</i>	Unaudited Unlisted investments <i>HK\$'000</i>	Unaudited Total <i>HK\$'000</i>
<b>Six months ended 31 December 2013</b>			
<i>Included in profit or loss:</i>			
Realised (loss)/gain:			
Financial assets at FVTPL	(14,858)	3,451	(11,407)
Unrealised gain:			
Financial assets at FVTPL	509	2,788	3,297
Impairment loss:			
Available-for-sale financial assets	–	(1,430)	(1,430)
Total realised and unrealised (loss)/gain included in profit or loss	(14,349)	4,809	(9,540)
<i>Included in other comprehensive income:</i>			
Unrealised loss:			
Available-for-sale financial assets	–	(4,342)	(4,342)
Total realised and unrealised (loss)/gain for the period	(14,349)	467	(13,882)

## 7. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	Unaudited Six months ended 31 December	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Revenue</b>		
Dividend income from unlisted investments	–	3,163
<b>Other income and gains</b>		
Bank interest income	5	8
Exchange gains	981	786
Miscellaneous	–	2
	986	796

The Group's turnover represents sales proceeds from disposal of investments amounting to HK\$2,000 for the six months ended 31 December 2014. The Group's turnover for the six months ended 31 December 2013 comprised of sales proceeds from disposal of investment of HK\$65,525,000 and dividend income of HK\$3,163,000.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 8. NET CHANGE IN FAIR VALUE OF FINANCIAL ASSETS

	Unaudited Six months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Net unrealised gain on financial assets at FVTPL	40,016	3,297
Net realised gain on an available-for-sale financial asset	2	–
Net realised loss on financial assets at FVTPL	–	(11,407)
	<u>40,018</u>	<u>(8,110)</u>

## 9. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited Six months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Interest on convertible bond wholly repayable within five years	11,123	11,089
Interest on other loans	1,601	948
	<u>12,724</u>	<u>12,037</u>

## 10. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	Unaudited Six months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Custodian fee	72	80
Depreciation	47	582
Investment management fee	508	563
Loss on disposal of items of property, plant and equipment	–	300
Minimum operating lease payments in respect of properties	662	1,208
Staff costs, including directors' remuneration:		
Salaries, wages and benefits in kind	6,202	6,151
Pension scheme contributions	70	67
Equity-settled share option expenses	1,285	253
	<u>12,854</u>	<u>12,037</u>

## 11. INCOME TAX

	Unaudited Six months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Current – Hong Kong		
– Charge for the period	–	–
Deferred tax credit/(charge)	212	(624)
	<u>212</u>	<u>(624)</u>
Total tax credit/(charge) for the period		
	<u>212</u>	<u>(624)</u>

No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax for both periods ended 31 December 2014 and 2013.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 12. DIVIDEND

The directors did not recommend payment of interim dividend for the six months ended 31 December 2014 (31 December 2013: Nil).

## 13. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit for the six months ended 31 December 2014 of HK\$14,306,000 (2013: loss of HK\$31,236,000) and the weighted average number of ordinary shares of 4,665,357,000 (2013: 4,659,970,000) in issue during the period.

### (b) Diluted earnings/(loss) per share

The calculation of the diluted earnings per share is based on the profit of HK\$14,306,000 for the six months ended 31 December 2014. The weighted average number of ordinary shares used in the calculation is 4,665,357,000 ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of 182,468,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The diluted earnings per share amount is increased when taking the convertible bond into account, the convertible bond had an anti-dilutive effect on the basic earnings per share for the period and were ignored in the calculation of diluted earnings per share.

No adjustment has been made to the basic loss per share presented for the six months ended 31 December 2013 in respect of a dilution as the convertible bond and the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

## 14. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 31 December 2014 HK\$'000	Audited 30 June 2014 HK\$'000
Opening net carrying amount	206	1,511
Additions	–	183
Write-off	–	(493)
Depreciation provided during the period/year	(47)	(994)
Exchange realignment	–	(1)
	<u>159</u>	<u>206</u>
Closing net carrying amount	<u>159</u>	<u>206</u>

## 15. INVESTMENT IN AN ASSOCIATE

	Unaudited 31 December 2014 HK\$'000	Audited 30 June 2014 HK\$'000
Share of net assets	419	429
Due to an associate	(95)	(64)
	<u>324</u>	<u>365</u>
Total	<u>324</u>	<u>365</u>

Particulars of the associate are as follows:

Name	Place of incorporation and business	Particulars of issued shares held	Percentage of ownership attributable to the Group	Principal activity
China Financial International Investments & Managements Limited	Hong Kong	Ordinary shares	29%	Asset management

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited 31 December 2014 HK\$'000	Audited 30 June 2014 HK\$'000
Unlisted investments, at fair value		
Non-current portion	91,483	335,770
Current portion	231,840	–
	<b>323,323</b>	<b>335,770</b>

As at 31 December 2014, the Group held the following available-for-sale financial assets:

Name	Notes	Place of incorporation/ registration and business	Group's effective interest		Principal activities	Unaudited	Audited
			Unaudited 31 December 2014	Audited 30 June 2014		31 December 2014 Cost HK\$'000	30 June 2014 Cost HK\$'000
Jiangxi Huazhang Hanchen Guarantee Group Limited ("Jiangxi Huazhang")	(a)	PRC	7.2%	7.2%	Provision of financing guarantees to small and medium enterprises ("SMEs")	43,150	43,150
Shenzhen Zhongtounxin Asset Management Company Limited ("Zhongtounxin")	(b)	PRC	30%	30%	Provision of consultation services on project investments	18,350	18,350
Jingdezhen CFI Guosen Microfinance Co., Ltd. ("Jingdezhen CFI Guosen")	(c)	PRC	30%	30%	Provision of small loan and financial consultation services	188,690	188,690
TianJin XEDA Microfinance Co., Ltd ("TianJin XEDA")	(d)	PRC	30%	30%	Provision of small loan and financial consultation services	72,450	72,450
Globe Capital Resources Investment Limited ("Globe Capital")	(e)	British Virgin Islands	–	30%	Investment holding	–	–

A brief description of the business and financial information of the investments is as follows:

### Notes:

- (a) On 13 April 2011, the Group acquired a 30% equity interest of Jiangxi Huazhang, a joint venture established in the PRC. On 15 July 2013, the Group holds 7.2% equity interest of Jiangxi Huazhang as diluted by the new registered capital subscribed by its other shareholders. Jiangxi Huazhang is principally engaged in the provision of financing guarantees to SMEs in the Jiangxi Province, the PRC. On 25 November 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Jiangxi Huazhang to an independent third party for a cash consideration of HK\$43,150,000. As at the date of this interim report, the disposal has not been completed. Directors expect this disposal transaction will be completed within one year.
- (b) On 29 April 2011, the Group invested in a 30% equity interest of Zhongtounxin, a joint venture established in the PRC. The first contribution of RMB6,000,000 (equivalent to HK\$7,200,000) was made by the Company in 2011 and the second contribution of RMB9,000,000 (equivalent to HK\$11,150,000) was made on 10 May 2012. Zhongtounxin is principally engaged in the provision of consultation services for project investments in the PRC.

As at 31 December 2013, the unlisted investment had been impaired and an impairment loss of HK\$1,430,000, which included a reclassification from other comprehensive income of HK\$1,430,000, had been recognised in profit or loss.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 16. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

Notes: (Continued)

- (c) On 26 May 2011 and on 28 November 2012, the Group invested in 23.33% and 6.67% equity interests of Jingdezhen CFI Guosen respectively, a joint venture established in the PRC. Jingdezhen CFI Guosen is principally engaged in the provision of small loan and financial consultation services in Jingdezhen, the PRC. On 25 November 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Jingdezhen CFI Guosen to an independent third party for a cash consideration of HK\$188,690,000. As at the date of this interim report, the disposal has not been completed. Directors expect this disposal transaction will be completed within one year.
- (d) On 21 June 2011, the Group invested in a 30% equity interest of TianJin XEDA, a joint venture established in the PRC. TianJin XEDA is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.
- (e) The Group holds a 30% equity interest of Globe Capital. Globe Capital is principally engaged in investment holding and has two investments with a 29% equity interest in Jiangxi 933 Technology Development Company Limited ("Jiangxi 933") and a 25% equity interest in Gan County Changxin Mining Company Limited ("Changxin Mining"). Jiangxi 933 is principally engaged in the provision of information system services while Changxin Mining is principally engaged in the exploitation of metal mines. On 31 December 2014, the Company has disposed all of its equity interest in Globe Capital to an independent third party for a cash consideration of HK\$2,000.

The fair values of all the above investments were determined by the directors of the Company with reference to the recent transaction prices of disposal agreements or the professional valuation carried out by Asset Appraisal Limited, an independent valuer.

The Group does not own or control more than 20% of the voting rights in any one of these investee companies. In the opinion of the directors, the Group is not able to exercise any significant influence on the financial and operating policies on these investee companies, and therefore all of these investments are not regarded as associates of the Group and are accounted for as available-for-sale financial assets for the six months ended 31 December 2014.

## 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	Unaudited 31 December 2014 HK\$'000	Audited 30 June 2014 HK\$'000
Non-current portion			
Financial assets designated at FVTPL – Unlisted investments	(i)	<b>316,603</b>	621,143
Current portion			
Financial assets held for trading – Listed securities	(ii)	<b>148,588</b>	99,663
Financial assets designated at FVTPL – Unlisted investment	(i)	<b>314,661</b>	–
		<b>463,249</b>	99,663

The above financial assets at 31 December 2014 and 30 June 2014 are classified as held for trading and are upon initial recognition, designated by the Group as financial assets at FVTPL.



# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Notes:

(i) As at 31 December 2014, the Group had the following unlisted investments:

Name	Notes	Place of incorporation/ registration and business	Group's effective interest		Principal activities	Unaudited	Audited
			31 December 2014	Audited 30 June 2014		31 December 2014	30 June 2014
						Cost	Cost
						HK\$'000	HK\$'000
Tianjin Rongshun Microfinance Limited ("Tianjin Rongshun")	(a)	PRC	30%	30%	Provision of small loan and financial consultation services	36,606	36,606
TIIC RongShun Micro-Loan Company Limited ("TIIC Rongshun")	(b)	PRC	10%	10%	Provision of small loan and financial consultation services	12,189	12,189
Harbin Zhongjinguoxin Microfinance Co., Ltd. ("Harbin Zhongjinguoxin")	(c)	PRC	30%	30%	Provision of small loan and financial consultation services	36,693	36,693
Nanchang Donghu Zhongjincaixin Microfinance Co., Ltd. ("Nanchang Donghu")	(d)	PRC	30%	30%	Provision of small loan and financial consultation services	36,901	36,901
Tianjin Binlian Microfinance Limited ("Tianjin Binlian")	(e)	PRC	3.3%	3.3%	Provision of small loan and financial consultation services	12,271	12,271
Nanjing NingGangRongTong Technology Microfinance Co., Ltd. ("NingGangRongTong")	(f)	PRC	30%	30%	Provision of small loan and financial consultation services	36,870	36,870
Ezhou Zhongjinguotou Microfinance Limited ("Ezhou Zhongjinguotou")	(g)	PRC	30%	30%	Provision of small loan and financial consultation services	185,000	185,000
Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd. ("Ziyang Yanjiang")	(h)	PRC	30%	30%	Provision of small loan and financial consultation services	73,730	73,730
Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd ("Nanjing Jiangning")	(i)	PRC	30%	30%	Provision of small loan and financial consultation services	36,673	36,673

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Notes: (Continued)

(i) As at 31 December 2014, the Group had the following unlisted investments: (Continued)

Name	Notes	Place of incorporation/ registration and business	Group's effective interest		Principal activities	Unaudited	Audited
			Unaudited 31 December 2014	Audited 30 June 2014		31 December 2014	30 June 2014
						Cost	Cost
						HK\$'000	HK\$'000
Tianjin Rongyang Micro-Loan Limited ("Tianjin Rongyang")	(j)	PRC	30%	30%	Provision of small loan and financial consultation services	36,741	36,741
Xi'an Kairong Financial Service Limited ("Xi'an Kairong")	(k)	PRC	30%	30%	Provision of financial management services	18,724	18,724
Zhenjiang Financial Industry Development Limited ("Zhenjiang FID")	(l)	PRC	30%	30%	Provision of financial management services	18,591	18,591
Zhenjiang CFI Guosen Technology Microfinance Corporation Limited ("Zhenjiang CFI")	(m)	PRC	30%	30%	Provision of small loan and financial consultation services	56,874	56,874
Hubei Zhongjin Tech Financial Services Co., Ltd. ("Hubei Zhongjin")	(n)	PRC	30%	–	Provision of financial management services	19,030	–

A brief description of the business and financial information of the investments is as follows:

Notes:

- On 24 August 2011, the Group invested in a 30% equity interest of Tianjin Rongshun, a joint venture established in the PRC. Tianjin Rongshun is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.
- On 2 September 2011, the Group invested in a 10% equity interest of TIIC Rongshun, a joint venture established in the PRC. TIIC Rongshun is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.
- On 29 August 2011, the Group invested in a 30% equity interest of Harbin Zhongjinguoxin, a joint venture established in the PRC. Harbin Zhongjinguoxin is principally engaged in the provision of small loan and financial consultation services in Harbin, Heilongjiang Province, the PRC.
- On 21 December 2011, the Group invested in a 30% equity interest of Nanchang Donghu, a joint venture established in the PRC. Nanchang Donghu is principally engaged in the provision of small loan and financial consultation services in Donghu District, Nanchang, Jiangxi Province, the PRC. On 25 November 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Nanchang Donghu to an independent third party for a cash consideration of HK\$36,901,000. As at the date of this interim report, the disposal has not been completed. Directors expect this disposal transaction will be completed within one year.
- On 13 January 2012, the Group invested in a 10% equity interest of Tianjin Binlian, a joint venture established in the PRC. Tianjin Binlian is principally engaged in the provision of small loan and financial consultation services in Tianjin, especially Dongli District, the PRC. On 22 January 2014, the Group holds 3.3% equity interest of Tianjin Binlian as diluted by the new registered capitals subscribed by its other shareholders.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Notes: (Continued)

(i) As at 31 December 2014, the Group had the following unlisted investments: (Continued)

Notes: (Continued)

- (f) On 19 January 2012, the Group invested in a 30% equity interest of NingGangRongTong, a joint venture established in the PRC. NingGangRongTong is principally engaged in the provision of small loan and financial consultation services in Jiangning District (mainly focusing on the Nanjing Jiangning Economic Technical Development Zone), Nanjing, Jiangsu Province, the PRC.
- (g) On 2 March 2012, the Group invested in a 30% equity interest of Ezhou Zhongjinguotou, a joint venture established in the PRC. Ezhou Zhongjinguotou is principally engaged in the provision of small loan and financial consultation services in Ezhou, Hubei Province, the PRC. On 25 November 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Ezhou Zhongjinguotou to an independent third party for a cash consideration of HK\$185,000,000. As at 31 December 2014, a deposit of HK\$10,000,000 has been received and included in other payables and accruals. As at the date of this interim report, the disposal has not been completed. Directors expect this disposal transaction will be completed within one year.
- (h) On 6 August 2012, the Group invested in a 30% equity interest of Ziyang Yanjiang, a joint venture established in the PRC. Ziyang Yanjiang is principally engaged in the provision of small loan and financial consultation services in Ziyang, Sichuan Province, the PRC. On 25 November 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Ziyang Yanjiang to an independent third party for a cash consideration of HK\$73,730,000. As at the date of this interim report, the disposal has not been completed. Directors expect this disposal transaction will be completed within one year.
- (i) On 31 August 2012, the Group invested in a 30% equity interest of Nanjing Jiangning, a joint venture established in the PRC. Nanjing Jiangning is principally engaged in the provision of small loan and financial consultation services in Jiangning District, Nanjing, Jiangsu Province, the PRC.
- (j) On 13 September 2012, the Group invested in a 30% equity interest of Tianjin Rongyang, a joint venture established in the PRC. Tianjin Rongyang is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.
- (k) On 18 December 2012, the Group invested in a 30% equity interest of Xi'an Kairong (formerly known as Xi'an Kairong Investment Management Limited), a joint venture established in the PRC. Xi'an Kairong is principally engaged in the provision of financial management services to SMEs in Xi'an Economic Development Zone, Shaanxi Province, the PRC.
- (l) On 4 April 2013, the Group invested in a 30% equity interest of Zhenjiang FID, a joint venture established in the PRC. Zhenjiang FID is principally engaged in the provision of financial management services to SMEs in Zhenjiang, Jiangsu Province, the PRC.
- (m) On 22 November 2013, the Group invested in a 30% equity interest of Zhenjiang CFI, a joint venture established in the PRC. Zhenjiang CFI is principally engaged in the provision of small loan and financial consultation services in Zhenjiang, Jiangsu Province, the PRC.
- (n) On 22 September 2014, the Group invested in a 30% equity interest of Hubei Zhongjin, a joint venture established in the PRC. Hubei Zhongjin is principally engaged in the provision of financial management services to SMEs in Wuhan, Hubei Province, the PRC. On 23 December 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Hubei Zhongjin to an independent third party for a cash consideration of HK\$19,030,000. As at the date of this interim report, the disposal has not been completed. Directors expect this disposal transaction will be completed within one year.

The fair values of all the above investments were determined by the directors of the Company with reference to the recent transaction prices or the professional valuation carried out by Asset Appraisal Limited, an independent valuer.

The Group does not own or control more than 20% of the voting rights in any one of these investee companies. In the opinion of the directors of the Company, the Group is not able to exercise any significant influence on the financial and operating policies on these investee companies, and therefore all of these investments are not regarded as associates of the Group and are accounted for as financial assets at FVTPL for the six months ended 31 December 2014.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Notes: (Continued)

- (ii) As at 31 December 2014, the fair values of listed securities are determined based on recent transaction prices of disposal agreements (30 June 2014: quoted market bid prices).

On 25 November 2014, the Company entered into disposal agreements to dispose all of its listed securities to independent third parties for a total cash consideration of HK\$148,588,000. As at the date of this interim report, the disposals have not been completed. Directors expect these disposal transactions will be completed within one year.

## 18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	Unaudited 31 December 2014 HK\$'000	Audited 30 June 2014 HK\$'000
Other receivables	(a)	14,558	91,369
Receivable on partial disposal of equity interest in Globe Capital	(b)	4,199	4,199
Prepayments and deposits		891	617
Loan to an investee	(c)	–	11,200
		<b>19,648</b>	<b>107,385</b>

Notes:

- (a) As at 31 December 2014, other receivables included dividend receivables of HK\$13,507,000 (30 June 2014: HK\$14,182,000). This balance is unsecured, interest free and repayable on demand.

As at 30 June 2014, other receivables included HK\$19,000,000 from the disposal of a 30% equity interest of Zhengzhou Economic Technological Development Mingyang Micro-loan Limited and HK\$37,477,000 from the disposal of a 30% equity interest of Tianjin Zhongjinxinke Microfinance Limited. The balances were fully settled on 12 August 2014 and 18 August 2014, respectively.

- (b) This is the unsettled balance from the disposal of 70% equity interest in a former subsidiary, Globe Capital, for the year ended 30 June 2011. Directors expect that the remaining balance will be settled within one year.
- (c) The loan to an investee was unsecured and interest-free. As at 30 June 2014, out of a total balance of HK\$40,606,000, HK\$29,406,000 was determined to be impaired and it was assessed that only a portion of the receivables of HK\$11,200,000 is expected to be recovered. The remaining balance was settled on 1 September 2014.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 19. BORROWINGS

	Note	Unaudited 31 December 2014 HK\$'000	Audited 30 June 2014 HK\$'000
Current portion			
Convertible bond	20	277,624	–
Non-current portion			
Interest bearing loans – unsecured		62,978	62,965
Convertible bond	20	–	276,301
		<u>62,978</u>	<u>339,266</u>
		<u>340,602</u>	<u>339,266</u>
Analysed into:			
Loans repayable:			
Within one year		277,624	–
In the second year		–	276,301
Beyond five years		62,978	62,965
		<u>340,602</u>	<u>339,266</u>

As at 31 December 2014, bonds with total nominal amount of HK\$63,000,000 (30 June 2014: HK\$63,000,000) were issued to independent third parties at 5% interest rate per annum with maturity dates ranging from year 2020 to 2021, being 7 years' maturity from the date of issue. The net proceeds are used for investing in unlisted investments and for the general working capital of the Group.

## 20. CONVERTIBLE BOND

On 27 December 2012 (the "Issue Date"), the Company issued a convertible bond (the "Convertible Bond") with a nominal value of HK\$280,000,000. There was no movement in the number of this Convertible Bond during the period.

The Convertible Bond carries interest at a rate of 7% per annum payable by the Company every six calendar months from the issue date. At any time on and after 27 December 2015 (the "Maturity Date"), the bondholder may demand immediate redemption of the Convertible Bond at an amount equal to the outstanding principal amount of the Convertible Bond plus interest accrued thereon up to the actual date of redemption.

The bond is convertible at the option of the bondholder into fully paid ordinary shares with a par value of HK\$0.01 each of the Company at an initial conversion price of HK\$0.50 per share, which is subject to adjustment upon occurrence of certain events subsequently, on any business day from the Issue Date up to the Maturity Date. The Company has the right to notify the bondholder to redeem the Convertible Bond at any time prior to the Maturity Date at an amount equal to the principal amount then outstanding plus interest accrued thereon up to the actual date of redemption.

The fair value of the liability component was estimated at the Issue Date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity. As at 31 December 2014 and 30 June 2014, the equity component after allocated transaction costs is HK\$7,231,000.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 20. CONVERTIBLE BOND (Continued)

The movements of the liability component of the Convertible Bond for the period/year are as follows:

	<b>Unaudited 31 December 2014 HK\$'000</b>	Audited 30 June 2014 HK\$'000
At beginning of the period/year	276,301	273,707
Interest expense for the period/year	11,123	21,926
Interest paid for the period/year	(9,800)	(19,332)
	<hr/>	<hr/>
At the end of the period/year	<b>277,624</b>	<b>276,301</b>

Pursuant to the subscription agreement, the Convertible Bond can be secured by the pledge of certain of the Company's available-for-sale financial assets and financial assets at FVTPL. As at 31 December 2014, the Convertible Bond is unsecured as the process for the registration/filing for the pledges of certain of the Company's available-for-sale financial assets and financial assets at FVTPL are still pending from the final approval of the relevant PRC authorities.

## 21. ISSUED CAPITAL

	<i>Notes</i>	<b>Number of shares '000</b>	<i>HK\$'000</i>
<b>Authorised:</b>			
At 31 December 2014 and 30 June 2014			
Ordinary shares of HK\$0.01 each		30,000,000	300,000
		<hr/>	<hr/>
<b>Issued and fully paid:</b>			
At 1 July 2013			
Ordinary shares of HK\$0.01 each		4,659,834	46,599
Issue of shares upon exercise of share options	(a)(i)	800	8
		<hr/>	<hr/>
At 30 June 2014			
Ordinary shares of HK\$0.01 each		4,660,634	46,607
Issue of shares upon exercise of share options	(a)(ii)	11,000	110
		<hr/>	<hr/>
At 31 December 2014			
Ordinary shares of HK\$0.01 each		4,671,634	46,717
		<hr/>	<hr/>

Notes:

### (a) Issue of shares upon exercise of share options

- (i) During the year ended 30 June 2014, share options to subscribe for 800,000 shares were exercised, of which HK\$8,000 was credited to share capital and the balance of HK\$45,000 were credited to the share premium.
- (ii) During the period ended 31 December 2014, share options to subscribe for 11,000,000 shares were exercised, of which HK\$110,000 was credited to share capital and the balance of HK\$1,819,000 were credited to the share premium.

All the new ordinary shares issued during the period ended 31 December 2014 and during the year ended 30 June 2014 rank pari passu in all respects with the then existing ordinary shares of the Company.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 22. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of the Group as at 31 December 2014 of HK\$826,894,000 (30 June 2014: HK\$821,745,000) and on 4,671,634,000 ordinary shares being in issue as at 31 December 2014 (30 June 2014: 4,660,634,000 ordinary shares).

## 23. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2014 not provided for in the financial statements are as follows:

	Unaudited 31 December 2014 HK\$'000	Audited 30 June 2014 HK\$'000
Contracted, but not provided for, acquisition of unlisted investments	168,666	187,383

(b) At 31 December 2014, the total future outstanding minimum lease payments under non-cancellable operating leases in respect of properties are as follows:

	Unaudited 31 December 2014 HK\$'000	Audited 30 June 2014 HK\$'000
Within one year	592	875
In the second to fifth years, inclusive	200	–
	<u>792</u>	<u>875</u>

## 24. SHARE OPTIONS

### (a) Share Option Scheme

The Company has a share option scheme for eligible employees of the Group. As at 31 December 2014, the Company had 44,700,000 share options (30 June 2014: 55,700,000 share options) outstanding under the share option scheme. 11,000,000 share options were exercised during the period. No share options were granted, lapsed or forfeited during the period.

The share options outstanding at 31 December 2014 had the exercise price of HK\$0.425 per share.

The Company recognised a total expense of approximately HK\$1,285,000 for the six months ended 31 December 2014 (31 December 2013: HK\$253,000) in relation to the share options granted by the Company on 19 December 2013.

### (b) Share Options

On 7 April 2014, the Company granted each of 200,000,000 share options to United Truth Group Limited and GCA Special Situations (A) Limited, respectively, under a specific mandate (the "Specific Mandate") for their provision of consultancy services to the Company.

As at 31 December 2014, the Company had 400,000,000 share options (30 June 2014: 400,000,000 share options) outstanding under the Specific Mandate. No share options under Specific Mandate were exercised, lapsed or forfeited during the period.

The share options outstanding at 31 December 2014 had the exercise price of HK\$0.48 per share.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 25. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these interim condensed consolidated financial statements, the Group had the following transactions with related parties during the period:

	Notes	Unaudited Six months ended 31 December	
		2014 HK\$'000	2013 HK\$'000
Investment Management fee paid/payable to China Financial International Investments & Managements Limited	(i)	508	563
Legal advisory fees paid to Michael Li & Co	(ii)	711	-
		<u>1,219</u>	<u>563</u>

### Notes:

- (i) On 29 April 2011, an investment management agreement (the "Investment Management Agreement") was entered into between the Company and an associate, China Financial International Investments & Managements Limited ("CFIIM"), whereby CFIIM has agreed to provide investment management services to the Company for a period of 3 years effective from 29 April 2011. CFIIM is entitled to a management fee and a performance-related fee from the Company calculated at the following rates:

- a management fee is payable monthly in arrears at the rate of 0.75% per annum of the market value of the portfolio on the last business day of each calendar month; and
- a performance-related fee of 5% of the appreciation in the market value of the portfolio above a 10% hurdle rate per annum.

The Investment Management Agreement expired on 28 April 2014 and a new investment management agreement (the "New Investment Management Agreement") was entered into accordingly on 25 April 2014 to renew the appointment of CFIIM as the investment manager of the Company for a further period of three years effective from 29 April 2014. Pursuant to the New Investment Management Agreement, CFIIM is entitled to a management fee which is payable monthly in arrears at the rate of 0.75% per annum of the aggregate market value of the portfolio managed by CFIIM on the last business day of each calendar month.

At 31 December 2014, the balance due to CFIIM of HK\$95,000 (30 June 2014: HK\$64,000) was unsecured, interest-free and repayable on demand.

- (ii) Michael Li & Co, a company controlled by the company secretary of the Company, Mr. Li Chi Chung provided various legal advisory services to the Group.

### (b) Compensation of key management personnel of the Group

	Unaudited Six months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Salaries, allowances and benefits in kind	5,028	4,860
Pension scheme contributions	27	15
Equity-settled share option expense	1,285	253
	<u>6,340</u>	<u>5,128</u>



# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<b>Assets measured at fair value</b>				
<i>As at 31 December 2014 (unaudited)</i>				
Available-for-sale financial assets:				
– Unlisted investments	–	231,840	91,483	323,323
Financial assets at FVTPL:				
– Listed securities	–	148,588	–	148,588
– Unlisted investments	–	314,661	316,603	631,264
	–	695,089	408,086	1,103,175
<i>As at 30 June 2014 (audited)</i>				
Available-for-sale financial assets:				
– Unlisted investments	–	–	335,770	335,770
Financial assets at FVTPL:				
– Listed securities	99,663	–	–	99,663
– Unlisted investments	–	–	621,143	621,143
	99,663	–	956,913	1,056,576

During the six months ended 31 December 2014, the Group has transferred its listed securities out of Level 1 into Level 2 due to change in valuation techniques. As at 31 December 2014, the fair values of these listed securities are based on recent transaction prices of disposal agreements (30 June 2014: quoted market prices). Transfers between levels of fair value hierarchy are deemed to have occurred at the end of the period.

During the six months ended 31 December 2014, the Group has transferred certain unlisted securities out of Level 3 into Level 2 due to change in valuation techniques. As at 31 December 2014, the fair values of these unlisted securities are based on recent transaction prices of disposal agreements (30 June 2014: multiples of market comparable companies and net asset value). Transfers between levels of fair value hierarchy are deemed to have occurred at the end of the period.

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 during the year ended 30 June 2014.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, financial assets included in prepayments, deposits and other receivables; and financial liabilities included in other payables and accruals and due to an associate, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the interest bearing loans and the liability portion of the convertible bond approximates to the carrying amount.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2014 and 30 June 2014:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the input
<b>Available-for-sale financial assets in unlisted investments</b>				
<i>Micro-loan service</i>	Market comparable companies	Price to book ratio ("PB ratio")	31 December 2014: 1.0539 to 1.7382  30 June 2014: 1.0856 to 1.9082	The fair values of companies are determined with reference to multiples of comparable listed companies, using average of the PB ratio of comparables. The fair value measurement is positively correlated to the PB ratios. Had the highest PB ratio among the comparables been used as at 31 December 2014, the Group's other comprehensive income would have increased by HK\$24,870,000 (30 June 2014: HK\$107,915,000). Had the lowest PB ratio among the comparables been used as at 31 December 2014, the Group's other comprehensive income would have decreased by HK\$17,410,000 (30 June 2014: HK\$53,958,000).
<i>Others</i>	Market comparable companies	PB ratio	31 December 2014: 1.0539 to 1.7382  30 June 2014: 1.0856 to 1.9082	The fair values of companies are determined with reference to multiples of comparable listed companies, using average of the PB ratio of comparables. The fair value measurement is positively correlated to the PB ratios. Had the highest PB ratio among the comparables been used as at 31 December 2014, the Group's other comprehensive income would have increased by HK\$1,963,000 (30 June 2014: HK\$21,956,000). Had the lowest PB ratio among the comparables been used as at 31 December 2014, the Group's other comprehensive income would have decreased by HK\$1,374,000 (30 June 2014: HK\$10,978,000).
<b>FVTPL in unlisted investments</b>				
<i>Micro-loan service</i>	Market comparable companies	PB ratio	31 December 2014: 1.0539 to 1.7382  30 June 2014: 1.0856 to 1.9082	The fair values of companies are determined with reference to multiples of comparable listed companies, using average of the PB ratio of comparables. The fair value measurement is positively correlated to the PB ratios. Had the highest PB ratio among the comparables been used as at 31 December 2014, the Group's profit or loss would have increased by HK\$82,692,000 (30 June 2014: HK\$233,111,000). Had the lowest PB ratio among the comparables been used as at 31 December 2014, the Group's profit or loss would have decreased by HK\$57,885,000 (30 June 2014: HK\$116,560,000).

*Note:* Certain unlisted investments have been transferred out of Level 3 into Level 2 and are excluded in the sensitivity as at 31 December 2014.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The movements in fair value measurements in Level 3 during the period are as follows:

Available-for-sale financial assets	HK\$'000
At 1 July 2013 (audited)	400,872
Total losses recognised in profit or loss	(4,295)
Total losses recognised in other comprehensive income	(25,258)
Disposals	(35,549)
At 30 June 2014 and 1 July 2014 (audited)	335,770
Total gain recognised in profit or loss	2
Total losses recognised in other comprehensive income	(12,447)
Disposal	(2)
Transfer out of Level 3	(231,840)
At 31 December 2014 (unaudited)	91,483
Financial assets at FVTPL (unlisted investments and derivative contract)	HK\$'000
At 1 July 2013 (audited)	642,761
Total losses recognised in profit or loss	(36,868)
Purchases	56,874
Disposals	(41,624)
At 30 June 2014 and 1 July 2014 (audited)	621,143
Total losses recognised in profit or loss	(8,909)
Purchase	19,030
Transfer out of Level 3	(314,661)
At 31 December 2014 (unaudited)	316,603

The fair values of listed securities are based on recent transaction prices. The fair values of available-for-sale financial assets and unlisted investments designated at fair value through profit or loss have been estimated using valuation techniques with reference to multiples of comparable listed companies, prices of recent transactions or net asset value. The directors believe that the estimated fair values resulting from the valuation techniques, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss and other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

## 27. ESTABLISHMENT/DISSOLUTION OF SUBSIDIARIES

On 14 October 2014, the Company established 科逸(上海)投资有限公司 (transliterated as Keyi (Shanghai) Investments Limited), a wholly-foreign-owned subsidiary in Shanghai Free Trade Zone, the PRC with a capital injection of HK\$60,000,000. It has not commenced its business during the period ended 31 December 2014.

Zhongkang Jinyi Technology (Shenzhen) Limited, a wholly-foreign-owned subsidiary registered under PRC law, which has been inactive, was dissolved on 21 November 2013. The exchange gain on dissolution of a subsidiary was HK\$786,000.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 28. EVENTS AFTER REPORTING PERIOD

The Company entered into two subscription agreements with two independent subscribers, details are as follows:

- (A) The share subscription agreement (the "First Subscription Agreement") dated 4 September 2014 entered into among the Company, Mr. Du Lin Dong (the "First Guarantor") and Mr. Wang Dehe (collectively referred to as the "Guarantors") and 上海外聯發實業發展有限公司 (transliterated as Shanghai Wailianfa Industrial Development Limited, ("Wailianfa")) as amended, modified and varied by the deed of novation dated 7 November 2014 entered into among the Company, the Guarantors, Wailianfa and 上海君爵投資中心 (有限合夥) (transliterated as Shanghai Junjue Investment Centre (Limited Partnership), ("Junjue")) and the supplemental agreement dated 30 December 2014 entered into among the Company, the Guarantors and Junjue (collectively the "Amended First Subscription Agreement") in relation to the subscription for 11,500,000,000 new shares (the "First Subscription Shares") at HK\$0.20 per share in the Company (the "First Subscription") by United Talents Holdings Limited (the "Nominee Subscriber"), being the nominee of Junjue.

As stated in the circular of the Company (the "Circular") dated 15 January 2015, the Nominee Subscriber, is an investment holding company incorporated under the laws of the British Virgin Islands on 28 July 2014. The Nominee Subscriber was wholly owned by United Talents Development Limited, which was, in turn, held as to 90% by Junjue and 10% by Pure Unity Investment Limited. Junjue is a limited partnership established in the PRC on 17 March 2014, which has six limited partners and a general partner. The six limited partners are (i) 山東信能新材料有限公司 (transliterated as Shandong Xinneng New Materials Limited) who has agreed to contribute 45.35% of the capital of Junjue and which in turn is owned as to 70% by 張剛 (transliterated as Zhang Gang); 10% by 孫培蓮 (transliterated as Sun Peilian), 10% by 周輝放 (transliterated as Zhou Huihang), 5.5% by 翟璐 (transliterated as Zhai Lu) and 4.5% by 袁志剛 (transliterated as Yuan Zhigang); (ii) 中企聯控股集團有限公司 (transliterated as Zhongqilian Holding Group Limited) who has agreed to contribute 22.68% of the capital of Junjue and which in turn is wholly owned by 馬鈞 (transliterated as Ma Jun); (iii) 上海智富科創投資有限公司 (transliterated as Shanghai Zhifu Kechuang Investment Limited) who has agreed to contribute 13.60% of the capital of Junjue and which in turn is owned as to 49% by 嚴悅文 (transliterated as Yan Yuewen) (also known as 嚴廣玲 (transliterated as Yan Guangling)) and 51% by 智富企業發展(集團)有限公司 (transliterated as Zhifu Enterprise Development (Group) Limited) which in turn is owned as to 80% by 丁勤富 (transliterated as Ding Qinfu) and 20% by Yan Yuewen (also known as Yan Guangling); (iv) 上海光通神州網路通信發展有限公司 (transliterated as Shanghai Guangtong Shenzhou Network Communication Development Limited) who has agreed to contribute 9.07% of the capital of Junjue and which in turn is wholly owned by 袁峰 (transliterated as Yuan Feng); (v) 陝西安澤投資有限公司 (transliterated as Shanxi Anze Investment Limited) who has agreed to contribute 4.53% of the capital of Junjue and which in turn is owned as to 51% by 王文軍 (transliterated as Wang Wenjun) and 49% by 陳紅 (transliterated as Chen Hong); and (vi) 上海聖金投資有限公司 (transliterated as Shanghai Shengjin Investment Company Limited) who has agreed to contribute 2.04% of the capital of Junjue and which in turn is wholly owned by 上海河苗投資有限公司 (transliterated as Shanghai Hemiao Investment Company Limited) which in turn is owned as to 58.33% by 陳越 (transliterated as Chen Yue) and 41.67% by 陳輝 (transliterated as Chen Hui). The general partner is 上海泰利特經濟發展有限公司 (transliterated as Shanghai Tailite Economic Development Company Limited) who has agreed to contribute 2.73% of the capital of Junjue and which in turn is owned as to 55% by 典國華 (transliterated as Dian Guohua), 35% by 朱澤民 (transliterated as Zhu Zemin) and 10% by 胡德華 (transliterated as Hu Dehua).

Upon the completion of the Amended First Subscription Agreement, the Company shall procure the change in the constitution of the board of directors of the Company (the "Board") in compliance with the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") so that the new Board will comprise 9 members of which 3 are executive directors, 3 are non-executive directors and 3 are independent non-executive directors. Junjue shall have the right to nominate a majority of the executive directors and the non-executive directors. The appointment of the directors nominated by Junjue shall be carried out in accordance with the normal procedures of the Company for appointment of directors. Save for the purpose of providing securities for possible bank financing for the subscription price payable under the First Subscription, Junjue agreed that from the date of the first tranche of 11,000,000,000 new shares of the completion of the Amended First Subscription Agreement until the second anniversary thereof, Junjue warrants and undertakes the Nominee Subscriber not to dispose of any of the First Subscription Shares in the secondary market, namely on the Stock Exchange, without the prior consent of the Guarantors.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 28. EVENTS AFTER REPORTING PERIOD (Continued)

The Company entered into two subscription agreements with two independent subscribers, details are as follows:  
(Continued)

### (A) (Continued)

The enforcement of the Amended First Subscription Agreement is subject to shareholders and related authorities' approval and certain major conditions described below:

- (1) the Company and/or the Guarantors not having breached any of the undertakings and warranties given by the Company and the Guarantors in the Amended First Subscription Agreement and such undertakings and warranties remaining true and accurate in all respects and not misleading;
- (2) the Company is in compliance with all its undertakings given in favour of Junjue pending completion;
- (3) the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong granting the whitewash waiver (in connection with the First Subscription) to the Nominee Subscriber and parties acting in concert with it and the satisfaction of all conditions (if any) attached to the whitewash waiver granted;
- (4) if applicable, the disposal (the "Disposals") as described below having been approved by the Stock Exchange:
  - a. to dispose unlisted company investments of the Company, including Jingdezhen CFI Guosen, Ezhou Zhongjinguotou, Nanchang Donghu, Ziyang Yanjiang, Jiangxi Huazhang, Zhengzhou Economic Technological Development Mingyang Micro-loan Limited, Tianjian Zhongjinxinke Microfinance Limited and Hubei Zhongjin for a total cash consideration of not less than HK\$608,000,000 (the "Total Unlisted Company Investments Consideration") on or before 6 March 2015. The Company shall, in respect of the disposal of the unlisted company investments, perform and complete the registration of the respective share transfer of the unlisted company investments with the relevant Administration of Industry and Commerce in the PRC, which in total, represent (a) not less than 90% of Total Unlisted Company Investments Consideration on or before 30 April 2015; and (b) the entire Total Unlisted Company Investments Consideration by 31 May 2015 (except with written consent from Junjue for the extension);
  - b. to dispose all listed company investments of the Company for a total cash consideration of not less than HK\$138,000,000 before 6 March 2015 of the special general meeting (the "SGM") of the Company to be held, among other things, to approve the Amended First Subscription Agreement;
  - c. to terminate the 23 joint venture agreements and/or acquisition agreements previously entered into by the Group in respect of its investment in small loan companies in the PRC and have not yet been completed as at the date of the First Subscription Agreement by 30 April 2015; and
  - d. to collect and receive each of the account receivable of the Company which is more than HK\$1,000,000 and arising from the loan advancement made by the Company and/or the dividend receivable from its investment for a total sum of not less than HK\$49,581,000 by 30 April 2015;
- (5) the obtaining of all necessary consent and approval by the Company, including but not limited to passing by the Board and the independent shareholders of the Company at the SGM, among other things, the necessary resolutions to approve the Amended First Subscription Agreement and the transactions contemplated thereunder (including the grant of the specific mandate in respect of the First Subscription Shares and the whitewash waiver);

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 28. EVENTS AFTER REPORTING PERIOD (Continued)

The Company entered into two subscription agreements with two independent subscribers, details are as follows:  
(Continued)

(A) (Continued)

- (6) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the First Subscription Shares to be issued (and such approval not being subsequently revoked prior to the completion of the Amended First Subscription Agreement);
- (7) the Bermuda Monetary Authority granting consent to (if required) the issue of the First Subscription Shares (and such consent not being subsequently revoked prior to the completion of the Amended First Subscription Agreement);
- (8) the obtaining of a Bermuda legal opinion (in such form as agreed between Junjue and the Company) in relation to the Amended First Subscription Agreement and the transactions contemplated thereunder, at the cost and expense of the Company;
- (9) the obtaining of a PRC legal opinion (in such form as agreed between Junjue and the Company) in relation to the Disposals and the business of the Company in the PRC, at the cost and expense of the Company;
- (10) all parties to the Amended First Subscription Agreement having signed all relevant documents in connection with the First Subscription;
- (11) fulfillment of all the terms and conditions and there is no breach of the Amended First Subscription Agreement;
- (12) the establishment of the Nominee Subscriber by Junjue and obtaining of all necessary consent and approval (including but not limited to the foreign exchange approval) by Junjue;
- (13) Junjue has legally transferred all the necessary funding in respect of the First Subscription to the designated bank account of the Nominee Subscriber which can be freely applied;
- (14) the obtaining of all necessary consent and approval by Junjue, including but not limited to passing by the partners of Junjue the necessary resolutions to approve the Amended First Subscription Agreement and the transactions contemplated thereunder;
- (15) the obtaining of all necessary consent and approval by Junjue from the relevant PRC competent authorities (including but not limited to the Ministry of Commerce, the National Development and Reform Commission, the foreign exchange department and/or other relevant local authorities in the PRC);
- (16) the completion of the Disposals in accordance with applicable laws, regulations, government policies, the Listing Rules and the terms of the Amended First Subscription Agreement;
- (17) First Guarantor has created a share charge to charge 500,000,000 shares, representing approximately 10.70% of the entire issued share capital of the Company as at the latest practicable date of the Circular, indirectly owned by him in favour of Junjue on or before the day immediately preceding the date of dispatch of the Circular; and 160,384,830 shares, representing approximately 3.44% of the entire issued share capital of the Company as at the latest practicable date of the Circular, directly owned by him in favour of Junjue on or before 6 March 2015 to guarantee the performance of obligations of the Company and the Guarantors under the Amended First Subscription Agreement and has delivered to Junjue the relevant instrument(s) of transfer and sold note(s) signed in blank; and
- (18) completion of the reorganisation of the group, which comprises Junjue, United Talents Development Limited and the Nominee Subscriber.

Junjue has the right to waive the conditions numbered (1), (2), (8), (9), (10), (11), (16) and/or (17) above, save as the aforesaid, none of the above conditions can be waived by any parties to the Amended First Subscription Agreement.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

## 28. EVENTS AFTER REPORTING PERIOD (Continued)

The Company entered into two subscription agreements with two independent subscribers, details are as follows:  
(Continued)

(B) The share subscription agreement dated 4 September 2014 as amended, modified and varied by a supplemental agreement dated 7 November 2014 and second supplemental agreement dated 30 December 2014 (collectively the "Amended Second Subscription Agreement") entered into between the Company and Regal Prosper International Limited ("Regal Prosper"), in relation to the subscription of 840,000,000 new shares (the "Second Subscription Shares") at HK\$0.20 per share in the Company by Regal Prosper.

The enforcement of the Amended Second Subscription Agreement is subject to shareholders and related authorities' approval and certain major conditions described below:

- (1) the passing by the shareholders of the Company at the SGM, among other things, an ordinary resolution to approve the Amended Second Subscription Agreement and the transactions contemplated thereunder (including the grant of the specific mandate in respect of the Second Subscription Shares);
- (2) the Stock Exchange granting an approval for the listing of and permission to deal in the Second Subscription Shares to be issued (and such approval not being subsequently revoked prior to the completion of the Amended Second Subscription Agreement);
- (3) the warranties given by Regal Prosper in the Amended Second Subscription Agreement remaining true, accurate and not misleading in all respects; and
- (4) the Bermuda Monetary Authority granting consent to (if required) the issue of the Second Subscription Shares.

None of the conditions in the Amended Second Subscription Agreement can be waived.

Upon the completion of the Amended First Subscription Agreement and Amended Second Subscription Agreement, Junjue and Regal Prosper hold approximately 67.60% and 4.94% of the entire issued share capital of the Company as enlarged by the issue of First Subscription Shares and Second Subscription Shares, respectively. The aggregate net proceeds of the subscriptions of the First Subscription Shares and the Second Subscription Shares of approximately HK\$2,464,000,000 will be applied for potential investments and general working capital of the Group.

## 29. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 17 February 2015.

# Management Discussion and Analysis

## BUSINESS REVIEW

China Financial International Investments Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are principally engaged in the investments in the listed securities for short term and unlisted investments for medium and long term.

The Group recorded a profit of HK\$14.31 million for the six months ended 31 December 2014 (the “**Period**”), as compared to the loss of HK\$31.24 million for the same period last year. The profit was mainly due to unrealised profit on investments in listed securities at fair value through profit or loss.

## LISTED INVESTMENT REVIEW

During the Period, the Group recorded a gain of HK\$48.93 million in respect of unrealised gain on listed securities business, while the Group recorded a loss of HK\$14.35 million for the same period last year, which comprised realised loss of HK\$14.86 million and unrealised gain of HK\$0.51 million. No dividend from listed investments was received for both periods ended 31 December 2014 and 2013.

During the Period, all the listed securities, which comprised 196,735,429 ordinary shares of China City Infrastructure Group Limited (formerly known as China Water Property Group Limited) and 12,369,000 ordinary shares of Hidili Industry International Development Limited, were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). As at 31 December 2014, the value of the listed securities based on recent transaction prices of disposal agreements was HK\$148.59 million (30 June 2014: market value of HK\$99.66 million). On 25 November 2014, the Company entered into disposal agreements to dispose all listed securities to independent third parties for a total cash consideration of HK\$148.59 million. As at the date of this interim report, the disposals have not been completed. The directors of the Company (the “**Directors**”) expect these disposal transactions will be completed within one year.

## UNLISTED INVESTMENT REVIEW

The Group’s unlisted investments are mainly concentrated in small loan companies and guarantee companies in the People’s Republic of China (the “**PRC**”). After several years of rapid development of the small loan industry in the PRC, operating environment begins to slip, the interest rate of private lending is gradually decreasing and the operation risks increase. As a result, certain small loan companies begin to generate bad loans and incur losses. For the six months ended 31 December 2014, the Group recorded a loss of HK\$21.35 million (2013: gain of HK\$0.47 million) on the unlisted investment portfolio. During the Period, no dividend income from the unlisted investments in small loan companies was received (2013: HK\$3.16 million).

The Group’s unlisted investments decreased by 0.24% to HK\$954.59 million as at 31 December 2014 (30 June 2014: HK\$956.91 million), mainly attributable to the decrease in fair value of small loan companies and a guarantee company during the Period.



## Management Discussion and Analysis (Continued)

### UNLISTED INVESTMENT REVIEW (Continued)

#### Unlisted Investments Portfolio

Name of company	Notes	Location	Group's effective interest	Business nature	Fair value at 31 December 2014 HK\$'000
<b>Micro-loan service</b>					
1 Jingdezhen CFI Guosen Microfinance Co., Ltd.	(1)	Jingdezhen, Jiangxi Province	30%	Provision of small loan and financial consultation services	188,690
2 TianJin XEDA Microfinance Co., Ltd.		Tianjin	30%	Provision of small loan and financial consultation services	84,940
3 Tianjin Rongshun Microfinance Limited		Tianjin	30%	Provision of small loan and financial consultation services	39,014
4 TIIC RongShun Micro-Loan Company Limited		Tianjin	10%	Provision of small loan and financial consultation services	14,878
5 Harbin Zhongjinguoxin Microfinance Co., Ltd.		Harbin, Heilongjiang Province	30%	Provision of small loan and financial consultation services	43,322
6 Nanchang Donghu Zhongjincaixin Microfinance Co., Ltd.	(2)	Donghu District, Nanchang, Jiangxi Province	30%	Provision of small loan and financial consultation services	36,901
7 Tianjin Binlian Microfinance Limited		Tianjin	3.3%	Provision of small loan and financial consultation services	13,976
8 Nanjing NingGangRongTong Technology Microfinance Co., Ltd.		Nanjing, Jiangsu Province	30%	Provision of small loan and financial consultation services	35,397
9 Ezhou Zhongjinguotou Microfinance Limited	(3)	Ezhou, Hubei Province	30%	Provision of small loan and financial consultation services	185,000
10 Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd.	(4)	Ziyang, Sichuan Province	30%	Provision of small loan and financial consultation services	73,730
11 Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd.		Nanjing, Jiangsu Province	30%	Provision of small loan and financial consultation service	27,011
12 Tianjin Rongyang Micro-Loan Limited		Tianjin	30%	Provision of small loan and financial consultation services	40,507
13 Zhenjiang CFI Guosen Technology Microfinance Corporation Limited		Zhenjiang, Jiangsu Province	30%	Provision of small loan and financial consultation service	61,538
				Sub-total:	844,904
<b>Guarantee service</b>					
14 Jiangxi Huazhang Hanchen Guarantee Group Limited	(5)	Nanchang, Jiangxi Province	7.2%	Provision of financing guarantees to small and medium enterprises	43,150
				Sub-total:	43,150

## Management Discussion and Analysis (Continued)

### UNLISTED INVESTMENT REVIEW(Continued)

#### Unlisted Investments Portfolio (Continued)

Name of company	Notes	Location	Group's effective interest	Business nature	Fair value at 31 December 2014 HK\$'000
<b>Investment and management consultation service</b>					
15 Shenzhen Zhongtounxin Asset Management Company Limited		Shenzhen, Guangdong Province	30%	Provision of consultation services on project investments	6,543
16 Xi'an Kairong Financial Service Limited (formerly known as Xi'an Kairong Investment Management Limited)		Xi'an, Shaanxi Province	30%	Provision of financial management services	21,418
17 Zhenjiang Financial Industry Development Limited		Zhenjiang, Jiangsu Province	30%	Provision of financial management services	19,542
18 Hubei Zhongjin Tech Financial Services Co., Ltd.	(6)	Wuhan, Hubei Province	30%	Provision of financial management services	19,030
Sub-total:					66,533
Total:					954,587

#### Notes:

- (1) On 25 November 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Jingdezhen CFI Guosen Microfinance Co., Ltd. to an independent third party for a cash consideration of HK\$188,690,000.
- (2) On 25 November 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Nanchang Donghu Zhongjincaixin Microfinance Co., Ltd. to an independent third party for a cash consideration of HK\$36,901,000.
- (3) On 25 November 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Ezhou Zhongjinguotou Microfinance Limited to an independent third party for a cash consideration of HK\$185,000,000. As at 31 December 2014, a deposit of HK\$10,000,000 has been received.
- (4) On 25 November 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd. to an independent third party for a cash consideration of HK\$73,730,000.
- (5) On 25 November 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Jiangxi Huazhang Hanchen Guarantee Group Limited to an independent third party for a cash consideration of HK\$43,150,000.
- (6) On 22 September 2014, the Group invested in a 30% equity interest of Hubei Zhongjin Tech Financial Services Co., Ltd., a joint venture established in the PRC. Hubei Zhongjin Tech Financial Services Co., Ltd. is principally engaged in the provision of financial management services to small and medium enterprises in Wuhan, Hubei Province, the PRC. On 23 December 2014, the Company entered into a disposal agreement to dispose all of its equity interest in Hubei Zhongjin Tech Financial Services Co., Ltd. to an independent third party for a cash consideration of HK\$19,030,000.

As at the date of this interim report, the above disposals have not been completed. The Directors expect the above disposal transactions will be completed within one year.

## Management Discussion and Analysis (Continued)

### PROSPECT

上海君爵投資中心(有限合夥)(transliterated as Shanghai Junjue Investment Centre (Limited Partnership), (“**Junjue**”)) and Regal Prosper International Limited have to date committed investing in the Company by subscribing new shares of the Company, all the net proceeds of the subscriptions are approximately HK\$2,464 million, which represent a good opportunity for the Company to raise funds to strengthen its capital base and improve its financial position for the Company’s future development and expansion and introduce strategic investors to the Company. Moreover, the Company shall be able to raise a substantial amount of funds for the Company to invest in new opportunities, including but not limited to specialised funds, financial institutions holding PRC finance licenses, wealth management companies, investment management companies, asset management companies and equity investment funds in Shanghai Free Trade Zone, with an aim to improve the overall performance of the Group and to optimise potential returns on investments of shareholders (the “**Shareholders**”).

The board (the “**Board**”) of the Directors believes that the introduction of Junjue as strategic investors will generate synergy to the Company in future and achieve a win-win situation. The Board considers that Junjue has the edge of resources and networking in the investment market in the PRC. Junjue will offer quality projects in the PRC, especially in Shanghai, and will introduce investment opportunities to the Company. On the other hand, Junjue, through the listing status of the Company, will be able to leverage Hong Kong’s position as the international financial center and embrace the international investment horizon.

### MAJOR ACQUISITIONS AND DISPOSALS

The major acquisitions and disposals of subsidiary or associate during the Period are set out in note 27 to the interim condensed consolidated financial statements.

### LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2014, the Group had cash and cash equivalents of HK\$63.30 million (30 June 2014: HK\$6.82 million). Majority of the cash and bank balances denominated in Hong Kong dollar and Renminbi which placed with banks in Hong Kong and the PRC. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 31 December 2014 was approximately 2.66 times (30 June 2014: 41.53 times), gearing ratio (calculated as the percentage of long term debts to the total Shareholders’ equity) of the Group as at 31 December 2014 was approximately 7.62% (30 June 2014: 41.29%).

The Group did not have any bank borrowing as at 31 December 2014 (30 June 2014: Nil). The capital commitments of the Group are set out in note 23 to the interim condensed consolidated financial statements.

### INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the Period (2013: Nil).

### PLEDGE ON ASSETS

Pledge on assets of the Group is set out in note 20 to the interim condensed consolidated financial statements.

### CONTINGENT LIABILITIES

As at 31 December 2014, the Group did not have any significant contingent liabilities (30 June 2014: Nil).

### CAPITAL STRUCTURE

The Company has issued 11,000,000 ordinary shares with par value of HK\$0.01 each upon the exercise of the share options at an exercise price of HK\$0.13 per share during the Period.

### EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Hong Kong dollar and Renminbi are the main currencies of the Group to carry out its business transactions, the Board considers that the Group’s exposure to fluctuation in exchange rates was insignificant.

### EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group had 17 employees (including Directors). The total staff cost (including Directors’ remuneration) of the Group for the Period was HK\$7.56 million (2013: HK\$6.47 million). The remuneration package of the employees is determined by various factors including the employees’ experience and performance, the market condition, industry practice and applicable employment law.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2014, the interests and short positions of the Directors and the chief executive of the Company and their respective associates in the ordinary shares, share options, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO")) which (i) 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 and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

#### (i) Long positions in ordinary shares of the Company

Name of Director	Capacity	Number of issued ordinary shares held				Approximately percentage of shareholding in the Company
		Personal interests	Interests of spouse	Corporate interests	Total interests	
Du Lin Dong ( <i>note</i> )	Beneficial owner, interests of spouse and interests of controlled corporation	185,914,830	34,400,000	500,000,000	720,314,830	15.42%
Ding Xiaobin	Beneficial owner	1,300,000	-	-	1,300,000	0.03%
Zeng Xianggao	Beneficial owner	1,000,000	-	-	1,000,000	0.02%

*Note:* Mr. Du Lin Dong is personally holding 185,914,830 ordinary shares. The 34,400,000 ordinary shares were held by Ms. Liu Zan, who is the spouse of Mr. Du Lin Dong and the 500,000,000 ordinary shares were held by Rightfirst Holdings Limited, a company wholly owned by Mr. Du Lin Dong. Under the SFO, Mr. Du Lin Dong is deemed to be interested in the ordinary shares which Ms. Liu Zan and Rightfirst Holdings Limited are interested.

#### (ii) Long positions in share options of the Company

Name of Director	Number of options directly beneficially owned
Wang Dehe	40,000,000
Du Lin Dong	4,700,000
	44,700,000

Save as disclosed above, as at 31 December 2014, none of the Directors nor the chief executive of the Company and their respective associates had or was deemed to have any interests and short positions in the ordinary shares, share options, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Information (Continued)

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

The register of substantial Shareholders maintained under Section 336 of the SFO shows that as at 31 December 2014, the Company had been notified of the following substantial Shareholders' interests or short positions, being 5% or more of the Company's ordinary shares and underlying shares:

#### (i) Long positions in the ordinary shares of the Company

Name of Shareholder	Capacity	Notes	Number of issued ordinary shares held				Approximately percentage of shareholding in the Company
			Personal interests	Interests of spouse	Corporate interests	Total interests	
Du Lin Dong	Beneficial owner, interests of spouse and interests of controlled corporation	(1) & (2)	185,914,830	34,400,000	500,000,000	720,314,830	15.42%
Rightfirst Holdings Limited	Beneficial owner	(1)	500,000,000	-	-	500,000,000	10.70%
Liu Zan	Beneficial owner and interests of spouse	(1) & (2)	34,400,000	685,914,830	-	720,314,830	15.42%
Peng Ying	Interests of controlled corporation	(3)	-	-	470,640,000	470,640,000	10.07%
Sino Day Financial International Holdings Limited	Beneficial owner	(3)	470,640,000	-	-	470,640,000	10.07%
Peng Xinliang	Beneficial owner		242,608,000	-	-	242,608,000	5.19%
Huarong (HK) International Holdings Limited	Interests of controlled corporation		-	-	71,000,000	71,000,000	1.52%

#### (ii) Long positions in the underlying shares of the Company

Name of Shareholder	Capacity	Note	Number of underlying shares held			Approximately percentage of shareholding in the Company
			Personal interests	Corporate interests	Total interests	
Grand Nation Global Limited	Beneficial owner	(4)	560,000,000	-	560,000,000	11.99%
Huarong (HK) International Holdings Limited	Interests of controlled corporation	(4)	-	560,000,000	560,000,000	11.99%

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

Notes:

- (1) Rightfirst Holdings Limited is wholly owned by Mr. Du Lin Dong, Mr. Du Lin Dong is therefore deemed to be interested in the 500,000,000 ordinary shares held by Rightfirst Holdings Limited.
- (2) Ms. Liu Zan is the spouse of Mr. Du Lin Dong and she is deemed to be interested in the ordinary shares held by Mr. Du Lin Dong and vice versa.
- (3) 50% of the issued share capital of Sino Day Financial International Holdings Limited is owned by Ms. Peng Ying, Ms. Peng Ying is therefore deemed to be interested in the 470,640,000 ordinary shares held by Sino Day Financial International Holdings Limited.
- (4) The Company issued a convertible bond with a nominal value of HK\$280,000,000 on 27 December 2012. The convertible bond is beneficially held by Grand Nation Global Limited, the entire issued share capital of which is owned by Huarong (HK) International Holdings Limited, and carries interest at a rate of 7% per annum payable by the Company every six calendar months from the issue date. The convertible bond is convertible at the option of the holder into fully paid ordinary shares at an initial conversion price of HK\$0.50 per share, which is subject to adjustment upon occurrence of certain events subsequently, on any business day from the issue date up to the maturity date.

The share subscription agreement dated 4 September 2014 entered into among the Company, Mr. Du Lin Dong and Mr. Wang Dehe and 上海外聯發實業發展有限公司 (transliterated as Shanghai Wailianfa Industrial Development Limited, (“**Wailianfa**”)) as amended, modified and varied by the deed of novation dated 7 November 2014 entered into among the Company, Mr. Du Lin Dong, Mr. Wang Dehe, Wailianfa and Junjue and the supplemental agreement dated 30 December 2014 entered into among the Company, Mr. Du Lin Dong, Mr. Wang Dehe and Junjue (collectively the “**Amended First Subscription Agreement**”) in relation to the subscription for 11,500,000,000 new shares (the “**First Subscription Shares**”) of the Company by United Talents Holdings Limited (the “**Nominee Subscriber**”), being the nominee of Junjue. Pursuant to the Amended First Subscription Agreement, First Subscription Shares subscribed by Junjue will be allotted and issued to the Nominee Subscriber, at the direction of Junjue and the relevant share certificates will be delivered to the Nominee Subscriber.

Pursuant to the Amended First Subscription Agreement and in compliance with Part XV of the SFO, the following persons have notified the Company of their respective interests in the shares which have been recorded in the register required to be kept by the Company under Section 336 of the SFO. These interests are the interests in the First Subscription Shares and are subject to the completion of the Amended First Subscription Agreement:

Name of shareholder	Capacity	Notes	Number of shares	Approximately percentage of shareholding in the Company
張剛 (transliterated as Zhang Gang)	Interests of controlled corporation	(1)	11,500,000,000	246.17%
山東信能新材料有限公司 (transliterated as Shandong Xinneng New Material Limited)	Interests of controlled corporation	(2)	11,500,000,000	246.17%
Junjue	Interests of controlled corporation	(3)	11,500,000,000	246.17%
United Talents Development Limited	Interests of controlled corporation	(4)	11,500,000,000	246.17%

## Other Information *(Continued)*

### **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES *(Continued)***

*Notes:*

- (1) Zhang Gang holds 70% shareholding in Shandong Xinneng New Materials Limited and therefore Zhang Gang is deemed to have interest in 11,500,000,000 shares which Shandong Xinneng New Materials Limited has.
- (2) Shandong Xinneng New Materials Limited controls 43.35% voting rights in Junjue and therefore Shandong Xinneng New Materials Limited is deemed to have interest in 11,500,000,000 shares which Junjue has.
- (3) Junjue holds 90% shareholding in United Talents Development Limited which, in turn, holds 100% shareholding in the Nominee Subscriber and therefore Junjue is deemed to have interest in 11,500,000,000 shares which the Nominee Subscriber has.
- (4) United Talents Development Limited holds 100% shareholding in the Nominee Subscriber and therefore United Talents Development Limited is deemed to have any interest in shares which the Nominee Subscriber has. The Nominee Subscriber becomes interested in 11,500,000,000 shares by way of entering into the Amended First Subscription Agreement.

Save as disclosed above, as at 31 December 2014, the Company has not been notified by any other persons, not being a Director or chief executive of the Company, who has interests or short positions in the ordinary shares and underlying shares of the Company representing 5% or more of the Company's issued share capital.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the Period was the Company or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## SHARE OPTION SCHEME

In light of the requirements of Chapter 17 of the Listing Rules, the Company adopted a share option scheme (the “Scheme”) on 15 January 2008. Under the Scheme, the Directors may grant options to those participants who, in the opinion of the Board, have contributed or may contribute to the development and growth of the Group and any entity in which the Group holds any equity interest.

The following table discloses movements in the Company’s share options under the Scheme during the Period:

Name or category of participant	Number of share options					Exercise period	Exercise price HK\$ per share	Date of grant
	At 1 July 2014 '000	Granted during the Period '000	Exercised during the Period '000	Lapsed during the Period '000	At 31 December 2014 '000			
<b>Directors</b>								
Wang Dehe	13,000	-	-	-	13,000	19/3/2014-18/12/2016	0.425	19/12/2013
	13,000	-	-	-	13,000	19/12/2014-18/12/2016	0.425	19/12/2013
	14,000	-	-	-	14,000	19/12/2015-18/12/2016	0.425	19/12/2013
	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>			
Du Lin Dong	4,700	-	-	-	4,700	19/3/2014-18/12/2016	0.425	19/12/2013
Ding Xiaobin	500	-	500	-	-	18/3/2010-17/12/2014	0.13	18/12/2009
Zeng Xianggao	500	-	500	-	-	18/3/2010-17/12/2014	0.13	18/12/2009
Qualified allottees in aggregate	10,000	-	10,000	-	-	18/3/2010-17/12/2014	0.13	18/12/2009
	<u>55,700</u>	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>44,700</u>			

## PURCHASES, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the Period.



## Other Information (Continued)

### CORPORATE GOVERNANCE

The Board is responsible for ensuring high standards of corporate governance are maintained and for accounting to Shareholders. During the six months ended 31 December 2014, the Company complied with the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 of the Listing Rules except for the following deviations:

In respect of the code provision A.6.7 of the CG Code, Mr. Wang Dehe, a non-executive Director, and Mr. Wan Hongchun, an independent non-executive Director, were unable to attend the annual general meeting of the Company held on 21 November 2014 due to their own other important business.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry by the Company, all Directors have confirmed that they have fully complied with the Model Code throughout the Period.

### AUDIT COMMITTEE

The audit committee, comprising three independent non-executive Directors namely, Dr. Cheung Wai Bun Charles (*chairman of the audit committee*), Mr. Wan Hongchun and Mr. Zeng Xianggao, has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim consolidated financial statements for the Period before recommending them to the Board for approval.

### REVIEW OF ACCOUNTS

The external auditor has reviewed the interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

### EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 28 to the unaudited interim consolidated financial statements.

### APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the external professionals to provide their professional services to the Group throughout the financial period. I would like to thank my fellow Directors for their valuable contribution and the staff of the Company for their commitment and dedicated services throughout the Period. I would like to express our gratitude to our Shareholders and business partners for their support to the Group.

On behalf of the Board  
**China Financial International Investments Limited**  
**Wang Dehe**  
*Chairman*

Hong Kong, 17 February 2015