



Enerchina

Holdings Limited

威華達控股有限公司*

(Incorporated in the Bermuda with limited liability)

(Stock Code: 622)



2015

INTERIM REPORT

* For identification purpose only

CORPORATE INFORMATION

Board of Directors

Executive Directors

Chen Wei (*Chairman*)
Sam Nickolas David Hing Cheong
(*Chief Executive Officer*)
Tang Yui Man Francis
Xiang Ya Bo

Non-executive Director

Xin Luo Lin

Independent Non-executive Directors

Cheung Wing Ping
Chui Kark Ming
Xiang Bing

Authorised Representatives

Tang Yui Man Francis
Xiang Ya Bo

Audit Committee

Cheung Wing Ping (*Chairman*)
Chui Kark Ming
Xiang Bing

Nomination Committee

Cheung Wing Ping
Chui Kark Ming (*Chairman*)
Sam Nickolas David Hing Cheong
Xiang Bing

Remuneration Committee

Chen Wei
Cheung Wing Ping (*Chairman*)
Chui Kark Ming
Xiang Bing
Xiang Ya Bo

Company Secretary

Lo Tai On

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business

28th Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong
Telephone : (852) 2521 1181
Facsimile : (852) 2851 0970
Stock Code : 622
Website : <http://www.enerchina.com.hk>

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar

Computershare Hong Kong
Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Hong Kong Branch Share Transfer Office

Computershare Hong Kong
Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Legal Advisors

(*As to Hong Kong law*)
Cleary Gottlieb Steen & Hamilton
(Hong Kong)
Deacons
Norton Rose Fulbright Hong Kong
Peter C. Wong, Chow & Chow
in association with Guantao Law Firm
(Hong Kong)
Woo, Kwan, Lee & Lo

(*As to Bermuda law*)
Conyers Dill & Pearman

Principal Bankers

Bank of China
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

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FINANCIAL HIGHLIGHTS:

For the six months ended 30 June 2015

- Turnover from continuing operations up 444% to HK\$2,075.5 million
- Profit attributable to owners of the Company from continuing operations up 414% to HK\$1,682.9 million
- Basic Earnings Per Share from continuing operations up 406% to HK23.40 cents

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in the financial services sector, including the provision of securities brokerage services, placing and underwriting services, the provision of corporate finance advisory services, trading and investment of securities, provision of margin financing, money lending services, investment advisory and management services as well as investment holdings. Following completion of the disposal of the entire interest of Henan ADD Electric Equipment Co., Ltd. ("Henan ADD"), the Group ceased to operate the electrical and energy-related business on 3 December 2014.

For the six months ended 30 June 2015, the Group's turnover from continuing operations amounted to approximately HK\$2,075.5 million, an increase of 444% compared with the same period last year. Profit for the current period significantly increased by 414% to HK\$1,682.9 million. Basic earnings per share from continuing operations rose 406% to HK23.40 cents. The growth in net profit was mainly attributable to gains on financial assets at fair value through profit or loss.

PRINCIPAL OPERATIONS

The Group's turnover from continuing operations for the six months ended 30 June 2015 increased by approximately 444% to HK\$2,075.5 million when compared to HK\$381.6 million for the same period last year. Income from sale of securities included in trading of securities segment recorded a gain of HK\$2,038.9 million (six months ended 30 June 2014: HK\$355.2 million). Dividend income from investments included in trading of securities segment decreased by approximately 9% to HK\$3.7 million when compared to HK\$4.0 million for the six months ended 30 June 2014, which was mainly due to lesser dividends were received by the Group from listed securities. Interest income from money lending services increased by approximately 153% to HK\$20.2 million when compared to HK\$8.0 million for the six months ended 30 June 2014 as the average interest rates charged to customers rose and also more loans were granted to customers during the current period. Corporate finance advisory fees increased by approximately 71% to HK\$3.0 million as a result of increase in customers' portfolio, compared to HK\$1.8 million for the six months ended 30 June 2014. Income from securities brokerage, placing, underwriting and margin financing services amounted to HK\$9.3 million, representing a decrease of approximately 29% when compared to HK\$13.1 million for the six months ended 30 June 2014 as lesser sizeable underwriting, sub-underwriting, placing and sub-placing transactions were undertaken during the current period. Investment advisory services increased by approximately 12% to HK\$4.0 million compared to HK\$3.6 million for the six months ended 30 June 2014.

Discontinued business operations

I. Disposal of Henan ADD – High-voltage Porcelain Products during the year ended 31 December 2014

In October 2014, Enerchina Investments Limited ("Enerchina Investments"), a direct wholly-owned subsidiary of the Company, and SinyNet Storage Technology (Asia) Co., Ltd ("SinyNet Storage") entered into a conditional sale and purchase agreement pursuant to which Enerchina Investments agreed to sell and SinyNet Storage agreed to acquire the entire issued share capital of Deluxe International Investment Limited ("Deluxe"), an indirect wholly-owned subsidiary of the Company, at a consideration of HK\$25,500,000 and SinyNet Storage agreed to accept the assignment of the shareholder's loan advanced by Enerchina Investments to Deluxe from Enerchina Investments at a consideration of HK\$20,000,000, the aggregate consideration of which equals to approximately HK\$45,500,000 (the "Disposal"). The Disposal was approved by the shareholders of the Company at the special general meeting held on 21 November 2014. The Disposal was completed on 3 December 2014 and recorded a loss from discontinued operation amounted to HK\$4.6 million for the year ended 31 December 2014. Upon completion, the Company did not have any interest in Deluxe, and Deluxe together with Henan ADD ceased to be the subsidiaries of the Company.

II. *Updates on the previous disposal of shares in Shenzhen Fuhuade Electric Power Co., Ltd. (“Fuhuade”)*

During the year ended 31 December 2011, the Group disposed of its 100% equity interest in Fuhuade to CNOOC Gas & Power Group (the “CNOOC Gas” or “Buyer”). The total consideration of the disposal of RMB1,037,642,000 (equivalent to approximately HK\$1,247,166,000) was payable in instalments, the payment of which was subject to finalisation and confirmation of the results of supplemental audit. As at 31 December 2012, the supplemental audit was not yet finalized and the outstanding instalments were not received from the Buyer. In view of this, the Group made a provision for doubtful consideration receivable of HK\$93,132,000 for the year ended 31 December 2012.

As at 31 December 2013, the Group was still not able to secure a satisfactory conclusion on the supplemental audit. Under the circumstances, the Board is of the opinion that the timing and eventual outcome of the finalisation of the supplemental audit and hence the settlement of the outstanding instalments cannot be estimated with reasonable certainty. It is determined that the receivable amount should be fully provided for until such time as the eventual outcome can be reliably estimated. Accordingly, the Group fully wrote down the receivable amount of HK\$255,185,000, being the amount of consideration receivable amounting to HK\$358,921,000 as originally stated after deducting estimated other taxes payable arising from the disposal of the subsidiary of HK\$103,736,000, in the profit and loss account for the year ended 31 December 2013.

During the period under review, legal recourse has been sought awaiting the decision from the court. Notwithstanding the provision made against the doubtful consideration receivable, the management of the Company will take all necessary measures to defend the interest of the Group.

PLACING OF UNLISTED WARRANTS WITH MANDATORY EXERCISE RIGHTS

The Company entered into a conditional placing agreement dated 11 May 2015 (the “Placing Agreement”) with Win Wind Securities Limited (formerly known as Enerchine Securities Limited) (the “Placing Agent”), a wholly-owned subsidiary of the Company, pursuant to which the Company agreed to grant and the Placing Agent agreed to procure not less than six professional investors (the “Placees”) to subscribe for 1,335,950,132 unlisted transferable warrants (“Warrant(s)”) to be issued by the Company at HK\$0.01 per Warrant pursuant to the Placing Agreement (as supplemented by two supplemental agreements dated 20 May 2015 and 15 June 2015). The Warrants entitle the holder thereof to subscribe for one new share to be allotted and issued by the Company upon the exercise of the subscription rights attaching to the Warrants (“Warrant Share(s)”) at HK\$0.65 per Warrant Share (subject to adjustment pursuant to the instrument) at any time during a period of 24 months of the issue of the Warrants and subject to the mandatory exercise rights.

The net proceeds from the placing amounts to approximately HK\$13.36 million which will be used as the general working capital of the Group. Any additional proceeds from the issue of the Warrant Shares upon the exercise of the subscription rights attaching to the Warrants with mandatory exercise rights in the future up to a total amount of approximately HK\$846.16 million (after deduction of expenses) will also be applied as the general working capital and/or as funds for the future business development of the Group. Details of the placing was mentioned in the circular to shareholders on 19 June 2015. The placing was approved by shareholders of the Company at a special general meeting on 7 July 2015, authorizing the Board to allot and issue the Warrants.

FINANCIAL POSITION

The Group’s bank borrowings amounted to HK\$100.0 million as at 30 June 2015 (31 December 2014: nil). Gearing ratio as at 30 June 2015, calculated on the basis of bank borrowings over shareholders’ equity, was 1.7% (31 December 2014: nil). The Group is in a net cash position and bank borrowings are arranged at floating interest rates.

The bank borrowings are secured by assets held in the bank including investments held for trading of HK\$1,491.8 million and deposits of HK\$37.1 million as collateral. The bank borrowings of the Group are denominated in HK\$. The Group's financial services and money lending businesses are not exposed to foreign exchange risk as most of the transactions are denominated in HK\$. No financial instruments were used for hedging purposes.

The Group's cash and cash equivalents amounted to HK\$1,149.0 million as at 30 June 2015 and are mostly denominated in RMB, HK\$ and USD.

Capital commitments

As at 30 June 2015, the Group had capital commitments in respect of the purchase of property, plant and equipment amounting to HK\$12.1 million that have not been provided for in the financial statements.

Events after the reporting period

On 2 July 2015, a wholly-owned subsidiary of the Company has entered into a subscription agreement with Freewill Holdings Limited ("Freewill"), an independent third party, to subscribe for 38,000,000 shares of Freewill at a cash consideration of HK\$209,000,000. The investment will be classified as available-for-sale investments upon acquisition.

PROSPECTS

Shanghai-Hong Kong Stock Connect Scheme, a cross-border investment channel launched in November 2014, is one of the milestones in the development of capital markets in China. Against a backdrop of large worldwide investor base and abundant capital pool, the Group is optimistic of capitalising on Hong Kong's unique position as the gateway to the Mainland China and the Asia Pacific market. We believe a great amount of investment and development opportunities still exist in Hong Kong and the PRC market. We will continue to improve the management of our existing businesses and projects; and will actively seek new business and investment opportunities so as to enhance the value of the Company for all shareholders.

The Board believes that the outlook of the financial services sector is positive. The Company is expanding its professional team and enhancing its capability to cope with the expected increase in business opportunities, and is also actively expanding the service platform and customer base in its financial businesses to develop new streams of revenue and returns for the Company.

INTERIM DIVIDEND

In order to retain resources for the Group's business development, the Board does not declare an interim dividend for the six months ended 30 June 2015 (2014: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group employed approximately 37 full time employees. The Group recognizes the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. In addition, share options may be granted to certain eligible directors and employees of the Group in accordance with the terms of the share option scheme adopted by the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the six months ended 30 June 2015.

CORPORATE GOVERNANCE

During the period, the Company has complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 June 2015, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee (“Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three Independent Non-executive Directors. Currently, the members of the Audit Committee are Mr. Cheung Wing Ping, Mr. Chui Kark Ming and Dr. Xiang Bing. The Audit Committee meets regularly with the Company’s senior management and the Company’s auditor to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The interim results of the Group for the six months ended 30 June 2015 had not been audited, but had been reviewed by the Company’s auditor, Deloitte Touche Tohmatsu and the Audit Committee. The Audit Committee also reviewed this interim report.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board
Enerchina Holdings Limited
Chen Wei
Chairman

Hong Kong, 6 August 2015

OTHER INFORMATION

Directors' Interests or Short Positions in Shares and Underlying Shares

At 30 June 2015, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares and underlying shares of the Company

Name of Directors	Capacity	Interest in shares			Total interest in shares	Interest in underlying shares pursuant to share options	Aggregate interest	Approximate percentage of the issued share capital of the Company as at 30.6.2015
		Personal interest	Family interest	Corporate interest				
Chen Wei	Beneficial owner	13,162,500	-	-	13,162,500	41,910,000	55,072,500	0.76%
Tang Yui Man Francis	Beneficial owner	20,840,625	-	-	20,840,625	13,970,000	34,810,625	0.48%
Xiang Ya Bo	Beneficial owner	-	-	-	-	13,970,000	13,970,000	0.19%
Xin Luo Lin	Beneficial owner	9,999,000	-	-	9,999,000	4,191,000	14,190,000	0.19%

Details of the Directors' interests in share options granted by the Company are set out below under the heading "Directors' rights to acquire shares or debentures of the Company and associated corporation".

Save as disclosed above, as at 30 June 2015, none of the Directors and chief executives of the Company had, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO.

Directors' Rights to Acquire Shares or Debentures of the Company and Associated Corporation

Pursuant to the Company's share option scheme adopted in 2002, the Company has granted to certain Directors of the Company options to subscribe for the shares of the Company, details of which as at 30 June 2015 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price HK\$	Number of shares subject to outstanding options as at 1.1.2015	Granted/ Exercise during the period	Number of shares subject to outstanding options as at 30.6.2015	Approximately percentage of the issued share capital of the Company as at 30.6.2015
Chen Wei	13.11.2007	01.01.2010 – 12.11.2017	0.322	20,955,000	-	20,955,000	0.29%
	13.11.2007	01.01.2011 – 12.11.2017	0.322	20,955,000	-	20,955,000	0.29%
Tang Yui Man Francis	13.11.2007	01.01.2010 – 12.11.2017	0.322	6,985,000	-	6,985,000	0.10%
	13.11.2007	01.01.2011 – 12.11.2017	0.322	6,985,000	-	6,985,000	0.10%
Xiang Ya Bo	13.11.2007	01.01.2010 – 12.11.2017	0.322	6,985,000	-	6,985,000	0.10%
	13.11.2007	01.01.2011 – 12.11.2017	0.322	6,985,000	-	6,985,000	0.10%
Xin Luo Lin	13.11.2007	01.01.2010 – 12.11.2017	0.322	2,095,500	-	2,095,500	0.03%
	13.11.2007	01.01.2011 – 12.11.2017	0.322	2,095,500	-	2,095,500	0.03%

Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- These options represent personal interest held by the Directors as beneficial owners.

Save as disclosed above, at no time during the period, the Directors or chief executives of the Company (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (warrants or debentures, if applicable) of the Company or any of its associated corporation required to be disclosed pursuant to the SFO.

Other than as disclosed herein, at no time during the period was the Company, its subsidiaries or holding companies a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Disclosure of change of Directors' Information

Pursuant to rule 13.51B(1) of the Listing Rules, the changes and updated Directors' information are as follows:

Mr. Xin Luo Lin was appointed as an independent non-executive director, member of audit committee, remuneration committee and nomination committee of ASR Logistics Holdings Limited on 23 April 2015 and ceased to be an independent non-executive director, the chairman and member of each of audit committee, nomination committee and remuneration committee of China Environmental Technology Holdings Limited on 27 May 2015, both are listed public companies on the Stock Exchange.

Share Option Schemes of the Company

- (A) The Company operated a share option scheme adopted by shareholders of the Company on 24 May 2002 (the "2002 Share Option Scheme"), under which the Board may, at its discretion, offer any employees of the Group or any Directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated in the said scheme. The 2002 Share Option Scheme had a life of 10 years and was terminated at the annual general meeting of the Company held on 17 May 2012.

No further options shall thereafter be offered under the 2002 Share Option Scheme but the options, which had been granted during its life, shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2002 Share Option Scheme shall remain in full force and effect.

Details of specific categories of options granted under 2002 Share Option Scheme are as follows:

Option type	Date of grant	Exercise period	Exercise price <i>HK\$</i>
2007 Option	13.11.2007	01.01.2010 – 12.11.2017	0.322
	13.11.2007	01.01.2011 – 12.11.2017	0.322

The following table discloses movements in the Company's share options granted under the 2002 Share Option Scheme during the period:

	Option types	Outstanding at 1.1.2015	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2015
<i>Category 1: Directors</i>					
Chen Wei	2007 Option	41,910,000	-	-	41,910,000
Tang Yui Man Francis	2007 Option	13,970,000	-	-	13,970,000
Xiang Ya Bo	2007 Option	13,970,000	-	-	13,970,000
Xin Luo Lin	2007 Option	4,191,000	-	-	4,191,000
Total for directors		<u>74,041,000</u>	<u>-</u>	<u>-</u>	<u>74,041,000</u>
<i>Category 2: Employees</i>					
	2007 Option	<u>27,940,000</u>	<u>(4,191,000)</u>	<u>-</u>	<u>23,749,000</u>
Total for employees		<u>27,940,000</u>	<u>(4,191,000)</u>	<u>-</u>	<u>23,749,000</u>
All categories		<u>101,981,000</u>	<u>(4,191,000)</u>	<u>-</u>	<u>97,790,000</u>

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. The weighted average closing share price immediately before the date of exercise of share options was HK\$0.78.
3. During the period, no options were lapsed or cancelled under the 2002 Share Option Scheme.
4. During the period, 4,191,000 options were exercised under the 2002 Share Option Scheme.

- (B) A new share option scheme was adopted by shareholders of the Company on 17 May 2012 (the “2012 Share Option Scheme”), under which the Board may, of its discretion, offer any employees of the Group or any Directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated therein. The 2012 Share Options Scheme has a life of 10 years.

Details of specific categories of options granted under 2012 Share Option Scheme are as follows:

Option type	Date of grant	Exercise period	Exercise price HK\$
2015 Option	15.05.2015	01.08.2015 – 14.05.2018	0.9
		15.11.2015 – 14.05.2018	0.9
		15.05.2016 – 14.05.2018	0.9

The following table discloses movements in the Company’s share options granted under the 2012 Share Option Scheme during the period:

Option types	Outstanding at 1.1.2015	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2015
<i>Category: Other Participant</i>					
2015 Option	-	50,000,000	-	-	50,000,000
Total for Other Participant	-	50,000,000	-	-	50,000,000

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. During the period, 50,000,000 options were granted under the 2012 Share Option Scheme.
3. The closing price of the share immediately before the date on which the options being granted was HK\$0.80.
4. During the period, no options were exercised, lapsed or cancelled under the 2012 Share Option Scheme.

Substantial Shareholders and Other Persons

At 30 June 2015, the register of the interests and short positions maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders (other than the interests disclosed above in respect of Directors) had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions in shares of the Company

Name of shareholders	Capacity/Nature of interest	Interest in shares	Approximate percentage of the issued share capital of the Company as at 30.6.2015
Ou Yaping	Interest held jointly with another person and interest of controlled corporations/ Family interest and corporate interest	2,629,140,978 (Note)	36.55%
Asia Pacific Promotion Limited ("Asia Pacific")	Beneficial owner and interest of controlled corporations/ Beneficial interest and Corporate interest	2,617,180,764 (Note)	36.38%

Note:

2,617,180,764 shares of the Company represent the aggregate of (i) 2,557,105,618 shares of the Company held by Asia Pacific directly; and (ii) 60,075,146 shares of the Company are held by Sinolink Worldwide Holdings Limited ("Sinolink"). Mr. Ou Yaping is the sole shareholder and director of Asia Pacific and through Asia Pacific together with his associates hold a total of 45.11% of the issued share capital of Sinolink as at 30 June 2015. Therefore, he is deemed to be interested in all these 2,617,180,764 shares of the Company under the SFO.

Save as disclosed above, as at 30 June 2015, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.

Deloitte.

德勤

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Enerchina Holdings Limited

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Enerchina Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 16 to 42, which comprises the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain 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 these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
6 August 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2015

		Six months ended	
	<i>NOTES</i>	30.6.2015	30.6.2014
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			<i>(Restated)</i>
Turnover			
Revenue from financial services		16,356	18,445
Revenue from money lending		20,227	8,001
Gains on financial assets at fair value through profit or loss		2,038,945	355,168
		2,075,528	381,614
Continuing operations			
Revenue	3	36,583	26,446
Other income	4	22,816	25,542
Other gains and losses	7	4,318	(9,314)
Gains on financial assets at fair value through profit or loss	3	2,038,945	355,168
Depreciation of property, plant and equipment		(5,345)	(3,716)
Employee benefits expenses		(17,362)	(11,705)
Other expenses		(59,855)	(22,191)
Share of results of an associate		(2,844)	(218)
Finance costs	5	(15,129)	(212)
Profit before taxation		2,002,127	359,800
Taxation	6	(319,185)	(27,660)
Profit for the period from continuing operations	7	1,682,942	332,140
Discontinued operation			
Loss for the period from discontinued operation	8	–	(4,652)
Profit for the period		1,682,942	327,488
Other comprehensive income (expense) for the period			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		–	(578)
Item that may be subsequently reclassified to profit or loss:			
Fair value change in available-for-sale investments		1,901	–
Exchange differences arising on translation of foreign operation		(1)	–
		1,900	(578)
Total comprehensive income for the period		1,684,842	326,910

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	NOTE	Six months ended 30.6.2015 HK\$'000 (Unaudited)	30.6.2014 HK\$'000 (Unaudited) (Restated)
Profit for the period attributable to:			
Owners of the Company			
– Profit for the period from continuing operations		1,682,942	332,140
– Loss for the period from discontinued operation		–	(4,652)
Non-controlling interests		–	–
		<u>1,682,942</u>	<u>327,488</u>
Total comprehensive income attributable to:			
Owners of the Company		1,684,842	326,910
Non-controlling interests		–	–
		<u>1,684,842</u>	<u>326,910</u>
		HK cents	HK cents
Earnings per share	10		
From continuing and discontinued operations			
Basic		<u>23.40</u>	<u>4.55</u>
Diluted		<u>23.33</u>	<u>4.55</u>
From continuing operations			
Basic		<u>23.40</u>	<u>4.62</u>
Diluted		<u>23.33</u>	<u>4.62</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

	NOTES	30.6.2015 HK\$'000 (Unaudited)	31.12.2014 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	11	83,983	26,269
Available-for-sale investments	12	667,118	595,013
Interests in an associate		45,634	48,478
Intangible assets	13	3,908	3,908
Other deposits		970	280
Deposits paid for purchase of property, plant and equipment		4,522	2,451
Deposit paid for an investment		–	6,708
		806,135	683,107
Current assets			
Trade and other receivables, deposits and prepayments	14	528,138	651,937
Entrusted loans receivable		521	28,308
Tax recoverable		–	107
Financial assets at fair value through profit or loss	15	4,108,033	2,037,384
Pledged bank deposits		37,061	–
Bank balances – trust and segregated accounts		81,895	29,651
Bank balances (general accounts) and cash		1,149,014	1,127,641
		5,904,662	3,875,028
Current liabilities			
Trade and other payables	16	107,076	50,985
Taxation payable		89,890	14,673
Borrowings – due within one year	17	100,000	–
		296,966	65,658
Net current assets		5,607,696	3,809,370
Total assets less current liabilities		6,413,831	4,492,477
Non-current liabilities			
Deferred taxation		360,877	130,091
Net assets		6,052,954	4,362,386
Capital and reserves			
Share capital	19	71,939	71,897
Reserves		5,973,381	4,282,855
Equity attributable to owners of the Company		6,045,320	4,354,752
Non-controlling interests		7,634	7,634
Total equity		6,052,954	4,362,386

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Contribution surplus	Investment revaluation reserves	Share options reserves	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2015 (audited)	71,897	3,041,421	22,764	544	870	3,928	1,213,328	4,354,752	7,634	4,362,386
Exchange differences arising on translation of foreign operation	-	-	(1)	-	-	-	-	(1)	-	(1)
Fair value change in available-for-sale investments	-	-	-	-	1,901	-	-	1,901	-	1,901
Profit for the period	-	-	-	-	-	-	1,682,942	1,682,942	-	1,682,942
Total comprehensive income for the period	-	-	(1)	-	1,901	-	1,682,942	1,684,842	-	1,684,842
Issue of new shares due to exercise of share options	42	1,308	-	-	-	-	-	1,350	-	1,350
Transfer upon exercise of share options	-	162	-	-	-	(162)	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	4,376	-	4,376	-	4,376
At 30 June 2015 (unaudited)	71,939	3,042,891	22,763	544	2,771	8,142	2,896,270	6,045,320	7,634	6,052,954
At 1 January 2014 (audited)	71,897	3,041,421	29,034	544	-	7,547	692,490	3,842,933	7,634	3,850,567
Exchange differences arising on translation to presentation currency	-	-	(578)	-	-	-	-	(578)	-	(578)
Profit for the period	-	-	-	-	-	-	327,488	327,488	-	327,488
Total comprehensive income for the period	-	-	(578)	-	-	-	327,488	326,910	-	326,910
Share options lapsed	-	-	-	-	-	(3,619)	3,619	-	-	-
At 30 June 2014 (unaudited)	71,897	3,041,421	28,456	544	-	3,928	1,023,597	4,169,843	7,634	4,177,477

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended	
NOTE	30.6.2015	30.6.2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash from (used in) operating activities	32,911	(322,365)
INVESTING ACTIVITIES		
Pledged bank deposits released	–	789
Pledged bank deposits made	(37,061)	(17,607)
Purchase of property, plant and equipment	(1,423)	(53)
Purchase of available-for-sale investments	(70,204)	–
Dividend received	3,670	4,038
Interest received	18,213	18,535
Proceeds from disposal of property, plant and equipment	130	–
Deposits paid for purchase of property, plant and equipment	(2,305)	–
Receipts from entrusted loans receivable	27,787	–
Deposit received for disposal of a subsidiary	3,000	–
Net cash flows arising from acquisition of a subsidiary	(54,474)	–
	21	
Net cash (used in) from investing activities	(112,667)	5,702
FINANCING ACTIVITIES		
New borrowings raised	600,000	6,297
Repayment of borrowings	(500,000)	(27,576)
Proceeds from issue of new shares	1,350	–
Net cash from (used in) financing activities	101,350	(21,279)
Net increase (decrease) in cash and cash equivalents	21,594	(337,942)
Cash and cash equivalents at beginning of the period	1,127,641	1,709,265
Effect of foreign exchange rate changes	(221)	(656)
Cash and cash equivalents at end of the period, representing bank balances (general accounts) and cash	1,149,014	1,370,667

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Group has not early applied the amendments to Appendix 16 issued by the Stock Exchange in early 2015.

Prior to the disposal of Deluxe International Investment Limited (“Deluxe”), the Group was principally engaged in investment holdings, manufacturing and sales of electrical and energy-related products, provision of securities brokerage services, placing and underwriting services, provision of corporate finance advisory services, trading and investment of securities, provision of margin financing, money lending services, investment advisory and management services. During the year ended 31 December 2014, the Group discontinued its operation in manufacturing and sales of electrical and energy-related products upon the disposal of Deluxe in December 2014.

In prior years and up to the disposal of Deluxe in December 2014, the Company’s functional currency was Renminbi (“RMB”). The directors of the Company had evaluated the primary economic environment in which the Company operates, including the underlying investment activities and strategy of the Company after the disposal of Deluxe in December 2014 and have determined that the functional currency of the Company changed from RMB to Hong Kong Dollars (“HK\$”). The effects of the change of the functional currency of the Company had been accounted for prospectively from the date of change during the financial year of 2014. The consolidated financial statements continued to be presented in HK\$.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

3. TURNOVER AND SEGMENT INFORMATION

The Group determines its operating segments and measurement of segment profit based on the internal reports to the executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment. During the year ended 31 December 2014, operation regarding the manufacture and sale of electrical and energy-related products was discontinued as a result of disposal of Deluxe. The segment information reported below does not include any amounts for the discontinued operation. Details of the discontinued operation are set out in note 8.

During the year ended 31 December 2014, securities trading and investments and money lending have become substantial operating activities to the Group, therefore they are reported separately to the chief operating decision makers and hence each of these business lines constitutes a reportable and operating segment. Figures in segment information for the six months ended 30 June 2014 have been re-presented to conform with current period presentation.

During the six months ended 30 June 2015, the Group's reportable and operating segments are as follows:

- (a) the provision of securities brokerage and provision of financial, consultancy and corporate financial advisory services ("Financial services")
- (b) securities trading and investments; and
- (c) money lending.

3. TURNOVER AND SEGMENT INFORMATION (Continued)

Segment turnover and results

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

For the six months ended 30 June 2015 (unaudited)

	Financial services HK\$'000	Securities trading and investments HK\$'000	Money lending HK\$'000	Consolidated HK\$'000
Turnover				
Revenue from financial services	16,356	-	-	16,356
Revenue from money lending	-	-	20,227	20,227
Total revenue	16,356	-	20,227	36,583
Gains on financial assets at fair value through profit or loss	-	2,038,945	-	2,038,945
Total turnover, representing segment revenue	<u>16,356</u>	<u>2,038,945</u>	<u>20,227</u>	<u>2,075,528</u>
Segment (loss) profit	<u>(28,568)</u>	<u>2,037,514</u>	<u>(4,964)</u>	2,003,982
Unallocated other income				15,713
Other gains and losses				4,318
Share of results of an associate				(2,844)
Central corporate expenses				<u>(19,042)</u>
Profit before taxation from continuing operations				<u>2,002,127</u>

3. TURNOVER AND SEGMENT INFORMATION (Continued)

Segment turnover and results (Continued)

For the six months ended 30 June 2014 (unaudited) (re-presented)

	Financial services HK\$'000	Securities trading and investments HK\$'000	Money lending HK\$'000	Consolidated HK\$'000
Turnover				
Revenue from financial services	18,445	–	–	18,445
Revenue from money lending	–	–	8,001	8,001
Total revenue	18,445	–	8,001	26,446
Gains on financial assets at fair value through profit or loss	–	355,168	–	355,168
Total turnover, representing segment revenue	<u>18,445</u>	<u>355,168</u>	<u>8,001</u>	<u>381,614</u>
Segment profit	<u>3,574</u>	<u>359,206</u>	<u>4,990</u>	367,770
Unallocated other income				18,498
Net exchange loss				(9,314)
Share of results of an associate				(218)
Central corporate expenses				<u>(16,936)</u>
Profit before taxation from continuing operations				<u>359,800</u>

Segment turnover from continuing operations includes revenue from financial services and money lending operations. In addition, the chief operation decision makers also consider gains on financial assets at fair value through profit or loss as segment turnover.

The accounting policies of the reportable and operating segment are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of, certain other income, other gains and losses, share of results of an associate, central corporate expenses and taxation. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment.

3. TURNOVER AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

At 30 June 2015 (unaudited)

	Financial services HK\$'000	Securities trading and investments HK\$'000	Money lending HK\$'000	Consolidated HK\$'000
Segment assets	<u>162,069</u>	<u>4,896,318</u>	<u>337,022</u>	5,395,409
Unallocated property, plant and equipment				83,613
Deposit paid for purchase of property, plant and equipment				4,522
Unallocated other receivables, deposits and prepayments				32,605
Interests in an associate				45,634
Bank balances (general accounts) and cash				<u>1,149,014</u>
Consolidated assets				<u>6,710,797</u>
Segment liabilities	<u>100,244</u>	<u>100,164</u>	<u>1,194</u>	201,602
Unallocated other payables				5,474
Taxation payable				89,890
Deferred taxation				<u>360,877</u>
Consolidated liabilities				<u>657,843</u>

3. TURNOVER AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

As at 31 December 2014 (audited)

	Financial services <i>HK\$'000</i>	Securities trading and investments <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment assets	<u>150,643</u>	<u>2,666,945</u>	<u>503,969</u>	3,321,557
Unallocated property, plant and equipment				25,942
Deposit paid for purchase of property, plant and equipment				2,451
Deposit paid for an investment				6,708
Unallocated other receivables, deposits and prepayments				25,251
Interests in an associate				48,478
Tax recoverable				107
Bank balances (general accounts) and cash				<u>1,127,641</u>
Consolidated assets				<u>4,558,135</u>
Segment liabilities	<u>32,539</u>	<u>–</u>	<u>1,207</u>	33,746
Unallocated other payables				17,239
Taxation payable				14,673
Deferred taxation				<u>130,091</u>
Consolidated liabilities				<u>195,749</u>

3. TURNOVER AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

- all assets are allocated to operating and reportable segments other than certain property, plant and equipment, deposit paid for purchase of property, plant and equipment, deposit paid for an investment, interests in an associate, certain other receivables, deposits and prepayments, tax recoverable and bank balances (general accounts) and cash.
- all liabilities are allocated to operating and reportable segments other than certain other payables, taxation payable and deferred taxation.

4. OTHER INCOME

	Six months ended	
	30.6.2015	30.6.2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Interest income on:		
– bank deposits	13,013	16,626
– entrusted loans receivable	2,500	19
– listed bonds designated at fair value through profit or loss	2,429	1,708
– others	271	164
	18,213	18,517
Dividend income from financial assets at fair value through profit or loss:		
– listed investments held for trading	2,351	3,820
– unlisted investment fund	1,319	218
Others	933	2,987
	22,816	25,542

5. FINANCE COSTS

Six months ended	
30.6.2015	30.6.2014
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)
	(Restated)

Interest on borrowings wholly repayable within five years

15,129	212
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6. TAXATION

Six months ended	
30.6.2015	30.6.2014
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Taxation for the period comprises:

Hong Kong Profits Tax	88,398	5,147
Deferred taxation charge	230,787	22,513
	319,185	27,660

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2015 (six months ended 30 June 2014: 16.5%).

7. PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

Six months ended	
30.6.2015	30.6.2014
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Profit for the period has been arrived at after charging (crediting):

Net exchange loss	105	9,314
Rebates (included in other expenses) (note)	22,362	–
Gain on disposal of property, plant and equipment	(130)	–
Release of provisions of financial guarantees	(4,293)	–

Note: Amount represents the rebates granted to the Group's financial services and money lending clients during the current period based on certain percentage of the income generated from the customers during the year ended 31 December 2014 and three months ended 31 March 2015.

8. DISCONTINUED OPERATION

During the year ended 31 December 2014, the Group's operation in respect of manufacture and sale of electrical and energy-related products was discontinued. The result of and loss for the period from the discontinued operation for the period ended 30 June 2014 has been re-presented and was analysed as follows:

	Six months ended 30.6.2014 <i>HK\$'000</i> <i>(Unaudited)</i>
Revenue	27,027
Other income	133
Changes in inventories of finished goods and work in progress	(4,724)
Raw materials and consumables used	(14,716)
Depreciation of property, plant and equipment	(2,594)
Release of prepaid lease payments	(251)
Employee benefit expenses	(5,783)
Administrative and other expenses	(1,300)
Finance costs	(2,444)
	<hr/>
Loss before taxation	(4,652)
Taxation	-
	<hr/>
Loss for the period from discontinued operation	<u>(4,652)</u>

During the period ended 30 June 2014, the operation of manufacture and sale of electrical and energy-related products generated HK\$15,396,000 in respect of the Group's net operating cash flows, paid HK\$16,738,000 in respect of investing activities and paid HK\$1,279,000 in respect of financing activities.

9. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period (six months ended 30 June 2014: nil).

10. EARNINGS PER SHARE

For continuing and discontinued operations

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

	Six months ended	
	30.6.2015	30.6.2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	1,682,942	327,488
	<u><u>1,682,942</u></u>	<u><u>327,488</u></u>
	Six months ended	
	30.6.2015	30.6.2014
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	7,190,605,007	7,189,655,664
Effect of dilutive potential ordinary shares:		
Share options	24,237,482	–
	<u><u>24,237,482</u></u>	<u><u>–</u></u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	7,214,842,489	7,189,655,664
	<u><u>7,214,842,489</u></u>	<u><u>7,189,655,664</u></u>

For the six months ended 30 June 2014, the computation of diluted earnings per share has not assumed the exercise of the Company's options as the exercise price was higher than the average market price of shares during that period.

10. EARNINGS PER SHARE (Continued)

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	Six months ended	
	30.6.2015	30.6.2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings are calculated as follows:		
Profit for the period attributable to the owners of the Company	1,682,942	327,488
Add: loss for the period from discontinued operation	—	4,652
	<hr/>	<hr/>
Earnings for the purposes of basic and diluted earnings per share from continuing operations	<u>1,682,942</u>	<u>332,140</u>

The denominators used are the same as those detailed above for basic and diluted earnings per share.

From discontinued operation

For the six months ended 30 June 2014, basic and diluted loss per share from discontinued operation is HK0.07 cents per share, based on the loss for the period from discontinued operation of HK\$4,652,000 and the denominators detailed above for basic and diluted earnings per share.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group purchased property, plant and equipment of approximately HK\$63,059,000 (six months ended 30 June 2014: HK\$19,213,000). Included in the amount of total purchase of property, plant and equipment, HK\$61,182,000 (six months ended 30 June 2014: nil) represented a yacht which was acquired through acquisition of a subsidiary.

12. AVAILABLE-FOR-SALE INVESTMENTS

	30.06.2015 HK\$'000 (Unaudited)	31.12.2014 HK\$'000 (Audited)
Unlisted shares in overseas, at cost (note)	570,781	520,068
Unlisted shares in the PRC, at cost (note)	29,151	29,151
Unlisted investment fund, at fair value	41,334	39,658
Listed shares in Hong Kong, at fair value	25,852	6,136
	<u>667,118</u>	<u>595,013</u>

Note: Investments in unlisted equity securities issued by private entities are held for an identified long term strategic purpose. The available-for-sale investments are measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates are so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

During the six months ended 30 June 2015, the Group subscribed 2.83% of the enlarged share capital of an entity incorporated in the British Virgin Island ("BVI"), which is principally engaged in property investment in Hong Kong, with a cash consideration of HK\$50,713,000.

As at 30 June 2015, the Group in total owns approximately 9.06% (31 December 2014: 9.07%) of the issued share capital of HEC Capital Limited with a carrying amount of HK\$500,000,000 (31 December 2014: HK\$500,000,000). The principal activities of HEC Capital Limited and its subsidiaries are principally engaged in property investment, investments in securities trading, private equities and funds, provision of securities brokerage services, money lending business in Hong Kong and investment in forest assets in PRC.

The management reviews the investees' latest financial positions, observable data such as net asset value per share and considers no objective evidence of impairment was identified at 30 June 2015. Accordingly, the directors of the Company consider no impairment is necessary during the six months ended 30 June 2015. During the year ended 31 December 2014, an impairment loss of HK\$5,000,000 is recognised against the entire carrying amount of the unlisted investment in a private entity due to the insolvent financial position of that private entity.

13. INTANGIBLE ASSETS

The amount represented trading rights that confer eligibility of the Group to trade on the Stock Exchange. The trading rights have no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, the trading rights are considered by the management of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until its useful life is determined to be finite.

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.06.2015 HK\$'000 (Unaudited)	31.12.2014 HK\$'000 (Audited)
Trade receivables arising from provision of securities brokerage business:		
– Hong Kong Securities Clearing Company Limited (“HKSCC”)	1,230	1,885
Trade receivables arising from the business of advisory for corporate finance and investment management	1,170	370
Trade receivables arising from secured margin clients	72,531	110,428
Deposits with securities brokers	84,106	33,790
Loans to independent third parties (<i>note (a)</i>)	327,523	465,665
Amount due from Deluxe (<i>note (b)</i>)	20,000	20,000
Other receivables, deposits and prepayments	21,578	19,799
	528,138	651,937

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Notes:

- (a) The fixed-rate loans receivables as at 30 June 2015 represent loan advances to independent third parties of HK\$76,405,000 (31 December 2014: HK\$81,840,000) which are secured by the pledge of certain collaterals and personal guarantees, which have contractual loan period between 1 month and 1 year as at 30 June 2015 (31 December 2014: between 3 months and 1 year) under the Group's money lending operation. The average interest rate for the loans receivables was ranging from 5% to 36% (31 December 2014: 7% to 36%) per annum.

The amount granted to individuals depends on management's assessment of credit risk on the customers by evaluation on background check (such as their profession, their earnings or salaries and current working position) and repayment abilities, and for borrowers who are brokerage customers of the Group, by analysis of the market value of the securities portfolio of the customers in the Group's brokerage accounts. The Group determines the allowance of impaired debts based on the evaluation of collectability and ageing analysis of accounts and on the management's judgement, including assessment of change of credit quality and the past collection history of each customer. There are no loans receivables which were past due at the end of reporting period and the directors of the Company consider that no impairment was necessary. There is no concentration of credit risk on loans receivables as the exposure spread over a number of customers.

- (b) The amount is unsecured and interest-free. 50% of the amount is subsequently settled in July 2015 and remaining amount will be repaid in December 2015 according to the sale and purchase agreement.

As at 30 June 2015, trade receivables arising from secured margin clients are repayable on demand and bear interest ranging from 8% to 24% (31 December 2014: 8% to 24%) per annum. The loans are secured by pledged marketable securities with a total fair value of approximately HK\$1,472,453,000 (31 December 2014: HK\$964,784,000). The fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans. The Group is permitted to sell or repledge the marketable securities if the customers default on the payment as requested by the Group. In the opinion of the directors of the Company, no aged analysis is disclosed as the aged analysis does not give additional value. The entire amount of trade receivables arising from secured margin clients is neither past due nor impaired as at 30 June 2015 and 31 December 2014.

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The settlement terms of trade receivable arising from the provision of securities brokerage business from HKSCC are usually two days after trade date. No aged analysis is disclosed as in the opinion of directors of the Company, the aged analysis does not give additional value in view of the nature of broking business.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.06.2015 HK\$'000 (Unaudited)	31.12.2014 HK\$'000 (Audited)
Financial assets classified as held for trading:		
Listed shares in Hong Kong	3,840,716	1,818,351
Listed shares in elsewhere	33,694	16,084
Unlisted investment funds	138,169	127,040
Financial assets designated as at fair value through profit or loss:		
Listed bonds in overseas issued by listed companies (<i>note</i>)	66,507	63,645
Listed bonds in Hong Kong issued by listed companies (<i>note</i>)	28,947	12,264
	<u>4,108,033</u>	<u>2,037,384</u>

Note: The investments in listed bonds issued by listed companies are designated as at fair value through profit or loss because these bonds are managed and their performance is evaluated on a fair value basis in accordance with the Group's documented investment strategy and information provided to executive directors of the Group is on a fair value basis. These bonds bear interest from 7.50% to 11.50% per annum (31 December 2014: from 5.35% to 13% per annum) and mature from year 2016 to year 2023 (31 December 2014: from year 2015 to year 2019).

16. TRADE AND OTHER PAYABLES

	30.06.2015 HK\$'000 (Unaudited)	31.12.2014 HK\$'000 (Audited)
Trade payables to cash clients	95,675	30,391
Provision of financial guarantee	–	8,629
Deposit received from disposal of a subsidiary (<i>note</i>)	3,000	–
Other payables and accrued charges	8,401	11,965
	107,076	50,985

Note: On 9 June 2015, the Group entered into a sale and purchase agreement (the “Agreement”) with an independent third party (the “Purchaser”). Pursuant to the Agreement, the Group agreed to dispose of its entire interest in a wholly-owned subsidiary, Enerchine Investment Management Limited, which was principally engaged in financial services, for a cash consideration of HK\$10,000,000 (the “Proposed Disposal”). Completion of the Proposed Disposal is subject to the approval from Securities and Futures Commission. The Group received a deposit of HK\$3,000,000 upon the date of the Agreement and the remaining consideration will be settled upon the completion of this disposal.

Trade payables to cash clients are repayable on demand. In the opinion of the directors of the Company, no aged analysis is disclosed as the aged analysis does not give additional value.

17. BORROWINGS

	30.6.2015 HK\$'000 (Unaudited)	31.12.2014 HK\$'000 (Audited)
Bank borrowings – secured (<i>note</i>)	100,000	–

Note: The bank borrowings carry floating rates of the base rate of the bank plus 0.9%, i.e. effective interest rate of 1.397% per annum. The bank borrowings are secured by assets held in the bank including investments held for trading of HK\$1,491,818,000 and deposits of HK\$37,061,000 as collateral.

18. RELATED PARTY TRANSACTION

The Group does not have any related party transactions and balances for both periods.

During the current interim period, the emoluments of key management personnel were HK\$5,059,000 (six months ended 30 June 2014: HK\$3,842,000).

19. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2015 and 30 June 2015	12,000,000,000	120,000
Issued and fully paid:		
At 1 January 2015 (audited)	7,189,655,664	71,897
Issue of shares on exercise of share options	4,191,000	42
At 30 June 2015 (unaudited)	7,193,846,664	71,939

20. CAPITAL COMMITMENTS

	30.6.2015 HK\$'000 (Unaudited)	31.12.2014 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of		
– purchase of property, plant and equipment	12,101	–
– acquisition of an entity incorporated in the BVI	–	60,372

21. ACQUISITION OF A SUBSIDIARY

On 24 December 2014, Enerchine Group Limited, the wholly-owned subsidiary of the Company, signed a sale and purchase agreement with an independent third party to acquire the entire issued equity of High Gear Limited ("High Gear"), an entity incorporated in the British Virgin Islands, at a consideration of Euro7.1 million (equivalent to HK\$61,202,000). The acquisition was completed on 15 April 2015.

High Gear's assets acquired on 15 April 2015 are as follows:

	<i>HK\$'000</i> <i>(Unaudited)</i>
Property, plant and equipment	61,182
Bank balances (general accounts) and cash	<u>20</u>
	<u><u>61,202</u></u>
Net cash outflow arising on acquisition:	
Cash consideration paid	(61,202)
Amount paid in previous period (<i>note</i>)	6,708
Less: bank balances (general accounts) and cash	<u>20</u>
	<u><u>(54,474)</u></u>

Note: As at 31 December 2014, the Group paid Euro0.71 million (equivalent to HK\$6,708,000) and included in deposits paid for an investment in the consolidated statement of financial position.

No revenue is contributed by High Gear during the six months ended 30 June 2015. Included in the profit for the six months ended 30 June 2015 is loss of HK\$2,232,000 attributable to High Gear.

Had the acquisition been effected at the beginning of the year, the total amount of revenue of the Group for the six months ended 30 June 2015 would have been HK\$36,583,000 and the amount of the profit for the six months ended 30 June 2015 would have been HK\$1,682,933,000. The pro forma information is for illustrative purposes only and it not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the period, nor is it indented to be a project of the results.

22. SHARE-BASED PAYMENTS

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the “2012 Share Option Scheme”), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years. On 15 May 2015, the Group granted 50,000,000 share options to the employees of the Group.

The table below discloses movement of the Company’s share options held by the employees:

	Number of share options
At 1 January 2015 (audited)	101,981,000
Granted during the period	50,000,000
Exercised during the period	<u>(4,191,000)</u>
At 30 June 2015 (unaudited)	<u>147,790,000</u>
Exercisable at the end of the reporting period	<u>97,790,000</u>

The exercise price on the share options exercised during the period is HK\$0.322 and the average market price on the date of exercise is HK\$0.78.

In relation to the options granted to employees during the period, 25% of the options will vest three months after the grant date, 50% of the options will vest six months after the grant date and remaining 25% of the options will vest twelve months after the grant date. The exercisable periods are 1 August 2015 to 14 May 2018, 15 November 2015 to 14 May 2018 and 15 May 2016 to 14 May 2018 respectively.

The fair value of the options determined at the date of grant using the Binomial model was approximately HK\$14,333,000.

22. SHARE-BASED PAYMENTS (Continued)

The following assumptions were used to calculate the fair values of share options:

15 May 2015

Grant date share price	HK\$0.79
Exercise price	HK\$0.90
Expected life	3 years
Expected volatility (note a)	63.29%
Risk-free rate (note b)	0.708%
Dividend yield (note c)	0%

During the six months ended 30 June 2015, total share-based payments of HK\$4,376,000 has been recognised in the profit or loss. The corresponding amount of HK\$4,376,000 has been credited to share option reserve.

Notes:

- Expected volatility is estimated by calculating the historical daily share price volatility of the stock price of the Company over a historical period of 3 years.
- Risk-free rate is determined by reference to the yield of 3-year Hong Kong government bonds.
- Estimated by reference to the historical dividend payment of the Company.

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key input
	30.6.2015 (Unaudited)	31.12.2014 (Audited)		
1) Investments in listed equity securities classified as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position	Listed equity securities in: – Hong Kong HK\$3,840,716,000 – Overseas HK\$33,694,000	Listed equity securities in: – Hong Kong HK\$1,818,351,000 – Overseas HK\$16,084,000	Level 1	Quoted bid prices in an active market
2) Investments in listed bonds issued by listed companies classified as financial assets designated at fair value through profit or loss in the condensed consolidated statement of financial position	Listed bonds in: – Hong Kong HK\$28,947,000 – Overseas HK\$66,507,000	Listed bonds in: – Hong Kong HK\$12,264,000 – Overseas HK\$63,645,000	Level 2	Recent transaction prices or derived from quoted prices from inactive market
3) Investments in unlisted investment fund classified as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position	HK\$138,169,000	HK\$127,040,000	Level 2	Derived from quoted prices from pricing services based on net asset value of the funds
4) Investments in unlisted funds classified as available-for-sale investments	HK\$41,334,000	HK\$39,658,000	Level 2	Derived from quoted prices from pricing services based on net asset value of the funds
5) Investments in listed equity securities classified as available-for-sale investments	Listed equity securities in: – Hong Kong HK\$25,852,000	Listed equity securities in: – Hong Kong HK\$6,136,000	Level 1	Quoted from quoted price in an active market

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

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

Valuation process

The chief financial officer of the Company is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the valuation. The chief financial officer works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Chief financial officer reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

24. EVENTS AFTER THE REPORTING PERIOD

- (i) On 11 May 2015, the Company has entered into a placing agreement with a placing agent which is a wholly-owned subsidiary of the Company. Pursuant to the agreement, the Company agreed to grant and the placing agent agreed to procure not less than six placees to subscribe for 1,335,950,132 warrants of the Company with mandatory exercise rights at placing price of HK\$0.01 per warrant at subscription price of HK\$0.65 per share. By the end of 24 months after the issue of the warrants, the Company must exercise the mandatory exercise rights to request all warrants holders who hold any unexercised warrants with mandatory exercise rights to exercise the subscription right. The placing agreement is subject to the approval from the shareholders at the special general meeting. On 7 July 2015, the placing agreement is approved by shareholders at the special general meeting.
- (ii) On 2 July 2015, a wholly-owned subsidiary of the Company has entered into a subscription agreement with Freewill Holdings Limited ("Freewill"), an independent third party, to subscribe for 38,000,000 shares of Freewill at a cash consideration of HK\$209,000,000. The investment will be classified as available-for-sale investments upon acquisition.