



中國富佑集團有限公司
China For You Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 572)

INTERIM REPORT
2015

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Huaide (*Chairman*)
Mr. Siu Yun Fat (*Chief Executive Officer*)
Mr. Lau Fai Lawrence
Mr. Yang Yang
Mr. Yu Qingrui

Independent Non-Executive Directors

Mr. Chan Yee Por Simon
Mr. Siu Siu Ling, Robert
Mr. Tam Tak Wah

AUDIT COMMITTEE

Mr. Tam Tak Wah (*Chairman*)
Mr. Chan Yee Por Simon
Mr. Siu Siu Ling, Robert

REMUNERATION COMMITTEE

Mr. Chan Yee Por Simon (*Chairman*)
Mr. Siu Siu Ling, Robert
Mr. Tam Tak Wah

NOMINATION COMMITTEE

Mr. Chan Yee Por Simon (*Chairman*)
Mr. Siu Siu Ling, Robert
Mr. Tam Tak Wah

COMPANY SECRETARY

Mr. Lau Cheuk Pun

SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 912, 9th Floor
New East Ocean Centre
9 Science Museum Road
Kowloon, Hong Kong

REGISTERED OFFICE

Cricket Square Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

AUDITOR

ZHONGLEI (HK) CPA Company Limited
Suites 313-316, 3/F., Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Public Bank (Hong Kong) Limited
Chong Hing Bank Limited

COMPANY WEBSITE

<http://www.chinaforyou.com.hk>

The Board of Directors (the “**Board**” or “**Directors**”) of China For You Group Company Limited (the “**Company**”) hereby present the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2015 (the “**Period**”).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Company is an investment holding company. The Group is principally engaged in (i) trading business and related services and (ii) treasury business including securities trading and money lending business.

The Company has been focusing its resources on new opportunities in trading business and treasury business including securities trading and money lending business.

In regard to the operational front, the Group recorded a turnover of approximately HKD128,670,000 for the Period, representing an increase of 529.25% compared with the corresponding period of last year. The increase in turnover was resulted from both the increase in trading business and trading of listed securities.

On 8 May 2015, the Group entered into a share purchase agreement with an independent third party pursuant to which the Group has agreed to sell 66% equity interests of wholly owned subsidiary Instant Achieve Limited (“**IAL**”), including its direct wholly owned subsidiary, Central Wealth Securities Investment Limited (“**Central Wealth**”) (collectively referred to “**Instant Achieve Group**”) at a consideration of HKD330,000. The disposal was completed on 14 May 2015 and recorded a gain on disposal of subsidiaries of approximately HKD746,000. After the disposal, the Group owns 34% equity interests of Instant Achieve Group and Instant Achieve Group are inactive during the period.

Substantial part of loss was mainly due to the impairment loss recognised in respect of other receivables amounted to HKD17,616,000 and share-based payments expenses amounted to HKD1,521,000. The aggregate result of the abovementioned items for the Period was HKD19,137,000.

The loss attributable to owners of the Company for the Period amounted to approximately HKD5,957,000, a reduction of approximately HKD2,085,000 or 25.93% when compared to the restated net loss for the corresponding period of last year. Basic loss per ordinary share was approximately HKD0.0018 for the Period (2014 (restated): HKD0.0037).

Trading business and related services

In December 2014, the Group launched its new mobile shopping platform. Customers can directly purchase through this one-stop online shopping platform using their internet-connected mobile devices such as smartphones and tablet PCs. This mobile shopping platform can be accessed through the WeChat Public Platform* (微信公眾平台).

The Company initially focused on the marketing of female cosmetic products, and will gradually expand to other types of products so as to cater for different needs of our members. The Company will continue to explore the possibility in developing its own products to be sold in our mobile shopping platform in the future.

During the Period, the revenue for the mobile shopping platform together with the trading business amounted to approximately HKD27,579,000 (2014 (restated): HKD13,863,000).

Treasury Business

The treasury business includes securities trading and money lending business.

The Group's securities trading portfolio comprised of securities listed on The Stock Exchange of Hong Kong Limited during the Period. The Group identified its investments based on the share price, the gain potential and the future prospect of the investments. For the Period, the revenue of trading securities amounted to approximately HKD15,513,000 (2014 restated: HKD69,000) and a loss of HKD4,450,000 (2014: Nil) was recorded due to the fair value changes of the securities bought.

A wholly-owned subsidiary of Group, Globally Finance Limited (“**Globally Finance**”), which held the Money Lenders Licence in Hong Kong since early of 2015, carried a money lending business in Hong Kong. In this Period, Globally Finance generated revenue with amount of approximately HKD373,000.

Interests in associate – Securities brokerage

The Group involved in securities market in Hong Kong through Central Wealth, an associate of the Company. Central Wealth is a company incorporated in Hong Kong with limited liability and is wholly owned by IAL, which in turn is owned as to 34% by the Group as at 30 June 2015. IAL and Central Wealth are treated as associated companies of the Group and the Company adopted equity accounting method in preparing the financial statements of the Group.

After the disposal of abovementioned, Instant Achieve Group incurred loss of approximately HKD71,800 during the period from 15 May 2015 to 30 June 2015. According to HKAS 28 Investment in Associates, as the Group's share of loss of Instant Achieve Group already exceeded its interest in Instant Achieve Group, the Group did not recognise its share of loss during the current period.

Central Wealth has obtained the Stock Exchange Trading Right from The Stock Exchange of Hong Kong Limited (“SEHK”) and licenses from the Securities and Futures Commission to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities.

As at the date of this report, Central Wealth is in the course of applying as Participantship of the SEHK and Hong Kong Securities Clearing Company Limited.

Subject to the approval of Participantship from the SEHK, it is expected that Central Wealth will be able to commence business in the fourth quarter of 2015. Central Wealth will initially provide brokerage services to clients for trading in securities listed on the SEHK and margin and IPO financings to its clients and will further expand to other related area in future. The business development plan and financial arrangement of Central Wealth is in the course of formulating and has yet been finalized.

LIQUIDITY, FINANCIAL, RESOURCES AND FUNDING

The Group had total cash and bank balances of approximately HKD37,762,000 as at 30 June 2015 (31 December 2014: HKD45,082,000). The gearing ratio, which is calculated as total debt (including current and non-current liabilities) divided by total equity, was nil as the Group has no borrowing at the end of the reporting period (31 December 2014: Nil). Net assets were approximately HKD88,653,000 (31 December 2014: HKD63,899,000).

The Group recorded total current assets of approximately HKD118,980,000 as at 30 June 2015 (31 December 2014: HKD86,221,000) and total current liabilities of approximately HKD30,866,000 (31 December 2014: HKD22,901,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 3.85 as at 30 June 2015 (31 December 2014: 3.76).

The Group's finance costs for the Period under review was approximately HKD16,000 (2014 restated: HKD67,000).

Exercise of share option

On 10 June 2015, 236,100,000 share options were exercised and 236,100,000 new ordinary shares of HKD0.001 each were issued during the Period. Upon the exercise of that 236,100,000 share options, the net proceeds of approximately HKD29,187,000 were raised for the general working capital of the Group.

Placing of new shares under general mandate

On 26 June 2015, the Company, entered into a placing agreement with the placing agent, pursuant to which the Company conditionally agreed to place through the placing agent, on a best effort basis, up to 656,000,000 new shares of the Company with an aggregate nominal value of HKD656,000 to independent third parties at a price of HKD0.26 per placing share (“**Placing**”). The 656,000,000 placing shares under the Placing were issued under the general mandate which was granted to the directors at the annual general meeting of the Company held on 21 July 2014.

The placing shares under the Placing represent (i) approximately 18.63% of the existing issued share capital of the Company as at the date of placing agreement; and (ii) approximately 15.70% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares.

Based on the closing price of HKD0.35 per share on 26 June 2015, the placing shares had a market price of HKD229,600,000. The net price per placing share is approximately HKD0.251 and the net proceeds from the Placing is approximately HKD165 million. The net proceeds from the Placing are intended to be used as (i) approximately HKD60 million for investment in listed securities and property in Hong Kong; (ii) approximately HKD45 million for the money lending business of the Group; (iii) approximately HKD40 million for business development of Central Wealth; and (iv) the remaining balance of approximately HKD20 million for the general working capital of the Group to meet any future business development and obligations. The Placing can strengthen the financial position of the Group and provide funding to the Group to meet any future development opportunities and obligations. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company. The Placing was completed on 17 July 2015. Further details of the Placing were set out in the announcement of the Company dated 26 June 2015 and 17 July 2015.

Placing of non-listed warrants

On 19 May 2015, the Company entered into the warrant placing agreement with the placing agent in connection with the warrant placing, pursuant to which the placing agent agreed to place, on a best effort basis, up to 657,000,000 warrants conferring rights to subscribe for up to 657,000,000 warrants shares at the warrant exercise price of HKD0.4 and placing price of HKD0.1 per warrant share (subject to adjustment) to the warrant placees who and their respective ultimate beneficial owners are independent third parties. Each warrant carries the right to subscribe for one warrant share. The placing of non-listed warrants has been passed by shareholders at the extraordinary general meeting of the Company held on 10 July 2015. Further details of the warrant placing were set out in the announcement of the Company dated 19 May 2015 and 15 July 2015 and the circular of the Company dated 24 June 2015.

It is expected that the aggregated net proceeds of approximately HKD52.4 million will be raised by the warrant placing and the same will be utilised by the Group as to approximately HKD10 million for the trading business of the Group, as to approximately HKD10 million for the money lending business of the Group, as to approximately HKD10 million for investments and as to the balance of approximately HKD22.4 million for the general working capital of the Group.

Assuming the full exercise of the subscription rights attaching to the warrants, it is expected up to approximately HKD262.8 million will be raised, which will be used for general working capital and future business development of the Group.

The warrant placing represents good opportunities to raise additional funds for the Group while broadening the shareholder and capital base of the Company. In addition, the warrants are not interest bearing and the warrant placing will not be resulted in any immediate dilution effect on the shareholding of the existing shareholders. In addition to the net proceeds that will be raised upon completion of the warrant placing, further capital will be raised upon the exercise of the subscription rights attaching to the warrants by the holder thereof during the subscription period.

In view of the immediate inflow of approximately HKD52.4 million upon completion of the warrant placing, coupled with the potential inflow of further capital upon the exercise of the subscription rights attaching to the warrants, the Directors are of the view that the warrant placing provides a good opportunity to strengthen the Company's financial position. And in the event the warrant placees fully exercise their subscription rights attaching to the warrants, further funds of up to approximately HKD262.8 million will be received to cater for future needs for its general working capital and future business development of the Group.

On 4 August 2015, the warrant placing agreement has been terminated pursuant to a termination agreement entered into between the Company and the placing agent in view of, among other things, the recent volatility in the local securities market. Accordingly, all antecedent obligations and liabilities of the parties under the warrant placing agreement shall be discharged and released. Further details of the termination of warrant placing were set out in the announcement of the Company dated 4 August 2015.

Foreign Currency Management

The Group has minimal exposure to foreign currency risks as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi.

The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

Pledge of Assets

As 30 June 2015, the Group did not have any pledged assets.

LITIGATIONS AND CONTINGENCIES

Details of litigations and contingencies are set out in Note 19 to the condensed consolidated financial statement.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2015, the Group had 29 employees including Directors (31 December 2014: 26) situated in the PRC and Hong Kong. The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the Period, the total staff costs including remuneration of Directors and chief executive amounted to approximately HKD3,823,000 (2014 (restated): HKD1,727,000).

On 15 July 2015, the Company has adopted the share award scheme. The purposes and objectives of the share award scheme are to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of and contribution to the Group. Details of the Share Award Scheme were set out in the announcement of the Company dated 15 July 2015.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Period (2014: Nil).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in Note 22, the Group had no other material event after the reporting period.

PROSPECTS

During the Period, the management of the Company has directed its resources on exploring opportunities in trading business and related services and treasury business including securities trading and money lending business so as to create long-term value for its shareholders. The Board believes that the business performance of the Group will be further improved.

In respect of the trading business, the Group will continue to explore this trading business in order to diversify the products portfolio.

In respect of the securities trading, the Group is optimistic on the economic growth in China and believe that Hong Kong would also be benefited. Therefore, it is expected that the Group will continue to invest in the Hong Kong equity market by enhancing the use of the surplus working capital and will continue to seek attractive investment opportunities with the aim of deriving dividend income and/or gain from trading of listed securities.

In respect of the money lending business, due to the mature of Hong Kong financing market, the demand of loan is expected to increase substantially. The Board believes that the money lending business will give the Group an opportunity to obtain a higher return for the fund under the current low interest rate environment and will generate satisfactory revenue for the Group.

The Group is optimistic that the trading business and treasury business (i.e. trading of listed securities and money lending) will have positive gross profit and will generate positive cash flow from operations.

The Directors have always been proactive in seeking opportunities for diversifying of the scope of business of the Group and are optimistic to the future of Hong Kong property market. The Directors considered that the acquisition as disclosed in note 22 Very Substantial Acquisition of entire equity interests of Metro Victor Limited represents an investment opportunity to participate in Hong Kong property investment market and the tenancy agreement will provide stable income for the Group while at the same time the Group will have the benefits from the long term appreciation of the price in luxurious properties in Hong Kong.

The Directors are optimistic to the property market in Hong Kong. It is noted that under the acquisition agreement, the Group need not pay the entire consideration sum in cash at completion and this will allow the Group to have cash reserves for its future business development.

Other than the existing business as named hereinabove which is on an on-going basis, the management will explore other business opportunities to diversify its trading business portfolio with a view to broaden its income stream which shall be in the best interests of the Company and its shareholders as a whole.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



中磊（香港）會計師事務所有限公司
ZHONGLEI (HK) CPA Company Limited

TO THE BOARD OF DIRECTORS OF
CHINA FOR YOU GROUP COMPANY LIMITED
中國富佑集團有限公司
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China For You Group Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 14 to 36, which comprise 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, condensed consolidated statement of changes in equity and condensed consolidated 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 (the “**Directors**”) 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

Except as explained in the following paragraphs, we conducted our review in accordance with the 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.

BASIS FOR DISCLAIMER OF CONCLUSION

Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2014 dated 31 March 2015 (the “**2014 Financial Statements**”), which forms the basis for the corresponding figures presented in the current period’s condensed consolidated statement of financial position and related explanatory notes, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit, details of which are set out in our audit report dated 31 March 2015. Any adjustments found to be necessary to the opening balances as at 1 January 2015 may affect the results and related disclosures in the notes to the condensed consolidated financial statements of the Group for the six months ended 30 June 2015. The comparative figures for the year ended 31 December 2014 shown in the condensed consolidated statement of financial position and related explanatory notes may not be comparable with the figures for the current period.

Impairment assessment of other receivables

As disclosed in Note 15(iii) to the condensed consolidated financial statements, a writ of summons endorsed with a full statement of claim was issued in the High Court of The Hong Kong Special Administrative Region by Great Rich Trading Limited, a wholly owned subsidiary of the Company dated 25 March 2014 to claim back the receivable amounted to approximately HKD17,616,000. The Directors are of the view that the Group is less likely to recover the outstanding balance due from the debtor, and therefore full impairment had been provided on such balance for the six months period ended 30 June 2015. Had we been able to complete our review of other receivables, matters might have come to our attention indicating that adjustments might be necessary to the condensed consolidated financial statements.

Balance of the amount due to Able Success Asia Limited (“Able Success”)

At 30 June 2015, included in other payable is a balance of approximately HKD15,264,000 represents amount due to the former holding company, Able Success, a company incorporated in the British Virgin Island with limited liability, the entire issued share capital of which is beneficially owned by Mr. He Jianhong (“**Mr. He**”), who is the former chairman and executive director of the Company. Had we been able to complete our review of other payables, matters might have come to our attention indicating that adjustments might be necessary to condensed consolidated financial statements.

DISCLAIMER OF CONCLUSION

Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraphs as described above, we do not express any conclusion as to whether the condensed consolidated financial statements for the six months ended 30 June 2015 is prepared, in all material respects, in accordance with HKAS 34.

ZHONGLEI (HK) CPA Company Limited

Certified Public Accountants (Practising)

Lam Chik Tong

Practising Certificate Number: P05612

Suites 313-316, 3/F.

Shui On Centre

6-8 Harbour Road

Wanchai

Hong Kong

31 August 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

| | Notes | Six months ended 30 June | |
|---|-------|--------------------------------|--|
| | | 2015 HKD'000 (Unaudited) | 2014 HKD'000 (Unaudited) (restated) |
| Turnover – gross proceeds | 4 | 128,670 | 20,448 |
| Revenue | 5 | 43,465 | 13,932 |
| Cost of sales | | (14,964) | (13,133) |
| Gross profit | | 28,501 | 799 |
| Other revenue | | 15 | – |
| Gain on disposal of subsidiaries | 6 | 746 | – |
| Selling expenses | | (1,111) | – |
| Administrative expenses | | (8,106) | (8,774) |
| Impairment loss recognised in respect of receivables from Ease Faith Limited | 15 | (17,616) | – |
| Change in fair values of held-for-trading investments | | (4,450) | – |
| Share-based payments expenses | 20 | (1,521) | – |
| Share of loss of associates | | – | – |
| Operating loss | | (3,542) | (7,975) |
| Finance cost | 7 | (16) | (67) |
| Loss before income tax | | (3,558) | (8,042) |
| Income tax expenses | 8 | (2,399) | – |
| Loss for the period attributable to owners of the Company | 9 | (5,957) | (8,042) |
| Other comprehensive expense | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences arising on translation of financial statements of foreign operations | | 3 | 3 |
| Total comprehensive expense for the period attributable to owners of the Company | | (5,954) | (8,039) |
| Loss per share attributable to owners of the Company | | | |
| – Basic and diluted | 11 | (0.0018) | (0.0037) |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

| | <i>Notes</i> | 30 June 2015 HKD'000 (Unaudited) | 31 December 2014 HKD'000 (Audited) |
|-------------------------------|--------------|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 12 | 493 | 579 |
| Intangible assets | 13 | 46 | – |
| Interests in associates | 6 | – | – |
| | | <u>539</u> | <u>579</u> |
| CURRENT ASSETS | | | |
| Inventories | | 943 | 313 |
| Held-for-trading investments | 14 | 40,882 | – |
| Trade and other receivables | 15 | 35,993 | 40,826 |
| Amount due from an associate | | 3,400 | – |
| Cash and bank balances | | 37,762 | 45,082 |
| | | <u>118,980</u> | <u>86,221</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 16 | 26,842 | 21,237 |
| Amount due to a director | | 207 | 104 |
| Tax liabilities | | 3,817 | 1,560 |
| | | <u>30,866</u> | <u>22,901</u> |
| NET CURRENT ASSETS | | <u>88,114</u> | <u>63,320</u> |
| NET ASSETS | | <u>88,653</u> | <u>63,899</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | 17 | 3,522 | 3,285 |
| Reserves | | 85,131 | 60,614 |
| TOTAL EQUITY | | <u>88,653</u> | <u>63,899</u> |

The condensed consolidated financial statements on the pages from 14 to 36 were approved and authorised for issue by the board of directors on 31 August 2015 and are signed on its behalf by:

Siu Yun Fat
Director

Lau Fai Lawrence
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

| | Share capital HKD'000 (Note 17) | Share premium HKD'000 (Note a) | Share options reserve HKD'000 (Note b) | Translation reserve HKD'000 | Accumulated losses HKD'000 | Total HKD'000 |
|---|--|---|--|-----------------------------------|----------------------------------|------------------|
| At 1 January 2014 (Audited) | 2,021 | 113,327 | 1,121 | - | (119,185) | (2,716) |
| Loss for the period | - | - | - | - | (8,042) | (8,042) |
| Other comprehensive expenses Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Exchange differences arising on translation of financial statements of foreign operations | - | - | - | 3 | - | 3 |
| Total comprehensive expense for the period | - | - | - | 3 | (8,042) | (8,039) |
| Issuance of shares upon placing | 169 | 17,576 | - | - | - | 17,745 |
| Transaction costs attributable to the placing | - | (265) | - | - | - | (265) |
| Issuance of shares upon open offer | 1,095 | 42,711 | - | - | - | 43,806 |
| Transaction costs attributable to the open offer | - | (2,212) | - | - | - | (2,212) |
| At 30 June 2014 (Unaudited) | <u>3,285</u> | <u>171,137</u> | <u>1,121</u> | <u>3</u> | <u>(127,227)</u> | <u>48,319</u> |
| At 1 January 2015 (Audited) | 3,285 | 171,162 | 5,982 | (60) | (116,470) | 63,899 |
| Loss for the period | - | - | - | - | (5,957) | (5,957) |
| Other comprehensive expenses Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Exchange differences arising on translation of financial statements of foreign operations | - | - | - | 3 | - | 3 |
| Total comprehensive expense for the period | - | - | - | 3 | (5,957) | (5,954) |
| Recognition of equity-settled share-based payment (Note 20) | - | - | 1,521 | - | - | 1,521 |
| Exercise of share option | 237 | 32,715 | (3,765) | - | - | 29,187 |
| At 30 June 2015 (Unaudited) | <u>3,522</u> | <u>203,877</u> | <u>3,738</u> | <u>(57)</u> | <u>(122,427)</u> | <u>88,653</u> |

Notes:

- Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Associations and provided that immediately following the distribution or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.
- Share options reserve represents the portion of the fair value of unexercised share options granted under the share option scheme at the grant date.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

| | Six months ended 30 June | |
|--|---------------------------------------|---|
| | 2015 <i>HKD'000</i> (Unaudited) | 2014 <i>HKD'000</i> (Unaudited) (restated) |
| Net cash flows used in operating activities | <u>(33,472)</u> | <u>(20,852)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 15 | – |
| Net cash inflow from disposal of subsidiaries | 288 | – |
| Advance to an associate | (3,150) | – |
| Purchase of property, plant and equipment | (127) | – |
| Purchase of intangible assets | <u>(48)</u> | <u>–</u> |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(3,022)</u> | <u>–</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (16) | (67) |
| Proceeds from exercise of share option | 29,187 | – |
| Net proceeds from the Placing (as defined in Note 17) | – | 17,480 |
| Net proceeds from the Open Offer (as defined in Note 17) | <u>–</u> | <u>41,594</u> |
| NET CASH FROM FINANCING ACTIVITIES | <u>29,171</u> | <u>59,007</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (7,323) | 38,155 |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | 45,082 | 109 |
| Effect of foreign exchange rate changes, net | <u>3</u> | <u>3</u> |
| CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by cash and bank balances | <u>37,762</u> | <u>38,267</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. GENERAL

China For You Group Company Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Pursuant to the special resolution passed at the extraordinary general meeting of the Company on 6 November 2014, the Company’s name has been changed from “China Packaging Group Company Limited 中國包裝集團有限公司” to “China For You Group Company Limited 中國富佑集團有限公司”.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in the trading business and related services and treasury including securities trading and investment and provision of financing services. On 31 December 2014, the board of directors (the “**Board**”) resolved to discontinue the operating segment of manufacture and sale of tinplate cans for the packaging of beverage in the People’s Republic of China (“**PRC**”), due to the reallocation and concentration of resources to other business sectors.

Change in presentation currency of the condensed consolidated financial statements

In prior periods, the condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Group. However, following i) the Board resolved that the control over its indirect wholly owned subsidiary, Shanxi Zhanpen Metal Products Co., Limited* (山西展鵬金屬製品有限公司) (“**Zhanpen**”) was lost on 25 March 2014; ii) Mr. He Jianhong (“**Mr. He**”) was removed from his position as the chairman and executive director of the Company with effect from 10 October 2014; and iii) the Group’s continuous develop the trading business and related services and treasury related business, the Company and most of its major operating subsidiaries’ business transactions in terms of operating, investment and financing activities have increasingly placed greater reliance on Hong Kong dollars (“**HKD**”). The directors of the Company (“**Directors**”) reassessed the Group’s functional currency and considered that the functional currency of the Group has changed from RMB to HKD as HKD become the currency that mainly influences the operation of the Group’s significant entities.

The Directors also consider that the use of HKD is more meaningful in presenting the operating results and financial position of the Group given the current operations of the Group. As a result, the Group elected to change its presentation currency from RMB to HKD since the year ended 31 December 2014. The comparative figures for the period ended 30 June 2014 have been restated to reflect the change in presentation currency from RMB to HKD accordingly.

2. BASIS OF PREPARATION

General

The condensed consolidated financial statements of the Group for the six months ended 30 June 2015 have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2015 are consistent with as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2014 except as described below.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretation (“**new HKFRSs**”) which are effective for the Group’s financial year end beginning 1 January 2015.

| | |
|--|--|
| Amendments to HKAS 19 (2011) Annual Improvements Project Annual Improvements Project | Defined Benefits Plans: Employee Contributions Annual Improvements to HKFRSs 2010-2012 Cycle Annual Improvements to HKFRSs 2011-2013 Cycle |
|--|--|

The application of the above new HKFRSs in the current interim period has had no material effect on the Group’s financial performance and positions for the current and prior years and/or disclosures set out in these condensed consolidated financial statements.

4. TURNOVER

| | Six months ended 30 June | |
|--|--------------------------|---------------------------|
| | 2015 | 2014 |
| | <i>HKD’000</i> | <i>HKD’000</i> |
| | (Unaudited) | (Unaudited) (restated) |
| Income from trading business and related services | 27,579 | 13,863 |
| Gross proceeds from disposal of held-for-trading investments | 100,718 | 6,585 |
| Interest income from provision of financing services | 373 | – |
| | 128,670 | 20,448 |

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the gross proceeds received and receivable from i) trading business and related services; and ii) treasury including securities trading and investment and provision of financing services during the periods.

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

During the six months ended 30 June 2015, provision of financing services is a new business of the Group, and which together with securities trading and investments are grouped under “treasury” as a new reportable and operating segment of the Group.

The reportable and operating segment, manufacture and sales of tinplate can packaging business, was discontinued during the year ended 31 December 2014.

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

- Trading business and related services
- Treasury (securities trading and investment and provision of financing services)

As detailed in Note 1 to the condensed consolidated financial statements, on 31 December 2014, the Board resolved to discontinue the operating segment of manufacture and sale of tinplate cans packaging business due to the reallocation and concentration of resources to other business sectors. Since the discontinued operations did not generate any revenue and had no profit/loss for the six months ended 30 June 2015 and 30 June 2014, and had no assets and liabilities at 30 June 2015 and 31 December 2014, the segment information reported does not present the discontinued operation.

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

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

| | Trading business and related services | | Treasury | | Total | |
|--------------------------------|--|---------------|----------------------------------|--------------|----------------------------------|----------------|
| | Six months ended 30 June 2015 | | Six months ended 30 June 2015 | | Six months ended 30 June 2015 | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 | HKD'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | | (restated) | | (restated) | | (restated) |
| Turnover | <u>27,579</u> | <u>13,863</u> | <u>101,091</u> | <u>6,585</u> | <u>128,670</u> | <u>20,448</u> |
| Revenue | | | | | | |
| External sales | <u>27,579</u> | <u>13,863</u> | <u>15,886</u> | <u>69</u> | <u>43,465</u> | <u>13,932</u> |
| Segment (loss) profit | <u>(10,260)</u> | <u>(968)</u> | <u>11,270</u> | <u>28</u> | <u>1,010</u> | <u>(940)</u> |
| Unallocated corporate expenses | | | | | (3,031) | (7,035) |
| Share-based payments expenses | | | | | (1,521) | – |
| Finance costs | | | | | (16) | (67) |
| Loss before income tax | | | | | <u>(3,558)</u> | <u>(8,042)</u> |

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss) profit from each segment without allocation of central administration costs, directors' emoluments, share-based payments expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. REVENUE 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:

| | 30 June 2015 HKD'000 (Unaudited) | 31 December 2014 HKD'000 (Audited) |
|---------------------------------------|---|---|
| Segment assets | | |
| Trading business and related services | 52,980 | 74,058 |
| Treasury | 53,591 | 2,316 |
| | <hr/> | <hr/> |
| Total segment assets | 106,571 | 76,374 |
| Unallocated corporate assets | 12,948 | 10,426 |
| | <hr/> | <hr/> |
| Consolidated assets | 119,519 | 86,800 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Segment liabilities | | |
| Trading business and related services | 15,423 | 7,017 |
| Treasury | 1,420 | 62 |
| | <hr/> | <hr/> |
| Total segment liabilities | 16,843 | 7,079 |
| Unallocated corporate liabilities | 14,023 | 15,822 |
| | <hr/> | <hr/> |
| Consolidated liabilities | 30,866 | 22,901 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

- all assets are allocated to operating segments other than certain other receivables, amount due from an associate and certain cash and bank balances; and
- all liabilities are allocated to operating segments other than certain other payables.

6. DISPOSAL OF SUBSIDIARIES

On 8 May 2015, the Group entered into a share purchase agreement with an independent third party pursuant to which the Group has agreed to sell 66% equity interests of Instant Achieve Limited, including its direct wholly owned subsidiary, Central Wealth Securities Investment Limited (“**Central Wealth**”) (collectively referred to as “**Instant Achieve Group**”) at a consideration of HKD330,000. The disposal was completed on 14 May 2015. Instant Achieve Group are inactive during the period.

HKD'000

| | |
|--------------------------------|-------------------|
| Consideration received in cash | <u><u>330</u></u> |
|--------------------------------|-------------------|

Details of net liabilities of Instant Achieve Group at the date of disposal were as follows:

HKD'000

Analysis of assets and liabilities over which control was lost:

| | |
|--|-------------------|
| Property, plant and equipment | 120 |
| Other receivables | 207 |
| Cash and bank balances | 42 |
| Other payables | (35) |
| Amount due to the Group | (250) |
| Amount due to a new investor | <u>(500)</u> |
| Net liabilities disposal of | (416) |
| Gain on disposal | <u>746</u> |
| Total consideration | <u><u>330</u></u> |
| Net cash inflow arising on disposal: | |
| Consideration received in cash | 330 |
| Less: cash and bank balances disposed of | <u>(42)</u> |
| | <u><u>288</u></u> |

After the disposal, the Group owns 34% equity interests of Instant Achieve Group. The Group is able to exercise significant influence over Instant Achieve Group because it has appointed one out of the three directors of Instant Achieve Limited. Instant Achieve Group became associates of the Group. Instant Achieve Group had net liabilities of approximately HKD416,000 on 14 May 2015 and incurred loss of approximately HKD71,800 during the period from 15 May 2015 to 30 June 2015. According to HKAS 28 *Investment in Associates*, as the Group's share of loss of Instant Achieve Group already exceeded its interest in Instant Achieve Group, the Group did not recognise its share of loss during the current interim period.

7. FINANCE COSTS

| | Six months ended 30 June | |
|-------------------------------------|--------------------------|---------------------------|
| | 2015 | 2014 |
| | HKD'000 | HKD'000 |
| | (Unaudited) | (Unaudited) (restated) |
| Interest expense on other borrowing | – | 67 |
| Others | 16 | – |
| | <u>16</u> | <u>67</u> |

8. INCOME TAX EXPENSES

| | Six months ended 30 June | |
|--------------------------------------|--------------------------|---------------------------|
| | 2015 | 2014 |
| | HKD'000 | HKD'000 |
| | (Unaudited) | (Unaudited) (restated) |
| Current tax: | | |
| – Hong Kong Profits Tax | 2,390 | – |
| – PRC Enterprises Income Tax (“EIT”) | 9 | – |
| | <u>2,399</u> | <u>–</u> |

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2015. No Hong Kong profits tax has been provided for as the Group did not generate any assessable profits in Hong Kong for the period ended 30 June 2014.

Under the Law of the PRC on Enterprises Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

No PRC Enterprises Income Tax has been provided for as the Group did not generate any assessable profits in PRC for the period ended 30 June 2014.

No provision for profits tax in other jurisdictions have been provided for as no assessable profits were generated in other jurisdictions.

9. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

| | Six months ended 30 June | |
|---|---------------------------------------|---|
| | 2015 <i>HKD'000</i> (Unaudited) | 2014 <i>HKD'000</i> (Unaudited) (restated) |
| Directors' and chief executives' emoluments | 1,488 | 1,111 |
| Other staff costs | 2,065 | 599 |
| Contributions to retirement benefits scheme, other than directors and chief executives | 270 | 17 |
| Total staff costs | 3,823 | 1,727 |
| Auditor's remuneration | | |
| Non-audit services | 250 | 548 |
| Cost of inventories recognised as an expense | 14,964 | 13,133 |
| Depreciation of property, plant and equipment | 93 | 92 |
| Amortisation of intangible assets | 2 | – |
| Minimum lease payments in respect of operating lease of: | | |
| – Premises | 898 | 475 |
| – Internet hardware and software | 279 | – |
| – Plant, machinery and office equipment | 6 | 6 |
| Share-based payment expenses for a consultant | 1,521 | – |

10. DIVIDEND

No dividend was paid or proposed during the interim period, nor has any dividend been proposed since the end of the reporting period (six months ended 30 June 2014: Nil).

11. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of Company of approximately HKD5,957,000 (six months ended 30 June 2014 (restated): HKD8,042,000) and the weighted average number of ordinary shares of the Company in issue during the period approximately of 3,311,576,000 (six months ended 30 June 2014: approximately 2,182,598,000 shares).

Diluted loss per share for the periods ended 30 June 2015 and 2014 is same as the basic loss per share. The computation of diluted loss per share for the periods ended 30 June 2015 and 2014 does not assume the conversion of the Company's outstanding share options since their exercise would result in a decrease in the loss per share.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group had additions of the property, plant and equipment approximately of HKD127,000 (six months ended 30 June 2014: Nil).

13. INTANGIBLE ASSETS

During the six months ended 30 June 2015, the Group had acquired intangible assets approximately HKD48,000 (six months ended 30 June 2014: Nil).

14. HELD-FOR-TRADING INVESTMENTS

| | 30 June 2015 HKD'000 (Unaudited) | 31 December 2014 HKD'000 (Audited) |
|---------------------------------------|---|---|
| Listed securities: | | |
| Equity securities listed in Hong Kong | <u>40,882</u> | <u>–</u> |

15. TRADE AND OTHER RECEIVABLES

| | | 30 June 2015 | 31 December 2014 |
|---|--------------|-------------------------|-----------------------|
| | <i>Notes</i> | <i>HKD'000</i> | <i>HKD'000</i> |
| | | (Unaudited) | (Audited) |
| Trade receivables | <i>(i)</i> | 23,400 | 22,113 |
| <i>Less: Allowance for doubtful debts</i> | | <u>–</u> | <u>–</u> |
| | | 23,400 | 22,113 |
| Loan and interest receivables (including accrual of interest of HKD372,778 (2014: Nil)) | <i>(ii)</i> | 8,373 | – |
| <i>Less: Allowance for doubtful debts</i> | | <u>–</u> | <u>–</u> |
| | | 8,373 | – |
| Receivables from Ease Faith Limited | <i>(iii)</i> | – | 17,616 |
| Other receivables, deposits and prepayments | | <u>4,220</u> | <u>1,097</u> |
| | | 35,993 | 40,826 |

Notes:

(i) Trade receivables

Trade receivables at the end of the reporting period represents amounts receivable from the sales of goods supplied to customers. No interest is charged on the trade receivables.

15. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(i) Trade receivables (Continued)

During the six months ended 30 June 2015, the Group generally allows an average credit period of 180 days (31 December 2014: 120 days) to its customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

| | 30 June 2015 HKD'000 (Unaudited) | 31 December 2014 HKD'000 (Audited) |
|--------------|---|---|
| 0 – 30 days | – | 22,113 |
| 31 – 60 days | 14,040 | – |
| 61 – 90 days | 9,360 | – |
| | 23,400 | 22,113 |

(ii) Loan and interest receivables

The loan receivables from the borrowers bear fixed interest rates ranging from 25% to 30% per annum (2014: Nil) and were payable according to the loan agreements. None of the loan is secured.

The maturity profile of these loan receivables from the borrowers (including interest receivables), net of impairment losses recognised, at the end of the reporting period, analysed by the remaining periods to their contracted maturity, is as follows:

| | 30 June 2015 HKD'000 (Unaudited) | 31 December 2014 HKD'000 (Audited) |
|------------------------------------|---|---|
| Over 3 months but less than 1 year | 8,373 | – |

The loan receivables from the borrowers have been reviewed by the management of the Company to assess impairment allowances which are based on the evaluation of collectability, aging analysis of accounts and on management's judgment, including the current creditworthiness and the past statistics of individually significant accounts or a portfolio of accounts on a collective basis.

15. TRADE AND OTHER RECEIVABLES (Continued)

(ii) Loan and interest receivables (Continued)

During the six month period ended 30 June 2015, there is no impairment loss on loan receivables from the borrowers (including interest receivables) (for the six months ended 30 June 2014: Nil) was recognised in the condensed consolidated statement of profit or loss and other comprehensive income after proper review by the management of the Company, based on the latest status of the borrowers.

In the opinion of the Directors, no impairment is necessary for the loan receivables from the borrowers (including interest receivables) as the loan receivables were not past due at the period ended 30 June 2015.

(iii) Receivable from Ease Faith Limited (“Ease Faith”)

Following the suspension of the position, functions and duties of Mr. He, the Directors conducted reviews of the major projects and transactions of the Company. During the course of the internal review (the “**Internal Review**”), the Company noted that, Great Rich Trading Limited (“**Great Rich**”), a wholly owned subsidiary of the Company, entered into two sales contracts with Ease Faith to purchase raw materials for the purpose of trading (the “**Sales Contracts**”) and paid a deposit of approximately HKD17,616,000 (the “**Receivable**”). Subsequently, Ease Faith failed to deliver the raw materials to Great Rich.

On 25 March 2014, Great Rich issued a writ of summons in the High Court of The Hong Kong Special Administrative Region as the plaintiff claiming against Ease Faith, the supplier, as the defendant, for breach of the Sales Contracts or alternatively, money had and received. The representatives of the Group had taken part in the mediation with Ease Faith. The Directors consider that the possibility of Great Rich to recover the outstanding Receivable from Ease Faith is remote. Therefore, impairment loss of approximately HKD17,616,000 has been recognised during the six-month period ended 30 June 2015. For further information, please refer Note 19(b).

16. TRADE AND OTHER PAYABLES

| | 30 June 2015 HKD'000 (Unaudited) | 31 December 2014 HKD'000 (Audited) |
|------------------------------------|---|---|
| Trade payables | 7,536 | 173 |
| Other payables and accrued charges | 19,306 | 21,064 |
| | 26,842 | 21,237 |

16. TRADE AND OTHER PAYABLES (Continued)

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

| | 30 June 2015 HKD'000 (Unaudited) | 31 December 2014 HKD'000 (Audited) |
|---------------|---|---|
| 0 – 30 days | 672 | 173 |
| Over 120 days | 6,864 | – |
| | <u>7,536</u> | <u>173</u> |

During the period ended 30 June 2015, the average credit period on purchase of goods is 80 days (31 December 2014: 30 days). The Group has financial risk management policies in place to ensure that all trade payables would be settled within the credit timeframe.

17. SHARE CAPITAL

| | Par value per share HKD (Unaudited) | Number of ordinary shares (Note a) (Unaudited) | Number of convertible preference shares (Unaudited) | Amount HKD'000 (Unaudited) |
|--|--|---|---|----------------------------------|
| <i>Authorised:</i> | | | | |
| At 30 June 2015 and 31 December 2014 | <u>0.001</u> | <u>249,480,000,000</u> | <u>520,000,000</u> | <u>250,000</u> |
| <i>Issued and fully paid:</i> | | | | |
| At 1 January 2014 (Audited) | 0.001 | 2,021,325,332 | – | 2,021 |
| Issuance of shares upon placing (Note b) | 0.001 | 169,000,000 | – | 169 |
| Issuance of shares upon open offer (Note c) | <u>0.001</u> | <u>1,095,162,666</u> | <u>–</u> | <u>1,095</u> |
| At 31 December 2014 (Audited) | 0.001 | 3,285,487,998 | – | 3,285 |
| Exercise of share option (Note d) | <u>0.001</u> | <u>236,100,000</u> | <u>–</u> | <u>237</u> |
| At 30 June 2015 (Unaudited) | <u>0.001</u> | <u>3,521,587,998</u> | <u>–</u> | <u>3,522</u> |

17. SHARE CAPITAL (Continued)

Notes:

- a) All the ordinary shares which were issued by the Company rank *pari passu* with each other in all respects.
- b) On 14 March 2014 and 17 March 2014, the Company entered into a conditional placing agreement and supplemental agreement (collectively known as the “**Placing Agreement**”) with Get Nice Securities Limited (the “**Placing Agent**”), pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis a maximum of 169,000,000 placing shares at a placing price of HKD0.105 per placing share (the “**Placing**”). The gross proceeds from the Placing are approximately HKD17.7 million. The net proceeds after deducting the placing commission and other related expenses was approximately HKD17.5 million. The completion of the Placing took place on 10 April 2014. Further details of the Placing are set out in the announcement of the Company dated 14 March 2014, 17 March 2014, 28 March 2014 and 10 April 2014.
- c) Pursuant to the Company’s announcement dated 22 April 2014 and the prospectus of the Company dated 26 May 2014, the Company proposed an open offer on the basis of one offer share for every two existing shares at the subscription price of HKD0.04 per offer share (the “**Open Offer**”). A total of 1,095,162,666 shares were issued under the Open Offer on 17 June 2014. The gross proceeds from the Open Offer are approximately HKD43.8 million. The net proceeds after deducting the underwriting commission and other related expenses was approximately HKD41.6 million.
- d) On 10 June 2015, 236,100,000 share options were exercised (2014: Nil). The proceeds from the exercise of share option are approximately HKD29 million.

18. COMMITMENTS

a) Operating lease commitment – the Group as lessee

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

| | 30 June 2015 <i>HKD’000</i> (Unaudited) | 31 December 2014 <i>HKD’000</i> (Audited) |
|--|--|--|
| Within one year | 2,753 | 1,902 |
| In the second to the fifth years inclusive | 561 | 1,432 |
| | <u>3,314</u> | <u>3,334</u> |

18. COMMITMENTS (Continued)

a) Operating lease commitment – the Group as lessee (Continued)

Operating lease payments represent rentals payable by the Group for certain of its premises, plant and machinery, office equipment and internet hardware and software. Leases are negotiated for an average term of 2 years (31 December 2014: 2 years) and no arrangements have been entered into for contingent rental payments.

b) Other commitment

For the registered capital of HKD12,000,000 for 廣州市達以富貿易有限公司 (“達以富”), a wholly owned subsidiary of the Company, the Group shall paid 15% of the registered capital within three months after the date of issuance of business license of 達以富 and shall paid the remaining 85% of the registered capital within two years after the date of issuance of business license. Although the business license has been issued on 12 April 2013, the Group has yet to pay up any capital for 達以富 at 30 June 2015. Up to the date of this report, 達以富 has been successfully deregistered and no further penalty would be incurred.

19. LITIGATIONS AND CONTINGENCIES

a) The Alleged Guarantee and the claim

In December 2013, the Board received demand letter from alleged creditors of two companies, requesting the Company, being the alleged guarantor of debts in the total sum of approximately RMB842 million owed by two companies (the “**Alleged Creditors**”) unknown to the Company (the “**Alleged Guarantees**”), to settle the alleged debts on or before 11 December 2013, and forewarning that, failing which, the Alleged Creditors would take legal action against the Company.

On 14 January 2014, the Company received a writ of summons and statement of claim issued by 廣東省金屬回收公司 (Guangdong Metal Recycling Corporation*) (“**GMRC**”), one of the two Alleged Creditors in relation to the Alleged Guarantees, against: (i) Able Success as 1st defendant; (ii) Mr. He as the 2nd defendant; and (iii) the Company as the 3rd defendant, claiming an aggregate sum of approximately RMB644 million (the “**Claim**”).

In response to the Claim, the Company submitted the defence (the “**Alleged Guarantee Defence**”), which avers, inter alia, that:

- (a) neither the Board nor the shareholders of the Company had approved or authorised the execution of the purported guarantees or any other documents in favour of GMRC on behalf of the Company;
- (b) GMRC had actual, alternatively imputed, knowledge or notice of the lack of authority and/or capacity of Mr. He to execute the purported guarantees, and did not deal with the Company in good faith;
- (c) the purported guarantees were executed by Mr. He ultra vires and void for want of authority and/or capacity;

19. LITIGATIONS AND CONTINGENCIES (Continued)

a) The Alleged Guarantee and the claim (Continued)

- (d) further or alternatively, the making of the purported guarantees was without any benefit whatsoever to the Company as it was given without any consideration provided by GMRC and was neither in the commercial interests of, nor authorised by, the Company, and constituted a purported disposal of its capital without receiving a benefit in return; and
- (e) the Company denies that GMRC is entitled to any of its claims and/or interest as alleged in the Claim.

The Company states that it did not approve and did not authorise any person to enter into the Alleged Guarantees on behalf of the Company and was not aware of the existence of the same beforehand.

After taking legal advice from the legal adviser, the Board is of the view that the Alleged Guarantees and the Claim are void and unenforceable and the Company has valid grounds to defend. The Company will take all necessary steps to resist the Alleged Guarantees and Claim. Accordingly, there should not be any material impact on the financial position of the Company and the Group.

b) Disputes for receivables from Ease Faith

As detailed in Note 15(iii) to the condensed consolidated financial statements, Great Rich issued a writ of summons in the High Court of Hong Kong Special Administrative Region as the plaintiff claiming against Ease Faith, the supplier in the Sales Contracts as the defendant, for breach of the Sales Contracts or alternatively, money had and received.

Great Rich claims against Ease Faith for the following reliefs:

- (a) return of the down-payments in the total sum of HKD17.7 million;
- (b) interest on the Receivable;
- (c) damages to be assessed;
- (d) costs; and
- (e) further and/or other relief.

After taking legal advice from the legal adviser, the Board is of the view that Great Rich has a reasonable chance of success on its claims against Ease Faith. However, after the representatives of the Group had taken part in mediation with Ease Faith during this interim period, the Directors consider that the possibility of Great Rich recovering the outstanding Receivable from Ease Faith is remote. Therefore, impairment loss of approximately HKD17,616,000 has been recognised during the six-month period ended 30 June 2015.

20. SHARE OPTION SCHEME

Particulars of the Company's share option schemes adopted on 2 June 2003 (the "Scheme 2003") and 22 February 2012 (the "Scheme 2012") are set out in Note 28 to the consolidated financial statements of the Group for the year ended 31 December 2014 dated 31 March 2015.

During the current interim period, 26,800,000 share options at the initial exercise price of HKD0.319 were granted on 22 June 2015 under the Scheme 2012. The Group recognised an expense of approximately HKD1,521,000 (six months ended 30 June 2014: Nil) for the period ended 30 June 2015 in relation to share option granted by the Company.

During the period ended 30 June 2015, the fair value of the share options granted to the consultant was estimated at approximately HKD1,521,000, which is measured by reference to the fair value of the service received from the consultant.

The weighted average exercise price of share options under the Scheme 2003 and the Scheme 2012 are HKD2.33 and HKD0.18 (31 December 2014: HKD2.33 and HKD0.12) per share.

During the current interim period, total 236,100,000 share options were exercised (31 December 2014: Nil). No share options were cancelled or lapsed during the six months ended 30 June 2015.

The remaining life of the Scheme 2012, which will expire on 21 February 2022, is approximately 6.5 years from the date of this interim report.

21. FAIR VALUE MEASUREMENTS OF THE 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 measurement is observable.

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

21. FAIR VALUE MEASUREMENTS OF THE FINANCIAL INSTRUMENTS (Continued)

| | Fair value as at | | Fair value hierarchy | Valuation technique(s) and keys input(s) |
|---|----------------------------------|------------------------------------|----------------------|--|
| | 30 June 2015 <i>HKD'000</i> | 31 December 2014 <i>HKD'000</i> | | |
| Financial assets | | | | |
| Listed equity securities classified as held-for-trading investments in the condensed consolidated statement of financial position | Asset Approximately 40,882 | – | Level 1 | Quoted bid prices in an active market |

There were no transfers between Level 1, 2 and 3 in current interim period and prior year.

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

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

Grant of 35,000,000 and 140,000,000 share options

Pursuant to the Company's announcement dated 13 July 2015, the Company has granted 35,000,000 share options to Mr. Yang Yang, an executive director of the Company, with an exercise price of HKD0.2700 per share under the Scheme 2012 to subscribe for the total of 35,000,000 ordinary shares of the Company on 13 July 2015.

Pursuant to the Company's announcement dated 27 July 2015, the Company has granted 140,000,000 share options to certain eligible persons, with an exercise price of HKD0.335 per share under the Scheme 2012 to subscribe for the total of 140,000,000 ordinary shares of the Company on 27 July 2015.

Termination of warrants

Pursuant to the Company's announcement dated 19 May 2015 and the circular of the Company dated 24 June 2015, the Company entered into the conditional warrant placing agreement with Skyway Securities Investment Limited (the "Warrants Placing Agent") that the Company has conditionally agreed to issue up to 657,000,000 warrants (the "Warrant Placing Agreement").

Pursuant to the Company's announcement dated 4 August 2015, the Board has terminated the Warrant Placing Agreement pursuant to a termination agreement entered into between the Company and the Warrants Placing Agent on 4 August 2015 in view of, among things, the recent volatility in the local securities market.

22. EVENTS AFTER THE END OF THE REPORTING PERIOD (Continued)

Completion of Placing

Pursuant to the Company's announcement dated 26 June 2015, the Company entered into placing agreement with Skyway Securities Investment Limited (the "**Shares Placing Agent**") that the Company has conditionally agreed to place up to 656,000,000 shares of the Company (the "**Placing Shares**") (collectively known as "**Shares Placing Agreement**"). The placing was completed on 17 July 2015 and the Placing Shares are allotted to six placees who are independent third parties. After completion, the share capital and share premium will be increased by HKD656,000 and HKD164,344,000 respectively. The net proceeds amount to approximately HKD165 million will be used for (i) investment in listed securities and property in Hong Kong; (ii) the money lending business of the Group; (iii) business development of Central Wealth; and (iv) the general working capital of the Group to meet any future business development and obligations.

Adoption of Share Award Scheme

Pursuant to the Company's announcement dated 15 July 2015, the Board adopted the share award scheme (the "**Share Award Scheme 2015**") on 15 July 2015. The Share Award Scheme 2015 shall be valid and effective for a term of 10 years commencing on 15 July 2015.

The Board shall not make any further award of the number of the shares of the Company (the "**Shares**") determined by the Board and acquired by the trustee corporation which appointed by the Company for the administration of the Share Award Scheme 2015 (the "**Trustee**") and the committee which is delegated with the power and authority by the Board to administer the Share Award Scheme 2015 (the "**Administration Committee**") which will result in the nominal value of the Shares awarded by the Board under the Share Award Scheme 2015 exceeding 10% of the issued share capital or the Company on 15 July 2015.

Very Substantial Acquisition of entire equity interests of Metro Victor Limited ("**Target Company**")

Pursuant to the Company's announcement dated 17 August 2015, Sky Eagle Global Limited (the "**Purchaser**"), a wholly owned subsidiary of the Company, entered into the sale and purchase agreement with Great Well Properties Limited (the "**Vendor**"), an independent third party, in relation to the acquisition of 10,000 ordinary shares of Target Company ("**Sale Shares**") and all obligations, liabilities and debts owing or incurred by Target Company ("**Sale Loan**") by the Purchaser for an aggregate consideration of HKD210,000,000, of which HKD80,000,000 will be satisfied in cash and the remaining balance of HKD130,000,000 shall be satisfied by issuing the promissory notes with a 2-year maturity to the Vendor upon completion. The long-stop date is 31 December 2015. The main business of the Target Company is property investment and investment properties amounted to HKD400,000,000 was held by the Target Company.

ADDITIONAL INFORMATION

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (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:

Interests and short positions in shares and underlying shares of the Company:

| Name of director | Capacity and nature of interest | Number of Shares | Approximate percentage of the Company's issued share capital |
|------------------------------|---------------------------------|------------------|--|
| Mr. Chen Huaide ("Mr. Chen") | Beneficial owner | 82,920,000 | 2.35 |

Long position in the underlying shares of equity derivatives of the Company

Under the share option scheme of the Company (whose details are further described in the section headed "Share Option Scheme" below), share options were granted to the following Directors which entitled them to subscribe for ordinary shares of the Company. Accordingly, they were regarded as interested in the underlying Shares. Details of the share options of the Company held by them as at 30 June 2015 were as follows:

| Name of Directors | Capacity | Date of grant | Exercise period | Number of shares over which options are exercisable as at 30 June 2015 | Exercise price per share HK\$ | Approximate percentage of interest in the issued shares as at 30 June 2015 |
|---------------------|------------------|---------------|-----------------------------|--|----------------------------------|--|
| Siu Yun Fat | Beneficial owner | 24 July 2014 | 24 July 2014 – 23 July 2016 | 32,800,000 | 0.1164 | 0.93% |
| Yu Qingrui (Note a) | Beneficial owner | 24 July 2014 | 24 July 2014 – 23 July 2016 | 32,800,000 | 0.1164 | 0.93% |

Note:

- a) At the date of share options granted, Mr. Yu Qingrui was the consultant of the Company. Mr. Yu Qingrui was appointed as the executive director of the Company with effect from 26 September 2014.

Save as disclosed above, as at 30 June 2015, none of the directors or chief executive of the Company had registered an interest or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above and in the "Share Option Scheme" below, at no time during the six months ended 30 June 2015 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company has a share option scheme for eligible directors of the Company and eligible employees of the Group and other participants. Options granted must be taken up within 28 days of the date of grant, upon payment of HKD1 per each grant of options. Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the board of directors but in any event not exceeding 10 years.

At the extraordinary general meeting of the Company held on 22 February 2012, ordinary resolutions were passed for the adoption of a new share option scheme and the termination of the existing share option scheme adopted by the Company on 2 June 2003. The remaining life of share option scheme, which will expire on 21 February 2022 is approximately 6.5 years from the date of this interim report.

The existing scheme mandate limit in respect of the granting of options to subscribe for shares of the Company under the 2012 Share Option Scheme has been refreshed at the annual general meeting held on 30 June 2015 which the total number of shares of the Company may be allotted and issued pursuant to the grant or exercises of the options under the 2012 Share Option Scheme shall not be exceed 10% of the shares of the Company in issue as at 30 June 2015.

The table below summarised the details of movements in share options granted pursuant to the share option scheme during the Period.

| | Date of grant | Exercise price HKD | Exercisable period | Outstanding at 1 Jan 2015 | Exercised during the Period (Note a) | Granted during the Period (Note b) | Outstanding at 30 Jun 2015 |
|--|------------------|-----------------------|---------------------------------------|------------------------------|--|--|-------------------------------|
| Scheme 2003 | | | | | | | |
| Senior management | 2 May 2007 | 2.924 | 2 May 2007 to 1 May 2017 | 467,852 | - | - | 467,852 |
| Employees | 2 May 2007 | 2.924 | 2 May 2007 to 1 May 2017 | 311,903 | - | - | 311,903 |
| | 30 January 2008 | 2.0263 | 30 January 2008 to 29 January 2018 | 1,559,513 | - | - | 1,559,513 |
| Weighted average exercise price | | 2.33 | | <u>2,339,268</u> | <u>-</u> | <u>-</u> | <u>2,339,268</u> |
| Scheme 2012 | | | | | | | |
| Director | 24 July 2014 | 0.1164 | 24 July 2014 to 23 July 2016 | 32,800,000 | - | - | 32,800,000 |
| Employee | 24 July 2014 | 0.1164 | 24 July 2014 to 23 July 2016 | 32,800,000 | (32,800,000) | - | - |
| Consultants | 24 July 2014 | 0.1164 | 24 July 2014 to 23 July 2016 | 65,600,000 | (32,800,000) | - | 32,800,000 |
| | 1 September 2014 | 0.1264 | 1 September 2014 to 31 August 2016 | 170,500,000 | (170,500,000) | - | - |
| | 22 June 2015 | 0.319 | 22 June 2015 to 21 June 2017 | - | - | 26,800,000 | 26,800,000 |
| Weighted average exercise price | | 0.18 | | <u>301,700,000</u> | <u>(236,100,000)</u> | <u>26,800,000</u> | <u>92,400,000</u> |

The weighted average remaining contractual life of these outstanding share options is approximately 1.35 years (31 December 2014: 1.63 years). The total number of shares to be issued upon exercise of all outstanding options granted under Scheme 2003 and Scheme 2012 and yet to be exercised was 94,739,268, representing 2.27% of the issued share capital of the Company as at the date of the interim report.

The fair value of options granted on 22 June 2015 is approximately HKD1,521,000, was included in the condensed consolidated statement of profit or loss and other comprehensive income.

Notes:

- a. The closing price of the shares immediately before the date on which the above options were exercised is HKD0.355.
- b. All these share options were granted on 22 June 2015 (Monday). The closing price of the shares on 19 June 2015 (Friday) is HKD0.315 per share.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2015, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Interest and short positions in shares and underlying shares of the Company:

| Name of Shareholder | Capacity and nature of interest | Number of Shares | Approximate percentage of the Company's issued share capital |
|--|------------------------------------|------------------|--|
| Chinese Top Holdings Limited (<i>Note a</i>) | Beneficial owner | 349,180,000 | 9.92 |
| Chen Yihao (<i>Note a</i>) | Interest of controlled corporation | 349,180,000 | 9.92 |
| Huang Zhiwen (<i>Note a</i>) | Interest of controlled corporation | 349,180,000 | 9.92 |
| Gold Access Development Limited | Beneficial owner | 274,820,000 | 7.80 |

Note:

- a. Mr. Chen Yihao and Mr. Huang Zhiwen own 60% and 40% respectively of the issued share capital of Chinese Top Holdings Limited. Therefore, Mr. Chen Yihao and Mr. Huang Zhiwen are deemed to be interested in 349,180,000 shares held by Chinese Top Holdings Limited.

Save as disclosed above, the Company had not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 30 June 2015 as required pursuant to section 336 of the SFO.

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 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the existing directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code since their appointment as a Director during the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Corporate Governance Code (the “**CG Code**”) throughout the Period as set out in Appendix 14 of the Rule Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) except for the following deviations:

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive Directors are not appointed for a specific term but shall retire from office by rotation at least once every three years as referred to in article 108A of the Company’s articles of association which provides that at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. The reason for the deviation is that the Company does not believe that arbitrary limits on term of non-executive directorship are appropriate given that Directors ought to be committed to representing the long time interest of the Company’s shareholders and the retirement and re-election requirements of independent non-executive Directors have given the Company’s shareholders the right to approve continuation of independent non-executive Directors’ offices.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the Period have been reviewed by the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the relevant code provisions of the CG Code as set out in Appendix 14 to the Listing Rules. The Audit Committee comprises all the independent non-executive directors of the Company including Mr. Chan Yee Por, Simon, Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah.

The unaudited condensed interim financial report has been reviewed by the Company's independent auditor 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.

UPDATES ON DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Independent Non-executive Director

Mr. Chan Yee Por Simon has resigned as an independent non-executive director of Finsoft Corporation (stock code: 8018), a company is listed on the Growth Enterprise Market of the Stock Exchange with effect from 24 June 2015.

Mr. Tam Tak Wah was appointed as an executive director of Mission Capital Holdings Limited (Stock Code: 1141), a company is listed on the Main Board of the Stock Exchange with effect from 20 July 2015.

Mr. Siu Siu Ling Robert was appointed as an independent non-executive director of Mission Capital Holdings Limited (Stock Code: 1141), a company is listed on the Main Board of the Stock Exchange with effect from 24 July 2015.

By Order of the Board
Chen Huaide
Chairman

Hong Kong, 31 August 2015