



# HUAJUN HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 377)**

## 華君控股有限公司\*

*(於百慕達註冊成立之有限公司)*

**(股份代號：377)**

### 2015 / 2016 INTERIM REPORT

二零一五／二零一六年度中期報告

\* For identification purposes only

\* 僅供識別

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## INTERIM REPORT 2015/2016

### CORPORATE INFORMATION

#### EXECUTIVE DIRECTORS

Mr. Meng Guang Bao (*Chairman*)  
Mr. Wu Jiwei (*Chief Executive Officer*)  
Mr. Guo Song (*Deputy Chief Executive Officer*)

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zheng Bailin  
Mr. Shen Ruolei  
Mr. Pun Chi Ping

#### COMPANY SECRETARY

Ms. Yeung Wai Ying, Yvonne  
(appointed on 3 July 2015)  
Mr. Sinn Wai Kin, Derek  
(resigned on 3 July 2015)

#### AUDIT COMMITTEE

Mr. Pun Chi Ping (*Chairman*)  
Mr. Zheng Bailin  
Mr. Shen Ruolei

#### REMUNERATION COMMITTEE

Mr. Zheng Bailin (*Chairman*)  
Mr. Shen Ruolei  
Mr. Pun Chi Ping  
Mr. Wu Jiwei

#### NOMINATION COMMITTEE

Mr. Shen Ruolei (*Chairman*)  
Mr. Zheng Bailin  
Mr. Pun Chi Ping  
Mr. Wu Jiwei

#### SOLICITORS

Anthony Siu & Co. Solicitors & Notaries

#### AUDITOR

Deloitte Touche Tohmatsu

#### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Bank of Shanghai (Hong Kong) Limited  
DBS Bank (Hong Kong) Limited  
Industrial and Commercial Bank of  
China (Asia) Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
Shengjing Bank Co., Ltd.  
Yingkou Coastal Bank Co., Ltd.

#### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

#### HEAD OFFICE

36th Floor  
Citibank Tower  
Citibank Plaza  
3 Garden Road  
Central  
Hong Kong

#### HONG KONG SHARE REGISTRAR

Union Registrars Limited  
A18th Floor  
Asia Orient Tower  
Town Place  
33 Lockhart Road  
Wanchai  
Hong Kong

#### STOCK CODE

377

#### WEBSITE

<http://www.huajunholdings.com>

## INTERIM RESULTS

The board of directors (the “**Board**”) of Huajun Holdings Limited (the “**Company**”) announces its unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2015 together with the comparative figures for the six months ended 30 September 2014, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2015

		Six months ended 30 September	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
	NOTES		
<b>Continuing operations</b>			
<b>Revenue</b>	3	<b>676,963</b>	410,181
Cost of sales		<b>(528,582)</b>	(332,784)
<b>Gross profit</b>		<b>148,381</b>	77,397
Other income		<b>9,767</b>	3,052
Other gains and losses	4	<b>(4,424)</b>	9,461
Distribution and selling expenses		<b>(25,322)</b>	(24,266)
Administrative expenses		<b>(108,549)</b>	(43,947)
Finance costs	6(a)	<b>(103,752)</b>	(1,486)
Impairment loss on goodwill	19(c)	<b>(313,137)</b>	—
Share of results of associate	20	<b>203</b>	—
(Loss)/profit before tax		<b>(396,833)</b>	20,211
Income tax expenses	5	<b>(8,078)</b>	(5,210)
(Loss)/profit for the period from continuing operations	6	<b>(404,911)</b>	15,001
<b>Discontinued operation</b>			
Profit for the period from discontinued operation	7	—	35
<b>(Loss)/profit for the period</b>		<b>(404,911)</b>	15,036
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(389,130)</b>	15,067
Non-controlling interests		<b>(15,781)</b>	(31)
		<b>(404,911)</b>	15,036
Basic (loss)/earnings per share	8		
From continuing and discontinued operations (HK cent)		<b>(11.01)</b>	0.57
From continuing operations (HK cent)		<b>(11.01)</b>	0.57

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

*For the six months ended 30 September 2015*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>(Loss)/profit for the period</b>	<b>(404,911)</b>	15,036
<hr/>		
<b>Other comprehensive expenses</b>		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	<b>(36,082)</b>	(4,755)
<hr/>		
<b>Total comprehensive (expenses) income for the period</b>	<b>(440,993)</b>	10,281
<hr/>		
<b>Total comprehensive (expenses) income attributable to:</b>		
Equity shareholders of the Company	<b>(423,671)</b>	10,312
Non-controlling interests	<b>(17,322)</b>	(31)
<hr/>		
	<b>(440,993)</b>	10,281
<hr/>		

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 30 September 2015*

	<i>NOTES</i>	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>369,583</b>	247,689
Prepaid lease payments	<i>10</i>	<b>145,533</b>	16,979
Investment properties	<i>10</i>	<b>622,133</b>	637,431
Goodwill	<i>19(a)</i>	<b>84,677</b>	—
Interests in an associate	<i>20</i>	<b>85,603</b>	—
Loan receivables	<i>21</i>	<b>349,868</b>	54,199
Finance lease receivables	<i>22</i>	<b>666,528</b>	462,492
Deferred tax assets		<b>2,220</b>	2,332
Deposit paid for the acquisition of machineries		<b>3,875</b>	10,966
Club membership		<b>2,092</b>	2,092
		<b>2,332,112</b>	1,434,180
<b>Current assets</b>			
Inventories		<b>268,758</b>	106,253
Land and properties for sale	<i>11</i>	<b>2,581,005</b>	—
Finance lease receivables	<i>22</i>	<b>69,132</b>	41,258
Trade and other receivables	<i>12</i>	<b>976,889</b>	189,680
Loan receivables	<i>21</i>	<b>87,200</b>	71,300
Other financial assets	<i>13</i>	<b>276,967</b>	—
Tax recoverable		<b>336</b>	336
Pledged bank deposits		<b>994,922</b>	644,388
Bank balances and cash		<b>84,884</b>	1,231,259
		<b>5,340,093</b>	2,284,474
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>797,460</b>	442,353
Tax payable		<b>13,726</b>	11,767
Borrowings	<i>15</i>	<b>3,195,903</b>	714,710
		<b>4,007,089</b>	1,168,830
<b>Net current assets</b>		<b>1,333,004</b>	1,115,644
<b>Total assets less current liabilities</b>		<b>3,665,116</b>	2,549,824

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

	<i>NOTES</i>	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
<b>Non-current liabilities</b>			
Long term payables		<b>51,906</b>	21,875
Deferred tax liabilities		<b>292,652</b>	128,543
Borrowings	<i>15</i>	<b>2,020,027</b>	1,051,910
		<b>2,364,585</b>	1,202,328
<b>Net assets</b>		<b>1,300,531</b>	1,347,496
<b>Capital and reserves</b>			
Share capital	<i>16</i>	<b>39,126</b>	31,983
Reserves		<b>1,208,183</b>	1,250,176
Equity attributable to equity shareholders of the Company		<b>1,247,309</b>	1,282,159
Non-controlling interests		<b>53,222</b>	65,337
<b>Total equity</b>		<b>1,300,531</b>	1,347,496

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended 30 September 2015**

	Share capital	Share premium	Statutory surplus reserve	Exchange translation reserve	Share- based payment reserve	Convertible bonds equity reserve	Deemed contribution reserve	Other reserve	Retained profit	Sub-total	Attributable to non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2014 (Audited)	26,653	131,911	28,857	80,523	—	—	—	4,890	343,828	616,662	15,023	631,685
Changes in equity for the six months ended 30 September 2014:												
Profit/(loss) for the period	—	—	—	—	—	—	—	—	15,067	15,067	(31)	15,036
Other comprehensive expenses for the period	—	—	—	(4,755)	—	—	—	—	—	(4,755)	—	(4,755)
Total comprehensive income/(expenses) for the period	—	—	—	(4,755)	—	—	—	—	15,067	10,312	(31)	10,281
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	(14,471)	(14,471)
Balance at 30 September 2014 (Unaudited)	26,653	131,911	28,857	75,768	—	—	—	4,890	358,895	626,974	521	627,495
Balance at 1 April 2015 (Audited)	31,983	499,722	29,764	72,401	2,685	—	55,603	4,890	585,111	1,282,159	65,337	1,347,496
Loss for the period	—	—	—	—	—	—	—	—	(389,130)	(389,130)	(15,781)	(404,911)
Other comprehensive expense for the period	—	—	—	(34,541)	—	—	—	—	—	(34,541)	(1,541)	(36,082)
Total comprehensive loss for the period	—	—	—	(34,541)	—	—	—	—	(389,130)	(423,671)	(17,322)	(440,993)
Adjustments for change in interests in a subsidiary (note 23)	—	—	—	—	—	—	—	—	(4,125)	(4,125)	116,365	112,240
Acquisition of non-wholly owned subsidiaries	—	—	—	—	—	—	—	—	—	—	(111,158)	(111,158)
Issue of convertible bonds (note 18)	—	—	—	—	—	142,186	—	—	—	142,186	—	142,186
Issue of shares upon conversion of convertible bonds (note 18)	7,143	494,174	—	—	—	(142,186)	—	—	—	359,131	—	359,131
Deemed contribution from the immediate holding company	—	—	—	—	—	—	(33,737)	—	—	(33,737)	—	(33,737)
Recognition of share-based payment (note 17)	—	—	—	—	22,399	—	—	—	—	22,399	—	22,399
Forfeiture of share options (note 17)	—	—	—	—	(2,354)	—	—	—	2,354	—	—	—
Dividend declared and paid (note 9(b))	—	—	—	—	—	—	—	—	(97,033)	(97,033)	—	(97,033)
Balance at 30 September 2015 (Unaudited)	39,126	993,896	29,764	37,860	22,730	—	21,866	4,890	97,177	1,247,309	53,222	1,300,531

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

*For the six months ended 30 September 2015*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2015</b>	2014
	<i>NOTES</i>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES</b>		<b>(1,335,559)</b>	196,853
<b>INVESTING ACTIVITIES</b>			
Payment for the prepaid lease payments		<b>(92,735)</b>	—
Payment for the purchase of property, plant and equipment		<b>(128,733)</b>	(33,496)
Proceeds from disposal of property, plant and equipment		<b>3,558</b>	67
Interest received		<b>7,519</b>	615
Net cash outflow on acquisition of subsidiaries	<i>19</i>	<b>(534,008)</b>	—
Net cash outflow on acquisition of an associate	<i>20</i>	<b>(85,400)</b>	—
Placement of pledged bank deposits		<b>(366,000)</b>	—
Net proceeds from disposal of subsidiaries	<i>7</i>	<b>—</b>	1,156
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(1,195,799)</b>	(31,658)
<b>FINANCING ACTIVITIES</b>			
Proceeds from borrowings		<b>2,477,683</b>	764,246
Repayment of borrowings		<b>(1,508,120)</b>	(180,712)
Net proceeds from issue of convertible bonds		<b>499,600</b>	—
Capital contribution from non-controlling interest of a subsidiary	<i>23</i>	<b>112,240</b>	—
Interest paid		<b>(98,696)</b>	(1,486)
Dividend paid to equity shareholders of the Company		<b>(97,033)</b>	—
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>1,385,674</b>	582,048
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,145,684)</b>	747,243
<b>CASH AND CASH EQUIVALENTS AT 1 APRIL</b>		<b>1,231,259</b>	99,444
Effect of foreign exchange rate changes		<b>(691)</b>	(755)
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, REPRESENTED BY BANK BALANCES AND CASH</b>		<b>84,884</b>	845,932



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2015*

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements of Huajun Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 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 “Listing Rules”).

During the six months ended 30 September 2015, the Group reported a loss of HK\$404,911,000.

As at 30 September 2015, the Group had net current assets of HK\$1,333,004,000 including current assets of HK\$5,340,093,000, of which HK\$2,581,005,000 are land and property for sale that are to be sold as part of the normal operating cycle but may not be realized within twelve months after the reporting period, current liabilities of HK\$4,007,089,000, of which outstanding borrowings of HK\$3,195,903,000 are repayable within twelve months after the reporting period.

Based on the future projections of the Group’s profits and cash flows from operations for the year ending 30 September 2016, the Group has the ability to obtain continued bank facilities and the credit facilities granted by the immediate holding company to finance its continuing operation, the Directors believe that adequate funding is available to fulfil the Group’s short-term obligations and capital expenditure requirements. Accordingly, these condensed consolidated financial statements have been prepared on a basis that the Group will be able to continue as a going concern.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and other financial assets which are measured at fair values.

Except as described below the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period:

Amendment to HKAS 19	Defined Benefit Plans: Employee Contribution
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The following accounting policies have been applied by the Group, for the first time, in the current interim period:

### (a) Associates

Associates are those in which the Group is in a position to exercise significant influence, but not control or joint control, over the management, including participation in the financial and operating policy decisions.

Results of associates recognised in profit or loss to the extent of the Group's share of post-acquisition profits less losses.

Interests in associates are accounted for in the consolidated statement of financial position under the equity method and are carried at cost as adjusted for post acquisition changes in the Group's share of their results and other comprehensive income less any identified impairment loss.

### (b) Land and properties for sale

Land and properties pending/under development for sale are included in land and properties for sale at the lower of cost and net realisable value. Net realisable value taken into account the price ultimately expected to be realised and the anticipated costs to completion.

### (c) Convertible bonds

Convertible bonds that contain an equity component and can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

An initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payment, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the convertible bonds equity reserve until either the note is converted or redeemed.

If the note is converted, the convertible bonds equity reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the convertible bonds equity reserve is released directly to retained profits.

### 3. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by different business lines. In a manner consistent with the way in which information is reported internally to the Group's executive directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment, the Group has identified the following eight operating and reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Printing: Sale and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products
- Trading and logistics: Trading, logistics and supply chain
- Finance lease: Provision of finance through finance lease and related services
- Provision of finance services: Provision of finance
- Property development and investments: Property development and investments
- Securities investments: Investment activities in equity securities, funds, bonds and assets management services
- Medical management: Provision of medical management services
- Industrial equipment: Manufacturing and sale of industrial equipment

During the six months ended 30 September 2015, the Group started a new segment of industrial equipment. The Group also expanded the property investments segment to include the property development business.

### 3. SEGMENT INFORMATION (CONTINUED)

Six months ended 30 September 2015

#### Continuing operations

	Printing (Unaudited) HK\$'000	Trading and logistics (Unaudited) HK\$'000	Finance lease (Unaudited) HK\$'000	Provision of finance (Unaudited) HK\$'000	Property development and investments (Unaudited) HK\$'000	Securities investments (Unaudited) HK\$'000	Medical management (Unaudited) HK\$'000	Industrial equipment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue									
Revenue from external customers	367,200	239,237	36,529	19,102	4,747	2,223	1,814	6,111	676,963
Segment results	16,003	5,884	21,699	18,996	(374,637)	(9,406)	1,757	(1,214)	(320,918)
Unallocated amounts									
Corporate administrative expenses									(56,568)
Corporate other income									1,963
Share of result of associate									203
Unallocated finance costs									(21,513)
Group's loss before tax									(396,833)

Six months ended 30 September 2014

#### Continuing operations

	Printing (Unaudited) HK\$'000	Provision of finance (Unaudited) HK\$'000	Property investments (Unaudited) HK\$'000	Securities investments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue					
Revenue from external customers	409,856	70	255	—	410,181
Segment results	12,416	90	150	9,327	21,983
Unallocated amounts					
Corporate administrative expenses					(1,772)
Group's profit before tax					20,211

Segment results represent the profit and loss of each segment without allocation of expenses arising from corporate administration expenses, corporate other income, corporate other net gain and loss, share of result of associate and unallocated finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

### 3. SEGMENT INFORMATION (CONTINUED)

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

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
<b>Segment assets</b>		
Continuing operations		
Printing	645,024	528,565
Trading and logistics	496,653	36,030
Finance lease	1,282,844	506,085
Provision of finance	439,478	125,828
Property development and investments	3,406,781	662,431
Securities investments	286,956	—
Medical management	5,163	2,676
Industrial equipment	275,896	—
	<b>6,838,795</b>	1,861,615
Unallocated assets	<b>833,410</b>	1,857,039
	<b>7,672,205</b>	3,718,654
<b>Segment liabilities</b>		
Continuing operations		
Printing	267,561	183,365
Trading and logistics	378,878	21,152
Finance leases	849,611	32,664
Provision of finance	120	120
Property development and investments	3,697,054	229,696
Securities investments	182,615	300
Medical management	584	25
Industrial equipment	45,365	—
	<b>5,421,788</b>	467,322
Unallocated liabilities	<b>949,886</b>	1,903,836
	<b>6,371,674</b>	2,371,158

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

- all assets are allocated to operating segments other than corporate assets; and
- all liabilities are allocated to operating segments other than corporate liabilities.

#### 4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net exchange gain (loss)	6,475	(18)
(Loss) gain from changes in fair value of trading securities	(11,242)	9,417
Gain on disposal of plant and equipment, net	343	62
	<hr/>	<hr/>
	(4,424)	9,461

#### 5. INCOME TAX EXPENSES

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
Current tax:		
Hong Kong	1,716	2,613
PRC Enterprise Income Tax ("EIT")	6,318	143
Other jurisdictions	44	83
Underprovision in prior periods:		
PRC EIT	—	1,289
Deferred tax:	—	1,082
	<hr/>	<hr/>
Total income tax expenses recognised in profit or loss	8,078	5,210

For the six months ended 30 September 2015 and 30 September 2014, provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

People's Republic of China ("PRC") subsidiaries are subject to PRC EIT at 25% for the current and preceding period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 6. (LOSS)/PROFIT FOR THE PERIOD – CONTINUING OPERATIONS

(Loss)/profit for the period from continuing operations is arrived at after charging (crediting) the following items:

### (a) Finance costs

	Six months ended 30 September	
	2015 (Unaudited) <i>HK\$'000</i>	2014 (Unaudited) <i>HK\$'000</i>
Interest on bank and other borrowings	97,456	1,486
Less: interest expense capitalised into properties under development	(3,400)	—
	<b>94,056</b>	1,486
Imputed interest arising on interest-free borrowings from the immediate holding company	3,339	—
Effective interest expense on convertible bonds	2,637	—
Other finance charges	3,720	—
Total finance costs	<b>103,752</b>	1,486

### (b) Other items

	Six months ended 30 September	
	2015 (Unaudited) <i>HK\$'000</i>	2014 (Unaudited) <i>HK\$'000</i>
Amortisation of prepaid lease payments	418	367
Depreciation of property, plant and equipment	21,360	19,825
Cost of inventories recognised as an expense	528,379	332,784
Equity settled share-based payments	22,399	—
Interest income	(7,519)	(1,835)

## 7. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATION)

On 28 March 2014, the Group entered into a conditional Sales and Purchase Agreement with Mr. Law Man Lung (“Mr. Law”), who is a 8% shareholder of CEPA Alliance Holdings Limited, to dispose of its entire 70% interest in CEPA Alliance Holdings Limited and its subsidiary, CEPA Alliance Securities Limited (together referred to as the “CEPA Group”) at a total cash consideration of HK\$34,800,000, subject to the approval of Securities and Futures Commission of Hong Kong. A deposit of HK\$17,400,000 was received from Mr. Law as at 31 March 2014. The disposal was completed on 17 July 2014, on which date the Group ceased to control CEPA Group.

The results from the discontinued operation for the current and preceding interim periods is analysed as follows:

	Six months ended 30 September 2014 (Unaudited) HK\$'000
Loss for the period	(91)
Gain on disposal of subsidiaries	126
	<hr/>
	35

The results of the discontinued operation for the current and preceding interim periods were as follows.

	Six months ended 30 September 2014 (Unaudited) HK\$'000
Revenue	2,951
Commission rebate expenses	(442)
Other income	115
Administrative expenses	(2,679)
Finance costs	—
	<hr/>
Loss before tax	(55)
Income tax expenses	(36)
	<hr/>
Loss for the period	(91)
	<hr/>
Attributable to:	
Equity shareholders of the Company	(64)
Non-controlling interests	(27)
	<hr/>
	(91)



## 7. DISPOSAL OF SUBSIDIARIES (DISCONTINUED OPERATION) (CONTINUED)

The net assets of CEPA Group at the date of disposal were as follow:

	(Unaudited) HK\$'000
Net assets disposed of (excluding goodwill)	33,744
Attributable goodwill	930
	<hr/>
Gain on disposal of subsidiaries	34,674
	126
	<hr/>
Total consideration	34,800
	<hr/>
Satisfied by:	
Cash	34,800
	<hr/>
Net cash inflow arising on disposal of subsidiaries:	
Total cash consideration received	34,800
Deposit received during the year ended 31 March 2014	(17,400)
Bank balances and cash disposed of	(16,244)
	<hr/>
	1,156
	<hr/>
	Six months ended 30 September 2014 (Unaudited) HK\$'000
Cash flows of the discontinued operation:	
Net cash generated from operating activities	16,768
Net cash used in investing activities	(524)
	<hr/>
Net cash flows	16,244
	<hr/>

## 8. (LOSS)/EARNINGS PER SHARE

### From continuing and discontinued operations

The calculation of basic (loss) earnings per share is based on the loss attributable to the equity shareholders of the Company for the period of HK\$389,130,000 (six months ended 30 September 2014: profit of HK\$15,067,000) and the number of ordinary shares of 3,534,605,503 (six months ended 30 September 2014: 2,665,290,000) during the period.

### From continuing operations

The calculation of basic (loss) earnings per share from continuing operations attributable to the equity shareholders of the Company is based on the following data:

	Six months ended 30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Earnings:</b>		
(Loss) profit for the period attributable to the equity shareholders of the Company	(389,130)	15,067
Less: Loss for the period from discontinued operation attributable to the equity shareholders of the Company	—	(64)
(Loss)/profit for the purpose of calculating basic (loss) earnings per share from continuing operations	(389,130)	15,131
<b>Number of shares:</b>		
Number of ordinary shares for the purpose of basic (loss) earnings per share	3,534,605,503	2,665,290,000

No diluted loss per share for the six month ended 30 September 2015 is presented as the effect is anti-dilutive.

No diluted earnings per share is presented as there was no potential ordinary share outstanding during the six months ended 30 September 2014.

### From discontinued operation

Basic loss per share from discontinued operation is HK0.002 cent per share, based on the loss for the six month ended 30 September 2014 from discontinued operation attributable to the equity shareholders of the Company of HK\$64,000 and the denominators detailed above for both basic earnings per share.

No diluted loss per share is presented as there was no potential ordinary share of the Company outstanding during the six month ended 30 September 2014.

## 9. DIVIDEND

- (a) The directors of the Company have resolved not to declare any interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).
- (b) Dividends payable to equity shareholders of the company attributable to the previous financial year, approved and paid during the interim period.

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK2.48 cents per share (six months ended 30 September 2014: nil)	<b>97,033</b>	—

At the Board of Directors meeting held on 29 June 2015, the Directors proposed a final dividend of HK2.48 cents (2014:nil) per share for the year ended 31 March 2015, which was estimated to be HK\$79,319,000 at the time calculated on the basis of ordinary shares in issued as at 31 March 2015. The final dividend was approved by shareholders at the annual general meeting on 18 August 2015. As a result of shares issuance upon conversion of convertible bonds during the period in between 1 April 2015 to 18 August 2015, the final dividend paid in respect of the year ended 31 March 2015 amounting to HK\$97,033,000 (2014:nil).

## 10. PROPERTY, PLANT AND EQUIPMENT, PREPAID LEASE PAYMENTS AND INVESTMENT PROPERTIES

### (a) Acquisitions and disposals

During the six months ended 30 September 2015, the Group acquired property, plant and equipment (including through acquisition of subsidiaries) of HK\$153,802,000 (six months ended 30 September 2014: HK\$14,333,000) and prepaid lease payments (including through acquisition of subsidiaries) of HK\$130,360,000 (six months ended 30 September 2014: Nil). In addition, the Group disposed of certain machineries with an aggregate carrying amount of HK\$3,215,000 (six months ended 30 September 2014: HK\$5,000) for cash proceeds of HK\$3,558,000 (six months ended 30 September 2014: HK\$67,000), resulting in a gain on disposal of HK\$343,000 (six months ended 30 September 2014: HK\$62,000).

### (b) Valuation

The valuation of the investment properties at 30 September 2015 were reassessed by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the valuation at 31 March 2015.

## 11. LAND AND PROPERTIES FOR SALE

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
Land development for sale	<b>2,318,000</b>	—
Properties under development for sale	<b>263,005</b>	—
	<b>2,581,005</b>	—

Land development for sale represents mainly the fair value as at the date of acquisition of a subsidiary, Dalian Bao Xing Da Industrial Co., Ltd. (大連保興達實業有限公司) (see note 19(c)) of land parcels within the areas of the development project in which the Bao Xing Da and its subsidiary run their land development business. The land development for sale is to be sold as part of the normal operating cycle of the Group thus it is classified as current assets.

Properties under development for sale represents mainly the fair value as at the date of acquisition of a subsidiary, Yingkou Xiang Feng Properties Company Limited (營口翔峰置業有限公司) (“XF Properties”) (see note 19(b)) of properties under development for sale in which XF Properties runs its property development business. The properties under development for sale is to be sold as part of the normal operating cycle of the Group thus it is classified as current assets.

## 12. TRADE AND OTHER RECEIVABLES

The Group normally allows average credit period of 30 to 90 days to its trade customers.

The following is an ageing analysis of trade receivables by age, presented based on invoice date, which approximates to revenue recognition date, at the end of the reporting period is as follows:

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
0 – 30 days	<b>102,870</b>	62,808
31 – 90 days	<b>166,229</b>	40,609
91 – 180 days	<b>19,322</b>	4,586
Over 180 days	<b>4,526</b>	6,650
	<b>292,947</b>	114,653

**13. OTHER FINANCIAL ASSETS**

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
Trading securities		
Listed debt securities, overseas	140,412	—
Listed fund investments, overseas	134,025	—
Listed equity securities, Hong Kong	2,530	—
	<hr/>	
	<b>276,967</b>	—

**14. TRADE AND OTHER PAYABLES**

Ageing analysis of trade payables at the end of the reporting period based on purchase invoice date is as follows:

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
0 – 30 days	67,969	45,751
31 – 90 days	78,098	26,610
Over 91 days	6,070	11,254
	<hr/>	
	<b>152,137</b>	83,615

The average credit period on purchases of goods is from 30 to 90 days.

**15. BORROWINGS**

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
Bank borrowings ( <i>note a</i> )	2,855,889	91,335
Borrowings from financial institutions ( <i>note b</i> )	1,037,000	625,000
Borrowings from third parties ( <i>note c</i> )	1,299,838	—
Borrowings from the immediate holding company ( <i>note d</i> )	23,203	1,050,285
	<hr/>	
	<b>5,215,930</b>	1,766,620

## 15. BORROWINGS (CONTINUED)

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
Secured	<b>3,863,863</b>	707,510
Unsecured	<b>1,352,067</b>	1,059,110
	<b>5,215,930</b>	1,766,620
Carrying amount repayable based on repayment schedule:		
Within one year	<b>3,183,792</b>	708,475
More than one year, but not exceeding two years	<b>1,756,206</b>	1,054,490
More than two years but not more than five years	<b>275,932</b>	3,655
	<b>5,215,930</b>	1,766,620
Less: Carrying amount repayable within one year and do not contain a repayable on demand clause	<b>(3,179,212)</b>	(705,796)
Less: Carrying amount repayable within one year and contain a repayable on demand clause	<b>(4,580)</b>	(2,679)
Less: Carrying amount of bank loans that are not repayable within one year but contain a repayment on demand clause (shown under current liabilities)	<b>(12,111)</b>	(6,235)
Amounts shown under current liabilities	<b>3,195,903</b>	714,710
Amounts shown under non-current liabilities	<b>2,020,027</b>	1,051,910

### Notes:

- a. Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial ratios, total equity and the amount of capital expenditure incurred, as are commonly found in lending arrangements with a financial institution. If the Group were to breach the covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. As at 30 September 2015 and 31 March 2015, none of the bank covenants relating to drawn down facilities had been breached.
- b. As at 30 September 2015, the borrowings amounted to HK\$610,000,000 are secured by the Group's pledged bank deposits of HK\$628,922,000 and repayable within one year. The remaining borrowings from financial institutions of HK\$427,000,000 are secured by the Group's finance lease receivables of HK\$427,000,000.
- c. Borrowing from a third party is unsecured, bearing fixed interest rate at 12% per annum. It is classified as non-current liability as it is repayable on 30 April 2017 which is repayable over one year but less than two years from the end of the reporting period.
- d. As at 30 September 2015, the loan is due over one year, unsecured and interest free. The imputed interest is deemed as a contribution from the immediate holding company of the Company. The imputed interest expense amounting to HK\$3,339,000 (Six months ended 30 September 2014: nil) is recognised in profit or loss for the six months ended 30 September 2015.

## 16. SHARE CAPITAL

Ordinary shares	Number of shares		Share capital	
	30 September 2015 (Unaudited) '000	31 March 2015 (Audited) '000	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each				
at 1 April 2014, 30 September 2014				
1 April 2015 and 30 September 2015	<b>40,000,000</b>	40,000,000	<b>400,000</b>	400,000
<b>Issued and fully paid:</b>				
At 1 April 2015/1 April 2014	<b>3,198,348</b>	2,665,290	<b>31,983</b>	26,653
Issue of shares ( <i>notes a and b</i> )	<b>714,286</b>	533,058	<b>7,143</b>	5,330
At 30 September 2015/31 March 2015	<b>3,912,634</b>	3,198,348	<b>39,126</b>	31,983

### Notes:

- On 26 February 2015, a placement of 533,058,000 new shares at par value of HK\$0.01 each was completed. The placing price was HK\$0.7 per share. The difference between the placing price and the par value of the issued shares of HK\$367,811,000 was recognised in share premium account.
- On 2 July 2015 and 28 July 2015, a total of 714,285,714 new shares at par value of HK\$0.01 each was issue upon conversion of convertible bonds (see note 18).
- The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## 17. EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 30 June 2015, a total of 187,023,399 share options under the share option scheme ("the Scheme") adopted by the Company on 28 September 2007 were granted. These share options have an exercise price of HK\$2.00 per share and an exercisable period from 30 June 2015 to 29 June 2017. These shares options were vested immediately on the date of grant and are exercisable as at 30 September 2015. Out of the 187,023,399 share options, 26,306,412 share options were granted to the directors of the Company and 160,716,987 share options were granted to certain employees of the Group. The grant date fair value of these share options amounting to HK\$20,951,000 which is fully recognised as share-based payment expenses during the six months ended 30 September 2015. At a special general meeting of the Company held on 22 May 2015, the shareholders have approved and rectified the 26,386,371 share options granted to Mr Meng Guang Bao, the Chairman and Executive Director of the Company, on 16 February 2015. The grant date fair value of these share options amounting to HK\$1,448,000 which is fully recognised as share-based payment expenses during the six months ended 30 September 2015.

A total of 21,055,791 fully vested share options previously granted to employees were forfeited during the six months ended 30 September 2015 and the relevant grant date fair value amounting to HK\$2,354,000 have been transferred from share-based payment reserve to retained profit of the Company. No share options were exercised during the six months ended 30 September 2015 (six months ended 30 September 2014: Nil).

## 18. CONVERTIBLE BONDS

On 11 June 2015, the Company issued 2.5% convertible bonds due on 11 June 2020 at an aggregate principal amount of HK\$500,000,000 of which HK\$406,714,850 to Huajun International Limited and HK\$93,285,150 to Mr. Wu Jiwei, the Chief Executive Officer and an Executive Director of the Company.

The convertible bonds are denominated in Hong Kong Dollars. The bonds entitle the holder to convert it into ordinary shares of the Company at any time between the date of issue of the convertible bonds on 11 June 2015 and its maturity date on 11 June 2020 at a conversion price of HK\$0.7 per conversion share (subject to anti-dilutive adjustments). Assuming full conversion of the convertible bonds at a conversion price of HK\$0.7 at the date of issue of the bonds, the convertible notes will be convertible into 714,285,714 new ordinary shares of HK\$0.01 each in the share capital of the Company.

The conversion shares will be allotted and issued upon exercise of the conversion rights. If the convertible bonds have not been converted during the conversion period up to the maturity date, it will be redeemed on the maturity date at par with outstanding accrued interest. Interest of 2.5% per annum will be paid annually in arrears up until the maturity date.

The convertible bonds contains two components, liability and equity elements. The equity component is presented in equity heading “convertible bonds equity reserve”. The effective interest rate of the liability component is estimated at 10% per annum at the date of initial recognition.

Subsequently, the Company received conversion notices from Huajun International Limited on 2 July 2015 and Mr. Wu Jiwei on 28 July 2015 respectively for the conversion of the convertible bonds to ordinary shares in full. As a result, 714,285,714 of new ordinary shares of HK\$0.01 each in the share capital of the Company were issued upon conversion of the convertible bonds during the six months ended 30 September 2015.

The movement of the liability component of the convertible bonds is set out below:

	<i>HK\$'000</i>
Carrying amount upon issue of the convertible bonds on 11 June 2015	357,414
Interest charged in profit or loss	2,637
Conversion during the period	(359,130)
Interest paid	(921)
<hr/>	
Carrying amount at 30 September 2015	—



## 19. ACQUISITION OF SUBSIDIARIES

During the six months ended 30 September 2015, the Group continued to actively seek for investment opportunities through acquisitions and had completed several acquisitions.

The following table summarised these transactions:

<b>Name of the subsidiaries</b>	<i>Notes</i>	<b>Consideration of acquisition HK\$'000</b>
Zhejiang Linhai Machinery Co. Ltd.* (浙江臨海機械有限公司)	a	234,555
Yingkou Xiang Feng Properties Company Limited* (營口翔峰置業有限公司)	b	259,605
Dalian Bao Xing Da Industrial Co., Ltd.* (大連保興達實業有限公司)	c	73,200

\* For identification purpose only, legal name of these companies are in Chinese.

*Notes:*

- a. On 3 August 2015, the Group acquired the entire equity interest of Zhejiang Linhai Machinery Company Limited ("Linhai Machinery"), for a consideration of RMB187,523,000 (equivalent to approximately HK\$234,555,000). Linhai Machinery was principally engaged in manufacturing and sale of turbines and torque converters and other industrial equipment. The acquisition was made to diversify the Group's business in a realm with potential growth opportunity in the industrial equipment business. No material acquisition related costs were incurred in the acquisition.

The effect of the acquisition was summarised as follows:

### **Consideration transferred**

	<b>Total HK\$'000</b>
Cash	234,555

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## 19. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Notes: (continued)

### Fair value of assets acquired and liabilities recognised at the date of acquisition (determined on a provisional basis)

	<b>Total</b> <i>HK\$'000</i>
Property, plant and equipment	17,864
Prepaid lease payments	37,625
Trade and other receivables	39,794
Inventories	71,022
Bank balance and cash	33,256
Trade and other payables	(32,044)
Deferred tax liabilities	(17,639)
	<hr/>
	149,878

### Net cash outflow on acquisition of subsidiaries

	<b>Six months ended</b> <b>30 September</b> <b>2015</b> <i>HK\$'000</i>
Consideration paid in cash	234,555
Less: Bank balance and cash acquired	(33,256)
	<hr/>
	201,299

The trade and other receivables acquired in the transaction carried a fair value of HK\$39,794,000. The gross contractual amounts of those receivables acquired amounted to HK\$39,794,000 at the date of acquisition. None of the contractual cash flows are not expected to be collected at acquisition date.

The initial accounting of assets acquired and liabilities assumed for the acquisition of Linhai Machinery was provisional as at 30 September 2015 because the Directors of the Company considered that between the acquisition date and the date that these condensed consolidated financial statements are authorized to issue, the time is not sufficient for the valuation of the assets acquired and liabilities assumed.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

## 19. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Notes: (continued)

### Goodwill arising from acquisition

	<b>Total</b> <i>HK\$'000</i>
Consideration paid in cash	234,555
Less: fair value of identifiable net assets acquired	(149,878)
<hr/>	
Goodwill	84,677

Goodwill arose in the acquisition of Linhai Machinery because the Group expected the business to expand in the future.

- b. On 24 August 2015, the Group acquired the entire equity interest of Yingkou Xiang Feng Properties Company Limited (“XF Properties”), for a consideration of RMB212,791,000 (equivalent to approximately HK\$259,605,000). XF Properties was principally engaged in property development. The acquisition was made to expand the Group’s property development and investment business. No material acquisition related costs were incurred in the acquisition.

In the opinion of the Directors of the Company, the acquisition of XF Properties does not constitute a business combination but an acquisition of assets and liabilities through acquisition of subsidiary. The effect of the acquisition was summarised as follows:

### Consideration transferred

	<b>Total</b> <i>HK\$'000</i>
Cash	259,605

### Assets acquired and liabilities recognised at the date of acquisition

	<b>Total</b> <i>HK\$'000</i>
Land and properties for sale	259,605

### Net cash outflow on acquisition of subsidiaries

	<b>Six months ended</b> <b>30 September</b> <b>2015</b> <i>HK\$'000</i>
Consideration paid in cash	259,605

## 19. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Notes: (continued)

- c. On 18 August 2015, the Group acquired 60% equity interest of Dalian Bao Xing Da Industrial Co., Ltd. (“Bao Xing Da”), for a consideration of RMB60,000,000 (equivalent to approximately HK\$73,200,000. Bao Xing Da and its subsidiary was principally engaged in land consolidation, parking services and lease of land. The acquisition was made to expand the Group’s property development and investment business. Acquisition-related costs amounting to HK\$1,720,000 have been excluded from the consideration transferred and have been recognized as an expense in the current period, within the administrative expenses line item in the condensed consolidated statement of profit and loss.

The effect of the acquisition was summarised as follows:

### Consideration transferred

	<b>Total</b> <i>HK\$’000</i>
Cash	73,200

### Assets acquired and liabilities recognised at the date of acquisition

	<b>Total</b> <i>HK\$’000</i>
Land development for sale	2,318,000
Plant and equipment	114
Trade and other receivables	9,593
Bank balance and cash	96
Other payables	(97,231)
Borrowings repayable within one year	(1,159,000)
Borrowings repayable more than one year	(1,298,770)
Deferred tax liabilities	(154,340)
Long term payables	(18,357)
	<b>(399,895)</b>

### Goodwill arising from acquisition

	<b>Total</b> <i>HK\$’000</i>
Consideration transferred	73,200
Less: Non-controlling interests (40%)	(159,958)
Add: Fair value of identifiable net liabilities acquired	399,895
Goodwill	<b>313,137</b>

## 19. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Notes: (continued)

### Net cash outflow on acquisition of subsidiaries

	<b>Six months ended 30 September 2015 HK\$'000</b>
Consideration paid in cash	73,200
Less: Bank balance and cash acquired	(96)
	<hr/> <b>73,104</b>

The non-controlling interests (40%) in Bao Xing Da recognised on acquisition date was measured by reference to the proportionate share of the fair value of net liabilities of Bao Xing Da attributable to the non-controlling interests.

The Directors are of the view that land consolidation and lease of land are stable business with great potential for profit. As such, the acquisition will allow the Company to diversify the Group's business portfolio and also provide a new source of income for the Group.

As Bao Xing Da and its subsidiary's assets mainly comprises land parcels for sale, which are already stated at their fair value, as such it is considered that there is no further value-in-use to support the carrying amount of the goodwill, so the Directors have assessed whether there is any impairment on the goodwill as at 30 September 2015 in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets".

Full impairment is made in respect of the goodwill of HK\$313,137,000 immediately upon the acquisition.

## 20. INTERESTS IN AN ASSOCIATE

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
Cost of unlisted investment in an associate	<b>85,400</b>	—
Share of post-acquisition profits	<b>203</b>	—
	<hr/> <b>85,603</b>	<hr/> —

On 2 June 2015, the Group acquired 49% equity interest in Liaoning Yinzhu Chemtex Group Co. Ltd. (遼寧銀珠化紡集團有限公司), for a consideration of RMB70,000,000 (equivalent to approximately HK\$85,400,000. Liaoning Yinzhu Chemtex Group Co. Ltd. is principally engaged in manufacturing of nylon textile fibers. The acquisition provides an opportunity for the Group to invest into a quality company so as to diversify the Group's business portfolio. No material acquisition related costs were incurred in the acquisition.

## 21. LOAN RECEIVABLES

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
Current portion	<b>87,200</b>	71,300
Non-current portion	<b>349,868</b>	54,199
	<b>437,068</b>	125,499

Amounts represent loan receivables attributable to the business of provision of finance. As at 30 September 2015 and 31 March 2015, none of the loan receivables have been past due.

## 22. FINANCE LEASE RECEIVABLES

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
Current portion	<b>69,132</b>	41,258
Non-current portion	<b>666,528</b>	462,492
	<b>735,660</b>	503,750

As at 30 September 2015 and 31 March 2015, none of the finance lease receivables have been past due.

## 23. DEEMED DISPOSAL OF A SUBSIDIARY

On 27 April 2015, the Group entered into a capital increase agreement (“the CIA”) with Harbin He Zhong Hui Li Economic and Trading Co., Ltd. (哈爾濱合眾匯利經貿有限公司), (“Harbin Hezhong”) which is the 20% non-controlling shareholder of a non-wholly owned subsidiary of the Company, Yingkou Wanhe Industrial Co. Ltd. (營口萬合實業有限公司). Pursuant to the CIA, Harbin Hezhong has conditionally agreed to contribute US\$15,000,000 (equivalent to approximately HK\$112,240,000) for the increased registered capital of a subsidiary of the Company, Shenzhen Huajun Financial Leasing Limited (深圳市華君融資租賃有限公司) (“Huajun Leasing”). The transactions contemplated under the CIA constituted a deemed disposal of the Group’s interests in Huajun Leasing. On 29 May 2015, the conditions set out in the CIA have been fulfilled and the equity interest of Huajun Leasing is held as to 70% by the Group and as to 30% by Harbin Hezhong and Huajun Leasing remains as an indirectly non-wholly owned subsidiary of the Company. The deemed disposal of Huajun Leasing as a result of the increase in capital of Huajun Leasing has been accounted for as an equity transaction and no gain or loss has been recognised in profit or loss of the Group for the six months ended 30 September 2015.

## 24. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### Financial assets and liabilities measured at fair value

(a) Fair value hierarchy

The fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in Hong Kong Financial Reporting Standard 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

(b) All of the Group's trading securities (see note 13) as at and during the six months ended 30 September 2015 are categorised into level 1 valuations.

## 25. COMMITMENTS

### (a) Operating lease commitments

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

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
Within one year	<b>21,663</b>	24,034
In the second to fifth years inclusive	<b>29,577</b>	38,900
Over five years	<b>159</b>	2,210
	<b>51,399</b>	65,144

As at 30 September 2015, all operating leases are related to premises with lease terms between 1 to 6 years (31 March 2015: 1 to 6 years). The Group does not have an option to purchase the leased asset at the expiry of the lease period. None of the leases includes contingent rentals.

### (b) Capital commitments

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
Commitments in respect of the acquisition of plant and equipment		
— contracted for but not provided for	<b>2,864</b>	16,041
Commitments in respect of the acquisition of subsidiaries		
— contracted for but not provided for ( <i>note</i> )	<b>375,638</b>	—

*Note:* The amount represents the commitments for cash consideration on the acquisitions of subsidiaries. In addition to the cash considerations, part of the consideration for an acquisition is to be settled by the issuance of 71,428,571 new ordinary shares of the Company. Details of such share consideration for the acquisition are set out in the Company's announcement dated 18 June 2015.



## 26. RELATED PARTY TRANSACTIONS

Except as disclosed in notes 15(d), 18 and 23 to the condensed consolidated financial statements, the Group has also entered into the following significant transactions with related parties:

### Compensation of key management personnel

The key management of the Group comprises all directors of the Company, details of their emoluments (including the grant date fair value of the share options granted) are as follows:

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Short-term employees benefits	10,112	3,741
Post-employment benefits	9	128
	<b>10,121</b>	<b>3,869</b>

## 27. NON-ADJUSTING EVENTS AFTER THE END OF REPORTING PERIOD

On 7 October 2015, the Group entered into a sale and purchase agreement with Dalian Hydraulic Machinery Co., Ltd. which is a company indirectly owned by Mr. Meng Guang Bao, the chairman and Executive Director of the Company as to 77.5%, to acquire the entire equity interest of Liaoning Bao Hua Properties Development Co., Ltd. (遼寧保華房地產開發有限公司) ("Liaoning Bao Hua"), at a consideration of RMB750,000,000 (equivalent to approximately HK\$915,000,000), of which HK\$315,000,000 will be paid in cash and the remaining HK\$600,000,000 will be settled by the allotment and issuance of the 400,000,000 new shares of the Company at HK\$1.50 each.

Liaoning Bao Hua is principally engaged in property development and investments. As at the date of these condensed consolidated financial statements were authorized to issue, the conditions set out in the sale and purchase agreement have not been fulfilled and the acquisition has not yet been completed.

## 28. REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements for the six months ended 30 September 2015 have been reviewed with no disagreement by the Audit Committee of the Company.

## **BUSINESS REVIEW AND OUTLOOK**

### **1. Financial Review**

During the six months ended 30 September of 2015 (“the Review Period”), the Group continued its diversified business strategy and remained dedicated to its development and expansion into an integrated investment holdings company.

Against the backdrop of a slowdown in China’s economy and a volatile market, the Group recorded revenues of approximately HK\$677.0 million in the Review Period compared to HK\$410.2 million for the six month ended 30 September 2014 (“the Prior Period”), representing an increase of approximately 65.0%. The Group’s gross profit were approximately HK\$148.4 million (Prior Period: HK\$77.4 million), representing an increase of approximately 91.7% while the gross profit margin increased from 18.9% in the Prior Period to 21.9% during the Review Period. The net loss attributable to shareholders of the Group was HK\$389.1 million, which was mainly due to the impairment loss on goodwill of approximately HK\$313.1 million in connection with investment in subsidiaries and the rise in finance costs of approximately HK\$102.3 million due to the increase in borrowings for investments and general working capital. The Group considers that this one-time impairment loss on goodwill will not affect its operational business over the long term.

### **2. Business Review**

The Group is now engaged in: (1) the sale and manufacture of high quality multi-color packaging products, carton boxes, books, brochures and other paper products (printing); (2) trading and logistics; (3) finance lease (4) provision of finance (5) property development and investments (6) securities investments, (7) medical management; (8) industrial equipment. During the Review Period, the Group started a new segment of industrial equipment. The Group also expanded the property investments segment to include the property development business.

#### ***(1) Printing***

During the Review Period, the printing segment recorded revenues of HK\$367.2 million (Prior Period: HK\$409.9 million), which accounted for approximately 54.2% of the Group’s total revenues. The sale of printing products declined 10.4% compared to Prior Period. Such decrease was mainly due to the decline in export sales during the Review Period as a result of the reduced orders placed by several major overseas customers. This segment result increased by 28.9% amounted to HK\$16.0 million compared to HK\$12.4 million for Prior Period which mainly contributed to the decrease in cost of PRC operations.

#### ***(2) Trading and logistics***

The trading segment consists of the trading of electronic, oil and timber products and related logistics services. The Group expects this business segment will continue to benefit from the stable demand in Hong Kong and the PRC markets. During the Review Period, this segment recorded revenues of HK\$239.2 million, accounted for approximately 35.4% of the Group’s total revenues. This segment has been established since February 2015 and therefore no revenues were contributed to the Group in the Prior Period.

## **BUSINESS REVIEW AND OUTLOOK (CONTINUED)**

### **(3) *Finance lease***

Finance lease segment consists of the leasing of land, property, plant and equipment and other tangible assets. The finance lease segment recorded revenues of HK\$36.5 million which accounted for approximately 5.4% of the Group's total revenues during the Review Period. This segment was established in December 2014 and therefore no revenues were contributed to the Group in the Prior Period.

### **(4) *Provision of finance***

During the Review Period, the provision of finance segment recorded revenues of HK\$19.1 million (Prior Period: HK\$70,000), which accounted for approximately 2.8% of the Group's total revenues. The revenue of this segment increased sharply as the Group was actively seeking for new business opportunities in this sector during the Review Period.

### **(5) *Property development and investments***

Following the acquisitions of Dalian Bao Xing Da Industrial Co., Ltd. and its subsidiary ("Bao Xing Da Group") and Yingkou Xiang Feng Properties Company Limited ("XF Properties") in August 2015, the Group expanded the property investments segment to include the property development business. This segment contributed revenue of approximately HK\$4.7 million (Prior Period: HK\$0.3 million) which represented rental income earned by leasing of the Group's investment properties. This segment recorded a loss for the Review Period because of the one-off impairment loss on goodwill and the finance costs incurred for land consolidation business which is currently in the investment period of the project and therefore no material revenue was generated during the Relevant Period.

### **(6) *Securities investments***

The Group's investment portfolio mainly comprises medium and short-term investments that focus on stable returns. During the Review Period, this segment recorded a loss of approximately HK\$9.4 million (Prior Period: Profit of HK\$9.3 million) was mainly attributable to unrealized change in fair value of investments due to the recent volatile worldwide capital market. The Group's investment portfolio is mainly fixed income investments via a wide range of instruments to achieve considerable and stable returns.

### **(7) *Medical management***

During the Review Period, the cooperation between the Group and Yingkou Economic Development Zone Tongji Hospital has proceeded smoothly and generated medical management income of approximately HK\$1.8 million. (Prior Period: Nil).

## **BUSINESS REVIEW AND OUTLOOK (CONTINUED)**

### ***(8) Industrial equipment***

During the Review Period, the Group started a new segment of industrial equipment after the acquisition of a subsidiary, Zhejiang Linhai Machinery Co. Ltd. in August 2015. This segment contributed total revenues of approximately HK\$6.1 million to the Group in August and September 2015.

### **3. Outlook**

China's central government outlined a blueprint for economic development in its 13th Five-Year Plan and announced a GDP growth target of 6.5%. This will set the stage for maintaining medium-high growth. While this growth target is set at a slower pace than before, China should nonetheless see greater overall efficiency and improvements in quality. Growth patterns will change from an investment, export-driven economy to one focused on domestic consumption and services. Core ideas and concepts will include: innovation, coordination, green development, opening up, and sharing. It is expected that the primary beneficiaries of this change will include companies involved in green development, property development, new energy, finance, healthcare, automobiles and various electronics sectors.

In addition, the International Monetary Fund ("IMF") forecasts that China's economy will be 44% larger in 2020 than it is now, which means China will remain a key driver of the global economy. Therefore, the Group is prudently optimistic about China's overall economic vitality and is actively seeking quality projects with growth potential in the aforementioned sectors.

In June 2015, the Group entered into an agreement to acquire the entire equity interest of three companies which owns/or has the use rights of forest of an area in aggregate of approximately 204,823 acres at a consideration of RMB160.0 million (equivalent to approximately HK\$200.0 million). This acquisition is an attractive opportunity for the Group to enjoy continuous growth of assets through the acquisitions of forestry-related companies as the growth in forest asset value has been rapid and sustained. Details of the above acquisition were set out in the Company's announcement dated 18 June 2015. As at the date of this report, the acquisition has not yet been completed.

## **BUSINESS REVIEW AND OUTLOOK (CONTINUED)**

During the Review Period, the Group has entered into agreements to acquire the entire equity interest and shareholder's loan for Jintan City Ruixin Optoelectronic Co., Ltd. at a total consideration of RMB75.0 million (equivalent to approximately HK\$91.5 million), Jurong Guangxuan Optoelectronic Technology Co., Ltd at a consideration of RMB212.9 million (equivalent to approximately HK\$259.7 million) respectively. The Group also entered into an agreement to acquire the entire equity interest in Jiangsu Zhong Ke Zhong Ke Guo Neng Photovoltaic Technology Co., Ltd. at a total consideration of RMB1.00 (equivalent to approximately HK\$1.22). Details of the above acquisitions are set in the Company's announcements dated 25 August 2015, 10 September 2015, 25 August 2015 respectively. At the date of this report, the above acquisitions have not yet been completed. The Group believes that with the increased public interest and government encouragement for the use of renewable energies, the optoelectronic technology business offers great potential for future profitability. Therefore, these acquisitions will allow the Group to diversify its business portfolio and will also provide a new source of income.

Subsequent to the Review Period on 7 October 2015, the Group entered into an agreement to acquire the entire equity interest in Liaoning Bao Hua Properties Development Co., Ltd at a consideration of RMB750 million (equivalent to HK\$915 million). The Group believes that the acquisition will strengthen the Group's existing property development and investments operations and will enhance the Group's presence in the property market of Liaoning Province, the PRC. Details of the above acquisition were set out in the Company's announcement dated 7 October 2015. As at the date of this report, the acquisition has not yet been completed.

The Group consistently adheres to its business development strategies with the aim of becoming a globally recognised investment holdings company. Through business portfolio diversification, the Group can tap into different sectors in order to maximise returns on investment and optimise financial benefits for its shareholders.

## **CAPITAL STRUCTURE**

As at 30 September 2015, the Group had borrowings totaling approximately HK\$5,215.9 million (31 March 2015: HK\$1,776.6 million). Of these borrowings, approximately HK\$3,863.9 million (31 March 2015: HK\$712.3 million) were secured by the Group's assets with an aggregate carrying value of approximately HK\$2,538.5 million (31 March 2015: HK\$863.3 million).

As at 30 September 2015, the Group had total equity of approximately HK\$1,300.5 million (31 March 2015: HK\$1,347.5 million).

## **LIQUIDITY AND LEVERAGE**

As at 30 September 2015, the Group had current assets of approximately HK\$5,340.1 million (31 March 2015: HK\$2,284.5 million) comprising cash and cash equivalents of approximately HK\$84.9 million (31 March 2015: HK\$1,231.3 million), and current liabilities of HK\$4,007.1 million (31 March 2015: approximately HK\$1,168.8 million). The Group's current ratio (defined as current assets divided by current liabilities) was 1.3 (31 March 2015: 2.0).

The Group's gearing ratio is defined by its borrowings to assets ratio (defined as total borrowings divided by total assets) of the Group as at 30 September 2015 was 68.0% (31 March 2015: 47.5%).

The Directors are of the opinion that the Group will be able to generate adequate cash flow from its operations and to secure necessary facilities from the banks and the credit facilities granted by the immediate holding company to meet its ongoing obligations and commitments.

## **CAPITAL EXPENDITURE**

Details of the Group's capital expenditure represent mainly additions to property, plant and equipment and prepaid lease payments are set out in Note 10 to the condensed consolidated financial statements.

## **FOREIGN CURRENCY MANAGEMENT**

The Group is exposed to foreign currency risk on bank balances and cash, trade and other receivables, trade and other payables and borrowings that are denominated in currencies other than the functional currency of the operations to which they relate. The Directors ensure that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 30 September 2015.

## **SEGMENTAL INFORMATION**

Details of segmental information are set out in Note 3 to the condensed consolidated financial statements.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

Details of material acquisition of subsidiaries are set out in Note 19 to the condensed consolidated financial statements.

Details of deemed disposal of a subsidiary are set out in Note 23 to the condensed consolidated financial statements.

## **HUMAN RECOURSES AND REMUNERATION POLICIES**

As at 30 September 2015, the Group had a total staff of 2,513 (31 March 2015: 2,442).

The Group provides employee benefits such as staff insurance, retirement schemes and discretionary bonus and also provides in-house training programmes and external training sponsorship. The Group aims to design a remuneration policy that attracts and retains employees needed to run the Group successfully and to motivate employees to pursue appropriate growth strategies whilst taking into account the performance of the individuals. The remuneration of the Directors is reviewed by the Remuneration Committee. Their remuneration should reflect, inter alia, the performance and responsibilities of the Directors.

## **INTERIM DIVIDEND**

The Board resolved not to pay an interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: HK\$ Nil).

## **CORPORATE GOVERNANCE**

The Company is committed to the establishment of good governance practices and procedures. The Company has complied with the code provisions in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 of the Listing Rules during the six months ended 30 September 2015, except for the deviation of code provisions of the CG Code as disclosed below.

### **Code Provision A.6.7**

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders

One independent non-executive director of the Company was unable to attend the general meeting of the Company held on 18 August 2015 (the “AGM”) as he had other important business engagement. However, there were three executive directors and two independent non-executive directors of the Company present at the AGM to enable the Board to develop a balanced understanding of the views of shareholders of the Company.

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

The Company has adopted the Model Code for Securities Transactions by Directors (the “Model Code”) 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 all Directors have complied with the required standard set out in the Model Code.

## **CHANGES OF DIRECTORS’ INFORMATION**

Since the publication of the Company’s annual report for the financial year ended 31 March 2015 up to 30 November 2015 (being the date of approval of this interim report), there is no change of information of each Director that is required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.



## **CHANGE OF COMPANY SECRETARY**

Ms. Yeung Wai Ying, Yvonne has been appointed as the company secretary of the Company since 3 July 2015 to fill the casual vacancy arising from the resignation of Mr. Sinn Wai Kin, Derek. Details of the change of company secretary are, among other things, set out in the Company's announcement dated 3 July 2015.

## **AUDIT COMMITTEE**

The audit committee comprises three Independent Non-Executive Directors and reports directly to the Board. The audit committee meets regularly with the Group's senior management and the Company's external auditor to review the financial reporting and internal control systems of the Group as well as the financial statements of the Company.

The audit committee has reviewed the interim results of the Group for the six months ended 30 September 2015.

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

As at 30 September 2015, the following Director and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix 10 of the Listing Rules.

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)**

<b>Name</b>	<b>Capacity/Nature of interest</b>	<b>Long/Short position</b>	<b>Total number of shares held</b>	<b>Approximate % of total issued shares at 30 September 2015</b>
Mr. Meng Guang Bao ("Mr. Meng")	Beneficial owner	Long position	34,044,000	0.87%
	Interest of controlled corporation ( <i>Note 1</i> )	Long position	2,250,082,214	57.51%
	Share options ( <i>Note 2</i> )	Long position	26,386,371	0.67%
Mr. Wu Jiwei ("Mr. Wu")	Interest of controlled corporation ( <i>Note 3</i> )	Long position	133,264,500	3.41%
	Share options ( <i>Note 4</i> )	Long position	26,386,371	0.67%
Mr. Guo Song ("Mr. Guo")	Share options ( <i>Note 4</i> )	Long position	26,386,371	0.67%
Mr. Zheng Bailin	Share options ( <i>Note 5</i> )	Long position	2,638,637	0.07%
Mr. Shen Ruolei	Share options ( <i>Note 5</i> )	Long position	2,638,637	0.07%
Mr. Pun Chi Ping	Share options ( <i>Note 5</i> )	Long position	2,638,637	0.07%

*Notes:*

- 2,250,082,214 Shares are held in the name of Huajun International Limited ("HIL"). The entire issued share capital of HIL is beneficially owned by Huajun Holdings Group Limited which in turn is wholly owned by Huajun (International) Development Limited. The entire issued share capital of Huajun (International) Development Limited is beneficially owned by Hua Jun Holding Group Co. Ltd\* (華君控股集團有限公司). Mr. Meng and Madam Bao Le, being a spouse of Mr. Meng, held 97.5% and 2.5% respectively in Hua Jun Holding Group Co. Ltd\* (華君控股集團有限公司). Mr. Meng was deemed to be interested in all Shares held by HIL by virtue of the SFO.
- 26,386,371 share options have been granted to Mr. Meng. For further details of the said share options granted, please refer to the announcement dated 16 February 2015 by the Company.
- 133,264,500 Shares are beneficially owned by Forest Tree Limited, which in turn was wholly-owned owned by Mr. Wu, an executive Director. Mr. Wu was deemed to be interested in all 133,264,500 Shares held by Forest Tree Limited by virtue of the SFO.
- 26,386,371 share options have been granted to each of Mr. Wu and Mr. Guo. For further details of the said share options granted, please refer to the announcements dated 16 February 2015 and 30 June 2015 by the Company.
- 2,638,637 share options have been granted to each of Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping. For further details of the said share options granted, please refer to the announcement dated 30 June 2015 by the Company.

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)**

**Interests in shares in associated corporations**

<b>Associated corporation</b>	<b>Director</b>	<b>Amount of Registered Capital in the associated corporation</b>	<b>Capacity</b>	<b>Approximate percentage of interest in the registered capital of the associated corporation</b>
Hua Jun Holding Group Co. Ltd* (華君控股集團有限公司) (Note 6)	Mr. Meng	97,500,000	Beneficial owner	97.5%

6. HIL, Huajun Holdings Group Limited and Huajun (International) Development Limited are wholly-owned subsidiaries of Hua Jun Holding Group Co. Ltd\* (華君控股集團有限公司).

**INTERESTS AND SHORT POSITION OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO**

As at 30 September 2015, so far as is known to the Directors, the following persons had interests of more than 5% of the issued share capital of the Company according to the register of interests kept by the Company pursuant to section 336 of the SFO:

<b>Name</b>	<b>Capacity/Nature of interest</b>	<b>Long/Short position</b>	<b>Total number of shares held</b>	<b>Approximate % of total issued shares at 30 September 2015</b>
Mr. Meng	Beneficial owner	Long position	34,044,000	0.87%
	Interest of controlled corporation	Long position	2,250,082,214 (Note a)	57.51%
	Beneficial owner	Long position	26,386,371 (Note b)	0.67%
Bao Le	Interest held by spouse	Long position	2,250,082,214 (Note a)	57.51%
Hua Jun Holding Group Co. Ltd* (華君控股集團有限公司)	Interest of controlled corporation	Long position	2,250,082,214 (Note a)	57.51%
Huajun (International) Development Limited	Interest of controlled corporation	Long position	2,250,082,214 (Note a)	57.51%
Huajun Holdings Group Limited	Interest of controlled corporation	Long position	2,250,082,214 (Note a)	57.51%
HIL	Interest of controlled corporation	Long position	2,250,082,214 (Note a)	57.51%

## INTERESTS AND SHORT POSITION OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (CONTINUED)

### Notes:

- (a) 2,250,082,214 Shares are held in the name of HIL. The entire issued share capital of HIL is beneficially owned by Huajun Holdings Group Limited which in turn is wholly owned by Huajun (International) Development Limited. The entire issued share capital of Huajun (International) Development Limited is beneficially owned by Hua Jun Holding Group Co. Ltd (華君控股集團有限公司). Mr Meng and Madam Bao Le, being a spouse of Mr. Meng, held 97.5% and 2.5% respectively in Hua Jun Holding Group Co. Ltd (華君控股集團有限公司). Mr. Meng was deemed to be interested in all Shares held by HIL by virtue of the SFO. Madam Bao Le, being a spouse of Mr. Meng, was also deemed to be interested in Shares held by HIL.
- (b) 26,386.371 underlying Shares subject to the outstanding share options granted to Mr. Meng.

Save as disclosed above, no other interest or short position in the shares and underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO as at 30 September 2015.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”) on 28 September 2007. The purpose of the Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to Executive or Non-Executive Directors including Independent Non-Executive Directors or any employees (whether full-time or part-time) of each member of the Group (the “Participants”) and for such other purpose as the Board may approve from time to time. Details of the Scheme are set out in the 2015 annual report of the Company. The Scheme shall remain valid and effective until 27 September 2017.

As at 30 September 2015, the number of share options have been granted and remained outstanding under Scheme the was 242,727,960, representing approximately 6.2% of the total issued shares of the Company as at 30 September 2015.

Details of share options granted during the period under the Scheme are as follows:

<b>Date of grant</b>	<b>Exercise period</b>	<b>Exercise Price HK\$ per share</b>	<b>Share closing price immediately before grant date HK\$ per share</b>
30 June 2015	30 June 2015 to 29 June 2017	2.00	1.30

## SHARE OPTION SCHEME (CONTINUED)

The movement of share options under the Scheme during the period is presented as follows:

	At 1 April 2015	Granted during the period	Exercised during the period	Lapsed during the period	At 30 September 2015
<b>Directors</b>					
Mr. Meng	26,386,371	–	–	–	26,386,371
Mr. Wu	26,386,371	–	–	–	26,386,371
Mr. Guo	7,995,870	18,390,501	–	–	26,386,371
Mr. Zheng Bailin	–	2,638,637	–	–	2,638,637
Mr. Shen Ruolei	–	2,638,637	–	–	2,638,637
Mr. Pun Chi Ping	–	2,638,637	–	–	2,638,637
	60,768,612	26,306,412	–	–	87,075,024
Employees	15,991,740	160,716,987	–	21,055,791	155,652,936
Total	76,760,352	187,023,399	–	21,055,791	242,727,960

## ARRANGEMENT TO PURCHASE SHARES

Apart as disclosed above, at no time during the six months ended 30 September 2015 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or the chief executive of the Company, or their spouses or children under the age of 18, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

During the six months ended 30 September 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

## COMPOSITION OF BOARD

As at the date of this report, the Board comprises Mr. Meng Guang Bao (Chairman), Mr. Wu Jiwei (Chief Executive Officer) and Mr. Guo Song (Deputy Chief Executive Officer) as Executive Directors and Mr. Zheng Bailin, Mr. Shen Ruolei and Mr. Pun Chi Ping as Independent Non-Executive Directors.

By Order of the Board  
**Meng Guang Bao**  
*Chairman and Executive Director*

Hong Kong, 30 November 2015