



C H I N A I N N O V A T I V E  
F I N A N C E G R O U P  
L I M I T E D

(formerly known as HERITAGE INTERNATIONAL HOLDINGS LIMITED)

(Incorporated in Bermuda with limited liability)

Stock code : 412



# C I F G 新金融 ▶



I n t e r i m R e p o r t 2 0 1 5



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

*Executive Directors:*

Mr. Ji Kewei (*Deputy Chairman and  
Chief Executive*)  
(appointed on 11 September 2015)  
Mr. Yau Wai Lung  
Mr. Ma Chao  
(appointed on 22 April 2015)

*Non-Executive Director:*

Mr. Qiu Jianyang  
(appointed on 11 September 2015)

*Independent Non-Executive Directors:*

Mr. Chung Yuk Lun  
Mr. To Shing Chuen  
Mr. Cheung Wing Ping  
(appointed on 17 April 2015)

### AUDIT COMMITTEE

Mr. Chung Yuk Lun (*Chairman*)  
Mr. To Shing Chuen  
Mr. Cheung Wing Ping  
(appointed on 17 April 2015)

### REMUNERATION COMMITTEE

Mr. Cheung Wing Ping (*Chairman*)  
Mr. Ji Kewei  
(appointed on 11 September 2015)  
Mr. To Shing Chuen

### NOMINATION COMMITTEE

Mr. Yau Wai Lung (*Chairman*)  
Mr. To Shing Chuen  
Mr. Cheung Wing Ping  
(appointed on 17 April 2015)

### EXECUTIVE COMMITTEE

Mr. Yau Wai Lung (*Chairman*)  
Mr. Ji Kewei  
(appointed on 11 September 2015)  
Mr. Ma Chao  
(appointed on 22 April 2015)

### COMPANY SECRETARY

Mr. Lau Yau Chuen, Louis  
(appointed on 11 May 2015)

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## CORPORATE INFORMATION

### PRINCIPAL OFFICE

29th Floor, China United Centre  
28 Marble Road  
North Point  
Hong Kong

### STOCK CODE

412

### AUDITOR

BDO Limited  
25th Floor  
Wing On Centre  
111 Connaught Road  
Central  
Hong Kong

### LEGAL ADVISERS

*Hong Kong law:*  
Cheung & Choy  
Rooms 417-418, 4th Floor  
Hutchison House,  
10 Harcourt Road, Central  
Hong Kong

*Bermuda law:*  
Conyers Dill & Pearman  
2901 One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

### PRINCIPAL BANKER

The Hongkong and Shanghai Banking  
Corporation Limited  
No.1 Queen's Road Central  
Hong Kong

### PRINCIPAL REGISTRAR IN BERMUDA

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

### BRANCH REGISTRAR IN HONG KONG

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

### WEBSITE

[www.cifg.com.hk](http://www.cifg.com.hk)

**CONDENSED CONSOLIDATED INCOME STATEMENT**

For the six months ended 30 September 2015

		<b>For the six months ended 30 September</b>	
		<b>2015</b>	<b>2014</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
			<b>(Restated)</b>
Note			
<b>CONTINUING OPERATIONS</b>			
	REVENUE	9,076	2,571
	Cost of revenue	(3,726)	–
	Other income	192	–
	Fair value (loss)/gains on investments		
	at fair value through profit or loss, net	(347,410)	157,745
	Gain/(loss) on disposal of subsidiaries	7,264	(1,423)
	Employee benefit expenses	(7,195)	(5,072)
	Depreciation	(692)	(1,227)
	Other expenses	(14,929)	(7,521)
	Finance costs	(2,148)	(923)
	(LOSS)/PROFIT BEFORE TAX	(359,568)	144,150
	Income tax credit/(charge)	4,285	(26,288)
	(LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	(355,283)	117,862
<b>DISCONTINUED OPERATIONS</b>			
	LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS, AFTER TAX	(6,067)	(35,594)
	(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	(361,350)	82,268
<b>EARNINGS PER SHARE FOR (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
	Basic		(Restated)
	– From continuing and discontinued operations	HK(2.09) cents	HK1.94 cents
	– From continuing operations	HK(2.05) cents	HK2.78 cents

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended 30 September 2015

	<b>For the six months ended 30 September</b>	
	<b>2015 (Unaudited) HK\$'000</b>	<b>2014 (Unaudited) HK\$'000</b>
Diluted		
– From continuing and discontinued operations	<b>HK(2.09) cents</b>	HK1.94 cents
– From continuing operations	<b>HK(2.05) cents</b>	HK2.78 cents
	<b><u>(361,350)</u></b>	<u>82,268</u>
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		
	<b><u>(361,350)</u></b>	<u>82,268</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that may subsequently be reclassified to profit or loss:		
Available-for-sale investments:		
Reclassification adjustments for gains included in the condensed consolidated income statement upon disposal of a subsidiary	–	(154)
Exchange difference arising on translation of financial statements of foreign operations	<b>(6,656)</b>	11,954
	<b><u>(6,656)</u></b>	<u>11,954</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
	<b><u>(368,006)</u></b>	<u>94,068</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2015

		<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
	Note		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		16,219	2,455
Prepaid lease payments		–	43,776
Intangible assets	11	1,529,649	789,709
Biological assets		–	61,242
Available-for-sale investments		4,600	4,600
Loan receivables	12	1,072,502	–
Other receivables		15,873	–
Investments at fair value through profit or loss	13	340,800	340,800
		<hr/>	<hr/>
Total non-current assets		<b>2,979,643</b>	1,242,582
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Loan receivables	12	349,596	45,000
Accounts receivables		9,553	–
Investments at fair value through profit or loss	13	762,580	337,067
Prepayments, deposits and other receivables		185,786	15,269
Available-for-sale investments		12,183	–
Pledged and restricted bank deposits		73,220	–
Cash and cash equivalents		91,449	4,331
		<hr/>	<hr/>
Total current assets		<b>1,484,367</b>	401,667
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		289,084	2,713
Borrowings	14	247,890	10,503
Income tax payable		995	432
		<hr/>	<hr/>
Total current liabilities		<b>537,969</b>	13,648
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>946,398</b>	388,019
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,926,041</b>	1,630,601
		<hr/>	<hr/>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2015

		<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
	Note		
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	<b>810,708</b>	18,813
Other payables		<b>155,910</b>	–
Deferred tax liabilities		<b>324,411</b>	190,715
		<hr/>	<hr/>
Total non-current liabilities		<b>1,291,029</b>	209,528
		<hr/>	<hr/>
Net assets		<b>2,635,012</b>	1,421,073
		<hr/> <hr/>	<hr/> <hr/>
<b>CAPITAL AND RESERVES</b>			
Issued capital	15	<b>4,826</b>	4,236
Reserves		<b>2,630,186</b>	1,416,837
		<hr/>	<hr/>
Total equity attributable to owners of the Company		<b>2,635,012</b>	1,421,073
		<hr/> <hr/>	<hr/> <hr/>



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 September 2015

	Attributable to owners of the Company							Total equity (Unaudited) HK\$'000
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Available- for-sale	Translation reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	
					investments			
					revaluation reserve (Unaudited) HK\$'000			
At 1 April 2014 (audited)	2,824	1,651,176	1,177	1,524,577	174	(3,328)	(1,667,526)	1,509,074
Profit for the period	-	-	-	-	-	-	82,268	82,268
Other comprehensive income for the period:								
Available-for-sale investments:								
Reclassification adjustments for gains included in the condensed consolidated income statement upon disposal of a subsidiary	-	-	-	-	(154)	-	-	(154)
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	-	-	11,954	-	11,954
Total comprehensive income for the period	-	-	-	-	(154)	11,954	82,268	94,068
Bonus issue	1,412	(1,412)	-	-	-	-	-	-
At 30 September 2014 (unaudited)	4,236	1,649,764	1,177	1,524,577	20	8,626	(1,585,258)	1,603,142

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 September 2015

	Attributable to owners of the Company								
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Share Options reserve (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Available-	Translation reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
						for-sale			
						investments			
revaluation reserve (Unaudited) HK\$'000									
At 1 April 2015 (audited)	4,236	1,649,764	40,150	1,177	1,524,577	120	(2,698)	(1,796,253)	1,421,073
Loss for the period	-	-	-	-	-	-	-	(361,350)	(361,350)
Other comprehensive (loss)/income for the period:									
Arising on acquisition of a subsidiary	-	-	-	-	-	-	(72)	-	(72)
Arising on disposal of a subsidiary	-	-	-	-	-	-	2,698	-	2,698
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	-	-	-	(9,282)	-	(9,282)
Total comprehensive income for the period	-	-	-	-	-	-	(6,656)	(361,350)	(368,006)
Share Issue	590	1,581,355	-	-	-	-	-	-	1,581,945
At 30 September 2015 (unaudited)	4,826	3,231,119	40,150	1,177	1,524,577	120	(9,354)	(2,157,603)	2,635,012

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

**Note:**

- (a) Share premium account represents the excess of proceeds received over the nominal value of the Company's shares issued, less share issue expenses. Pursuant to the Companies Act of Bermuda, the Company's share premium account may be distributed in the form of fully paid bonus shares.
- (b) Capital redemption reserve arose from the reduction of the nominal value of the issued capital of the Company upon the cancellation of the repurchased shares.
- (c) Contributed surplus arose from capital reorganisation in previous years. Under the Companies Act of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.
- (d) Available-for-sale investments revaluation reserve comprises the cumulative net changes in fair value of available-for-sale investments held at the end of the reporting period.
- (e) Translation reserve comprises all foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 September 2015

	<b>For the six months ended 30 September</b>	
	<b>2015 (Unaudited) HK\$'000</b>	<b>2014 (Unaudited) HK\$'000</b>
NET CASH FLOWS FROM/(USED IN):		
OPERATING ACTIVITIES	451,677	(50,821)
INVESTING ACTIVITIES	(442,681)	49,982
FINANCING ACTIVITIES	160,534	8,441
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	169,530	7,602
Cash and cash equivalents at beginning of period	4,331	6,122
Effect of foreign exchange rate changes	(9,192)	97
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	164,669	13,821
	<hr/>	<hr/>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:		
Pledged and restricted bank deposits	73,220	–
Cash and bank balances	91,449	13,821
	<hr/>	<hr/>
	<b>164,669</b>	<b>13,821</b>
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### I. CORPORATE INFORMATION

China Innovative Finance Group Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and 29th Floor, China United Centre, 28 Mable Road, North Point, Hong Kong, respectively.

Pursuant to a special resolution passed on 18 September 2015 and with the approval of the Registrar of Companies in Bermuda on 24 September 2015 and the Registrar of Companies in Hong Kong on 8 October 2015, the name of the Company was changed from Heritage International Holdings Limited to China Innovative Finance Group Limited.

The unaudited interim condensed consolidated financial statements are presented in Hong Kong Dollar (“HKD”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousands except when otherwise indicated.

### 2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements for the six months ended 30 September 2015 (the “Interim Financial Statements”) have been prepared in accordance 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”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2015.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual audited financial statements for the year ended 31 March 2015, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include HKASs and Interpretations) for the first time in the current period.

Amendments to HKAS 19 Defined Benefit Plans – Employee Contributions  
Amendments to HKFRSs Annual Improvements to HKFRSs 2010-2012 Cycle  
Amendments to HKFRSs Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 3. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the chief operating decision maker. The Group has five reportable operating segments. Details are as follows:

- (i) the property investment segment engages primarily in the investments in properties for rental income potential and/or appreciation in values;
- (ii) the investments in securities segment engages primarily in the purchase and sale of securities and the holding of equity and debt investments primarily for interest income, dividend income and capital appreciation;
- (iii) the money lending segment engages primarily in money lending operations in Hong Kong;
- (iv) the financial leasing segment engages primarily in the direct financial leasing and advisory services; and
- (v) the investment holding segment engages primarily in investment holding for a continuing strategic or long term purpose, primarily for dividend income and capital appreciation.

In the current period, the Group's management of the forestlands ("Forestlands") segment was discontinued. In the year ended 31 March 2015, the Group's Chinese medicine clinic operation in Hong Kong was discontinued. The segment information reported does not include any amounts for the discontinued operation, which are described in more detail in note 8.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that unallocated expenses are excluded from such measurement.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 3. OPERATING SEGMENT INFORMATION (continued)

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

- all assets are allocated to reportable segments other than tax recoverable and unallocated corporate assets. Goodwill is allocated to the financial leasing segment as described in note 11; and
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities, and unallocated corporate liabilities.

	Property investment		Investments in securities		Money lending		Financial Leasing		Investment holding		The Group total	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
												(restated)
<b>Segment revenue</b>												
Revenue from external customers	50	820	-	1,396	2,232	355	6,794	-	-	-	9,076	2,571
Other income	-	-	-	-	-	-	-	-	41	-	41	-
<b>Total</b>	<b>50</b>	<b>820</b>	<b>-</b>	<b>1,396</b>	<b>2,232</b>	<b>355</b>	<b>6,794</b>	<b>-</b>	<b>41</b>	<b>-</b>	<b>9,117</b>	<b>2,571</b>
<b>Segment results</b>	<b>(3,374)</b>	<b>35</b>	<b>(346,698)</b>	<b>152,521</b>	<b>1,918</b>	<b>325</b>	<b>(5,680)</b>	<b>-</b>	<b>(10,251)</b>	<b>4,127</b>	<b>(364,085)</b>	<b>157,008</b>
<b>Reconciliations:</b>												
Finance cost – allocated	-	-	(1,396)	-	-	-	(223)	-	(529)	-	(2,148)	-
Unallocated finance costs											-	(923)
Unallocated income/ (expenses)											6,665	(11,935)
(Loss)/profit before tax from continuing operation											<b>(359,568)</b>	<b>144,150</b>
<b>Other segment information</b>												
Depreciation – allocated	(136)	-	-	-	-	-	(447)	-	-	-	(583)	-
Depreciation – unallocated											(109)	(1,227)
											<b>(692)</b>	<b>(1,227)</b>
Gain/(loss) on disposal of Subsidiaries (note 8)	-	-	-	(5,706)	-	-	-	-	7,264	4,283	7,264	(1,423)
Fair value (losses)/gains on investments at fair value through profit or loss, net	-	-	(347,410)	157,745	-	-	-	-	-	-	(347,410)	157,745
Capital expenditure – allocated	714	-	-	-	-	-	100	-	-	-	814	-
Capital expenditure – unallocated											-	786
											<b>814</b>	<b>786</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 3. OPERATING SEGMENT INFORMATION (continued)

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

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
<b>Segment assets:</b>		
Property investment	1,173	–
Investments in securities	741,562	346,492
Money lending	47,232	46,025
Financial leasing	3,176,730	–
Investment holding	346,427	340,800
	<hr/> 4,313,124	<hr/> 733,317
Management of the Forestlands (now discontinued)	–	900,028
Unallocated assets	150,886	10,904
	<hr/> 4,464,010	<hr/> 1,644,249
<b>Segment liabilities:</b>		
Property investment	825	–
Investments in securities	61,207	9,520
Financial leasing	1,435,414	–
Investment holding	5,346	–
	<hr/> 1,502,792	<hr/> 9,520
Management of the Forestlands (now discontinued)	–	62
Deferred tax liabilities	324,411	190,715
Tax payable	995	432
Unallocated liabilities	800	22,447
	<hr/> 1,828,998	<hr/> 223,176
<b>Total assets</b>	<hr/> <b>4,464,010</b>	<hr/> <b>1,644,249</b>
<b>Total liabilities</b>	<hr/> <b>1,828,998</b>	<hr/> <b>223,176</b>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Geographical information

The Group's revenue is substantially derived from its external customers in Hong Kong and the PRC.

The Group's operations are mainly located in Hong Kong and other parts of the PRC. All segments are carried out in Hong Kong except for the financial leasing segment that is carried out in other parts of the PRC. The geographical location of the non-current assets is based on the physical location of the asset. In the case of property, plant and equipment, prepaid lease payments, and biological assets, and the location of the operation to which they are allocated. In the case of goodwill and favourable lease assets included in intangible assets, and other receivables classified as financial assets. The information about the Group's revenue and non-current assets by geographical location is set out below:

	Revenue from external customers		Non-current assets (note)	
	30 September 2015 (Unaudited) HK\$'000	30 September 2014 (Unaudited) HK\$'000 (Restated)	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Hong Kong	2,282	2,571	1,594	1,512
Other parts of the PRC	6,794	–	1,560,147	895,670
	<b>9,076</b>	<b>2,571</b>	<b>1,561,741</b>	<b>897,182</b>

Note: Non-current assets exclude available-for-sale investments, investments at fair value through profit or loss, loan receivables, and other financial assets.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 4. REVENUE

Revenue, which is also the Group's turnover, represents gross rental income received and receivable; interest income from money lending operations; leasing and consultancy services income from financial leasing operations; dividend and interest income from investments at fair value through profit or loss; and interest income from a convertible bond during the period.

An analysis of revenue is as follows:

	For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (Restated)
Leasing income from sales and lease back	6,773	–
Consultancy services income	21	–
Gross rental income	50	820
Interest income from money lending operations	2,232	355
Interest income from a convertible bond	–	375
Dividend income from investments at fair value through profit or loss	–	1,021
	<b>9,076</b>	<b>2,571</b>

### 5. FINANCE COSTS

	For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interest on bank borrowings wholly repayable within five years (note)	223	166
Interest on margin and other loans wholly repayable within five years	1,396	310
Amortised interest on bonds	529	447
	<b>2,148</b>	<b>923</b>

Note: The Group's bank borrowings containing on-demand clause have been classified as current liabilities. For the purpose of the above disclosure, the interest on such borrowings is disclosed as "Interest on bank borrowings wholly repayable within five years."

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

30 September 2015

**6. (LOSS)/PROFIT BEFORE TAX**

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

	<b>For the six months ended 30 September</b>	
	<b>2015 (Unaudited) HK\$'000</b>	<b>2014 (Unaudited) HK\$'000 (Restated)</b>
Employee benefit expenses (including directors' remuneration):		
Directors' remuneration:		
– Fee	–	–
– Salaries, allowances and benefits in kind (excluding an estimated value of a director's quarter plus the related charges borne by the Group totalling approximately HK\$ Nil (2014: HK\$720,000)	<b>1,949</b>	2,587
Retirement benefit scheme contributions (defined contribution scheme)	<b>18</b>	31
	<b>1,967</b>	2,618
Other staff's costs:		
– Salaries and allowances	<b>5,070</b>	2,072
– Retirement benefit scheme contributions (defined contribution scheme)	<b>158</b>	61
– Staff severance payment	–	321
	<b>5,228</b>	2,454
Total employee benefit expenses	<b>7,195</b>	5,072
Sales proceeds from disposal of trading securities	<b>(62,812)</b>	(225,370)
Cost of trading securities	<b>49,084</b>	235,572
	<b>(13,728)</b>	10,202
– realised (gains)/losses	<b>361,138</b>	(167,947)
– unrealised losses/(gains)		
Fair value losses/(gains) on investments at fair value through profit or loss, net:	<b>347,410</b>	(157,745)
Net foreign exchange loss	<b>1</b>	22

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 6. (LOSS)/PROFIT BEFORE TAX (continued)

Note:

On 26 August 2014, the Group and an independent third party, Power Global Limited (“Power Global”) entered into a termination deed pursuant to which the Group and the Power Global agreed to terminate an options agreement to purchase the entire interest in Apex Corporate Investments Limited and its subsidiaries dated 11 July 2011. The fair value of the Options Agreement was recognised as derivative financial instruments as at 31 March 2014. Upon the Termination, fair value losses on derivative financial instruments have been recognised in the condensed consolidated income statement for the six months ended 30 September 2014.

### 7. INCOME TAX CREDIT/(CHARGE)

	For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (restated)
Current tax credit – Hong Kong Profits Tax Overprovision in prior period	432	–
Current tax – PRC Enterprise Income Tax	(995)	–
Deferred tax credit/(charge)	4,848	(26,288)
Total income tax credit/(charge) recognised in profit and loss	<u>4,285</u>	<u>(26,288)</u>

Hong Kong Profits Tax credit was provided for the six months ended 30 September 2015, as there was an overprovision of tax from prior period. No provision for Hong Kong Profits Tax was made for the six months ended 30 September 2014 as the Group either had no assessable profits arising in Hong Kong or the assessable profits for the period were wholly absorbed by tax losses brought forward.

PRC Enterprise Income Tax was calculated at 25% of the estimated assessable profit for the six months ended 30 September 2015. No provision for PRC Enterprise Income Tax was made for the six months ended 30 September 2014 as the Group had no assessable profits derived in the PRC.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 8. DISCONTINUED OPERATIONS

#### Disposal of entire interest in Gold Mountain Limited (“Gold Mountain”)

On 21 May 2015, the Company entered into a conditional sale and purchase agreement with Trillion Cheer Toprich Limited (“Trillion Cheer”), pursuant to which the Company conditionally agreed to dispose of, and Trillion Cheer conditionally agreed to purchase, the entire issued share capital of Gold Mountain, together with the assignment of the entire shareholder’s loan and other indebtedness owed by Gold Mountain or its subsidiaries to the Group as at completion for an aggregate consideration of approximately HK\$720,000,000. Gold Mountain is principally engaged in investment in and management of the Forestlands in the PRC. The disposal was completed on 5 August 2015.

On 5 November 2014, Power Global Limited (“Power Global”) and High Rhine Limited (“High Rhine”) entered into a sales and purchase agreement, pursuant to which Power Global agreed to sell and High Rhine agreed to purchase the entire share capital of Apex Corporation Investments Limited (“Apex”) together with the assignment of the outstanding shareholder loan advanced by the Company to Apex together with its subsidiaries, for a consideration of HK\$500,000. The transaction was completed on 20 November 2014.

Apex Group principally involved in Chinese medicine clinic operation (“Chinese Medicine”).

The profit from the discontinued operations for the interim period is analysed as follow:

	Period from 1 April 2015 to 5 August 2015 Gold Mountain (Unaudited) HK\$’000	Period from 1 April 2014 to 30 September 2014 Chinese Medicine and Gold Mountain (Unaudited) HK\$’000
Loss from discontinued operations for the period	(6,067)	(35,594)
Gain on disposal of Gold Mountain and its subsidiaries	7,264	(1,423)
	<u>1,197</u>	<u>(37,017)</u>

The results of the disposed companies for the interim period is as follows:

	Period from 1 April 2015 to 5 August 2015 Gold Mountain (Unaudited) HK\$’000	Period from 1 April 2014 to 30 September 2014 Chinese Medicine and Gold Mountain (Unaudited) HK\$’000
Revenue	–	1,183
Other income	14	169
Administrative expenses	(7,501)	(39,023)
Loss before tax	(7,487)	(37,671)
Income tax credit	1,420	2,077
Loss from discontinued operations for the period	<u>(6,067)</u>	<u>(35,594)</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

30 September 2015

**8. DISCONTINUED OPERATIONS (continued)****Disposal of entire interest in Gold Mountain (continued)**

The net assets of Gold Mountain at the date of disposal were as follows:

	<b>Gold Mountain at 5 August 2015 (Unaudited) HK\$'000</b>
<b>Analysis of assets and liabilities</b>	
<b>over which control was lost:</b>	
Property, plant and equipment	846
Biological assets	61,310
Goodwill	101,883
Prepaid lease payment	44,473
Intangible assets	682,147
Cash and cash equivalents	2,149
Prepayments, deposits and other receivables	1,733
Other payables and accruals	(57)
Deferred tax liabilities	(184,446)
Translation reserve	2,698
	<hr/>
Net assets disposed of	712,736
	<hr/>
<b>Gain on disposal of subsidiaries</b>	
Consideration received	720,000
Net assets disposed of	(712,736)
	<hr/>
	7,264
	<hr/> <hr/>
<b>Net cash inflow arising on disposal:</b>	
Cash consideration received	720,000
Less: cash and cash equivalents disposed of	(2,149)
	<hr/>
	717,851
	<hr/> <hr/>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 8. DISCONTINUED OPERATIONS (continued)

The net assets of the subsidiaries at the respective dates of disposal were as follows:

	Golden Victory Group at 19 September 2014 (Unaudited) HK\$'000	Alpha Ease at 20 August 2014 (Unaudited) HK\$'000	Heritage Finance at 29 August 2014 (Unaudited) HK\$'000	Dollar Group at 1 August 2014 (Unaudited) HK\$'000	Mild City at 25 August 2014 (Unaudited) HK\$'000	Rainbow Fair at 25 August 2014 (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Analysis of assets and liabilities over which control was lost:</b>							
Property, plant and equipment	62,420	-	-	-	29	-	62,449
Available-for-sale investments	-	13,106	-	-	-	-	13,106
Conversion options embedded in a convertible bond	-	2,379	-	-	-	-	2,379
Prepayments, deposits and other receivables	32	375	-	3	2	-	412
Cash and cash equivalents	5	-	1	9	-	-	15
Borrowings	(24,486)	-	-	-	-	-	(24,486)
Deferred tax	(598)	-	-	-	-	-	(598)
Net assets disposed of	<u>37,373</u>	<u>15,860</u>	<u>1</u>	<u>12</u>	<u>31</u>	<u>-</u>	<u>53,277</u>
<b>(Loss)/gain on disposal of subsidiaries</b>							
Consideration received	41,000	10,000	100	100	400	100	51,700
Net assets disposed of	<u>(37,373)</u>	<u>(15,860)</u>	<u>(1)</u>	<u>(12)</u>	<u>(31)</u>	<u>-</u>	<u>(53,277)</u>
<b>(Loss)/gain on disposal before release of available-for-sale investments revaluation reserve</b>							
	3,627	(5,860)	99	88	369	100	(1,577)
<b>Cumulative fair value changes of an available-for-sale investment reclassified to profit or loss</b>							
	-	154	-	-	-	-	154
<b>(Loss)/gain on disposal after release of available-for-sale investments revaluation reserve</b>							
	<u>3,627</u>	<u>(5,706)</u>	<u>99</u>	<u>88</u>	<u>369</u>	<u>100</u>	<u>(1,423)</u>
<b>Net cash inflow arising on disposal:</b>							
Cash consideration received	41,000	10,000	100	100	400	100	51,700
Less: cash and cash equivalents disposed of	<u>(5)</u>	<u>-</u>	<u>(1)</u>	<u>(9)</u>	<u>-</u>	<u>-</u>	<u>(15)</u>
	<u>40,995</u>	<u>10,000</u>	<u>99</u>	<u>91</u>	<u>400</u>	<u>100</u>	<u>51,685</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 9. EARNINGS PER SHARE FOR (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

#### (a) Basic earnings per share

	For the six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000 (Restated)
<b>For continuing and discontinued operations:</b>		
(Loss)/profit for the purposes of basic earnings per share	(361,350)	82,268
<b>For continuing operations:</b>		
(Loss)/profit for the purposes of basic earnings per share	(355,283)	117,862
<b>For discontinued operations:</b>		
Loss for the purposes of basic earnings per share	(6,067)	(35,594)
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the period for the purpose of basic earnings per share for the period	17,292,079	4,235,930
	<b>HK cents (Unaudited)</b>	<b>HK cents (Unaudited)</b>
Basic earnings per share for the discontinued operations attributable to owners of the Company	<b>(0.04)</b>	<b>(0.84)</b>



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 9. EARNINGS PER SHARE FOR (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

#### (b) Diluted earnings per share

No adjustment has been made for the weighted average number of ordinary shares from the basic earnings per share amounts presented for the six months ended 30 September 2015 and 2014 as there was no dilutive potential ordinary shares in existence as at 30 September 2015 and 2014.

### 10. DIVIDEND

The board of directors of the Company does not recommend the payment of any interim dividend in respect of the current period (six months ended 30 September 2014: Nil).

### 11. INTANGIBLE ASSETS

	License	Favourable lease asset	Goodwill	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015 (audited)	–	687,826	101,883	789,709
Acquisition of subsidiaries	1,297,000	–	232,649	1,529,649
Amortisation during the period	–	(5,679)	–	(5,679)
Disposal of subsidiaries (Note 8)	–	(682,147)	(101,883)	(784,030)
	<u>1,297,000</u>	<u>–</u>	<u>232,649</u>	<u>1,529,649</u>
At 30 September 2015 (unaudited)	<u>1,297,000</u>	<u>–</u>	<u>232,649</u>	<u>1,529,649</u>

Note:

- (a) Favourable lease asset represents the terms of the Forestlands use rights granted to the acquired subsidiaries which are favourable relative to the market terms as at the date of acquisition. Favourable lease asset is amortised on straight-line basis over the remaining term of the lease of the Forestlands.
- (b) Goodwill was arising from the acquisition and has been allocated to a cash generating unit that is expected to benefit from the acquisition. The entire carrying amount of goodwill has been allocated to the financial leasing segment.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 12. LOAN RECEIVABLES

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
Loan receivables	<b>1,422,098</b>	45,000
Less: amount classified as current assets	<b>(349,596)</b>	(45,000)
	<hr/>	<hr/>
Amount classified as non-current assets	<b>1,072,502</b>	–
	<hr/> <hr/>	<hr/> <hr/>

Loan receivables as at 30 September 2015 represented receivables arising from the money lending business and financial leasing business of the Group. The interest of money lending business is at fixed contractual rate of 9.8% per annum (31 March 2015: at fixed interest rate of 9.8% per annum). The effective interest rate of such loans as at 30 September 2015 is 9.8% (31 March 2015: 9.8%) per annum.

Loan receivables from financial leasing segment as at 30 September 2015 were receivables in respect of assets leased as follows:

The Group entered into sale-and-leaseback financing agreements with the borrowers by passing the legal titles of the collaterals to the Group as security and leasing back of the same collaterals to the borrowers. The collaterals held comprise property, plant and equipment transferred. The original terms of finance leases entered into ranged from 1 year to 5 years for the period ended 30 September 2015 (31 March 2015: Nil). Effective interest rates of the Group's loan receivables as at 30 September 2015 were ranging from 9% to 20% per annum (31 March 2015: Nil). The borrowers have options to purchase the collaterals for a nominal amount at the end of lease terms.

As at the end of 30 September 2015 (31 March 2015: Nil), the loan receivables were secured by (i) personal guarantee executed by legal representatives or directors of individual borrowers, and/or (ii) secured by corporate guarantee, property collateral and the finance bureau of a county in the PRC.

The directors of the Group consider that the fair value of loan receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 12. LOAN RECEIVABLES (continued)

An aged analysis of loan receivables, determined based on the age of the receivables since the effective dates of the relevant lease contracts, as at the end of the reporting period, is as follows:

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
<b>Gross loan receivables</b>		
– Within 1 year	349,596	45,000
– 1 to 5 years	1,072,502	–
<b>Total</b>	<u>1,422,098</u>	<u>45,000</u>
<b>Net loan receivables</b>		
– Within 1 year	349,596	45,000
– 1 to 5 years	1,072,502	–
<b>Total</b>	<u>1,422,098</u>	<u>45,000</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 12. LOAN RECEIVABLES (continued)

The table below illustrates the gross and net amounts of loan receivables which the Group expects to receive in the following consecutive accounting years:

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
<b>Gross loan receivables</b>		
– Within 1 year	349,596	45,000
– 1 to 5 years	1,072,502	–
	<hr/>	<hr/>
<b>Total</b>	<b>1,422,098</b>	<b>45,000</b>
	<hr/> <hr/>	<hr/> <hr/>

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
<b>Net loan receivables</b>		
– Within 1 year	349,596	45,000
– 1 to 5 years	1,072,502	–
	<hr/>	<hr/>
<b>Total</b>	<b>1,422,098</b>	<b>45,000</b>
	<hr/> <hr/>	<hr/> <hr/>

The aged analysis of the loan receivables that are not considered to be impaired is as follows:

	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Past due but not impaired	45,000	–
Neither past due nor impaired	1,377,098	45,000
	<hr/>	<hr/>
	<b>1,422,098</b>	<b>45,000</b>
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

30 September 2015

**13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS**

	<b>30 September 2015 (Unaudited) HK\$'000</b>	<b>31 March 2015 (Audited) HK\$'000</b>
<b>Non-current assets</b>		
Unlisted equity investment, designated as at fair value through profit or loss upon initial recognition ( <i>note a</i> )	<b>340,800</b>	340,800
<b>Current assets</b>		
Held-for-trading listed equity investments, at fair value ( <i>note b</i> )		
Hong Kong	<b>740,939</b>	337,067
Elsewhere	<b>21,641</b>	–
	<b>762,580</b>	337,067

Note:

- (a) The unlisted equity investment at 30 September 2015 and 31 March 2015 was, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss. The unlisted equity investment and the listed equity investments form a group of financial assets which are managed and their performances are evaluated on a fair value basis, in accordance with the Group's investment strategy. Their performances are regularly reviewed by the key management personnel of the Group.

The fair value of unlisted equity investments was estimated by independent professionally qualified valuers with reference to the subscription prices of other recent share allotments of those investees with other independent third parties.

- (b) At 30 September 2015 and 31 March 2015, the listed equity investments were held for trading and were classified as financial assets at fair value through profit or loss. The fair values of the listed equity investments were determined by quoted bid prices in active markets.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS (continued)

Note: (continued)

- (c) At 30 September 2015, the Group has a listed equity investment with carrying amount of approximately HK\$543,000,000, which exceed 10% of the Group's total assets. At 31 March 2015, the Group has an unlisted equity investment with carrying amount of approximately HK\$340,800,000 and a listed equity investment with carrying amount of approximately HK\$322,400,000, each of which exceed 10% of the Group's total assets. Particulars of these investments are as follows:

Company name	Place of incorporation	Principal activities	Particulars of issued share capital	Proportion of nominal value of issued capital held by the Group as at end of reporting period
<i>At 30 September 2015</i>				
Simsen International Corporation Ltd.	Bermuda	Securities, bullion and forex operations and money lending activities and pawn loan and finance lease	Ordinary shares of HK\$0.001 each	4.58%
<i>At 31 March 2015</i>				
HEC Capital Limited	Cayman Islands	Investment holding, property investment, investment advisory and financial services, investment in securities trading and money lending	Ordinary shares of HK\$0.1 each	6.18%
China Smarter Energy Group Holdings Limited (formerly known as Rising Development Holdings Limited)	Bermuda	Investment holding, trading of securities, trading of fur garment and skins, and business of mining natural resources and clean energy operation	Ordinary shares of HK\$0.01 each	3.72%

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 13. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS (continued)

Note: (continued)

- (d) At the end of the reporting period, the Group's investments in listed equity securities with carrying value of approximately HK\$762,580,000 (31 March 2015: HK\$3,776,000) was pledged as a security for margin and other loans advanced by a financial institution (note 14(c)). The Group's investment in listed equity securities with carrying value of approximately HK\$571,642,000 (31 March 2015: HK\$10,891,000) were pledged to certain financial institutions to secure certain margin financing facilities granted to the Group which has not been utilised as at the end of the reporting period (note 14(c)).

### 14. BORROWINGS

	Note	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Interest-bearing bank borrowings:	(a)		
– portion of bank borrowings due for repayment within one year		155,008	–
– portion of bank borrowings due for repayment after one year		792,338	–
Bonds due for repayment:	(b)		
– within one year		955	983
– after one year		18,370	18,813
Margin and other loans		91,927	9,520
		<b>1,058,598</b>	29,316
Less: amount classified as current liabilities		<b>(247,890)</b>	(10,503)
Amount classified as non-current liabilities		<b>810,708</b>	18,813
Analysed as:			
Secured		1,000,287	9,520
Unsecured		58,311	19,796
		<b>1,058,598</b>	29,316

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 14. BORROWINGS (continued)

Note:

#### (a) Interest-bearing bank borrowings

As at 30 September 2015, the Group's term loans were variable-rate borrowings which carried effective interest ranging from 1.7% to 3.2% per annum. The maturities for term loans outstanding, being the year when the last instalment of the bank borrowings falls due, were in the year of 2016.

As at 30 September 2015, the Group's factoring loans were fixed-rate borrowings which carried effective interest rates ranging from 7.1% to 8.0% per annum. The Group's term loans were secured by bankers' guarantee issued by the PRC banks in the form of standby letter of credit. The Group was required to deposit HK\$38,779,375 to the PRC banks to secure the bankers' guarantee as at 30 September 2015. In addition, the Group's term loans were secured by personal guarantees executed by directors of the Company.

As at 30 September 2015, the Group's factoring loans were secured by pledged deposits of HK\$76,432,898, and loan receivables of HK\$772,084,855. Details of the secured loans receivable are set out in Note 12 to the financial statement.

As at 31 March 2015, the Group has no bank borrowings after the Group has disposed the entire share capital of Golden Victory Holdings Limited during the period.

#### (b) Bonds

	HK\$'000
At 1 April 2015 (audited)	19,796
Interest charged calculated at an effective interest rate (note 5)	529
Less: repayment during the period	(1,000)
	<hr/>
At 30 September 2015 (unaudited)	<u>19,325</u>

#### (c) Pledge of assets

As at 30 September 2015, margin and other loans are secured by the listed equity investment with carrying amount of approximately HK\$762,580,000 (31 March 2015: 3,776,000).



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 15. ISSUED CAPITAL

	30 September 2015		31 March 2015	
	Number	HK\$	Number	HK\$
Authorised:				
Ordinary shares of HK\$0.00025 each (as at 30 September 2015 and 31 March 2015)				
At beginning of period	2,000,000,000,000	500,000,000	500,000,000,000	500,000,000
Shares subdivision	-	-	1,500,000,000,000	-
At end of the period	<u>2,000,000,000,000</u>	<u>500,000,000</u>	<u>2,000,000,000,000</u>	<u>500,000,000</u>
Issued and fully paid:				
At beginning of period	16,943,718,244	4,235,930	2,823,953,041	2,823,953
Issue of new share (note)	2,361,112,121	590,278	-	-
Bonus issue	-	-	1,411,976,520	1,411,977
Share subdivision	-	-	12,707,788,683	-
At end of the period	<u>19,304,830,365</u>	<u>4,826,208</u>	<u>16,943,718,244</u>	<u>4,235,930</u>

A summary of the movements in the Company's issued ordinary share capital and share premium account is as follows:

	Number of shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 April 2015 (audited)	16,943,718,244	4,236	1,649,764	1,654,000
Share issue (note)	2,361,112,121	590	1,581,355	1,581,945
At 30 September 2015 (unaudited)	<u>19,304,830,365</u>	<u>4,826</u>	<u>3,231,119</u>	<u>3,235,945</u>

Note: On 8 April 2015, the Board announced that the Group entered into a sales and purchase agreement with China Hover Dragon Group Limited and Mr. Gao Chuanyi to acquire the entire issued share capital of Hong Kong Leasing Limited ("Hong Kong Leasing"). The consideration was settled by way of allotment and issue of the share by the Company on 4 September 2015. Further details are set out in the Company's next day disclosure return dated 4 September 2015, the Company's circular dated 30 July 2015 and the Company's announcement dated 10 April 2015.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 16. NET CASH INFLOW ARISING FROM THE ACQUISITION OF A SUBSIDIARY

The unaudited net assets acquired in the transaction and the unaudited goodwill arising therefrom are as follows:

	As at 1 September 2015 Hong Kong leasing (Unaudited) HK\$'000
<b>Net assets acquired:</b>	
Net assets attributable to the Group	1,349,296
Goodwill arising on acquisition	232,649
	<u>1,581,945</u>
<b>Satisfied by:</b>	
Allot and issue of 2,361,112,121 new shares of the Company	<u>1,581,945</u>
<b>Net inflow arising from the acquisition of a subsidiary:</b>	
Cash and cash equivalents acquired	<u>256,964</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 17. COMMITMENTS

#### Operating lease arrangements

(a) *As lessor*

The Group leases certain of its office premises under operating lease arrangements, with leases negotiated for initial terms ranging from 8 months to 9 months.

At 30 September 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
Within one year	<b>280</b>	–
In the second to fifth years, inclusive	–	–
	<b>280</b>	–

(b) *As lessee*

The Group leases certain office premises under operating lease arrangements, with leases negotiated for initial terms ranging from 1 to 5 years.

At 30 September 2015, the Group had total future minimum lease payables under non-cancellable operating leases falling due as follows:

	<b>30 September 2015 (Unaudited) HK\$'000</b>	31 March 2015 (Audited) HK\$'000
Within one year	<b>10,524</b>	1,562
In the second to fifth years, inclusive	<b>17,844</b>	1,122
	<b>28,368</b>	2,684

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 17. COMMITMENTS (continued)

#### Capital commitments

In addition to the operating lease commitments detailed above, the Group has the following capital commitments at the end of the reporting period:

	<b>30 September 2015 (Unaudited) HK\$'000</b>	<b>31 March 2015 (Audited) HK\$'000</b>
Contracted, but not provided for in the condensed consolidated financial statements:		
Property, plant and equipment	2,562	–
Capital contribution to subsidiary	501,413	2,000
	<u>503,975</u>	<u>2,000</u>

### 18. TRANSACTIONS WITH RELATED PARTIES AND A CONNECTED PERSON

During the period, the Group had the following transactions with related parties:

#### Compensation of key management personnel of the Group:

	<b>For the six months ended 30 September</b>	
	<b>2015 (Unaudited) HK\$'000</b>	<b>2014 (Unaudited) HK\$'000</b>
Short term employee benefits	1,949	2,587
Retirement benefit scheme contributions	18	31
	<u>1,967</u>	<u>2,618</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 19. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS

#### (a) 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 2) based on the degree to which the inputs to the fair value measurements is observable.

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30 September 2015 (Unaudited) HK\$000	31 March 2015 (Audited) HK\$000		
1) Club membership debenture	4,600	4,600	Level 2	Quoted prices in an open market taken into account the estimated transfer fee of the club membership upon sale.
2) Investment in an unlisted equity securities	340,800	340,800	Level 2	Subscription prices of other recent share allotments of those investees with other independent third parties
3) Investments in listed equity securities	762,580	337,067	Level 1	Quoted bid prices in an active market

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

30 September 2015

**19. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS****(continued)****(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)**

During the period ended 30 September 2015, the Group does not have any financial assets transferred between Level 1 and Level 2 fair value hierarchy.

*Financial assets measured at fair value:*

	Fair value hierarchy		
	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
<b>As at 30 September 2015</b>			
<b>(unaudited)</b>			
Available-for-sale investments	-	4,600	4,600
Investments at fair value through profit or loss	762,580	340,800	1,103,380
	<u>762,580</u>	<u>345,400</u>	<u>1,107,980</u>
<b>As at 31 March 2015</b>			
<b>(audited)</b>			
Available-for-sale investments	-	4,600	4,600
Investments at fair value through profit or loss	337,067	340,800	677,867
	<u>337,067</u>	<u>345,400</u>	<u>682,467</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015

### 19. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS (continued)

#### (b) Fair value measurement and valuation process

The management of the Group is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

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

### 20. EVENT AFTER THE END OF THE REPORTING PERIOD

The Group entered into a share transfer agreement with the 深圳翔融投資諮詢有限公司 (“Shenzhen Xiangrong”) to which the Group had conditionally agreed to dispose its 20% equity interest in 深圳前海路建資產管理有限公司 (“Qianhai Lu Jian”) at a consideration of RMB2,000,000 on 27 August 2015. The transfer was completed on 14 September 2015.

On 13 October 2015, the Company announced that the Company and Taiping Trustees Limited (“Taiping Trustees”) entered into a subscription agreement, pursuant to which the Company agreed to issue and Taiping Trustees agreed to subscribe in cash for the convertible bonds in the aggregate principal amount of US\$50,000,000, which could be converted into, at HK\$0.68 per share (subject to adjustment), 573,529,411 Shares of the Company. The subscription has been completed on 28 October 2015.

For further details of the issue of convertible bonds, please refer to the announcement of the Company dated 13 October 2015 and 28 October 2015 respectively. The subscription was completed on 28 October 2015.

### 21. COMPARATIVE FIGURE

As explained in note 8 to the consolidated financial statements, due to the classification of discontinued operation, the loss from continuing operations and the loss from discontinued operation in the consolidated income statement have been revised. Accordingly, certain prior period comparative amounts have been reclassified and restated to conform to the current period’s presentation.

### 22. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been reviewed by the Audit Committee of the Company and were approved and authorised for issue by the board of directors on 30 November 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL RESULTS

The Board announces that the Group has made a loss of approximately HK\$361,350,000 for the six months ended 30 September 2015 (2014: profit of approximately HK\$82,268,000). The loss is mainly attributable to the unrealised fair value loss arising from equity investments at fair value through profit or loss for the six months ended 30 September 2015. The Group is an investment holding company with the following major lines of business:

**a) Financial leasing**

On 1 September 2015, the Group completed the acquisition of a group of companies, which were principally engaged in financial leasing business, consultancy services, provision of financial guarantee and operation of financial services platform in the PRC. For further details of the acquisition, please refer to the announcements of the Company dated 10 April 2015 and 2 September 2015 and the circular of the Company dated 30 July 2015.

The financial leasing business recorded a loss of approximately HK\$5.7 million for the period concerned. However, the management believes that the unique financial leasing transaction platform can generate a stable income source and can provide potential business synergies for the Group in the long run.

**b) Investment in listed securities**

The Group's securities portfolio had an unrealised fair value loss on investments at fair value through profit or loss of approximately HK\$361.1 million for the six months ended 30 September 2015 and a realised gain of approximately HK\$13.7 million.

**c) Money lending business**

The Group's wholly owned subsidiary, namely, Heritage (Jeju) Investments Limited, engaged in money lending business and recorded a gain of approximately HK\$2.2 million for the period concerned. The Group is optimistic in the money lending business and plans to increase its effort in this line of business. Although the business environment is still challenging, however, with low gearing and solid financial position, our management believes that a cautious approach in the money lending field will enable the Group to manage risk and conduct this business profitably.

**d) Investment holding**

As at 30 September 2015, the Group held an unlisted investment at fair value in the amount of approximately HK\$340.8 million. The shareholding in this unlisted investment represented an equity interest of 6.18% in the investee.



## MANAGEMENT DISCUSSION AND ANALYSIS

### e) Investment in forest interest in the PRC (now discontinued)

The Group owned a group of companies whose principal asset is the Forestlands with a total area of approximately 63,035.29 mu located in Qinglong Manchu Autonomous County of Hebei Province, the PRC. The Group recognised prepaid lease payments, favourable lease asset, goodwill and biological assets as the major non-current assets on its books after the acquisition in prior years.

Having considered the continuous losses incurred, the Group disposed the investment in forest interest in August 2015 with a consideration of HK\$720,000,000 to Trillion Cheer, an independent third party, so that the Group can focus on the development of the money lending and financial leasing business while seeking opportunities to diversify into other areas in order to enhance the Group's performance and increase shareholders' value.

### PROSPECT

In addition to the Group's continued involvement in the money lending business and the investments in listed and unlisted securities, the Group expands into a variety of financial services serving in the PRC markets. On 1 September 2015, the Group has completed the acquisition of a group of companies that provides financial leasing services, including a financial leasing transaction services platform (O2O) with cross-border Renminbi business products and integrated financial products; it also provides leasing transactions consultation services, guarantees, factoring business and other related businesses.

On 9 September 2015, the Group has also entered into a sales and purchase agreement with a company in the field of importation of automobiles, online and offline automobile sales and financing related services in the PRC. The Group is also actively seeking other acquisition opportunities in the area of financial services in the PRC, and believes this industry will have a bright future and will increase shareholders' value of the Company.

The Group is proactively identifying opportunities for acquisition of financial business, including various financial institutions and asset management companies in the PRC and globally, as well as securities business in Hong Kong, so as to strengthen the Company's business sectors. Furthermore, with an aim of supporting our business development, the Group has been continuously introducing institutional investors and strategic partners by ways of issue of convertible bonds and other different financing channels to seek new opportunities, and we believe this will provide a higher values for the shareholders of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EVENT AFTER THE END OF THE REPORTING PERIOD

On 13 October 2015, the Company announced that the Company and Taiping Trustees Limited (“Taiping Trustees”) entered into a subscription agreement, pursuant to which the Company agreed to issue and Taiping Trustees agreed to subscribe in cash for convertible bonds in an aggregate principal amount of US\$50,000,000, which could be converted into, at HK\$0.68 per share (subject to adjustment), 573,529,411 shares of the Company.

For further details of the issue of convertible bonds, please refer to the announcements of the Company dated 13 October 2015 and 28 October 2015 respectively. The subscription was completed on 28 October 2015.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2015, the Group’s total assets and borrowings were approximately HK\$4,464,010,000 and HK\$1,058,598,000 respectively. The borrowings of the Group represented bank borrowings and two unsecured seven-year bonds with a fixed rate of interest of 5% per annum issued by the Company. The bonds were denominated in Hong Kong dollars and thus there is no exposure to fluctuations in exchange rate. The gearing ratio (total borrowings/total assets) as at 30 September 2015 was approximately 23.7%.

### CURRENCY RISK MANAGEMENT

The Group’s transactions are mainly denominated in Hong Kong dollars and RMB. Therefore, the Group is exposed to exchange rate risk. The majority of the Group’s cash and bank balances are also denominated in these two currencies. During the six months ended 30 September 2015, the Group did not experience significant exposure to exchange rate and interest rate fluctuations. However, the management of the Group will constantly review the economic situation, development of each business segment and the overall foreign exchange risk profile, and will consider appropriate hedging measures in the future when necessary.

### PLEDGE OF ASSETS

At 30 September 2015, the banking facilities of the Group were secured by bank deposits, bankers’ guarantees issued by the PRC banks in the form of standby letter of credits, loans receivables and personal guarantee executed by directors of the Company. Details are set out in Note 14 to this report.

### CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2015 (31 March 2015: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

There was no purchase, redemption or sale of the Company's listed securities by the Company or any of its subsidiaries during the period and up to the date of this report.

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group entered into a sales and purchase agreement with China Hover Dragon Group Limited and Mr. Gao Chuanyi to acquire the entire issued share capital of Hong Kong Leasing on 8 April 2015. The acquisition was completed on 1 September 2015. The consideration was settled by way of allotment and issue of shares by the Company on 4 September 2015. Further details are set out in the Company's next day disclosure return on 4 September 2015, the Company's circular dated 30 July 2015 and the Company's announcement dated 10 April 2015 and 2 September 2015.

Save as disclosed in note 8 and above in this report, the Group had no material acquisition and disposal of subsidiaries during the six months ended 30 September 2015.

### EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 30 September 2015, the Group had an available workforce, including directors of the Company, of 104, of which 85 were based in the PRC. Staff costs incurred and charged to profit or loss for the period including directors' remuneration, was approximately HK\$7.2 million (six months ended 30 September 2014: HK\$5.1 million).

The Group selects and promotes staff based on their qualification, experience and suitability for the position offered. The Group's remuneration policy aims to retain and motivate staff. Performance of staff is appraised annually to provide a base for the review of the remuneration package. The Group operates a defined contribution mandatory provident fund retirement benefits scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of laws of Hong Kong) for all its employees.

The employees of the Group's PRC subsidiaries are members of a state-managed retirement benefit plan operated by the government of the PRC. The PRC subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

## SHARE OPTION SCHEME

On 18 August 2014, the Company adopted a share option scheme (the “Share Option Scheme”) pursuant to an ordinary resolution passed at the annual general meeting of the Company.

Details of the share options movements during the six months ended 30 September 2015 under the Share Option Scheme are as follows:

Name of category	Date of grant of share options	Number of share options*						Outstanding as at 30.09.2015	Vesting period	Validity period of share options	Adjusted exercise price of share options* (HK\$) per share
		Outstanding as at 01.04.2015	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Outstanding as at 30.09.2015				
Director											
Yau Wai Lung	05.12.2014	169,400,000	-	-	-	-	169,400,000	-	05.12.2014 to 04.12.2024	0.42	
<b>Total</b>		<b>169,400,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169,400,000</b>				

\* The exercise price and the number of share options are subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company’s share capital. During the year ended 31 March 2015, the Company implemented a share subdivision, details of which are set out in note 15 above. Accordingly, the exercise price and the number of share options disclosed above have been adjusted to reflect this change.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION

As at 30 September 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 SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests or short positions which the directors and the chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

#### Long positions in ordinary shares and underlying shares of the Company

Name of Director/ Chief Executive	Number of Shares					Interests in underlying shares/ equity derivatives	Total Shares	Percentage of Company's issued share capital as at 30 September 2015
	Personal interests	Family interests	Corporate interests	Other interests				
Ji Kewei	-	-	2,284,947,214 (Note 1)	-	-	-	2,284,947,214	11.84
Yau Wai Lung	-	-	3,059,480,000 (Note 2)	-	169,400,000 (Note 3)	-	3,228,880,000	16.73

#### Notes:

- China Hover Dragon Group Limited beneficially owns 2,284,947,214 shares by way of trusts. Chinanet Consultancy Limited owns 50% of the issued share capital of China Hover Dragon Group Limited and Mr. Ji Kewei owns the entire issued share capital of Chinanet Consultancy Limited.
- Mr. Yau Wai Lung is deemed to be interested in 3,059,480,000 shares by virtue of his 100% beneficial holding in Leading Fortune International Group Limited, which holds 3,059,480,000 shares. Mr. Yau Wai Lung is also a director of Leading Fortune International Group Limited.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION (continued)

Notes: (continued)

3. The 169,400,000 underlying shares are shares issuable upon the exercise of share options granted by the Company to Mr. Yau Wai Lung under the share option scheme of the Company adopted at the annual general meeting held on 18 August 2014.

Save as disclosed above, as at 30 September 2015, none of the directors and chief executive of the Company was interested in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors or the chief executive of the Company were taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register maintained by the Company under section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTEREST

### SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN SHARES OF THE COMPANY

As at 30 September 2015, according to the register of interests required to be kept by the Company under Section 336 of the SFO, the following persons, other than the directors of chief executives of the Company, had interests or short positions in the shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

#### Long positions in ordinary shares of the Company

Name of substantial shareholders	Capacity	Interests in underlying shares/equity derivatives	Number of shares interested	Percentage of the issued share capital as at 30 September 2015
Hao Tian Development Group Limited (Note 1)	Corporate interest	–	4,941,500,000	25.60
	Corporate interest	–	80,729,170 (S) (Note 5)	0.42
Yau Wai Lung (Note 2)	Corporate interest	–	3,059,684,000	15.85
	Beneficial interest	169,400,000	–	0.88
Huang Rulun (Note 3)	Corporate interest	–	2,320,000,000	12.02
Ji Kewei (Note 4)	Corporate interest	–	2,284,947,214	11.84

Notes:

- Hao Tian Development Group Limited is deemed to be interested in the 4,941,500,000 shares held by Hao Tian Management (Hong Kong) Limited pursuant to the SFO by virtue of Hao Tian Management (Hong Kong) Limited being a subsidiary of Win Team Investments Limited, which in turn is a subsidiary of Hao Tian Development Group Limited.
- Mr. Yau Wai Lung, a director of the Company, is deemed to be interested in the 3,059,684,000 Shares held by Leading Fortune International Group Limited pursuant to the SFO by virtue of his 100% beneficial interest in Leading Fortune International Group Limited. 169,400,000 share options were granted to Mr. Yau Wai Lung by the Company under the share option scheme adopted on 18 August 2014.
- Mr. Huang Rulun is deemed to be interested in the 2,320,000,000 shares held by Century Golden Resources Investment Co. Ltd. pursuant to the SFO by virtue of his controlling interest in Century Golden Resources Investment Co. Ltd.
- Mr. Ji Kewei, a director of the Company, is deemed to be interested in the 2,284,947,214 shares held by China Hover Dragon Group Limited pursuant to the SFO by virtue of Chinanet Consultancy Limited (wholly-owned by Mr. Ji Kewei) holding 50% issued shares of China Hover Dragon Group Limited.
- (S) – Short position.

## CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2015, the Company has complied with the code provisions as set out in the Corporate Governance Code (the “Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except for the following deviations: Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between chairman and chief executive should be clearly established and set out in writing. Mr. Ji Kewei, assumed the roles of both deputy chairman and chief executive of the Company, and was in charge of the overall management of the Company. The Company considered that the combination of the roles of chairman and chief executive can promote the efficient formulation and implementation of the Company’s strategies and enable the Group to grasp business opportunities efficiently and promptly. The Company has not appointed a new chairman or chief executive, but when it does so it is expected that appropriate persons will be nominated to the different roles of chairman and chief executive.

Although not less than one-third of the directors of the Company (both executive and non-executive) are subject to retirement by rotation at the Company’s annual general meeting (Code Provision A.4.2 requires every director should be subject to retirement by rotation at least once every three years (the “Rotation Period Restriction”)) as specified by the Company’s bye-laws, the independent non-executive directors are not appointed for a specific term. Thus the Company has deviated from Code Provision A.4.1. The Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are similar to those provided in the Code.

Code provision D.1.4 sets out that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for any of the independent non-executive directors. All of the directors of the Company are, however, required to refer to the guidelines set out in “A Guide on Directors’ Duties” issued by the Companies Registry and “Guidelines for Directors” and “Guide for Independent Non-Executive Directors” published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors of the Company. In the opinion of the directors, this meets the objective of the Code provision D.1.4.

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings of the Company. For the six months ended 30 September 2015, due to overseas commitments or other prior business engagements, the non-executive director was unable to attend the annual general meeting (the “AGM”) and special general meeting held on 18 September 2015, one independent non-executive director was unable to attend all special general meetings and the AGM and one independent non-executive director was unable to attend the special general meeting held on 18 August 2015.



## CORPORATE GOVERNANCE

### AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting processes and internal controls. The audit committee comprises three independent non-executive directors of the Company. The Company's unaudited interim condensed consolidated financial statements for the six months ended 30 September 2015 have been reviewed by the audit committee of the Company.

### COMPLIANCE WITH 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 the code for securities transactions by directors of the Company. Following specific enquiry by the Company, the directors have confirmed that they have complied with the required standard under the Model Code for the six months ended 30 September 2015.

### CHANGES IN INFORMATION OF DIRECTOR(S) OF THE COMPANY

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of director(s) of the Company are as follows:

Mr. Chung Yuk Lun resigned as an executive director of Mascotte Holdings Limited on 26 October 2015 and an independent non-executive director of Rentian Technology Holdings Limited on 31 October 2015.

Mr. Cheung Wing Ping has been appointed as an independent non-executive director of Enerchina Holdings Limited with effect from 21 May 2015 and an independent non-executive director of China Optoelectronics Holding Group Co., Limited with effect from 11 August 2015.

By Order of the Board  
**China Innovative Finance Group Limited**  
**Ji Kewei**  
*Deputy Chairman*

Hong Kong, 30 November 2015

*As at the date of this report, the Company has three executive directors, being Mr. Ji Kewei, Mr. Yau Wai Lung and Mr. Ma Chao; one non-executive director, being Mr. Qiu Jianyang; and three independent non-executive directors, being Mr. To Shing Chuen, Mr. Chung Yuk Lun and Mr. Cheung Wing Ping.*