



China Financial International Investments Limited

中國金融國際投資有限公司

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

(Stock Code: 721)

INTERIM REPORT | **2015**

BOARD OF DIRECTORS

Executive Directors

Mr. Du Lin Dong
(Chairman and Chief Executive Officer)
Mr. Pong Po Lam

Non-executive Directors

Mr. Ding Xiaobin
Mr. Wang Charles Hongxin

Independent Non-executive Directors

Dr. Cheung Wai Bun Charles, J. P.
Mr. Zeng Xianggao
Mr. Li Cailin

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

Dr. Cheung Wai Bun Charles, J. P. (Chairman)
Mr. Zeng Xianggao
Mr. Li Cailin

REMUNERATION COMMITTEE

Mr. Li Cailin (Chairman)
Mr. Du Lin Dong
Dr. Cheung Wai Bun Charles, J. P.

NOMINATION COMMITTEE

Dr. Cheung Wai Bun Charles, J. P. (Chairman)
Mr. Zeng Xianggao
Mr. Li Cailin

RISK MANAGEMENT COMMITTEE

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

AUTHORISED REPRESENTATIVES

Mr. Pong Po Lam
Mr. Li Chi Chung

COMPANY SECRETARY

Mr. Li Chi Chung

AUDITORS

Ernst & Young
Certified Public Accountants

INVESTMENT MANAGER

China Financial International Investments &
Managements Limited

CUSTODIAN

Bank of Communications Trustee Limited

LEGAL ADVISER

As to Bermuda law
Conyers Dill & Pearman

REGISTERED OFFICE

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SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

MUFG Fund Services (Bermuda) Limited
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Bermuda

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
Level 22, Hopewell Centre
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Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited

TRADING CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

0721

COMPANY WEBSITE

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the board of directors of China Financial International Investments Limited

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

Introduction

We have reviewed the interim financial information set out on pages 3 to 25, which comprises the condensed consolidated statement of financial position of China Financial International Investments Limited (the "Company") and its subsidiaries as at 31 December 2015 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

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

Scope of review

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

Conclusion

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

Ernst & Young
Certified Public Accountants

Hong Kong
24 February 2016

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

For the six months ended 31 December 2015

	Notes	Unaudited Six months ended 31 December	
		2015 HK\$'000	2014 HK\$'000
Revenue	7	429	–
Other income and gains	7	5,006	986
Net change in fair value of financial assets	8	(150,960)	40,018
Impairment loss of an available-for-sale financial asset	16(b)	(721)	–
Finance costs	9	(4,471)	(12,724)
Administrative expenses		(9,182)	(14,176)
Share of loss of an associate		(16)	(10)
		<hr/>	<hr/>
(Loss)/profit before tax	10	(159,915)	14,094
Taxation	11	1,651	212
		<hr/>	<hr/>
(Loss)/profit for the period		(158,264)	14,306
		<hr/> <hr/>	<hr/> <hr/>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale financial assets:			
Change in fair value		(73,130)	(12,447)
Reclassification adjustment for loss included in the profit or loss			
– Impairment loss		721	–
Income tax effect		1,802	1,241
		<hr/>	<hr/>
		(70,607)	(11,206)
Exchange differences on translation of foreign operations		(6,513)	(666)
		<hr/>	<hr/>
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(77,120)	(11,872)
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX			
		(77,120)	(11,872)
		<hr/> <hr/>	<hr/> <hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
		(235,384)	2,434
		<hr/> <hr/>	<hr/> <hr/>
(Loss)/earnings per share attributable to ordinary equity holders of the Company			
– Basic	13(a)	HK(2.41) cents	HK0.31 cents
		<hr/> <hr/>	<hr/> <hr/>
– Diluted	13(b)	HK(2.41) cents	HK0.30 cents
		<hr/> <hr/>	<hr/> <hr/>

Interim Condensed Consolidated Statement of Financial Position

31 December 2015

	<i>Notes</i>	Unaudited 31 December 2015 HK\$'000	Audited 30 June 2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	101	125
Investment in an associate	15	400	416
Available-for-sale financial assets	16	252,102	325,232
Financial assets at fair value through profit or loss	17	463,922	550,542
		<hr/>	<hr/>
Total non-current assets		716,525	876,315
		<hr/>	<hr/>
CURRENT ASSETS			
Financial assets at fair value through profit or loss	17	114,006	178,346
Prepayments, deposits and other receivables	18	18,331	39,685
Cash and cash equivalents		1,230,560	287,295
		<hr/>	<hr/>
Total current assets		1,362,897	505,326
		<hr/>	<hr/>
CURRENT LIABILITIES			
Other payables and accruals		3,147	217,845
Convertible bond	19, 20	–	278,816
Due to a related company		359	15
Due to an associate	15	73	97
Tax payable		4,200	4,200
		<hr/>	<hr/>
Total current liabilities		7,779	500,973
		<hr/>	<hr/>
NET CURRENT ASSETS		1,355,118	4,353
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,071,643	880,668
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest bearing loans	19	62,978	62,965
Deferred tax liabilities		1,114	4,567
		<hr/>	<hr/>
		64,092	67,532
		<hr/>	<hr/>
Net assets		2,007,551	813,136
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Issued capital	21	109,577	46,717
Reserves		1,897,974	766,419
		<hr/>	<hr/>
TOTAL EQUITY		2,007,551	813,136
		<hr/> <hr/>	<hr/> <hr/>
Net asset value per share	22	HK18.32 cents	HK17.41 cents
		<hr/> <hr/>	<hr/> <hr/>

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2015

	Attributable to equity holders of the Company									
	Issued capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Available-for-sale financial asset revaluation reserve HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Equity component of a convertible bond HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2015 (audited)	46,717	682,786	278,979	2,766	11,988	65,604	(638)	7,231	(282,297)	813,136
Loss for the period	-	-	-	-	-	-	-	-	(158,264)	(158,264)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(6,513)	-	-	(6,513)
Change in fair value of available-for-sale financial assets, net of tax	-	-	-	-	(70,607)	-	-	-	-	(70,607)
Total comprehensive income for the period	-	-	-	-	(70,607)	-	(6,513)	-	(158,264)	(235,384)
Equity-settled share-based transactions	-	-	-	-	-	440	-	-	-	440
Issue of shares										
- upon conversion of a convertible bond	5,600	280,276	-	-	-	-	-	(7,231)	-	278,645
- upon exercise of share options	260	14,262	-	-	-	(3,472)	-	-	-	11,050
- upon share placing, net of expense	57,000	1,082,664	-	-	-	-	-	-	-	1,139,664
At 31 December 2015 (unaudited)	<u>109,577</u>	<u>2,059,988*</u>	<u>278,979*</u>	<u>2,766*</u>	<u>(58,619)*</u>	<u>62,572*</u>	<u>(7,151)*</u>	<u>-*</u>	<u>(440,561)*</u>	<u>2,007,551</u>
At 1 July 2014 (audited)	46,607	680,967	278,979	2,766	22,409	64,349	108	7,231	(281,671)	821,745
Profit for the period	-	-	-	-	-	-	-	-	14,306	14,306
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(666)	-	-	(666)
Change in fair value of available-for-sale financial assets, net of tax	-	-	-	-	(11,206)	-	-	-	-	(11,206)
Total comprehensive income for the period	-	-	-	-	(11,206)	-	(666)	-	14,306	2,434
Equity-settled share-based transactions	-	-	-	-	-	1,285	-	-	-	1,285
Issue of shares										
- upon exercise of share options	110	1,819	-	-	-	(499)	-	-	-	1,430
At 31 December 2014 (unaudited)	<u>46,717</u>	<u>682,786</u>	<u>278,979</u>	<u>2,766</u>	<u>11,203</u>	<u>65,135</u>	<u>(558)</u>	<u>7,231</u>	<u>(267,365)</u>	<u>826,894</u>

* These reserve accounts comprise the consolidated reserves of HK\$1,897,974,000 (30 June 2015: HK\$766,419,000) in the interim condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2015

	Unaudited	
	Six months ended 31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in)/generated from operating activities	(200,346)	67,102
Net cash generated from/(used in) financing activities	<u>1,150,124</u>	<u>(9,958)</u>
Net increase in cash and cash equivalents	949,778	57,144
Cash and cash equivalents at beginning of period	287,295	6,818
Effect of foreign exchange rate changes	<u>(6,513)</u>	<u>(666)</u>
Cash and cash equivalents at end of period	<u><u>1,230,560</u></u>	<u><u>63,296</u></u>
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<u><u>1,230,560</u></u>	<u><u>63,296</u></u>

Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 31 December 2015

1. CORPORATION INFORMATION

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

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

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2015 have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”). They have been prepared on the historical cost convention, except for financial assets at fair value through profit or loss (“FVTPL”) and available-for-sale financial assets which have been measured at fair value. These interim condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3. ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The significant judgements made by management in applying the Group’s accounting policies and key sources of uncertainty were the same as those applied in the preparation of the annual financial statements for the year ended 30 June 2015.

4.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2015. No standards or interpretations are effective for the first time for this interim period and adopted by the Group.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the six months ended 31 December 2015. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

4.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in this interim financial information. Among the new and revised HKFRSs, the following are expected to be relevant to the Company's financial statements upon becoming effective:

HKFRS 9	<i>Financial Instruments</i> ²
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to HKAS 1	<i>Disclosure Initiative</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 July 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 July 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in HKAS 1;
- (ii) that specific line items in the of profit or loss and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and other comprehensive income. The Group expects to adopt the amendments from 1 July 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

5. OPERATING SEGMENT INFORMATION

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

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

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

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

5. OPERATING SEGMENT INFORMATION (Continued)

Segment results

	Unaudited Micro-loan service HK\$'000	Unaudited Real estate HK\$'000	Unaudited Others HK\$'000	Unaudited Total HK\$'000
Six months ended 31 December 2015				
Segment results	<u>(80,443)</u>	<u>(59,021)</u>	<u>(11,788)</u>	(151,252)
Share of loss of an associate				(16)
Unallocated income and gains				5,006
Unallocated expenses				<u>(13,653)</u>
Loss before tax				(159,915)
Income tax credit				<u>1,651</u>
Loss for the period				<u>(158,264)</u>
Six months ended 31 December 2014				
Segment results	<u>(11,507)</u>	<u>51,151</u>	<u>374</u>	40,018
Share of loss of an associate				(10)
Unallocated income and gains				986
Unallocated expenses				<u>(26,900)</u>
Profit before tax				14,094
Income tax credit				<u>212</u>
Profit for the period				<u>14,306</u>

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

Segment assets

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

	Unaudited 31 December 2015 HK\$'000	Audited 30 June 2015 HK\$'000
Micro-loan service	622,587	766,967
Real estate	110,172	169,193
Others	<u>97,271</u>	<u>117,960</u>
Total segment assets	830,030	1,054,120
Unallocated assets	<u>1,249,392</u>	<u>327,521</u>
	<u>2,079,422</u>	<u>1,381,641</u>

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

All liabilities as at 31 December 2015 and 30 June 2015 were unallocated liabilities.

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

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

6. (LOSS)/GAIN ON INVESTMENTS

	Unaudited Listed securities <i>HK\$'000</i>	Unaudited Unlisted investments <i>HK\$'000</i>	Unaudited Total <i>HK\$'000</i>
<i>Six months ended 31 December 2015</i>			
<i>Included in profit or loss:</i>			
Unrealised loss:			
Financial assets at FVTPL	(64,340)	(86,620)	(150,960)
Impairment loss:			
Available-for-sale financial asset	–	(721)	(721)
Total unrealised loss included in profit or loss	<u>(64,340)</u>	<u>(87,341)</u>	<u>(151,681)</u>
<i>Included in other comprehensive income:</i>			
Unrealised loss:			
Available-for-sale financial assets	–	(73,130)	(73,130)
Reclassification of impairment loss:			
Available-for-sale financial asset	–	721	721
Total unrealised loss included in other comprehensive income	<u>–</u>	<u>(72,409)</u>	<u>(72,409)</u>
Total unrealised loss for the period	<u>(64,340)</u>	<u>(159,750)</u>	<u>(224,090)</u>
<i>Six months ended 31 December 2014</i>			
<i>Included in profit or loss:</i>			
Realised gain:			
Available-for-sale financial asset	–	2	2
Unrealised gain/(loss):			
Financial assets at FVTPL	48,925	(8,909)	40,016
Total realised and unrealised gain/(loss) included in profit or loss	<u>48,925</u>	<u>(8,907)</u>	<u>40,018</u>
<i>Included in other comprehensive income:</i>			
Unrealised loss:			
Available-for-sale financial assets	–	(12,447)	(12,447)
Total realised and unrealised gain/(loss) for the period	<u>48,925</u>	<u>(21,354)</u>	<u>27,571</u>

7. REVENUE, OTHER INCOME AND GAINS

Revenue represents dividend income from the Group's investment. An analysis of revenue, other income and gains is as follows:

	Unaudited Six months ended 31 December	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Dividend income from an unlisted investment	<u>429</u>	<u>–</u>
Other income and gains		
Bank interest income	1,994	5
Exchange gains	<u>3,012</u>	<u>981</u>
	<u>5,006</u>	<u>986</u>

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

8. NET CHANGE IN FAIR VALUE OF FINANCIAL ASSETS

	Unaudited Six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Net unrealised (loss)/gain on financial assets at FVTPL	(150,960)	40,016
Net realised gain on an available-for-sale financial asset	–	2
	<u>(150,960)</u>	<u>40,018</u>

9. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited Six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Interest on a convertible bond wholly repayable within five years	419	11,123
Interest on other loans	4,052	1,601
	<u>4,471</u>	<u>12,724</u>

10. (LOSS)/PROFIT BEFORE TAX

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

	Unaudited Six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Custodian fee	76	72
Depreciation	24	47
Investment management fee	496	508
Minimum operating lease payments in respect of properties	712	662
Staff costs, including directors' remuneration:		
Salaries, wages and benefits in kind	4,081	6,202
Pension scheme contributions	52	70
Equity-settled share option expenses	440	1,285
	<u>4,401</u>	<u>12,844</u>

11. TAXATION

	Unaudited Six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Current – Hong Kong		
– Charge for the period	–	–
Deferred tax credit	1,651	212
	<u>1,651</u>	<u>212</u>
Total tax credit for the period		

No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax for both periods ended 31 December 2015 and 2014.

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

12. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 31 December 2015 (31 December 2014: Nil).

13. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the loss for the six months ended 31 December 2015 of HK\$158,264,000 (2014: profit of HK\$14,306,000) and the weighted average number of ordinary shares of 6,568,634,000 (2014: 4,665,357,000) in issue during the period.

(b) Diluted (loss)/earnings per share

No adjustment has been made to the basic loss per share amount presented for the six months ended 31 December 2015 in respect of a dilution as the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

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

14. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 31 December 2015 HK\$'000	Audited 30 June 2015 HK\$'000
Opening net carrying amount	125	206
Depreciation provided during the period/year	(24)	(81)
Closing net carrying amount	<u>101</u>	<u>125</u>

15. INVESTMENT IN AN ASSOCIATE

	Unaudited 31 December 2015 HK\$'000	Audited 30 June 2015 HK\$'000
Share of net assets Due to an associate	400 (73)	416 (97)
Total	<u>327</u>	<u>319</u>

Particulars of the associate are as follows:

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

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited 31 December 2015 HK\$'000	Audited 30 June 2015 HK\$'000
Non-current portion		
Unlisted investments, at fair value	252,102	325,232

As at 31 December 2015, the Group held the following available-for-sale financial assets:

Name	Notes	Place of incorporation/ registration and business	Group's effective interest		Principal activities	Unaudited	Audited
			Unaudited 31 December 2015	Audited 30 June 2015		31 December 2015 Cost HK\$'000	30 June 2015 Cost HK\$'000
Jiangxi Huazhang Hanchen Guarantee Group Limited ("Jiangxi Huazhang")	(a)	PRC	7.2%	7.2%	Provision of financing guarantees to small and medium enterprises ("SMEs")	43,150	43,150
Shenzhen Zhongtounxin Asset Management Company Limited ("Zhongtounxin")	(b)	PRC	30%	30%	Provision of consultation services on project investments	18,350	18,350
Jingdezhen CFI Guosen Microfinance Co., Ltd. ("Jingdezhen CFI Guosen")	(c)	PRC	30%	30%	Provision of small loan and financial consultation services	188,690	188,690
TianJin XEDA Microfinance Co., Ltd ("TianJin XEDA")	(d)	PRC	30%	30%	Provision of small loan and financial consultation services	72,450	72,450

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

Notes:

- On 13 April 2011, the Group acquired a 30% equity interest of Jiangxi Huazhang, a joint venture established in the PRC. On 15 July 2013, the Group holds a 7.2% equity interest of Jiangxi Huazhang as enlarged by the new registered capital subscribed by its other shareholders. Jiangxi Huazhang is principally engaged in the provision of financing guarantees to SMEs in the Jiangxi Province, the PRC. On 25 November 2014, the Company entered into a disposal agreement to dispose of its equity interest in Jiangxi Huazhang to an independent third party for a cash consideration of HK\$43,150,000. As certain conditions have not been satisfied, the disposal transaction was terminated on 24 June 2015.
- On 29 April 2011, the Group invested in a 30% equity interest of Zhongtounxin, a joint venture established in the PRC. The first contribution of RMB6,000,000 (equivalent to HK\$7,200,000) was made by the Company in 2011 and the second contribution of RMB9,000,000 (equivalent to HK\$11,150,000) was made on 10 May 2012. Zhongtounxin is principally engaged in the provision of consultation services for project investments in the PRC.
As at 31 December 2015, the unlisted investment had been impaired and an impairment loss of HK\$721,000, which included a reclassification from other comprehensive income of HK\$721,000, had been recognised in profit or loss.
- On 26 May 2011 and 28 November 2012, the Group invested in 23.33% and 6.67% equity interests of Jingdezhen CFI Guosen, respectively, a joint venture established in the PRC. Jingdezhen CFI Guosen is principally engaged in the provision of small loan and financial consultation services in Jingdezhen, the PRC. On 25 November 2014, the Company entered into a disposal agreement to dispose of its equity interest in Jingdezhen CFI Guosen to an independent third party for a cash consideration of HK\$188,690,000, a deposit of RMB140,000,000 has been received. As certain conditions have not been satisfied, the disposal transaction was terminated on 24 June 2015 and the deposit has been subsequently refunded in full.
- On 21 June 2011, the Group invested in a 30% equity interest of TianJin XEDA, a joint venture established in the PRC. TianJin XEDA is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

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

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

The Group does not own or control more than 20% of the voting rights in any one of these investee companies. In the opinion of the directors, the Group is not able to exercise any significant influence on the financial and operating policies on these investee companies, and therefore all of these investments are not regarded as associates of the Group and are accounted for as available-for-sale financial assets for the six months ended 31 December 2015.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	Unaudited 31 December 2015 HK\$'000	Audited 30 June 2015 HK\$'000
Non-current portion			
Financial assets designated as at FVTPL – Unlisted investments	(i)	463,922	550,542
Current portion			
Financial assets held for trading – Listed securities	(ii)	114,006	178,346
Financial assets designated as at FVTPL – Unlisted investment	(i)	–	–
		114,006	178,346

The above financial assets at 31 December 2015 and 30 June 2015 are classified as held for trading and are upon initial recognition, designated by the Group as financial assets at FVTPL.

Notes:

(i) As at 31 December 2015, the Group had the following unlisted investments:

Name	Notes	Place of incorporation/ registration and business	Group's effective interest		Principal activities	Unaudited	Audited
			Unaudited 31 December 2015	Audited 30 June 2015		31 December 2015 Cost HK\$'000	30 June 2015 Cost HK\$'000
Tianjin Rongshun Microfinance Limited ("Tianjin Rongshun")	(a)	PRC	30%	30%	Provision of small loan and financial consultation services	36,606	36,606
TIIC RongShun Micro- Loan Company Limited ("TIIC Rongshun")	(b)	PRC	10%	10%	Provision of small loan and financial consultation services	12,189	12,189
Harbin Zhongjinguoxin Microfinance Co., Ltd. ("Harbin Zhongjinguoxin")	(c)	PRC	30%	30%	Provision of small loan and financial consultation services	36,693	36,693

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

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

Notes: (Continued)

(i) As at 31 December 2015, the Group had the following unlisted investments: (Continued)

Name	Notes	Place of incorporation/ registration and business	Group's effective interest		Principal activities	Unaudited	Audited
			Unaudited 31 December 2015	Audited 30 June 2015		31 December 2015 Cost HK\$'000	30 June 2015 Cost HK\$'000
Nanchang Donghu Zhongjincaixin Microfinance Co., Ltd. ("Nanchang Donghu")	(d)	PRC	30%	30%	Provision of small loan and financial consultation services	36,901	36,901
Tianjin Binlian Microfinance Limited ("Tianjin Binlian")	(e)	PRC	3.3%	3.3%	Provision of small loan and financial consultation services	12,271	12,271
Ezhou Zhongjinguotou Microfinance Limited ("Ezhou Zhongjinguotou")	(f)	PRC	30%	30%	Provision of small loan and financial consultation services	185,000	185,000
Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd. ("Ziyang Yanjiang")	(g)	PRC	30%	30%	Provision of small loan and financial consultation services	73,730	73,730
Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd ("Nanjing Jiangning")	(h)	PRC	30%	30%	Provision of small loan and financial consultation services	36,673	36,673
Tianjin Rongyang Micro-Loan Limited ("Tianjin Rongyang")	(i)	PRC	30%	30%	Provision of small loan and financial consultation services	36,741	36,741
Xi'an Kairong Financial Service Limited ("Xi'an Kairong")	(j)	PRC	30%	30%	Provision of financial management services	18,724	18,724
Zhenjiang CFI Guosen Technology Microfinance Corporation Limited ("Zhenjiang CFI")	(k)	PRC	30%	30%	Provision of small loan and financial consultation services	56,874	56,874
Hubei Zhongjin Tech Financial Services Co., Ltd. ("Hubei Zhongjin")	(l)	PRC	30%	30%	Provision of financial management services	19,030	19,030
Glassy Mind Holdings Limited ("Glassy Mind")	(m)	British Virgin Islands	30%	–	Investment holding	–	–

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

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

Notes: (Continued)

- (i) As at 31 December 2015, the Group had the following unlisted investments: (Continued)

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

Notes:

- (a) On 24 August 2011, the Group invested in a 30% equity interest of Tianjin Rongshun, a joint venture established in the PRC. Tianjin Rongshun is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.
- (b) On 2 September 2011, the Group invested in a 10% equity interest of TIIC Rongshun, a joint venture established in the PRC. TIIC Rongshun is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.
- (c) On 29 August 2011, the Group invested in a 30% equity interest of Harbin Zhongjinguoxin, a joint venture established in the PRC. Harbin Zhongjinguoxin is principally engaged in the provision of small loan and financial consultation services in Harbin, Heilongjiang Province, the PRC.
- (d) On 21 December 2011, the Group invested in a 30% equity interest of Nanchang Donghu, a joint venture established in the PRC. Nanchang Donghu is principally engaged in the provision of small loan and financial consultation services in Donghu District, Nanchang, Jiangxi Province, the PRC. On 25 November 2014, the Company entered into a disposal agreement to dispose of its equity interest in Nanchang Donghu to an independent third party for a cash consideration of HK\$36,901,000, a deposit of RMB20,000,000 has been received. As certain conditions have not been satisfied, the disposal transaction was terminated on 24 June 2015 and the deposit has been subsequently refunded in full.
- (e) On 13 January 2012, the Group invested in a 10% equity interest of Tianjin Binlian, a joint venture established in the PRC. On 22 January 2014, the Group holds a 3.3% equity interest of Tianjin Binlian as enlarged by the new registered capital subscribed by its other shareholders. Tianjin Binlian is principally engaged in the provision of small loan and financial consultation services in Tianjin, especially Dongli District, the PRC. On 20 March 2015, the Company entered into a disposal agreement to dispose of its equity interest in Tianjin Binlian to an independent third party for a cash consideration of RMB10,000,000. As at the date of this interim report, this disposal transaction has not been completed. The directors expect this disposal transaction will be completed within one year.
- (f) On 2 March 2012, the Group invested in a 30% equity interest of Ezhou Zhongjinguotou, a joint venture established in the PRC. Ezhou Zhongjinguotou is principally engaged in the provision of small loan and financial consultation services in Ezhou, Hubei Province, the PRC. On 25 November 2014, the Company entered into a disposal agreement to dispose of its equity interest in Ezhou Zhongjinguotou to an independent third party for a cash consideration of HK\$185,000,000, a deposit of HK\$10,000,000 has been received. As certain conditions have not been satisfied, the disposal transaction was terminated on 24 June 2015 and the deposit has been subsequently refunded in full.
- (g) On 6 August 2012, the Group invested in a 30% equity interest of Ziyang Yanjiang, a joint venture established in the PRC. Ziyang Yanjiang is principally engaged in the provision of small loan and financial consultation services in Ziyang, Sichuan Province, the PRC. On 25 November 2014, the Company entered into a disposal agreement to dispose of its equity interest in Ziyang Yanjiang to an independent third party for a cash consideration of HK\$73,730,000. As certain conditions have not been satisfied, the disposal transaction was terminated on 24 June 2015.

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

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

Notes: (Continued)

- (i) As at 31 December 2015, the Group had the following unlisted investments: (Continued)

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

Notes: (Continued)

- (h) On 31 August 2012, the Group invested in a 30% equity interest of Nanjing Jiangning, a joint venture established in the PRC. Nanjing Jiangning is principally engaged in the provision of small loan and financial consultation services in Jiangning District, Nanjing, Jiangsu Province, the PRC.
- (i) On 13 September 2012, the Group invested in a 30% equity interest of Tianjin Rongyang, a joint venture established in the PRC. Tianjin Rongyang is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.
- (j) On 18 December 2012, the Group invested in a 30% equity interest of Xi'an Kairong, a joint venture established in the PRC. Xi'an Kairong is principally engaged in the provision of financial management services to SMEs in Xi'an Economic Development Zone, Shaanxi Province, the PRC.
- (k) On 22 November 2013, the Group invested in a 30% equity interest of Zhenjiang CFI, a joint venture established in the PRC. Zhenjiang CFI is principally engaged in the provision of small loan and financial consultation services in Zhenjiang, Jiangsu Province, the PRC.
- (l) On 22 September 2014, the Group invested in a 30% equity interest of Hubei Zhongjin, a joint venture established in the PRC. Hubei Zhongjin is principally engaged in the provision of financial management services to SMEs in Wuhan, Hubei Province, the PRC. On 23 December 2014, the Company entered into a disposal agreement to dispose of its equity interest in Hubei Zhongjin to an independent third party for a cash consideration of HK\$19,030,000. As certain conditions have not been satisfied, the disposal transaction was terminated on 24 June 2015.
- (m) On 19 November 2015, Best Joy Asia Investment Limited, a wholly-owned subsidiary of the Company invested in a 30% equity interest of Glassy Mind, a joint venture established in the British Virgin Islands. Glassy Mind is principally engaged in investment holding.

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

The Group does not own or control more than 20% of the voting rights in any one of these investee companies. In the opinion of the directors, the Group is not able to exercise any significant influence on the financial and operating policies on these investee companies, and therefore all of these investments are not regarded as associates of the Group and are accounted for as financial assets at FVTPL for the six months ended 31 December 2015.

- (ii) As at 31 December 2015, the fair values of listed securities are determined based on quoted market bid prices available on the relevant exchange at the end of the reporting period.

On 25 November 2014, the Company entered into disposal agreements to dispose of all of its listed securities to independent third parties for a total cash consideration of HK\$148,588,000. A deposit of HK\$7,000,000 has been received. As certain conditions have not been satisfied, the disposal transactions were terminated on 15 June 2015 and 24 June 2015 and the deposit has been subsequently refunded in full.

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		Unaudited 31 December 2015 HK\$'000	Audited 30 June 2015 HK\$'000
	<i>Notes</i>		
Other receivables	(a)	13,055	34,838
Receivable on partial disposal of equity interest in Globe Capital Resources Investment Limited	(b)	4,199	4,199
Prepayments and deposits		1,077	648
		18,331	39,685

Notes:

(a) As at 31 December 2015, other receivables included dividend receivables of HK\$12,844,000. This balance is unsecured, interest-free and repayable on demand.

As at 30 June 2015, other receivables included dividend receivables of HK\$15,633,000 and HK\$18,750,000 from the disposal of a 30% equity interest of Zhenjiang Financial Industry Development Limited which was settled on 23 July 2015.

(b) This is the unsettled balance from the disposal of a 70% equity interest in a former subsidiary, Globe Capital Resources Investment Limited, for the year ended 30 June 2011. The directors expect that the remaining balance will be settled within this financial year.

19. BORROWINGS

		Unaudited 31 December 2015 HK\$'000	Audited 30 June 2015 HK\$'000
	<i>Note</i>		
Current portion			
Convertible bond	20	–	278,816
Non-current portion			
Interest bearing loans – unsecured		62,978	62,965
		62,978	341,781
Analysed into:			
Loans repayable:			
Within one year		–	278,816
In the third to fifth years, inclusive		52,977	9,980
Beyond five years		10,001	52,985
		62,978	341,781

As at 31 December 2015, bonds with a total nominal amount of HK\$63,000,000 (30 June 2015: HK\$63,000,000) were issued to independent third parties at a 5% interest rate per annum with maturity dates ranging from years 2020 to 2021, being 7 years' maturity from the date of issue. The net proceeds are used for investing in unlisted investments and for the general working capital of the Group.

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

20. CONVERTIBLE BOND

On 27 December 2012 (the "Issue Date"), the Company issued a convertible bond (the "Convertible Bond") with a nominal value of HK\$280,000,000.

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

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

On 8 July 2015, the Convertible Bond was converted into 560,000,000 ordinary shares of HK\$0.01 each.

The fair value of the liability component was estimated at the Issue Date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity. As at 30 June 2015, the equity component after allocated transaction costs was HK\$7,231,000.

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

	Unaudited 31 December 2015 HK\$'000	Audited 30 June 2015 HK\$'000
At beginning of the period/year	278,816	276,301
Interest expense for the period/year	419	22,115
Interest paid for the period/year	(590)	(19,600)
Conversion (Note 21(b))	(278,645)	–
	<hr/>	<hr/>
At end of the period/year	–	278,816
	<hr/> <hr/>	<hr/> <hr/>

Pursuant to the subscription agreement, the Convertible Bond can be secured by the pledge of certain of the Company's available-for-sale financial assets and financial assets at FVTPL. As at 30 June 2015, the Convertible Bond was unsecured as the process for the registration/filing for the pledges of certain of the Company's available-for-sale financial assets and financial assets at FVTPL was still pending from the final approval of the relevant PRC authorities.

21. ISSUED CAPITAL

	Notes	Number of shares '000	HK\$'000
Authorised:			
At 31 December 2015 and 30 June 2015			
Ordinary shares of HK\$0.01 each		30,000,000	300,000
		<hr/>	<hr/>
Issued and fully paid:			
At 1 July 2014			
Ordinary shares of HK\$0.01 each		4,660,634	46,607
Issue of shares upon exercise of share options	(a)(i)	11,000	110
		<hr/>	<hr/>
At 30 June 2015			
Ordinary shares of HK\$0.01 each		4,671,634	46,717
Issue of shares upon exercise of share options	(a)(ii)	26,000	260
Issue of shares upon conversion of the Convertible Bond	(b)	560,000	5,600
Issue of shares upon share placing	(c)	5,700,000	57,000
		<hr/>	<hr/>
At 31 December 2015			
Ordinary shares of HK\$0.01 each		10,957,634	109,577
		<hr/> <hr/>	<hr/> <hr/>

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

21. ISSUED CAPITAL (Continued)

Notes:

(a) Issue of shares upon exercise of share options

- (i) During the year ended 30 June 2015, share options to subscribe for 11,000,000 ordinary shares were exercised. The gross proceeds were approximately HK\$1,430,000, of which HK\$110,000 was credited to share capital, while HK\$1,819,000 was credited to the share premium.
- (ii) During the period ended 31 December 2015, share options to subscribe for 26,000,000 ordinary shares were exercised. The gross proceeds were approximately HK\$11,050,000, of which HK\$260,000 was credited to share capital, while HK\$14,262,000 was credited to the share premium.

(b) Issue of shares upon conversion of the Convertible Bond

During the period ended 31 December 2015, the Convertible Bond with a principal amount of HK\$280,000,000 was converted into 560,000,000 ordinary shares of HK\$0.01 each at the conversion price of HK\$0.50 per share, of which HK\$5,600,000 was credited to share capital, while HK\$280,276,000 was credited to the share premium.

(c) Issue of shares upon share placing

On 10 November 2015, 13 November 2015 and 4 December 2015, the Company issued, in aggregate, 5,700,000,000 ordinary shares of HK\$0.01 each at a price of HK\$0.20 per share to three independent investors. The gross proceeds from the placing of shares were approximately HK\$1,140,000,000, out of which HK\$57,000,000 was recorded in share capital, while HK\$1,082,664,000 after netting off issuing expenses of HK\$336,000 was credited to share premium.

All the new ordinary shares issued during the period ended 31 December 2015 and during the year ended 30 June 2015 rank pari passu in all respects with the existing ordinary shares of the Company.

22. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of the Group as at 31 December 2015 of HK\$2,007,551,000 (30 June 2015: HK\$813,136,000) and on 10,957,634,000 ordinary shares being in issue as at 31 December 2015 (30 June 2015: 4,671,634,000 ordinary shares).

23. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2015 not provided for in the financial statements are as follows:

	Unaudited 31 December 2015 HK\$'000	Audited 30 June 2015 HK\$'000
Contracted, but not provided for, acquisition of investments	<u>360,000</u>	<u>75,000</u>

(b) At 31 December 2015, the total future outstanding minimum lease payments under non-cancellable operating leases in respect of properties are as follows:

	Unaudited 31 December 2015 HK\$'000	Audited 30 June 2015 HK\$'000
Within one year	1,776	1,237
In the second to fifth years, inclusive	<u>934</u>	<u>50</u>
	<u>2,710</u>	<u>1,287</u>

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

24. SHARE OPTIONS

(a) Share option scheme

The Company has a share option scheme for eligible employees of the Group. As at 31 December 2015, the Company had 18,700,000 share options (30 June 2015: 44,700,000 share options) outstanding under the share option scheme. 26,000,000 share options were exercised during the period. No share options were granted, lapsed or forfeited during the period.

The share options outstanding at 31 December 2015 had the exercise price of HK\$0.425 per share.

The Company recognised a total expense of approximately HK\$440,000 for the six months ended 31 December 2015 (31 December 2014: HK\$1,285,000) in relation to the share options granted by the Company on 19 December 2013.

(b) Share options

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

As at 31 December 2015, the Company had 400,000,000 share options (30 June 2015: 400,000,000 share options) outstanding under the Specific Mandate. No share options under Specific Mandate were exercised, lapsed or forfeited during the period.

The share options outstanding at 31 December 2015 had the exercise price of HK\$0.48 per share.

25. RELATED PARTY TRANSACTIONS

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

	Notes	Unaudited Six months ended 31 December	
		2015 HK\$'000	2014 HK\$'000
Investment Management fee paid/payable to China Financial International Investments & Managements Limited	(i)	496	508
Legal advisory fees paid/payable to Michael Li & Co	(ii)	648	711
		<u> </u>	<u> </u>

Notes:

(i) An investment management agreement (the "Investment Management Agreement") was entered into between the Company and an associate, China Financial International Investments & Managements Limited ("CFIIM") accordingly on 25 April 2014 to renew the appointment of CFIIM as the investment manager of the Company for a further period of three years effective from 29 April 2014. Pursuant to the Investment Management Agreement, CFIIM is entitled to a management fee which is payable monthly in arrears at the rate of 0.75% per annum of the aggregate market value of the portfolio managed by CFIIM on the last business day of each calendar month.

At 31 December 2015, the balance due to CFIIM of HK\$73,000 (30 June 2015: HK\$97,000) was unsecured, interest-free and repayable on demand.

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

At 31 December 2015, the balance due to Michael Li & Co of HK\$359,000 (30 June 2015: HK\$15,000) was unsecured, interest-free and repayable on demand.

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

25. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel of the Group

	Unaudited Six months ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Salaries, allowances and benefits in kind	3,120	5,028
Pension scheme contributions	29	27
Equity-settled share option expense	–	1,285
	<u>3,149</u>	<u>6,340</u>

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Assets measured at fair value				
<i>As at 31 December 2015 (unaudited)</i>				
Available-for-sale financial assets:				
– Unlisted investments	–	–	252,102	252,102
Financial assets at FVTPL:				
– Listed securities	114,006	–	–	114,006
– Unlisted investments	–	–	463,922	463,922
	<u>114,006</u>	<u>–</u>	<u>716,024</u>	<u>830,030</u>
<i>As at 30 June 2015 (audited)</i>				
Available-for-sale financial assets:				
– Unlisted investments	–	–	325,232	325,232
Financial assets at FVTPL:				
– Listed securities	178,346	–	–	178,346
– Unlisted investments	–	–	550,542	550,542
	<u>178,346</u>	<u>–</u>	<u>875,774</u>	<u>1,054,120</u>

During the six months ended 31 December 2015 and the year ended 30 June 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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

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

The fair values of the interest bearing loans and the liability portion of the convertible bond approximate to their carrying amount.

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2015 and 30 June 2015:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the input
<u>Available-for-sale financial assets in unlisted investments</u>				
<i>Micro-loan service</i>	Market comparable companies	Price to book ratio ("PB ratio")	31 December 2015: 0.5966 to 1.6531 30 June 2015: 0.8742 to 1.8637	The fair values of companies are determined with reference to multiples of comparable listed companies, using the average of the PB ratio of comparables. The fair value measurement is positively correlated to the PB ratios. Had the highest PB ratio among the comparables been used as at 31 December 2015, the Group's other comprehensive income would have increased by HK\$92,814,000 (30 June 2015: HK\$127,919,000). Had the lowest PB ratio among the comparables been used as at 31 December 2015, the Group's other comprehensive income would have decreased by HK\$89,749,000 (30 June 2015: HK\$74,893,000).
<i>Others</i>	Market comparable companies	PB ratio	31 December 2015: 0.5966 to 1.6531 30 June 2015: 0.8742 to 1.8637	The fair values of companies are determined with reference to multiples of comparable listed companies, using the average of the PB ratio of comparables. The fair value measurement is positively correlated to the PB ratios. Had the highest PB ratio among the comparables been used as at 31 December 2015, the Group's other comprehensive income would have increased by HK\$27,654,000 (30 June 2015: HK\$32,659,000). Had the lowest PB ratio among the comparables been used as at 31 December 2015, the Group's other comprehensive income would have decreased by HK\$27,987,000 (30 June 2015: HK\$19,795,000).
<u>FVTPL in unlisted investments</u>				
<i>Micro-loan service</i>	Market comparable companies	PB ratio	31 December 2015: 0.5966 to 1.6531 30 June 2015: 0.8742 to 1.8637	The fair values of companies are determined with reference to multiples of comparable listed companies, using the average of the PB ratio of comparables. The fair value measurement is positively correlated to the PB ratios. Had the highest PB ratio among the comparables been used as at 31 December 2015, the Group's profit or loss would have increased by HK\$201,261,000 (30 June 2015: HK\$253,280,000). Had the lowest PB ratio among the comparables been used as at 31 December 2015, the Group's profit or loss would have decreased by HK\$194,621,000 (30 June 2015: HK\$154,675,000).

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

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

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

Available-for-sale financial assets	HK\$'000
At 1 July 2014 (audited)	335,770
Total losses recognised in profit or loss	(516)
Total losses recognised in other comprehensive income	(10,022)
At 30 June 2015 and 1 July 2015 (audited)	325,232
Total losses recognised in other comprehensive income	(73,130)
At 31 December 2015 (unaudited)	252,102
Financial assets at FVTPL (unlisted investments)	HK\$'000
At 1 July 2014 (audited)	621,143
Total losses recognised in profit or loss	(34,170)
Purchases	19,030
Disposals	(55,461)
At 30 June 2015 and 1 July 2015 (audited)	550,542
Total losses recognised in profit or loss	(86,620)
Purchase	–
At 31 December 2015 (unaudited)	463,922

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

Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

27. EVENTS AFTER THE REPORTING PERIOD

- (a) The Company has issued 14,000,000 ordinary shares with par value of HK\$0.01 each upon the exercise of the share options at an exercise price of HK\$0.425 per share on 6 January 2016. With the effect of exercise of the share options, the share capital of the Company has increased by HK\$140,000 while the share premium of the Company has increased by HK\$7,685,000. The share option reserve has decreased by HK\$1,875,000.
- (b) The Company and Irena Culture Co., Ltd (formerly known as Beijing Irena Culture Co., Ltd) (“Irena”) have entered into a strategic cooperation agreement (the “Strategic Cooperation Agreement”) dated 24 November 2015 in relation to the acquisition of approximately 28.76% of issued ordinary shares of Ourgame International Holdings Limited, a company listed in the Hong Kong Stock Exchange, through Glassy Mind Holdings Limited (“Glassy Mind”) at an investment amount of HK\$1,130,000,000. The Company, through its wholly-owned subsidiary, Best Joy Asia Investment Limited, holds 30% of the equity holdings of Glassy Mind.

According to the Strategic Cooperation Agreement, Best Joy Asia Investment Limited should contribute HK\$360,000,000 and Irena through its wholly-owned subsidiary, Yi Jia Investment Limited, should contribute HK\$770,000,000, respectively to Glassy Mind for the said acquisition, subject to the approval by the shareholders of the Company at the special general meeting.

The Strategic Cooperation Agreement was approved at the special general meeting of the Company on 7 January 2016, and the Group’s contribution of HK\$360,000,000 was paid on 3 February 2016.

28. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 24 February 2016.

Management Discussion and Analysis

BUSINESS REVIEW

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

The Group recorded a substantial loss of HK\$158,264,000 for the six months ended 31 December 2015 (the “**Period**”), as compared to the profit of HK\$14,306,000 for the same period last year. The loss was mainly due to unrealised losses on listed securities investments and unlisted investments at fair value through profit or loss.

LISTED INVESTMENT REVIEW

During the Period, the Group recorded a loss of HK\$64,340,000 in respect of unrealised loss on listed securities business, while the Group recorded a gain of HK\$48,925,000 for the same period last year. No dividend from listed investments was received for both periods ended 31 December 2015 and 2014.

As at 31 December 2015, the market value of the listed securities amounted to HK\$114,006,000 (30 June 2015: HK\$178,346,000). All the listed securities were listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

UNLISTED INVESTMENT REVIEW

The Group’s unlisted investments are mainly concentrated on small loan companies in the People’s Republic of China (the “**PRC**”). Small loan industry in the PRC is still facing worries of the decreasing interest rate of private lending and the increase of operation risks, resulting in certain small loan companies continue to generate overdue loans and incur losses. In view of the continual worsening performance of the small loan industry, for the six months ended 31 December 2015, the loss on the Group’s unlisted investment portfolio recorded as HK\$159,750,000 (31 December 2014: HK\$21,354,000). During the Period, the dividend income from the unlisted investment recorded as HK\$429,000 (31 December 2014: Nil).

The fair value of the Group’s unlisted investments decreased by 18.24% to HK\$716,024,000 (30 June 2015: HK\$875,774,000).

Unlisted Investment Portfolio

Name of company	Notes	Location	Group’s effective interest	Business nature	Cost HK\$’000	Fair value at 31 December 2015 HK\$’000	Dividend received HK\$’000
Micro-loan service							
1	Jingdezhen CFI Guosen Microfinance Co., Ltd.	Jingdezhen, Jiangxi Province	30%	Provision of small loan and financial consultation services	188,690	132,753	–
2	TianJin XEDA Microfinance Co., Ltd.	Tianjin	30%	Provision of small loan and financial consultation services	72,450	59,976	–
3	Tianjin Rongshun Microfinance Limited	Tianjin	30%	Provision of small loan and financial consultation services	36,606	27,235	–
4	TIIC RongShun Micro-Loan Company Limited	Tianjin	10%	Provision of small loan and financial consultation services	12,189	8,532	429
5	Harbin Zhongjinguoxin Microfinance Co., Ltd.	Harbin, Heilongjiang Province	30%	Provision of small loan and financial consultation services	36,693	28,907	–

Management Discussion and Analysis (Continued)

UNLISTED INVESTMENT REVIEW (Continued)

Unlisted Investment Portfolio (Continued)

Name of company	Notes	Location	Group's effective interest	Business nature	Cost	Fair value at 31 December 2015	Dividend received
					HK\$'000	HK\$'000	HK\$'000
6		Donghu District, Nanchang, Jiangxi Province	30%	Provision of small loan and financial consultation services	36,901	30,632	-
7	(1)	Tianjin	3.3%	Provision of small loan and financial consultation services	12,271	11,933	-
8		Ezhou, Hubei Province	30%	Provision of small loan and financial consultation services	185,000	159,068	-
9		Ziyang, Sichuan Province	30%	Provision of small loan and financial consultation services	73,730	54,800	-
10		Nanjing, Jiangsu Province	30%	Provision of small loan and financial consultation service	36,673	19,270	-
11		Tianjin	30%	Provision of small loan and financial consultation services	36,741	34,946	-
12		Zhenjiang, Jiangsu Province	30%	Provision of small loan and financial consultation service	56,874	54,535	-
Sub-total:					784,818	622,587	429
Guarantee service							
13		Nanchang, Jiangxi Province	7.2%	Provision of financing guarantees to small and medium enterprises	43,150	54,029	-
Sub-total:					43,150	54,029	-
Investment and management consultation service							
14		Shenzhen, Guangdong Province	30%	Provision of consultation services on project investments	18,350	5,344	-
15		Xi'an, Shaanxi Province	30%	Provision of financial management services	18,724	18,992	-
16		Wuhan, Hubei Province	30%	Provision of financial management services	19,030	15,072	-
Sub-total:					56,104	39,408	-
Investment Holding							
17	(2)	British Virgin Islands	30%	Investment holding	-	-	-
Total:					884,072	716,024	429

Management Discussion and Analysis (Continued)

UNLISTED INVESTMENT REVIEW (Continued)

Unlisted Investment Portfolio (Continued)

Notes:

- (1) On 20 March 2015, the Company entered into a disposal agreement to dispose of its equity interest in Tianjin Binlian Microfinance Limited to an independent third party for a cash consideration of RMB10,000,000. As at the date of this interim report, this disposal transaction has not been completed. The directors of the Company (the “**Directors**”) expect this disposal transaction will be completed within one year.
- (2) On 19 November 2015, Best Joy Asia Investment Limited, a wholly owned subsidiary of the Company invested in a 30% equity interest of Glassy Mind, a joint venture established in the British Virgin Islands. Glassy Mind is principally engaged in investment holding.

PROSPECT

Looking ahead, the business environment remains very challenging as downward pressure on economy of the PRC is intensifying, the global financial and economic conditions are expected to remain volatile. As a small, but open integrated economy system, Hong Kong is highly sensitive to the slowdown of economic growth in the PRC and the global economic and financial turbulence. The Group currently has the investments principally in Hong Kong and the PRC, any material change in or deterioration of the economic conditions in Hong Kong and the PRC will inevitably affect the Group’s businesses.

Following the completion of the subscriptions (the “**Subscriptions**”) of an aggregate of 5,700,000,000 new Shares by three investors, at the subscription price of HK\$0.20 per Share, the net proceeds of approximately HK\$1,139,664,000 from the Subscriptions provided an affluent capital for the Company to capture new investment opportunities, so as to improve the Group’s overall performance. The Group will focus on the developments of the insurance and financial services industry, the clean energy industry, and the leisure sports vacation industry; and will seek potential investment opportunities to diversify its business portfolio with an aim to maximise value for the shareholders of the Company (the “**Shareholders**”).

The Group adopts (i) the ‘outside to inside’ approach, understanding the market condition then formulating the Company’s investment strategy accordingly; (ii) the ‘open synergy’ approach, inviting experts then collaborating their skills with the Company’s investment approach; and (iii) the ‘value-added’ approach, determining the value of potential investments then integrating resources to materialize the investments, to increase the value of the Group.

MAJOR ACQUISITIONS AND DISPOSALS

The Group had no major acquisitions and disposals of subsidiary or associate during the Period.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2015, the Group had cash and cash equivalents of HK\$1,230,560,000 (30 June 2015: HK\$287,295,000). Majority of the cash and bank balances denominated in Hong Kong dollar, United States dollar and Renminbi which placed with banks in Hong Kong and the PRC. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 31 December 2015 was approximately 175.20 times (30 June 2015: 1.01 times), gearing ratio (calculated as the percentage of long term debts to the total Shareholders’ equity) of the Group as at 31 December 2015 was approximately 3.14% (30 June 2015: 7.74%).

The Group did not have any bank borrowing as at 31 December 2015 (30 June 2015: Nil). The capital commitments of the Group are set out in note 23 to the interim condensed consolidated financial statements.

Management Discussion and Analysis (Continued)

INTERIM DIVIDEND

The board (the “**Board**”) of the Directors does not recommend the payment of interim dividend for the Period (2014: Nil).

PLEDGE ON ASSETS

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

CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any significant contingent liabilities (30 June 2015: Nil).

CAPITAL STRUCTURE

- (a) During the period ended 31 December 2015, the Company has issued 26,000,000 ordinary shares of HK\$0.01 each upon the exercise of the share options at an exercise price of HK\$0.425 per share. The gross proceed was approximately HK\$11,050,000, of which HK\$260,000 was credited to share capital, while HK\$14,262,000 was credited to the share premium.
- (b) During the period ended 31 December 2015, the convertible bond with principal amount of HK\$280,000,000 was converted into 560,000,000 ordinary shares of HK\$0.01 each at the conversion price of HK\$0.50, of which HK\$5,600,000 was credited to share capital, while HK\$280,276,000 was credited to the share premium.
- (c) On 10 November 2015, 13 November 2015 and 4 December 2015, the Company issued, in aggregate, 5,700,000,000 ordinary shares of HK\$0.01 each at a price of HK\$0.20 per share to three independent investors. The gross proceeds from the placing of shares were approximately HK\$1,140,000,000, out of which HK\$57,000,000 was recorded in share capital, while HK\$1,082,664,000 after netting off issuing expenses of HK\$336,000 was credited to share premium.

The net proceeds of approximately HK\$360,000,000 are applied for the short term investment financing with a guaranteed return. For more details, please refer to note 27(b) to the interim condensed consolidated financial statements and the circular of the Company dated 21 December 2015.

The unutilised net proceeds of approximately HK\$779,664,000 shall be applied as follows:

- (a) approximately HK\$530,000,000 for equity investments in insurance and financial services;
- (b) approximately HK\$150,000,000 for equity investments in the clean energy industry; and
- (c) approximately HK\$99,664,000 as general working capital of the Group.

The Company currently has no other concrete investment plans. The Company shall comply with the requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”) should any investment plans be materialised.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group had 15 employees (including Directors). The total staff cost (including Directors’ remuneration) of the Group for the Period was HK\$4,573,000 (2014: HK\$7,557,000). The remuneration package of the employees is determined by various factors including the employees’ experience and performance, the market condition, industry practice and applicable employment law.

Other Information

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

As at 31 December 2015, the interests and short positions of the Directors and the chief executive of the Company and their respective associates in the ordinary shares, share options, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO")) which (i) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Hong Kong 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:

(i) Long positions in ordinary shares of the Company

Name of Director	Capacity	Number of issued ordinary shares held				Approximately percentage of shareholding in the Company
		Personal interests	Interests of spouse	Corporate interests	Total interests	
Du Lin Dong (<i>note</i>)	Beneficial owner, interests of spouse and interests of controlled corporation	185,914,830	34,400,000	500,000,000	720,314,830	6.57%
Ding Xiaobin	Beneficial owner	1,300,000	–	–	1,300,000	0.01%
Zeng Xianggao	Beneficial owner	1,000,000	–	–	1,000,000	0.01%

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

(ii) Long positions in share options of the Company

Name of Director	Number of options directly beneficially owned
Du Lin Dong	4,700,000

Save as disclosed above, as at 31 December 2015, none of the Directors nor the chief executive of the Company and their respective associates had or was deemed to have any interests and short positions in the ordinary shares, share options, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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

The register of substantial Shareholders maintained under Section 336 of the SFO shows that as at 31 December 2015, the Company had been notified of the following substantial Shareholders' interests or short positions, being 5% or more of the Company's ordinary shares and underlying shares:

Long positions in the ordinary shares of the Company

Name of Shareholder	Capacity	Notes	Number of issued ordinary shares held				Approximately percentage of shareholding in the Company
			Personal interests	Interests of spouse	Corporate interests	Total interests	
Du Lin Dong	Beneficial owner, interests of spouse and interests of controlled corporation	(1) & (2)	185,914,830	34,400,000	500,000,000	720,314,830	6.57%
Rightfirst Holdings Limited	Beneficial owner	(1)	500,000,000	-	-	500,000,000	4.56%
Liu Zan	Beneficial owner and interests of spouse	(1) & (2)	34,400,000	685,914,830	-	720,314,830	6.57%
Excel Gainer International Limited	Beneficial owner	(3)	2,200,000,000	-	-	2,200,000,000	20.08%
Wu Jiawei	Interests of controlled corporation	(3)	-	-	2,200,000,000	2,200,000,000	20.08%
Ye Xiaowen	Interests of spouse	(3)	-	2,200,000,000	-	2,200,000,000	20.08%
Hong Rui Holdings Limited	Beneficial owner	(4)	1,700,000,000	-	-	1,700,000,000	15.51%
Lan Heng	Interests of controlled corporation	(4)	-	-	1,700,000,000	1,700,000,000	15.51%
Ruixin Taifu Investment Group Co., Ltd	Beneficial owner	(5)	1,800,000,000	-	-	1,800,000,000	16.43%
Xu Rongta	Interests of controlled corporation	(5)	-	-	1,800,000,000	1,800,000,000	16.43%

Notes:

- (1) Rightfirst Holdings Limited is wholly owned by Mr. Du Lin Dong, Mr. Du Lin Dong is therefore deemed to be interested in the 500,000,000 ordinary shares held by Rightfirst Holdings Limited.
- (2) Ms. Liu Zan is the spouse of Mr. Du Lin Dong and she is deemed to be interested in the ordinary shares held by Mr. Du Lin Dong and vice versa.
- (3) The entire issued share capital of Excel Gainer International Limited is owned as to 90% by Mr. Wu Jiawei and as to 10% by Ms. Ye Xiaowen. Mr. Wu Jiawei is deemed to be interested in the ordinary shares held by Excel Gainer International Limited. Ms. Ye Xiaowen is the spouse of Mr. Wu Jiawei, and is deemed to be interested in the ordinary shares held by Mr. Wu Jiawei.
- (4) The entire issued share capital of Hong Rui Holdings Limited is beneficially owned by Mr. Lan Heng. Mr. Lan Heng is deemed to be interested in the ordinary shares held by Hong Rui Holdings Limited.
- (5) The entire issued share capital of Ruixin Taifu Investment Group Co., Ltd is beneficially owned by Mr. Xu Rongta. Mr. Xu Rongta is deemed to be interested in the ordinary shares held by Ruixin Taifu Investment Group Co., Ltd.

Save as disclosed above, as at 31 December 2015, the Company has not been notified by any other persons, not being a Director or chief executive of the Company, who has interests or short positions in the ordinary shares and underlying shares of the Company representing 5% or more of the Company's issued share capital.

Other Information (Continued)

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

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

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

Name or category of participant	Number of share options				At 31 December 2015	Exercise period	Exercise price HK\$ per share	Date of grant
	At 1 July 2015	Granted during the Period	Exercised during the Period	Lapsed during the Period				
Directors								
Wang Dehe (resigned on 8 June 2015)	13,000	-	13,000	-	-	19/3/2014-18/12/2016	0.425	19/12/2013
	13,000	-	13,000	-	-	19/12/2014-18/12/2016	0.425	19/12/2013
	14,000	-	-	-	14,000	19/12/2015-18/12/2016	0.425	19/12/2013
	<u>40,000</u>	<u>-</u>	<u>26,000</u>	<u>-</u>	<u>14,000</u>			
Du Lin Dong	4,700	-	-	-	4,700	19/3/2014-18/12/2016	0.425	19/12/2013
	<u>44,700</u>	<u>-</u>	<u>26,000</u>	<u>-</u>	<u>18,700</u>			

PURCHASES, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

The Board is responsible for ensuring high standards of corporate governance are maintained and for accounting to Shareholders. During the six months ended 31 December 2015, the Company complied with the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 of the Listing Rules except for the following deviations:

- (a) The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The positions of both chairman and chief executive officer have been held by Mr. Du Lin Dong. Given the Group’s current stage of development, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. Mr. Du Lin Dong possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company’s strategies.
- (b) The code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meeting. Due to other important business engagements at the relevant time, Mr. Sha Naiping was unable to attend the special general meeting of the Company held on 20 October 2015; Mr. Cheung Wai Bun, Charles was unable to attend the annual general meeting of the Company held on 18 December 2015.
- (c) Rules 3.10(1), 3.21 and 3.25 of the Listing Rules stipulate that (i) every board of directors must include at least three independent non-executive directors; (ii) the audit committee must comprise a minimum of three members; and (iii) the remuneration committee must be chaired by an independent non-executive director and comprised a majority of independent non-executive directors, respectively. Following the resignation of Mr. Wan Hongchun as an independent non-executive director (the “INED”) on 8 June 2015, the number of INEDs fell below the minimum number as required under Rule 3.10(1) of the Listing Rules; the number of members of the audit committee (the “Audit Committee”) fell below the minimum number as required under Rule 3.21 of the Listing Rules; and the number of members of the remuneration committee fell below the minimum number as required under Rule 3.25 of the Listing Rules with absence of chairman.

Following the appointment of Mr. Li Cailin as an INED, the chairman and member of the remuneration committee, the member of the Audit Committee and the member of the nomination committee of the Company on 7 September 2015, the Company has fulfilled the requirements under Rules 3.10(1), 3.21 and 3.25 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The Audit Committee, comprising three INEDs namely, Dr. Cheung Wai Bun Charles (*chairman of the audit committee*), Mr. Zeng Xianggao and Mr. Li Cailin (*appointed on 7 September 2015*), has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, risk management system, internal control systems and financial reporting matters including the review of the unaudited interim consolidated financial statements for the Period before recommending them to the Board for approval.

Other Information (Continued)

AUDIT COMMITTEE (Continued)

Mr. Wan Hongchun resigned on 8 June 2015. Thereafter, the number of INEDs on the Audit Committee did not meet the requirement under Rule 3.21 of the Listing Rules. Upon the appointment of Mr. Li Cailin as a member of the Audit Committee on 7 September 2015, the Company has fulfilled the requirement under Rule 3.21 of the Listing Rules.

REVIEW OF ACCOUNTS

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

EVENTS AFTER THE REPORTING PERIOD

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

DISCLOSURE ON CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in details of the Directors' information for the Period are set out below:

Name	Details of Changes
Mr. Sha Naiping	resigned as a non-executive Director on 22 December 2015
Mr. Wang Charles Hongxin	appointed as a non-executive Director on 22 December 2015
Dr. Cheung Wai Bun Charles	appointed as a non-executive director of Galaxy Entertainment Group Limited (Stock code: 0027) with effect from 12 October 2015; and appointed as an independent non-executive director of Modern Dental Group Limited (Stock code: 3600) with effect from 24 November 2015

APPRECIATION

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

On behalf of the Board
China Financial International Investments Limited
Du Lin Dong
Chairman and Chief Executive Director

Hong Kong, 24 February 2016