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**ENERCHINA HOLDINGS LIMITED**

**威華達控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 622)**

**INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

The board of directors (the “Board”) of Enerchina Holdings Limited (the “Company”) announced the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2016 as follow:

\* *For identification purposes only*

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

*FOR THE SIX MONTHS ENDED 30 JUNE 2016*

		<b>Six months ended</b>	
	<i>NOTES</i>	<b>30.6.2016</b>	30.6.2015
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Turnover			
Revenue from money lending		<b>10,528</b>	20,227
Revenue from financial services		<b>6,496</b>	16,356
(Loss) Gain on financial assets at fair value through profit or loss		<b>(689,805)</b>	2,038,945
		<b>(672,781)</b>	2,075,528
Revenue	3	<b>17,024</b>	36,583
Other income	4	<b>23,860</b>	22,816
Other gains and losses	7	<b>(51,764)</b>	4,318
(Loss) Gain on financial assets at fair value through profit or loss	3	<b>(689,805)</b>	2,038,945
Depreciation of property, plant and equipment		<b>(12,640)</b>	(5,345)
Employee benefits expenses		<b>(16,606)</b>	(17,362)
Other expenses		<b>(37,187)</b>	(59,855)
Share of results of an associate		–	(2,844)
Finance costs	5	<b>(8,240)</b>	(15,129)
(Loss) Profit before tax		<b>(775,358)</b>	2,002,127
Taxation credit (expense)	6	<b>116,155</b>	(319,185)
(Loss) Profit for the period	7	<b>(659,203)</b>	1,682,942
Other comprehensive (expense) income for the period			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operation		<b>(18,570)</b>	(1)
Fair value change in available-for-sale investments		<b>(329)</b>	1,901
		<b>(18,899)</b>	1,900
Total comprehensive (expense) income for the period		<b>(678,102)</b>	1,684,842

		<b>Six months ended</b>	
	<i>NOTES</i>	<b>30.6.2016</b>	30.6.2015
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
(Loss) Profit for the period attributable to:			
Owners of the Company		<b>(659,203)</b>	1,682,942
Non-controlling interests		<u>          —</u>	<u>          —</u>
		<b><u>(659,203)</u></b>	<b><u>1,682,942</u></b>
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		<b>(678,102)</b>	1,684,842
Non-controlling interests		<u>          —</u>	<u>          —</u>
		<b><u>(678,102)</u></b>	<b><u>1,684,842</u></b>
		<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
(Loss) Earnings per share	9		
Basic		<b><u>(9.16)</u></b>	<b><u>23.40</u></b>
Diluted		<b><u>(9.16)</u></b>	<b><u>23.33</u></b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AT 30 JUNE 2016*

	<i>NOTES</i>	<b>30.6.2016</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31.12.2015 <i>HK\$'000</i> <b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>176,723</b>	189,327
Available-for-sale investments	<i>11</i>	<b>872,778</b>	973,765
Intangible assets		<b>3,908</b>	3,908
Other deposits		<b>513</b>	535
Deposit paid for acquisition of property, plant and equipment		<b>53,049</b>	37,248
		<b>1,106,971</b>	1,204,783
<b>Current assets</b>			
Trade and other receivables, deposits and prepayments	<i>12</i>	<b>549,995</b>	487,551
Financial assets at fair value through profit or loss	<i>13</i>	<b>1,968,334</b>	2,751,599
Structured deposits		<b>233,918</b>	–
Short-term bank deposits		<b>145,146</b>	63,246
Bank balances — trust and segregated accounts		<b>20,332</b>	17,114
Cash and cash equivalents		<b>707,015</b>	998,659
		<b>3,624,740</b>	4,318,169
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>38,993</b>	40,584
Taxation payable		<b>57,873</b>	66,372
		<b>96,866</b>	106,956
<b>Net current assets</b>		<b>3,527,874</b>	4,211,213
<b>Total assets less current liabilities</b>		<b>4,634,845</b>	5,415,996
<b>Non-current liabilities</b>			
Deferred taxation		<b>105,338</b>	216,406
Convertible notes liability		<b>107,808</b>	101,150
		<b>213,146</b>	317,556
<b>Net assets</b>		<b>4,421,699</b>	5,098,440

	<b>30.6.2016</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31.12.2015 <i>HK\$'000</i> <b>(Audited)</b>
<b>Capital and reserves</b>		
Share capital	<b>71,939</b>	71,939
Reserves	<b>4,293,276</b>	4,970,017
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>4,365,215</b>	5,041,956
Non-controlling interests	<b>56,484</b>	56,484
	<hr/>	<hr/>
<b>Total equity</b>	<b>4,421,699</b>	5,098,440
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## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### *FOR THE SIX MONTHS ENDED 30 JUNE 2016*

#### **1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

#### **2. PRINCIPAL ACCOUNTING POLICIES**

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

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

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

#### **3. TURNOVER AND SEGMENT INFORMATION**

The Group determines its operating segment and measurement of segment profit based on the internal reports to the executive directors, the Group’s chief operating decision maker, for the purposes of resource allocation and performance assessment.

During the six months ended 30 June 2016, the Group’s reportable and operating segments are as follows:

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

## Segment turnover and results

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

*For the six months ended 30 June 2016 (unaudited)*

	Financial Services <i>HK\$'000</i>	Securities trading and investments <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Turnover</b>				
Revenue from money lending	–	–	10,528	10,528
Revenue from financial services	6,496	–	–	6,496
Total revenue	6,496	–	10,528	17,024
Loss on financial assets at fair value through profit or loss	–	(689,805)	–	(689,805)
Total turnover, representing segment revenue	<u>6,496</u>	<u>(689,805)</u>	<u>10,528</u>	<u>(672,781)</u>
Segment (loss) profit	<u>(34,897)</u>	<u>(735,795)</u>	<u>4,938</u>	<u>(765,754)</u>
Unallocated other income				12,342
Certain other gains and losses				3,594
Central corporate expenses				(25,540)
Loss before tax				<u>(775,358)</u>

*For the six months ended 30 June 2015 (unaudited)*

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

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

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

#### 4. OTHER INCOME

	<b>Six months ended</b>	
	<b>30.6.2016</b>	30.6.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Interest income on:		
— bank deposits	<b>8,730</b>	13,013
— entrusted loans receivable	–	2,500
— listed bonds held for trading	<b>3,612</b>	2,429
— others	–	271
	<b>12,342</b>	18,213
Dividend income from financial assets at fair value through profit or loss:		
— listed investments held for trading	<b>2,798</b>	2,351
— unlisted investment funds held for trading	–	1,319
Dividend income from unlisted available-for-sale investment	<b>6,766</b>	–
Others	<b>1,954</b>	933
	<b>23,860</b>	22,816

#### 5. FINANCE COSTS

	<b>Six months ended</b>	
	<b>30.6.2016</b>	30.6.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Interest on other borrowings	<b>(70)</b>	(15,129)
Effective interest expense on convertible notes	<b>(8,170)</b>	–
	<b>(8,240)</b>	(15,129)



## 6. TAXATION CREDIT (EXPENSE)

	<b>Six months ended</b>	
	<b>30.6.2016</b>	30.6.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Taxation for the period comprises:		
Hong Kong Profits Tax	<b>5,087</b>	(88,398)
Deferred tax credit (expense)	<b>111,068</b>	(230,787)
	<b><u>116,155</u></b>	<b><u>(319,185)</u></b>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2016 (six months ended 30 June 2015: 16.5%).

## 7. (LOSS) PROFIT FOR THE PERIOD

	<b>Six months ended</b>	
	<b>30.6.2016</b>	30.6.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
(Loss) Profit for the period has been arrived at after (crediting) charging the following items:		
Net exchange (gain) loss (included in other gains and losses)	<b>(1,266)</b>	105
Rebates (included in other expenses)	<b>2,150</b>	22,362
Gain on disposal of property, plant and equipment (included in other gains and losses)	–	(130)
Release of provisions of financial guarantees (included in other gains and losses)	<b>(2,328)</b>	(4,293)
Impairment losses in respect of trade receivables (included in other gains and losses)	<b>3,789</b>	–
Impairment loss in respect of available-for-sale investments (included in other gains and losses)	<b>49,400</b>	–
Net loss on disposal of subsidiaries (included in other gains and losses)	<b><u>2,169</u></b>	<b><u>–</u></b>

## 8. DIVIDENDS

No dividends were paid, declared or proposed during the current interim period (six months ended 30 June 2015: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

## 9. (LOSS) EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30.6.2016</b>	30.6.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>(Loss) Earnings</b>		
(Loss) Profit for the period attributable to owners of the Company, for the purposes of basic and diluted (loss) earnings per share	<u><b>(659,203)</b></u>	<u>1,682,942</u>
	<b>Six months ended</b>	
	<b>30.6.2016</b>	30.6.2015
	<b>(Unaudited)</b>	(Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the period, for the purpose of basic (loss) earnings per share	<b>7,193,846,664</b>	7,190,605,007
Effect of dilutive potential ordinary shares:		
— Share options	<u>—</u>	<u>24,237,482</u>
Weighted average number of ordinary shares in issue during the period, for the purpose of diluted (loss) earnings per share	<u><b>7,193,846,664</b></u>	<u>7,214,842,489</u>

For the six months ended 30 June 2016, the computation of diluted loss per share has not assumed the exercise of the Company's options and warrants, as well as conversion of the convertible notes as these would reduce loss per share during that period.

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired property, plant and equipment of approximately HK\$48,000 (six months ended 30 June 2015: HK\$63,059,000). Included in the amount of total acquisition of property, plant and equipment during the six months ended 30 June 2015, HK\$61,182,000 represented a yacht which was acquired through acquisition of a subsidiary.

## 11. AVAILABLE-FOR-SALE INVESTMENTS

	<b>30.06.2016</b>	31.12.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Unlisted shares in overseas, at cost ( <i>note i</i> )	<b>677,038</b>	777,151
Unlisted shares in the PRC, at cost	<b>26,901</b>	27,446
Unlisted shares in overseas, at fair value ( <i>note ii</i> )	<b>100,000</b>	100,000
Unlisted investment fund, at fair value	<b>42,907</b>	42,068
Listed shares in Hong Kong, at fair value	<u><b>25,932</b></u>	<u>27,100</u>
	<u><b>872,778</b></u>	<u>973,765</u>

*Notes:*

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

As at 30 June 2016, the Group owns approximately 7.56% (31 December 2015: 7.99%) of the issued share capital of HEC Capital Limited (“HEC Capital”), an unlisted private company incorporated in Cayman Islands, with a carrying amount of HK\$500,000,000 (31 December 2015: HK\$500,000,000). The principal activities of HEC Capital and its subsidiaries are in property investment, securities trading, investment in private equities and funds, provision of securities brokerage services, money lending business in Hong Kong and investment in forest assets in the People’s Republic of China.

On 16 May 2016, the Group received 1.99% of the issued share capital of an entity incorporated in the British Virgin Island (“BVI”), which principally engaged in money lending business, as dividend distribution of HK\$6,766,000 from one of its available-for-sale investments of carrying amount of HK\$50,713,000, which principally engaged in property investment and investment in artworks in Hong Kong and other investment in private entities in overseas. On 22 June 2016, the Group, through the disposal of a subsidiary as disclosed in note 15(b), disposed of these two available-for-sale investments at a consideration of HK\$50,713,000, resulting in a loss of HK\$6,766,000.

As at 30 June 2016, the Group held 6.63% of the share capital of an entity incorporated in the Republic of the Marshall Islands, which is principally engaged in investment in private equities and money lending business in Hong Kong. During the period ended 30 June 2016, an impairment of HK\$49,400,000 (31 December 2015: nil) is recognised to profit or loss in respect of such available-for-sale investment, with reference to the latest financial information of the investee available to the Group at 30 June 2016, resulting in a carrying amount of HK\$159,600,000 (31 December 2015: HK\$209,000,000).

Other than disclosed above, the management reviews the latest available financial information about the investees’ financial positions and recoverable amount and consequently considers no objective evidence of impairment was identified at 30 June 2016 and 31 December 2015 for these investments.

- (ii) As at 30 June 2016, the Group owns approximately 5.44% (31 December 2015: 5.48%) of the issued share capital of an unlisted private company incorporated in the BVI, with a carrying amount of HK\$100,000,000 (31 December 2015: HK\$100,000,000).

## 12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>30.06.2016</b>	31.12.2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Trade receivables arising from the business of advisory for corporate finance and investment management	<b>300</b>	1,900
Trade receivables arising from cash clients	<b>1,086</b>	9,584
Trade receivables arising from margin clients	<b>12,318</b>	38,319
Deposits with securities brokers ( <i>note (a)</i> )	<b>121,714</b>	100,215
Loans to independent third parties ( <i>note (b)</i> )	<b>389,252</b>	308,456
Amount due from a former subsidiary	–	10,000
Other receivables, deposits and prepayments	<b>25,325</b>	19,077
	<b>549,995</b>	487,551

### Notes:

- (a) Deposits with securities brokers represented the funds placed with the brokers' houses for securities trading purpose.
- (b) Loans to independent third parties as at 30 June 2016 include fixed rate loan advances to independent third parties of HK\$53,183,000 (31 December 2015: HK\$56,905,000) which are secured by the pledge of certain collaterals and personal guarantees, and substantially all of contractual loan period fall between 3 months and 1 year as at 30 June 2016 and 31 December 2015 under the Group's money lending operation. The management of the Group believes that the amount is considered recoverable given the fair value of the collaterals is sufficient to cover the entire loan balance for each of the secured loan advances. The remaining balance of HK\$336,069,000 (31 December 2015: HK\$251,551,000) is unsecured and substantially all of contractual loan period fall between 6 months and 1 year. The average interest rate for the loans receivables were ranging from 7% to 24% (31 December 2015: 7.5% to 24%) per annum.

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

The Group has concentration of credit risk on loans to independent third parties as 63% and 84% of the total loans was due from five largest borrowers as at 30 June 2016 and 31 December 2015, respectively. These loans to independent third parties are due from individuals and corporates without previous default records. Management of the Group monitors these exposure from time to time to assess their recoverability.

Trade receivables from margin clients, apart from those related to pending trades, are repayable on demand, and bear interest ranging from 8% to 24% (31 December 2015: 8% to 24%) per annum as at six months ended 30 June 2016. The loans are secured by pledged marketable securities with a total fair value of approximately HK\$206,057,000 (31 December 2015: HK\$190,197,000). The fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans. The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group. In the opinion of the directors of the Company, no aging analysis is disclosed as the aging analysis does not give additional value. Entire amount of trade receivables from margin clients are neither past due nor impaired as at 30 June 2016 and 31 December 2015.

### Movement in allowance for bad and doubtful debts

	<b>30.06.2016</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31.12.2015 <i>HK\$'000</i> (Audited)
Balance at the beginning of the period/year	<b>4,231</b>	–
Impairment loss recognised	<b>3,789</b>	4,231
Balance at the end of the period/year	<b>8,020</b>	4,231

Included in the allowance for bad and doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$8,020,000 (31 December 2015: HK\$4,231,000) as at 30 June 2016, mostly representing receivables arising from the business of advisory for investment management and an interest receivable from a loan to independent third party which have been in severe financial difficulties in repaying their outstanding balances. The Group does not hold any collateral over these balances.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted, subsequent settlement and the fair value of pledged marketable securities up to the reporting date. In the opinion of the directors of the Company, no further impairment is required in excess of the allowance for bad and doubtful debt.

### 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30.06.2016</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31.12.2015 <i>HK\$'000</i> (Audited)
Financial assets classified as held for trading:		
Listed shares in Hong Kong	<b>1,758,082</b>	2,560,790
Listed shares in elsewhere	<b>34,692</b>	34,376
Unlisted investment funds	<b>82,241</b>	89,043
Listed bonds in overseas issued by listed companies ( <i>note</i> )	<b>76,114</b>	44,460
Listed bonds in Hong Kong issued by listed companies ( <i>note</i> )	<b>17,205</b>	22,930
	<b>1,968,334</b>	2,751,599

*Note:* These bonds bear interest from 7.25% to 10.625% per annum (31 December 2015: from 5.35% to 13% per annum) and mature from year 2017 to year 2021 (31 December 2015: from year 2016 to year 2020).

#### 14. TRADE AND OTHER PAYABLES

	<b>30.06.2016</b> <i>HK\$'000</i> <b>(Unaudited)</b>	31.12.2015 <i>HK\$'000</i> (Audited)
Trade payables arising from the provision of securities brokerage business with Hong Kong Securities Clearing Company ("HKSCC")	<b>962</b>	11,308
Trade payables to cash clients	<b>1,235</b>	3,455
Trade payables to margin clients	<b>19,181</b>	13,413
Trade payables to brokers	<b>7,750</b>	–
Other payables and accrued charges	<b>9,865</b>	12,408
	<u><b>38,993</b></u>	<u>40,584</u>

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

Trade payables to cash and margin client are repayable on demand, apart from those related to pending trades. Trade payables to brokers are pending trades which will be settled in accordance with the term agreed with brokers. In the opinion of the directors of the Company, no aging analysis is disclosed as the aging analysis does not give additional value.

#### 15. DISPOSALS OF SUBSIDIARIES

##### (a) Disposal of Enerchine Investment Management Limited ("EIML")

On 20 June 2016, Win Wind Securities Limited (formerly known as Enerchine Securities Limited), a wholly owned subsidiary of the Company, disposed of the entire equity interest in EIML at a cash consideration of HK\$10,000,000 to an independent third party. EIML is a limited liability company incorporated and domiciled in Hong Kong and is licensed under the Securities and Futures Commission of Hong Kong. The net assets of EIML on the date of disposal were as follows:

	<i>HK\$'000</i> (Unaudited)
Net assets disposed of:	
Other receivables	750
Bank balances	4,999
Other payables	(175)
Taxation payable	(171)
	<u>5,403</u>
Gain on disposal:	
Cash consideration	10,000
Net assets disposed of	(5,403)
	<u>4,597</u>
Net cash inflow arising on disposal:	
Cash consideration	10,000
Less: bank balances disposed of	(4,999)
	<u>5,001</u>

Of the total cash consideration of HK\$10,000,000, an amount of HK\$3,000,000 has been received by the Group as a deposit as at 31 December 2015.

**(b) Disposal of Wise Union Limited (“Wise Union”)**

On 22 June 2016, Win Wind Intermediary Financial Services Limited, a wholly owned subsidiary of the Company, disposed of the entire equity interest in Wise Union at a cash consideration of HK\$50,713,000 to an independent third party. The net assets of Wise Union on the date of disposal were as follows:

	<i>HK\$’000</i> (Unaudited)
Net assets disposed of:	
Available-for-sale investments	57,479
Loss on disposal:	
Cash consideration	50,713
Net assets disposed of	(57,479)
	(6,766)
Net cash inflow arising on disposal:	
Cash consideration	50,713
Less: bank balances and cash disposed of	–
	50,713

**16. EVENTS AFTER THE REPORTING PERIOD**

1. On 30 March 2016, Win Wind Capital Limited (“Win Wind”), a wholly-owned subsidiary of the Company, entered into the subscription agreement with China Opto Holdings Limited, formerly known as “China Optoelectronics Holding Group Co., Limited” (“China Opto”), a company incorporated in Bermuda and listed on the main board of the Stock Exchange (stock code: 1332), pursuant to which, amongst other things, China Opto (or its nominee(s)) has conditionally agreed to subscribe 13,600,000 new shares of Win Wind, at the consideration of HK\$408,000,000, which shall be settled by the issue of 2,040,000,000 new shares of China Opto upon completion. On 19 July 2016, the subscription agreement was completed that (i) the Company’s interests in Win Wind was diluted to 88.22%; (ii) the Group (including Win Wind) held 2,041,792,350 shares of China Opto, representing 28.58% of the issued share capital of China Opto; and (iii) the HK\$150,000,000 (with interest rate of 2% per annum) convertible redeemable note issued by Win Wind and held by China Opto was redeemed in full.
  
2. On 15 August 2016, Win Wind, a non-wholly owned subsidiary of the Company, entered into the acquisition agreement with Freeman Financial Investment Corporation (“Freeman”), pursuant to which Win Wind conditionally agreed to acquire and Freeman has conditionally agreed to sell Smart Jump Corporation (“Smart Jump”), a company incorporated in the Republic of the Marshall Islands and a wholly owned subsidiary of Freeman, at the consideration of HK\$1,295,000,000. The Company paid the deposit of HK\$95,000,000 to Freeman by way of zero-coupon promissory note (to be expired on the 5<sup>th</sup> business day after the Company’s relevant shareholders’ meeting or three months from 15 August 2016, whichever is earlier) upon signing the acquisition agreement and the balance of the consideration will be settled by issuing the promissory notes to Freeman or its nominee(s).

Upon completion, Smart Jump will become an indirect non-wholly owned subsidiary as to 88.22% held by the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group principally engages in the financial services sector, including the provision of securities brokerage services, placing and underwriting services, the provision of corporate finance advisory services, trading and investment of securities, provision of margin financing, money lending services, investment advisory and management services as well as investment holdings.

### **BUSINESS REVIEW**

For the six months ended 30 June 2016, the Group's turnover was a negative amount of approximately HK\$672.8 million, compared with the positive turnover of approximately HK\$2,075.5 million over the same period last year. Loss for the six months ended 30 June 2016 amounted to HK\$659.2 million compared with the profit of HK\$1,682.9 million for the same period last year. Basic losses per share is HK9.16 cents compared with earnings per share of HK23.40 cents for the same period last year. The turnaround was mainly attributable to losses on financial assets at fair value through profit or loss.

#### **Brokerage Services**

Brokerage commission income generated from provision of securities brokerage services amounted to HK\$0.7 million for the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$2.7 million).

Interest income generated from provision of margin financing services amounted to HK\$1.0 million for the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$4.6 million).

#### **Money Lending**

Interest income from provision of money lending services decreased by 48% to HK\$10.5 million for the six months ended 30 June 2016, compared to HK\$20.2 million in the same period last year as less loans were granted to customers during the period.

#### **Placing and Underwriting Services**

During the period, Win Wind Securities Limited, a wholly-owned subsidiary of the Company, has placed and underwritten securities with a value of HK\$332.2 million, and generated placement commission income of HK\$3.0 million for the six months ended 30 June 2016 (six months ended 30 June 2015: HK\$2.0 million). Win Wind Securities Limited has executed 4 placements and underwritings of securities on behalf of listed company clients during the period.

#### **Corporate Finance**

No corporate finance advisory fees was generated during the period as a result of decrease in customers' portfolio, compared to HK\$3.0 million of income in the same period last year.



## **Investment advisory**

Investment advisory services income decreased by approximately 57% to HK\$1.7 million for the six months ended 30 June 2016, compared to HK\$4.0 million in the same period last year.

## **Proprietary Trading**

The Group engages in proprietary trading of listed securities, listed bonds, and unlisted investment funds, which is classified as financial assets at fair value through profit or loss. The fair value of the portfolio amounted to HK\$1,968.3 million (2015: HK\$2,751.6 million), with a loss on fair value of HK\$689.8 million was recognised, as compared to a gain on fair value of HK\$2,038.9 million in the same period last year. Dividend income decreased by approximately 24% to HK\$2.8 million for the six months ended 30 June 2016, when compared to HK\$3.7 million in the same period last year, which was mainly due to lesser dividends were received by the Group from listed securities and unlisted investment funds.

## **PLACING OF UNLISTED WARRANTS WITH MANDATORY EXERCISE RIGHTS**

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

The net proceeds from the placing amounts to approximately HK\$13.36 million which was intended to use as the general working capital of the Group. As at 30 June 2016, the net proceeds were fully utilised for administrative purposes of the Group. Additional proceeds of approximately HK\$846.16 million (after deduction of expenses) from the issue of the Warrant Shares upon the exercise of the subscription rights attaching to the Warrants with mandatory exercise rights in the future, will also be applied as the general working capital and/or as funds for the future business development of the Group. Details of the placing was mentioned in the circular to shareholders on 19 June 2015. The Placing Agreement and the transactions contemplated was approved by shareholders of the Company at a special general meeting on 7 July 2015.

As at 30 June 2016, none of the Warrants has been exercised and no shares has been allotted thereunder.

## SIGNIFICANT INVESTMENTS

During the period ended 30 June 2016, the Group had the following significant investments held which were classified as available-for-sale investments and financial assets at fair value through profit or loss:

Name of investments	Notes	Percentage of shareholding as at 30 June 2016 %	Percentage of shareholding as at 31 December 2015 %	Fair value/ carrying amount as at 30 June 2016 HK\$'000	Fair value/ carrying amount as at 31 December 2015 HK\$'000	Net gain/ (loss) for the six months ended 30 June 2016 HK\$'000	Net gain/ (loss) for the six months ended 30 June 2015 HK\$'000
<i>Available-for-sale investments</i>							
Unlisted shares in overseas, at cost							
— HEC Capital Limited	1	7.56	7.99	500,000	500,000	–	–
— Freewill Holdings Limited	2	6.63	7.07	159,600	209,000	(49,400)	–
Unlisted shares in overseas, at fair value	3	5.44	5.48	100,000	100,000	–	–
Unlisted investment fund, at fair value	4	N/A	N/A	42,907	42,068	–	–
Listed shares in Hong Kong, at fair value							
— Shengjing Bank Co., Ltd. (stock code: 2066)	5	0.01	0.01	6,392	8,000	–	–
— Guangzhou R&F Properties Co., Ltd. (stock code: 2777)	6	0.06	0.06	19,540	19,100	–	–
<i>Financial assets at fair value through profit or loss</i>							
Listed shares in Hong Kong							
— HengTen Networks Group Limited (stock code: 136)	7	1.74	1.74	395,886	719,304	(323,418)	426,766
— Freeman Financial Corporation Limited (stock code: 279)	8	4.82	8.14	341,550	403,200	1,350	487,200
— Livzon Pharmaceutical Group Inc. (stock code: 1513)	9	4.10	4.10	208,171	222,806	(14,635)	23,949
— China Innovative Financial Group Limited (stock code: 412)	10	0.79	0.79	121,379	125,931	(4,552)	493,861
— Kingston Financial Group Limited (stock code: 1031)	11	0.18	0.18	87,000	82,250	4,750	64,921
— Evergrande Health Industry Group Limited (stock code: 708)	12	0.80	0.80	70,916	159,732	(88,817)	(3,716)
— Carnival Group International Holdings Limited (stock code: 996)	13	0.36	0.04	55,650	5,650	15,000	(9,504)
— Dragonite International Limited (stock code: 329)	14	4.75	4.75	40,248	50,310	(10,062)	10,062
— C C Land Holdings Limited (stock code: 1224)	15	0.76	0.76	40,171	47,422	(7,250)	(7,467)
— China Smarter Energy Group Holdings Limited (stock code: 1004)	16	–	2.79	–	209,573	(126,126)	34,568

The above table lists the investments which principally formed a significant portion of the net assets of the Group. To give details of other investments would result in particulars of excessive length.

The performance and prospects of the Group's significant investments during the period were detailed as follows:

1. HEC Capital Limited (“HEC Capital”)

The Group held 7.56% of HEC Capital, which is a private company, amounting to HK\$500 million, as at 30 June 2016. The investment was booked at cost less any identified impairment losses.

HEC Capital engages in integrated financial services, securities, property and other direct investments. Given recent merger and acquisition deals of financial related companies by Chinese enterprises and low interest rate environment, HEC Capital has its strategic investment value.

2. Freewill Holdings Limited (“FHL”)

The Group subscribed 7.07% of the enlarged share capital of FHL, with a cash consideration of HK\$209 million. Following the subsequent issuance of shares by FHL, the Group held 6.63% of FHL as at 30 June 2016. During the six months ended 30 June 2016, an impairment loss of HK\$49.4 million was recognised against its carrying amount of FHL due to the decrease in net asset value of FHL as of 30 June 2016. For more details, please refer to note 11 to the financial statements.

FHL engages in the business of property investment, investment advisory and financial services, investment in securities trading and money lending. FHL is also a subsidiary of FF as stated in point 8 below.

3. Unlisted shares in overseas, at fair value

The Group held 5.44% of the enlarged share capital of an unlisted entity, which is a private company, amounting to HK\$100 million, as at 30 June 2016. The investment was carried at fair value subsequent to initial recognition.

The unlisted entity engages in securities trading and investment holding businesses. Its investment portfolio consists of listed and unlisted securities.

4. Unlisted investment fund, at fair value

The Group invests in a company which is incorporated in the Cayman Islands and registered under the Cayman Islands Mutual Funds Law with the Cayman Island Monetary Authority (the “Investment Fund”). The Investment Fund mainly focuses on senior debt, and it can also invest across the entire capital structure including subordinated debt and preferred debt, asset backed securities, sukuks, debt with warrants and equities.

5. Shengjing Bank Co., Ltd. (“Shengjing”)

During the period, the stock price dropped from HK\$10.00 per share (adjusted) to HK\$7.99 per share (adjusted) and the value of the position decreased from HK\$8.0 million to HK\$6.4 million.

Shengjing engages in provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services.

6. Guangzhou R&F Properties Co., Ltd. (“Guangzhou R&F”)

The Group acquired Guangzhou R&F’s shares during April and May 2015. During the period, the stock price rose from HK\$9.55 per share (adjusted) to HK\$9.77 per share (adjusted) and the value of the position increased from HK\$19.1 million to HK\$19.5 million.

Guangzhou R&F engages in development of (i) quality residential and commercial properties for sale in China; and (ii) hotels, office buildings and shopping malls in Guangzhou, Beijing and other cities in China.

7. HengTen Networks Group Ltd. (“HengTen Networks”) (formerly known as Mascotte Holdings Limited (“Mascotte”))

As at 30 June 2016, the Group holds 200 million bonus warrants of HengTen Networks which has fair value of HK\$13 million. Each bonus warrants holder is entitled to subscribe, in cash, one new ordinary share of HengTen Networks for every two bonus warrants (adjusted) on or before 23 February 2017. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of HengTen Networks.

During the period, the stock price dropped from HK\$0.58 per share (adjusted) to HK\$0.325 per share (adjusted) and the value of the position decreased from HK\$719.3 million to HK\$395.9 million. The Group recognised a loss on change in fair value of HK\$323.5 million during the period.

In June 2015, Mascotte entered into a subscription agreement with Evergrande Real Estate Group Limited (stock code: 3333) (“Evergrande”) and Mount Yandang Investment Limited, a wholly-owned subsidiary of Tencent Holdings Limited (stock code: 700) (“Tencent”). Upon completion of the subscription agreement, Evergrande and Tencent became the substantial shareholders of Mascotte.

After the restructuring, HengTen Networks became an internet service and app provider. The “3+2+x” business structure of HengTen Networks comprises three fundamental segments, being property services, neighborhood social networking and life services, and two value-added segments, being Internet home and community finance as well as those segments as might be derived in the future.

8. Freeman Financial Corporation Limited (“FF”)

During the period, the stock price rose from HK\$0.48 per share (adjusted) to HK\$0.495 per share (adjusted) and the value of the position decreased from HK\$403.2 million to HK\$341.6 million due to partially disposal of FF’s shares.

FF streamlined its principal business and expects to gain more sources of income and funding available for future growth and development under new banner “民眾金服”. FF’s joint venture investments in China could open an opportunity for FF to embark on a new milestone in its business development in the financial services industry.

9. Livzon Pharmaceutical Group Inc. (“LP”)

During the period, the stock price dropped from HK\$37.3 per share (adjusted) to HK\$34.85 per share (adjusted) and the value of the position decreased from HK\$222.8 million to HK\$208.2 million.

LP engages in research and development, production and sales of pharmaceutical products.

10. China Innovative Finance Group Limited (“CIF”)

During the period, the stock price dropped from HK\$0.83 (adjusted) per share to HK\$0.8 (adjusted) per share and the value of the position decreased from HK\$125.9 million to HK\$121.4 million.

CIF principally engages in property investment, investments in securities, money lending, investment holding and management of the forestland.

11. Kingston Financial Group Limited (“Kingston”)

During the period, the stock price rose from HK\$3.29 per share (adjusted) to HK\$3.48 per share (adjusted) and the value of the position increased to HK\$87.0 million as at 30 June 2016.

Kingston principally engages in provision of securities brokerage, underwriting and placements, margin and initial public offering financing, other financial services, hotel ownership and management, food and beverage, casino and securities investment.

12. Evergrande Health Industry Group Limited (“Evergrande Health”)

During the period, the stock price dropped from HK\$2.32 per share (adjusted) to HK\$1.03 per share (adjusted) and the value of the position decreased to HK\$70.9 million.

Evergrande Health principally engages in magazine publishing, distribution of magazines, digital business and provision for magazine content and “Internet+” community health management, international hospitals, elderly care and rehabilitation, medical cosmetology and anti-aging.

13. Carnival Group International Holdings Limited (“Carnival”)

During the period, the stock price kept from HK\$1.0 (adjusted) per share to HK\$1.0 (adjusted) per share and the value of the position increased from HK\$5.6 million to HK\$55.6 million due to purchases of additional 50 million shares during the period.

Carnival is engaged in theme based leisure and consumption business, focusing on the design, development and operation of integrated large-scale tourist complex projects in key cities in and outside China that comprise of theme parks, hotels, shopping and leisure facilities as well as other theme based consumption such as food and beverages, edutainment and touring carnivals.

14. Dragonite International Limited (“Dragonite”)

During the period, the stock price dropped from HK\$1.0 per share (adjusted) to HK\$0.8 per share (adjusted) and the value of the position decreased from HK\$50.3 million to HK\$40.2 million.

Dragonite is engaged in production and sales of a series of health care products, pharmaceutical products, securities trading and investments, money lending and trading of wines in Hong Kong.

15. C C Land Holdings Limited (“CC Land”)

During the period, the stock price dropped from HK\$2.42 per share (adjusted) to HK\$2.05 per share (adjusted) and the value of the position decreased from HK\$47.4 million to HK\$40.2 million.

CC Land is engaged in property development and investment; and treasury investments.

16. China Smarter Energy Group Holdings Limited (“CSE”)

During the period, the stock price dropped from HK\$0.96 per share (adjusted) to HK\$0.6 per share (adjusted), and all 218,305,420 shares held by the Group were sold and the amount of HK\$126.1 million was recognized as realised loss.

CSE focuses on the alternative energy sector including solar energy, renewable energy and energy developed from waste which is supported by the government.

Going forward, the Group expects that the capital markets in Hong Kong and China will remain challenging for 2016, with major economic indicators for both economies continue to show signs of slowing down. In particular, monetary policies that will be implemented by the Governments of U.S., China, European Union and Japan in order to accelerate their economic growth, may cause the capital markets to be volatile, as speculations on the timing and magnitude of these policies by market participants can cause severe turbulence in the market. Apart from concerns in international finance, political factors such as uncertainties in U.S. elections and political instability observed in the Asia region may increase the volatility of the market even further.

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

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

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

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

## **FINANCIAL POSITION**

The Group’s financial services business is not exposed to foreign exchange risk as most of the transactions are denominated in HK\$. No financial instruments were used for hedging purposes.

The Group’s total cash and bank balances, represented by cash and cash equivalents, structured deposits, and short-term bank deposits, amounted to HK\$1,086.1 million as at 30 June 2016 and are mostly denominated in RMB, HK\$ and USD.

### **Capital commitments**

As at 30 June 2016, the Group had capital commitments in respect of the acquisition of property, plant and equipment amounting to HK\$22.6 million that have not been provided for in the Group’s condensed consolidated financial statements.



## **EVENTS AFTER THE REPORTING PERIOD**

1. On 30 March 2016, Win Wind Capital Limited (“Win Wind”), a wholly-owned subsidiary of the Company, entered into the subscription agreement with China Opto Holdings Limited, formerly known as “China Optoelectronics Holding Group Co., Limited” (“China Opto”), a company incorporated in Bermuda and listed on the main board of the Stock Exchange (stock code: 1332), pursuant to which, amongst other things, China Opto (or its nominee(s)) has conditionally agreed to subscribe 13,600,000 new shares of Win Wind, at the consideration of HK\$408,000,000, which shall be settled by the issue of 2,040,000,000 new shares of China Opto upon completion. On 19 July 2016, the subscription agreement was completed that (i) the Company’s interests in Win Wind was diluted to 88.22%; (ii) the Group (including Win Wind) held 2,041,792,350 shares of China Opto, representing 28.58% of the issued share capital of China Opto; and (iii) the HK\$150,000,000 (with interest rate of 2% per annum) convertible redeemable note issued by Win Wind and held by China Opto was redeemed in full.
2. On 15 August 2016, Win Wind, a non-wholly owned subsidiary of the Company, entered into the acquisition agreement with Freeman Financial Investment Corporation (“Freeman”), pursuant to which Win Wind conditionally agreed to acquire and Freeman has conditionally agreed to sell Smart Jump Corporation (“Smart Jump”), a company incorporated in the Republic of the Marshall Islands and a wholly owned subsidiary of Freeman, at the consideration of HK\$1,295,000,000. The Company paid the deposit of HK\$95,000,000 to Freeman by way of zero-coupon promissory note (to be expired on the 5<sup>th</sup> business day after the Company’s relevant shareholders’ meeting or three months from 15 August 2016, whichever is earlier) upon signing the acquisition agreement and the balance of the consideration will be settled by issuing the promissory notes to Freeman or its nominee(s).

Upon completion, Smart Jump will become an indirect non-wholly owned subsidiary as to 88.22% held by the Company.

## **PROSPECTS**

Going forward, the Group expects that the capital markets in Hong Kong and China will remain challenging for 2016, with major economic indicators for both economies continue to show signs of slowing down. In particular, monetary policies that will be implemented by the Governments of U.S., China, European Union and Japan in order to accelerate their economic growth, may cause the capital markets to be volatile, as speculations on the timing and magnitude of these policies by market participants can cause severe turbulence in the market. Apart from concerns in international finance, political factors such as uncertainties in U.S. elections and political instability observed in the Asia region may increase the volatility of the market even further.



Having said that, we believe that there are still opportunities to find decent investments with medium and long term, and with risk management and control measures in place, we are capable of uncovering new investment opportunities that enhance the value of the Company for all shareholders.

Accordingly, the directors are of the view that the acquisition of Smart Jump would strongly complement the Group's existing proprietary trading activities and the Group remains confident about the securities market in Hong Kong and believes that the Shenzhen-Hong Kong Stock Connect Scheme in the remaining second half of this year will affect the market positively. The Company considers that the listed securities of Hong Kong are still attractive.

The Board is cautiously optimistic with the financial services business in both Hong Kong and China, and have proceeded by enhancing the capability of the Company to develop new businesses.

We will continue to add competent staff to the Group in order to enhance and expand its capability to cope with the ever-changing environment. The Board will also make investments in its infrastructure and keep up with the developments to maintain its competitive edge as well as stay ahead other service providers.

## **INTERIM DIVIDEND**

In order to retain resources for the Group's business development, the Board does not declare an interim dividend for the six months ended 30 June 2016 (2015: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2016, the Group employed approximately 45 full time employees. The Group recognizes the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. In addition, share options may be granted to certain eligible directors and employees of the Group in accordance with the terms of the share option scheme adopted by the Group.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the six months ended 30 June 2016.

## **CORPORATE GOVERNANCE**

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 June 2016, all Directors have complied with the required standard set out in the Model Code.

## **AUDIT COMMITTEE**

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

The interim results of the Group for the six months ended 30 June 2016 had not been audited, but had been reviewed by the Company’s auditor, Deloitte Touche Tohmatsu and the Audit Committee.

## **APPRECIATION**

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

By Order of the Board  
**Enerchina Holdings Limited**  
**Sam Nickolas David Hing Cheong**  
*Chief Executive Officer*

Hong Kong, 19 August 2016

*As at the date of this announcement, the Board comprises the following Directors:*

*Executive Directors:*

Mr. CHEN Wei (*Chairman of the Board*)  
Mr. CHOW Chi Wah Vincent  
Mr. SAM Nickolas David Hing Cheong  
(*Chief Executive Officer*)  
Mr. TANG Yui Man Francis

*Independent Non-Executive Directors:*

Mr. CHEUNG Wing Ping  
Mr. CHUI Kark Ming  
Mr. MA Ka Ki