



**Enerchina**

H o l d i n g s   L i m i t e d

威華達控股有限公司\*

(Incorporated in the Bermuda with limited liability)

(Stock Code: 622)

Interim Report

**2016**

\* For identification purposes only

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. CHEN Wei (*Chairman*)  
Mr. CHOW Chi Wah Vincent  
(Appointed on 1 June 2016)  
Mr. SAM Nickolas David Hing Cheong  
(Chief Executive Officer)  
Mr. TANG Yui Man Francis  
Mr. XIANG Ya Bo  
(Resigned on 15 June 2016)

#### Non-executive Director

Mr. XIN Luo Lin  
(Resigned on 1 June 2016)

#### Independent Non-executive Directors

Mr. CHEUNG Wing Ping  
Mr. CHUI Kark Ming  
Mr. MA Ka Ki (Appointed on 1 June 2016)  
Dr. XIANG Bing (Resigned on 1 June 2016)

### AUTHORISED REPRESENTATIVES

Mr. CHOW Chi Wah Vincent  
(Appointed on 15 June 2016)  
Mr. SAM Nickolas David Hing Cheong  
(Appointed on 15 June 2016)  
Mr. TANG Yui Man Francis  
(Resigned on 15 June 2016)  
Mr. XIANG Ya Bo  
(Resigned on 15 June 2016)

### AUDIT COMMITTEE

Mr. CHEUNG Wing Ping (*Chairman*)  
Mr. CHUI Kark Ming  
Dr. XIANG Bing (Resigned on 1 June 2016)  
Mr. MA Ka Ki (Appointed on 1 June 2016)

### NOMINATION COMMITTEE

Mr. SAM Nickolas David Hing Cheong  
Mr. CHUI Kark Ming (*Chairman*)  
Mr. CHEUNG Wing Ping  
Dr. XIANG Bing (Resigned on 1 June 2016)  
Mr. MA Ka Ki (Appointed on 1 June 2016)

### REMUNERATION COMMITTEE

Mr. CHEN Wei  
Mr. CHEUNG Wing Ping (*Chairman*)  
Mr. CHUI Kark Ming  
Dr. XIANG Bing  
(Resigned on 1 June 2016)  
Mr. MA Ka Ki  
(Appointed 1 June 2016)  
Mr. SAM Nickolas David Hing Cheong  
(Appointed on 15 June 2016)  
Mr. XIANG Ya Bo  
(Resigned on 15 June 2016)

### COMPANY SECRETARY

Mr. LO Tai On (Resigned on 12 July 2016)  
Mr. CHOW Chi Wah Vincent  
(Appointed on 12 July 2016)

### LEGAL ADVISORS

(*As to Hong Kong law*)  
Cleary Gottlieb Steen & Hamilton  
(Hong Kong)  
Deacons  
Norton Rose Fulbright Hong Kong  
Peter C. Wong, Chow & Chow  
in association with Guantao Law Firm  
(Hong Kong)  
Woo, Kwan, Lee & Lo

(*As to Bermuda law*)  
Conyers Dill & Pearman

### REGISTERED OFFICE

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Hamilton HM 11  
Bermuda

### PRINCIPAL PLACE OF BUSINESS

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Stock Code : 622  
Website : <http://www.enerchina.com.hk>

**PRINCIPAL SHARE REGISTRAR  
AND TRANSFER OFFICE**

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

**HONG KONG BRANCH SHARE  
REGISTRAR**

Computershare Hong Kong  
Investor Services Limited  
46th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

**HONG KONG BRANCH SHARE  
TRANSFER OFFICE**

Computershare Hong Kong  
Investor Services Limited  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

**AUDITOR**

Deloitte Touche Tohmatsu  
Certified Public Accountants  
35th Floor, One Pacific Place  
88 Queensway  
Hong Kong

**PRINCIPAL BANKERS**

Bank of China  
Bank of China (Hong Kong) Limited  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

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## FINANCIAL HIGHLIGHTS:

### For the six months ended 30 June 2016

- Turnover is a negative amount of HK\$672.8 million
- Loss attributable to owners of the Company amounts to HK\$659.2 million
- Basic Loss Per Share is HK9.16 cents

## 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 is 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	Percentage of	Fair value/	Fair value/	Net gain/	Net gain/
		shareholding as at 30 June 2016 %	shareholding as at 31 December 2015 %	carrying amount as at 30 June 2016 HK\$'000	carrying amount as at 31 December 2015 HK\$'000	(loss) for the six months ended 30 June 2016 HK\$'000	(loss) for the six months ended 30 June 2015 HK\$'000
<b>Available-for-sale investments</b>							
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	-	-
<b>Financial assets at fair value through profit or loss</b>							
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



Name of investments	Notes	Percentage of	Percentage of	Fair value/	Fair value/	Net gain/	Net gain/
		shareholding as at 30 June 2016 %	shareholding as at 31 December 2015 %	carrying amount as at 30 June 2016 HK\$'000	amount as at 31 December 2015 HK\$'000	(loss) for the six months ended 30 June 2016 HK\$'000	(loss) for the six months ended 30 June 2015 HK\$'000
— 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 5th 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

## OTHER INFORMATION

**DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

At 30 June 2016, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

**Long positions in shares and underlying shares of the Company**

Name of Directors	Capacity	Interest in shares					Interest in underlying shares pursuant to share options	Aggregate interest	Approximate percentage of the issued shares of the Company as at 30.6.2016
		Personal interest	Family interest	Corporate interest	Total interest in shares				
CHEN Wei	Beneficial owner	13,162,500	-	-	13,162,500	41,910,000	55,072,500	0.76%	
TANG Yui Man Francis	Beneficial owner	20,840,625	-	-	20,840,625	13,970,000	34,810,625	0.48%	

Details of the Directors' interests in share options granted by the Company are set out below under the heading "Directors' rights to acquire shares or debentures of the Company and associated corporation".

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executives of the Company had, nor were they taken to or deemed to have under such provisions of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

Pursuant to the Company's share option scheme adopted in 2002, the Company has granted to certain Directors of the Company options to subscribe for the shares of the Company, details of which as at 30 June 2016 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price HK\$	Number of shares subject to outstanding options as at 1.1.2016	Granted/Exercise during the period	Number of shares subject to outstanding options as at 30.6.2016	Approximately percentage of the issued shares of the Company as at 30.6.2016
CHEN Wei	13.11.2007	01.01.2010– 12.11.2017	0.322	20,955,000	–	20,955,000	0.29%
	13.11.2007	01.01.2011– 12.11.2017	0.322	20,955,000	–	20,955,000	0.29%
TANG Yui Man Francis	13.11.2007	01.01.2010– 12.11.2017	0.322	6,985,000	–	6,985,000	0.10%
	13.11.2007	01.01.2011– 12.11.2017	0.322	6,985,000	–	6,985,000	0.10%

Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- These options represent personal interest held by the Directors as beneficial owners.

Save as disclosed above, at no time during the period, the Directors or chief executives of the Company (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (warrants or debentures, if applicable) of the Company or any of its associated corporation required to be disclosed pursuant to the SFO.

Other than as disclosed herein, at no time during the period was the Company, its subsidiaries or holding companies a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

*Changes in Directors' Information*

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in information on Directors for the six months ended 30 June 2016 and up to the date of this report are set out as below:

1. Dr. XIANG Bing resigned as an independent non-executive director and ceased to act as a member of the audit committee, remuneration committee and nomination committee of the Company with effect from 1 June 2016.
2. Mr. XIN Luo Lin resigned as a non-executive director of the Company with effect from 1 June 2016.
3. Mr. CHOW Chi Wah Vincent has been appointed as an executive director of the Company with effect from 1 June 2016. Further, Mr. CHOW Chi Wah Vincent has also been appointed as authorised representative of the Company with effect from 15 June 2016.
4. Mr. MA Ka Ki has been appointed as an independent non-executive director and member of the audit committee, remuneration committee and nomination committee of the Company 1 June 2016.
5. Mr. XIANG Ya Bo resigned as an executive director, a member of the remuneration committee of the Company, an authorized representative of the Company and an agent for the service of process in Hong Kong with effect from 15 June 2016.
6. Mr. SAM Nickolas David Hing Cheong, an executive director and the Chief Executive Officer of the Company, has been appointed as a member of the remuneration committee of the Company, an authorized representative of the Company and an agent for the service of process in Hong Kong with effect from 15 June 2016.
7. Mr. TANG Yui Man Francis, an executive director of the Company, resigned as an authorised representative of the Company with effect from 15 June 2016.

*Share Option Schemes of the Company*

- (A) The Company operated a share option scheme adopted by shareholders of the Company on 24 May 2002 (the "2002 Share Option Scheme"), under which the Board may, at its discretion, offer any employees of the Group or any Directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated in the said scheme. The 2002 Share Option Scheme had a life of 10 years and was terminated at the annual general meeting of the Company held on 17 May 2012.

No further options shall thereafter be offered under the 2002 Share Option Scheme but the options, which had been granted during its life, shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2002 Share Option Scheme shall remain in full force and effect.

Details of specific categories of options granted under 2002 Share Option Scheme are as follows:

Option type	Date of grant	Exercise period	Exercise price HK\$
2007 Option	13.11.2007	01.01.2010–12.11.2017	0.322
	13.11.2007	01.01.2011–12.11.2017	0.322

The following table discloses movements in the Company's share options granted under the 2002 Share Option Scheme during the period:

	Option type	Outstanding at 1.1.2016	Exercised during the period	Transferred during the period	Lapsed during the period	Outstanding at 30.6.2016	
<i>Category 1:</i>							
<i>Directors</i>							
	CHEN Wei	2007 Option	41,910,000	-	-	-	41,910,000
	TANG Yui Man Francis	2007 Option	13,970,000	-	-	-	13,970,000
	XIANG Ya Bo	2007 Option	13,970,000	-	(13,970,000)	-	-
	XIN Luo Lin	2007 Option	4,191,000	-	-	(4,191,000)	-
	Total for directors		74,041,000	-	(13,970,000)	(4,191,000)	55,880,000
<i>Category 2:</i>							
<i>Employees</i>							
		2007 Option	23,749,000	-	13,970,000	-	37,719,000
	Total for employees		23,749,000	-	13,970,000	-	37,719,000
	All categories		97,790,000	-	-	(4,191,000)	93,599,000

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. During the period, 4,191,000 options were lapsed or cancelled under the 2002 Share Option Scheme.
3. During the period, no options were exercised under the 2002 Share Option Scheme.
4. Xiang Ya Bo resigned as an executive director and the option was transferred to under the category of employees.

- (B) A new share option scheme was adopted by shareholders of the Company on 17 May 2012 (the “2012 Share Option Scheme”), under which the Board may, of its discretion, offer any employees of the Group or any Directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated therein. The 2012 Share Options Scheme has a life of 10 years.

Details of specific categories of options granted under 2012 Share Option Scheme are as follows:

Option type	Date of grant	Exercise period	Exercise price HK\$
2015 Option	15.05.2015	01.08.2015–14.05.2018	0.9
		15.11.2015–14.05.2018	0.9
		15.05.2016–14.05.2018	0.9

The following table discloses movements in the Company’s share options granted under the 2012 Share Option Scheme during the period:

Option type	Outstanding at 1.1.2016	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2016
<i>Category: Other Participant</i>					
2015 Option	50,000,000	-	-	-	50,000,000
Total for Other Participant	50,000,000	-	-	-	50,000,000

Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- During the period, no options were granted under the 2012 Share Option Scheme.
- The closing price of the share immediately before the date on which the options being granted was HK\$0.80.
- During the period, no options were exercised, lapsed or cancelled under the 2012 Share Option Scheme.

*Substantial Shareholders and Other Persons*

At 30 June 2016, the register of the interests and short positions maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders (other than the interests disclosed above in respect of Directors) had notified the Company of relevant interests and short positions in the issued share capital of the Company:

**Long positions in shares of the Company**

<b>Name of shareholders</b>	<b>Capacity/ Nature of interest</b>	<b>Interest in shares</b>	<b>Approximate percentage of the issued shares of the Company as at 30.6.2016</b>
Ou Yaping	Interest held jointly with another person and interest of controlled corporations/Family interest and corporate interest	2,629,140,978 (Note)	36.55%
Asia Pacific Promotion Limited ("Asia Pacific")	Beneficial owner and interest of controlled corporations/Beneficial interest and Corporate interest	2,617,180,764 (Note)	36.38%

Note:

2,617,180,764 shares of the Company represent the aggregate of (i) 2,557,105,618 shares of the Company held by Asia Pacific directly; and (ii) 60,075,146 shares of the Company are held by Sinolink Worldwide Holdings Limited ("Sinolink"). Mr. Ou Yaping is the sole shareholder and director of Asia Pacific and through Asia Pacific together with his associates hold a total of 45.11% of the issued share capital of Sinolink as at 30 June 2016. Therefore, he is deemed to be interested in all these 2,617,180,764 shares of the Company under the SFO.

Save as disclosed above, as at 30 June 2016, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under section 336 of the SFO.



## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



To the Board of Directors of Enerchina Holdings Limited

### INTRODUCTION

We have reviewed the condensed consolidated financial statements of Enerchina Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 24 to 50, which comprises the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The 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 these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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 these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
19 August 2016

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

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	NOTES	Six months ended	
		30.6.2016 HK\$'000 (Unaudited)	30.6.2015 HK\$'000 (Unaudited)
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		<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

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2016

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

	NOTES	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	176,723	189,327
Available-for-sale investments	11	872,778	973,765
Intangible assets		3,908	3,908
Other deposits		513	535
Deposit paid for acquisition of property, plant and equipment		53,049	37,248
		<b>1,106,971</b>	1,204,783
<b>Current assets</b>			
Trade and other receivables, deposits and prepayments	12	549,995	487,551
Financial assets at fair value through profit or loss	13	1,968,334	2,751,599
Structured deposits	14	233,918	–
Short-term bank deposits		145,146	63,246
Bank balances — trust and segregated accounts		20,332	17,114
Cash and cash equivalents		707,015	998,659
		<b>3,624,740</b>	4,318,169
<b>Current liabilities</b>			
Trade and other payables	15	38,993	40,584
Taxation payable		57,873	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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION *(continued)*  
AT 30 JUNE 2016

	NOTES	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Deferred taxation		105,338	216,406
Convertible notes liability		107,808	101,150
		<b>213,146</b>	317,556
<b>Net assets</b>			
		<b>4,421,699</b>	5,098,440
<b>Capital and reserves</b>			
Share capital	17	71,939	71,939
Reserves		4,293,276	4,970,017
Equity attributable to owners of the Company		4,365,215	5,041,956
Non-controlling interests		56,484	56,484
<b>Total equity</b>			
		<b>4,421,699</b>	5,098,440

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Attributable to owners of the Company						Non-controlling interests		Total HK\$'000		
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Contribution surplus HK\$'000	Warrant reserves HK\$'000	Investment revaluation reserves HK\$'000	Share options reserves HK\$'000	Retained earnings HK\$'000		Share of net assets HK\$'000	Convertible notes reserves HK\$'000
At 1 January 2016 (audited)	71,939	3,042,891	(34,670)	544	13,360	4,753	16,740	1,926,399	7,634	48,850	5,098,440
Exchange differences arising on translation to presentation currency	-	-	(18,570)	-	-	-	-	-	-	-	(18,570)
Fair value change in available-for-sale investments	-	-	-	-	-	(329)	-	-	-	-	(329)
Loss for the period	-	-	-	-	-	-	-	(659,203)	-	-	(659,203)
Total comprehensive expenses for the period	-	-	(18,570)	-	-	(329)	-	(659,203)	-	-	(678,102)
Share options lapsed	-	-	-	-	-	-	(162)	162	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	1,361	-	-	-	1,361
At 30 June 2016 (unaudited)	71,939	3,042,891	(53,240)	544	13,360	4,424	17,939	1,267,358	7,634	48,850	4,421,699

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Attributable to owners of the Company						Non-controlling interests		Total HK\$'000			
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Contribution surplus HK\$'000	Warrant reserves HK\$'000	Investment revaluation reserves HK\$'000	Share options reserves HK\$'000	Retained earnings HK\$'000		Share of net assets HK\$'000	Convertible notes reserves HK\$'000	
At 1 January 2015 (audited)	71,897	3,041,421	22,764	544	-	870	3,928	1,213,328	4,354,752	7,634	-	4,362,386
Exchange differences arising on translation to presentation currency	-	-	(1)	-	-	-	-	-	(1)	-	-	(1)
Fair value change in available-for- sale investments	-	-	-	-	-	1,901	-	-	1,901	-	-	1,901
Profit for the period	-	-	-	-	-	-	-	1,682,942	1,682,942	-	-	1,682,942
Total comprehensive income for the period	-	-	(1)	-	-	1,901	-	1,682,942	1,684,842	-	-	1,684,842
Issue of new shares due to exercise of share options	42	1,308	-	-	-	-	-	-	1,350	-	-	1,350
Transfer upon exercise of share options	-	162	-	-	-	-	(162)	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	4,376	-	4,376	-	-	4,376
At 30 June 2015 (unaudited)	71,939	3,042,891	22,763	544	-	2,771	8,442	2,896,270	6,045,320	7,634	-	6,052,954

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	NOTE	Six months ended 30.6.2016 (Unaudited)	30.6.2015 (Unaudited)
Net cash (used in) from operating activities		<b>(7,120)</b>	32,911
INVESTING ACTIVITIES			
Purchase of structured deposits		<b>(233,918)</b>	–
Short-term bank deposits made		<b>(81,900)</b>	(37,061)
Purchase of property, plant and equipment		<b>(48)</b>	(1,423)
Purchase of available-for-sale investments		–	(70,204)
Dividend received		<b>2,798</b>	3,670
Interest received		<b>11,568</b>	18,213
Proceeds from disposal of property, plant and equipment		–	130
Deposits paid for acquisition of property, plant and equipment		<b>(15,129)</b>	(2,305)
Receipts from entrusted loans receivables		–	27,787
Deposit received for disposal of a subsidiary		–	3,000
Net cash flows arising from acquisition of subsidiaries		<b>(408)</b>	(54,474)
Net cash flows arising from disposal of subsidiaries	19	<b>52,714</b>	–
Net cash (used in) from investing activities		<b>(264,323)</b>	(112,667)
FINANCING ACTIVITIES			
New bank and other loans raised		–	600,000
Repayment of bank loans		–	(500,000)
Issue of shares		–	1,350
Interest paid on convertible notes		<b>(1,504)</b>	–
Net cash (used in) from financing activities		<b>(1,504)</b>	101,350
Net (decrease) increase in cash and cash equivalents		<b>(272,947)</b>	21,594
Cash and cash equivalents at beginning of the period		<b>998,659</b>	1,127,641
Effect of foreign exchange rate changes		<b>(18,697)</b>	(221)
Cash and cash equivalents at end of the period, represented by bank balances (general accounts) and cash		<b>707,015</b>	1,149,014



# 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.

### 3. TURNOVER AND SEGMENT INFORMATION *(continued)*

#### 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 HK\$'000	Securities trading and investments HK\$'000	Money lending HK\$'000	Consolidated HK\$'000
<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	6,496	(689,805)	10,528	(672,781)
Segment (loss) profit	(34,897)	(735,795)	4,938	(765,754)
Unallocated other income				12,342
Certain other gains and losses				3,594
Central corporate expenses				(25,540)
Loss before tax				(775,358)

### 3. TURNOVER AND SEGMENT INFORMATION *(continued)*

#### Segment turnover and results *(continued)*

For the six months ended 30 June 2015 (unaudited)

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

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.

3. **TURNOVER AND SEGMENT INFORMATION** (continued)**Segment assets and liabilities**

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

At 30 June 2016 (unaudited)

	Financial Services HK\$'000	Securities trading and investments HK\$'000	Money lending HK\$'000	Consolidated HK\$'000
Segment assets	204,578	2,955,770	396,944	3,557,292
Unallocated property, plant and equipment				18,001
Deposit paid for acquisition of property, plant and equipment				53,049
Unallocated other receivables, deposits and prepayments				17,290
Structured deposit				233,918
Short-term bank deposits				85,497
Bank balances (general accounts) and cash				766,664
Consolidated assets				4,731,711
Segment liabilities	24,755	–	2,216	26,971
Unallocated other payables				12,022
Taxation payable				57,873
Deferred taxation				105,338
Convertible notes liability				107,808
Consolidated liabilities				310,012

### 3. TURNOVER AND SEGMENT INFORMATION *(continued)*

#### Segment assets and liabilities *(continued)*

As at 31 December 2015 (audited)

	Financial Services HK\$'000	Securities trading and investments HK\$'000	Money lending HK\$'000	Consolidated HK\$'000
Segment assets	240,252	3,830,029	312,570	4,382,851
Unallocated property, plant and equipment				21,974
Deposit paid for acquisition of property, plant and equipment				37,248
Unallocated other receivables, deposits and prepayments				18,974
Short-term bank deposits				63,246
Bank balances (general accounts) and cash				998,659
Consolidated assets				5,522,952
Segment liabilities	32,379	–	2,236	34,615
Unallocated other payables				5,969
Taxation payable				66,372
Deferred tax liabilities				216,406
Convertible notes liability				101,150
Consolidated liabilities				424,512

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

- all assets are allocated to operating and reportable segments other than certain property, plant and equipment, deposit paid for acquisition of property, plant and equipment, certain other receivables, deposits and prepayments, structured deposits, short-term bank deposits and bank balances (general accounts) and cash.
- all liabilities are allocated to operating and reportable segments other than certain other payables, taxation payable, deferred tax liabilities and convertible notes liability.

## 4. OTHER INCOME

	Six months ended	
	30.6.2016 HK\$'000 (Unaudited)	30.6.2015 HK\$'000 (Unaudited)
Interest income on:		
— bank deposits	8,730	13,013
— entrusted loans receivable	—	2,500
— listed bonds held for trading	3,612	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	2,798	2,351
— unlisted investment funds held for trading	—	1,319
Dividend income from unlisted available-for-sale investment	6,766	—
Others	1,954	933
	<b>23,860</b>	22,816

## 5. FINANCE COSTS

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

## 6. TAXATION CREDIT (EXPENSE)

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

	Six months ended	
	30.6.2016 HK\$'000 (Unaudited)	30.6.2015 HK\$'000 (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)	(1,266)	105
Rebates (included in other expenses) (note)	2,150	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)	(2,328)	(4,293)
Impairment losses in respect of trade receivables (included in other gains and losses)	3,789	–
Impairment loss in respect of available-for-sale investments (included in other gains and losses)	49,400	–
Net loss on disposal of subsidiaries (included in other gains and losses)	2,169	–

Note: Amount represented the rebates granted to the Group's Financial Services and money lending customers based on certain percentage of the income generated from the customers during the period ended 30 June 2016. The rebates granted for the previous period were based on certain percentage of the income for the period from 1 January 2014 to 30 June 2015.

## 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:

	Six months ended	
	30.6.2016 HK\$'000 (Unaudited)	30.6.2015 HK\$'000 (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	<b>(659,203)</b>	1,682,942
	Six months ended	
	30.6.2016 (Unaudited)	30.6.2015 (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	—	24,237,482
Weighted average number of ordinary shares in issue during the period, for the purpose of diluted (loss) earnings per share	<b>7,193,846,664</b>	7,214,842,489

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

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.

**11. AVAILABLE-FOR-SALE INVESTMENTS** *(continued)*

Notes: *(continued)*

(i) *(continued)*

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, 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. Details of the disposal are disclosed in note 19(b).

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). Details of the fair value measurement methodology are disclosed in note 21.

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

	30.06.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
Trade receivables arising from the business of advisory for corporate finance and investment management	300	1,900
Trade receivables arising from cash clients	1,086	9,584
Trade receivables arising from margin clients	12,318	38,319
Deposits with securities brokers (note (a))	121,714	100,215
Loans to independent third parties (note (b))	389,252	308,456
Amount due from a former subsidiary	-	10,000
Other receivables, deposits and prepayments	25,325	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 contracted loan period fall between 6 months to 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.

**12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS** (continued)

Notes: (continued)

(b) (continued)

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> <b>HK\$'000</b> <b>(Unaudited)</b>	31.12.2015 HK\$'000 (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> <b>HK\$'000</b> <b>(Unaudited)</b>	31.12.2015 HK\$'000 (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 (note)	<b>76,114</b>	44,460
Listed bonds in Hong Kong issued by listed companies (note)	<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. STRUCTURED DEPOSITS**

The structured deposits are placed with banks in the PRC and contain closely related embedded derivatives, the returns of which are determined by reference to the change in interest rates quoted in the market. The structured deposits are designated as financial assets at fair value through profit or loss at initial recognition.

The principal amount of the structured deposits is RMB200,000,000 as at 30 June 2016 (31 December 2015: nil) which has matured and settled in July 2016. The annual coupon rate was between 3.25% to 4.25%, dependent on whether 3 month London Inter Bank Offered Rate for deposits in United States Dollars during the period from inception date to maturity date of the relevant agreements.

At the end of the reporting period, the structured deposits are stated at fair values based on valuation provided by respective counterparties. The fair values are calculated using discounted cash flow analysis based on the applicable yield curves of relevant forward interest rates and exchange rates.

## 15. TRADE AND OTHER PAYABLES

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

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.

## 16. RELATED PARTY TRANSACTION

The Group does not have any related party transactions and balances during the reporting periods and as at the end of the reporting periods.

The key management personnel are the directors of the Company. During the current interim period, the emoluments of key management personnel were HK\$4,205,000 (six months ended 30 June 2015: HK\$5,059,000).

**17. SHARE CAPITAL**

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2015, 30 June 2015, 1 January 2016 and 30 June 2016	12,000,000,000	120,000
Issued and fully paid:		
At 1 January 2015	7,189,655,664	71,897
Issue of shares on exercise of share options	4,191,000	42
At 30 June 2015, 1 January 2016 and 30 June 2016	7,193,846,664	71,939

**18. CAPITAL COMMITMENTS**

	30.6.2016 HK\$'000 (Unaudited)	31.12.2015 HK\$'000 (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of — acquisition of property, plant and equipment	22,595	37,248

## 19. 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:

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

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.



## 19. DISPOSALS OF SUBSIDIARIES (continued)

## (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:

	HK\$'000 (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

## 20. SHARE-BASED PAYMENTS

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years.

The table below discloses movement of the Company's share options held by the employees:

	Number of share options
At 1 January 2016 (audited)	147,790,000
Forfeited during the period	(4,191,000)
At 30 June 2016 (unaudited)	143,599,000
Exercisable at the end of the reporting period	143,599,000

At the end of each reporting period, the Group revised its estimates of the number of options that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share options reserves.

During the six months ended 30 June 2016, total share-based payments of HK\$1,361,000 (six months ended 30 June 2015: HK\$4,376,000) has been recognised in the profit or loss.

## 21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

## 21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)*

### Fair value of the Group's financial assets that are measured at fair value on a recurring basis *(continued)*

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key input
	30.6.2016 (unaudited)	31.12.2015 (audited)		
1) Investments in listed equity securities classified as financial assets at fair value through profit or loss	Listed equity securities in: — Hong Kong HK\$1,758,082,000 — Overseas HK\$34,692,000	Listed equity securities in: — Hong Kong HK\$2,560,790,000 — Overseas HK\$34,376,000	Level 1	Quoted bid prices in an active market
2) Investments in listed bonds issued by listed companies classified as financial assets at fair value through profit or loss	Listed bonds in: — Hong Kong HK\$17,205,000 — Overseas HK\$76,114,000	Listed bonds in: — Hong Kong HK\$22,930,000 — Overseas HK\$44,460,000	Level 2	Recent transaction prices or derived from quoted prices from inactive market
3) Investments in unlisted investment funds classified as financial assets at fair value through profit or loss	HK\$82,241,000	HK\$89,043,000	Level 2	Derived from quoted prices from pricing services based on net asset value of the funds
4) Investments in unlisted funds classified as available-for-sale investments	HK\$42,907,000	HK\$42,068,000	Level 2	Derived from quoted prices from pricing services based on net asset value of the funds
5) Investments in listed equity securities classified as available-for-sale investments	Listed equity securities in: — Hong Kong HK\$25,932,000	Listed equity securities in: — Hong Kong HK\$27,100,000	Level 1	Quoted bid price in an active market
6) Investment in unlisted equity interest classified as available-for-sale investments	HK\$100,000,000	HK\$100,000,000	Level 2	Recent transaction price applied lack of control discount
7) Investment in structured deposits	HK\$233,918,000	-	Level 2	Discounted cash flow with key inputs of forward interests rate

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

The chief financial officer of the Company is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the valuation if necessary. The chief financial officer reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets if any.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

**22. EVENTS AFTER THE REPORTING PERIOD**

- (a) 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.
- (b) 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 5th 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.