



中達金融集團有限公司  
Central Wealth Financial Group Limited

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 572)

Interim  
Report

2016

## CONTENTS

|   | <i>Pages</i> |
|---|--------------|
| Corporate Information   | 2            |
| Management Discussion and Analysis  | 3            |
| Report on Review of Condensed Consolidated Financial Statements                   | 12           |
| Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income | 15           |
| Condensed Consolidated Statement of Financial Position                            | 17           |
| Condensed Consolidated Statement of Changes in Equity                             | 18           |
| Condensed Consolidated Statement of Cash Flows                                    | 19           |
| Notes to the Condensed Consolidated Financial Statements                          | 20           |
| Additional Information  | 43           |

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive Directors**

Mr. Siu Yun Fat  
*(Chairman and Chief Executive Officer)*  
Mr. Lau Fai Lawrence  
Mr. Yang Yang  
Mr. Yu Qingrui

#### **Independent Non-Executive Directors**

Mr. Chan Yee Por Simon  
Mr. Siu Siu Ling, Robert  
Mr. Tam Tak Wah

#### **AUDIT COMMITTEE**

Mr. Tam Tak Wah *(Chairman)*  
Mr. Chan Yee Por Simon  
Mr. Siu Siu Ling, Robert

#### **REMUNERATION COMMITTEE**

Mr. Chan Yee Por Simon *(Chairman)*  
Mr. Siu Siu Ling, Robert  
Mr. Tam Tak Wah

#### **NOMINATION COMMITTEE**

Mr. Chan Yee Por Simon *(Chairman)*  
Mr. Siu Siu Ling, Robert  
Mr. Tam Tak Wah

#### **COMPANY SECRETARY**

Mr. Lau Cheuk Pun

### **SHARE REGISTRAR**

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

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Unit 912, 9<sup>th</sup> Floor  
New East Ocean Centre  
9 Science Museum Road  
Kowloon, Hong Kong

### **REGISTERED OFFICE**

Cricket Square Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### **AUDITOR**

Asian Alliance (HK) CPA Limited  
Suites 313-316, 3/F., Shui On Centre  
6-8 Harbour Road  
Wanchai  
Hong Kong

### **PRINCIPAL BANKERS**

Public Bank (Hong Kong) Limited  
Chong Hing Bank Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

### **COMPANY WEBSITE**

<http://www.centralwealth.com.hk>

The Board of Directors (the “**Board**” or “**Directors**”) of Central Wealth Financial Group Limited (the “**Company**”) hereby present the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2016 (the “**Period**”).

## **CHANGE OF COMPANY NAME AND STOCK SHORT NAME**

Pursuant to a special resolution passed at an extraordinary general meeting of the Company held on 15 January 2016 and approved and issued a certificate of change of company name by the Registrar of Companies in the Cayman Islands on 19 January 2016 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 4 February 2016, the name of the Company was changed from “China For You Group Company Limited 中國富佑集團有限公司” to “Central Wealth Financial Group Limited 中達金融集團有限公司” with effect from 12 February 2016.

In connection with the change of company name, the shares of the Company have been traded on the Stock Exchange under the new stock name of “CENT WEALTH FIN” in English and “中達金融集團” in Chinese, in place of “CH FOR YOU GP” in English and “中國富佑” in Chinese, respectively, with effect from 17 February 2016. The stock code of the shares remain as “572”.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS AND FINANCIAL REVIEW**

The Company is an investment holding company. The Group is principally engaged in (i) trading business and related services; (ii) securities trading and investment; (iii) provision of financing services; and (iv) property investment in Hong Kong.

In regard to the operational front, the Group recorded a revenue of approximately HKD3,461,000 for the Period, representing a decrease of 92.04% compared with the corresponding period of last year. The decrease in revenue was mainly due to the decrease in trading business and trading of listed securities.

The loss attributable to owners of the Company for the Period amounted to approximately HKD16,719,000, an increase of approximately HKD10,762,000 or 180.66% when compared to the net loss for the corresponding period of last year. Basic loss per ordinary share was approximately HK0.29 cents for the Period (2015: HK0.18 cents). Such a loss was mainly due to (i) unrealised loss of investment at fair value through profit or loss of approximately HKD7,775,000, (ii) change in fair values of derivative financial instrument of approximately HKD3,415,000 and (iii) decrease in gross profit.

## **Trading business and related services**

Due to continuous adverse market conditions and the low profit margin in the trading business, no revenue was generated from this business during the Period as compared with approximately HKD27,579,000 of revenue generated in the previous corresponding period, as the Directors would like to concentrate on the businesses of provision of financing services and properties investment that yield a much higher profit margin. For the Period, the loss of approximately HKD298,000 (2015: loss of approximately HKD10,260,000) was recorded for the segment of trading business and related services.

## **Treasury Business**

The treasury business includes securities trading and money lending businesses.

### ***Securities trading business***

The Group's securities trading portfolio comprised of securities listed on The Stock Exchange of Hong Kong Limited during the Period. The Group identified its investments based on the share price, the investment gain potential and the future prospect of the investments. For the Period, the revenue, which included dividend income on investment in listed equity securities, from securities trading and investment segment decreased to approximately HKD334,000 (2015: HKD15,513,000) as the Group did not realise any gain or loss on investment. As a whole, the segment recorded a loss of approximately HKD7,944,000 (2015: profit of approximately HKD10,905,000).

The Group made a net unrealised losses of investments at fair value through profit or loss of approximately HKD7,775,000 (i.e. unrealised gains of approximately HKD2,939,000 and unrealised losses of approximately HKD10,714,000) (2015: net unrealised loss of approximately HKD4,450,000). Approximately 93.89% of the unrealised loss was attributable to the Group's investment in securities of China Soft Power Technology Holdings Limited ("**China Soft Power**").

China Soft Power is principally engaged in investment holding, trading and distribution of electronic and accessory products and other merchandise, financial investments and trading, money lending business, construction of submarine cable system and the research and development of integrated circuit technology, information and big data technology. The investment is held for medium to long term and the Directors hold positive views towards the prospects of China Soft Power.

As at 30 June 2016, the Group held an investment portfolio with market value of approximately HKD46,620,000 (2015: HKD6,732,000). At 30 June 2016, there was no individual investment held by the Group with value more than 5% of the net assets of the Group.

### ***Money leading business***

A wholly-owned subsidiary of Group, Globally Finance Limited (“**Globally Finance**”), which held the Money Lenders Licence in Hong Kong since early of 2015, carried a money lending business in Hong Kong. In this Period, Globally Finance generated revenue with amount of approximately HKD427,000 (2015: HKD373,000) and a profit of approximately HKD392,000 (2015: HKD365,000) was recorded.

### **Investment property**

On 17 August 2015, Sky Eagle Global Limited (“**Sky Eagle**”), a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Great Well Properties Limited (“**Great Well**”) pursuant to which Sky Eagle conditionally agreed to purchase and Great Well conditionally agreed to sell the entire interests in Metro Victor Limited (“**Metro Victor**”) for an aggregate consideration of HKD210,000,000 of which HKD110,000,000 was satisfied in cash and the remaining balance of HKD100,000,000 was satisfied by issuing the promissory notes carry interest rate at 2% per annum with a 2 year maturity to Great Well upon completion, Metro Victor is a company incorporated in Hong Kong and is principally engaged in property investment. The acquisition constitutes a very substantial acquisition (the “**VSA**”) on the part of the Company under Rule 14.06 of the Listing Rules. The VSA was completed in November 2015. The amount of HKD100,000,000 promissory note was fully settled during last year. For more information on the VSA, please refer to the Company’s announcements and circular dated 17 August 2015 and 23 October 2015 respectively.

Metro Victor is currently holding a property located at No. 2 Lincoln Road, Kowloon, Hong Kong. The details of the investment property are as follows:

| <b>Location</b>   | <b>Group interest</b> | <b>Category of lease</b> | <b>Use</b>  |
|---|-----------------------|--------------------------|-------------|
| No. 2 Lincoln Road,<br>Kowloon, Hong Kong<br>(New Kowloon Island Lot No. 705) | 100%                  | Medium term              | Residential |

The Directors considered that the acquisition of Metro Victor represents an investment opportunity to participate in Hong Kong property investment market and the tenancy agreement will provide stable income for the Group.

While the Group has only acquired Metro Victor for a relatively short span of time, it is noted that the property market in Hong Kong has become volatile since completion of the acquisition. With the announcement of increase of interest rate by the United States of America in December 2015, the property market in Hong Kong is subject to uncertainties and becomes volatile in light of the contemplation of increase in interest rate in Hong Kong. The Centa-City Index shows a decrease trend since November 2015 from approximately 141 in November 2015 to approximately 132. As such, the Company entered into the sale and purchase agreement with Gold Mission Limited (“**Gold Mission**”) in relation to the disposal of the entire equity interests in Sky Eagle and all obligations, liabilities and debts owing or incurred by Sky Eagle to the Company on 4 March 2016 (the “**Disposal**”) for an aggregate consideration of HKD218,000,000, of which HKD7,000,000 will be satisfied in cash, and the remaining balance of HKD211,000,000 shall be satisfied by the allotment and issue of the 1,300,000,000 ordinary shares of Skyway Securities Group Limited amounting to HKD182,000,000 and the promissory notes carry interest rate at 2% per annum with a 2-year maturity amounting to HKD29,000,000 by Gold Mission upon completion. The Directors are of the view that the Disposal will be a prudent decision to avoid putting all eggs in the same basket. The Disposal was completed in July 2016. For more information of the Disposal, please refer to the Company’s announcement and circular dated 4 March 2016 and 21 June 2016 respectively.

The Company considers that the Disposal is an opportunity for the Company to realize its investment in Sky Eagle and Metro Victor. Furthermore, taking into consideration of the gain from the Disposal, the Company considers it can reutilise the proceeds towards other appropriate investment opportunities for better return for its Shareholders.

On 2 February 2016, Skypark Developments Limited (“**Skypark**”), a wholly owned subsidiary of the Company, entered into the sale and purchase agreement with Eternal Vantage Investment Limited (the “**Vendor**”) pursuant to which Skypark conditionally agreed to purchase and the Vendor agreed to sell the entire interests in Chinacorp (HK) Investment Limited (“**Chinacorp**”) for an aggregate consideration of HKD117,000,000, of which HKD32,000,000 will be satisfied in cash and the remaining balance of HKD85,000,000 shall be satisfied by the allotment and issue of 640,000,000 ordinary shares of the Company amounting to HKD80,000,000 and the promissory notes carry interest rate at 2% per annum with a 2-year

maturity amounting to HKD5,000,000 to the Vendor upon completion. Chinacorp is a company incorporated in Hong Kong and is principally engaged in property investment. The acquisition constitutes a major transaction (the “**Major Transaction**”) on the part of the Company under Chapter 14 of the Listing Rules. The acquisition was completed in July 2016. For more information of the acquisition, please refer to the Company’s announcement and circular dated 2 February 2016 and 31 May 2016 respectively.

Chinacorp is currently holding a property located at No. 19, Cumberland Road, Kowloon, Hong Kong. The Vendor will deliver the property at vacant possession upon completion. It is the intention of the Group to lease out the property after completion, which will allow the Group to have stable rental income.

During the Period, the Group recorded a rental income of approximately HKD2,700,000 (2015: Nil).

#### **Interests in associates – Securities brokerage**

The Group invested in securities brokerage business in Hong Kong through investment in associates, Central Wealth Securities Investment Limited (“**CWSI**”) and Central Wealth Futures Limited (“**CWF**”). CWSI and CWF are incorporated in Hong Kong with limited liability and are wholly owned by Instant Achieve Limited (“**IAL**”), which in turn is owned as to 34% by the Group. IAL, CWSI and CWF (collectively referred to “**Instant Achieve Group**”) are treated as associated companies of the Group and the Company adopted equity accounting method in preparing the consolidated financial statements of the Group.

During the Period, Instant Achieve Group recorded a profit of approximately HKD2,139,000 (from the period of 15 May 2015 to 30 June 2015: loss of HKD71,800) and the share of profit of associated companies by the Group was approximately HKD727,000 (from the period of 15 May 2015 to 30 June 2015: Nil).

CWSI has obtained the Stock Exchange Trading Right from the Stock Exchange and licenses from the Securities and Futures Commission to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities.

CWF has obtained the Futures Exchange Trading right from the Hong Kong Futures Exchange Limited and the licenses from the Securities and Futures Commission to carry out Type 2 (Dealing in futures contracts) and Type 5 (advising on futures contracts) regulated activities.

The Directors are optimistic to the securities market development in Hong Kong and consider that there will be business prospects in CWSI and CWF. CWSI commenced its business in September 2015 and faced substantial funding requirements for its operations. CWSI currently provides brokerage services to its clients for trading in securities listed on the Stock Exchange and margin and IPO financings to its clients and will further expand to other related area in future. On 30 September 2015, Globally Finance granted a loan facility (“**Loan Facility**”) with the call option (“**Call Option**”) in the amount up to HKD29,000,000 to IAL and increased the principal amount of the Loan Facility to HKD90,000,000 on 27 October 2015 subsequently. As at 30 June 2016, Globally Finance provided HKD90,000,000 of loan to financing IAL. For more information of the Loan Facility and Call Option, please refer to the Company’s announcements dated 30 September 2015 and 27 October 2015. The grant of Loan Facility to IAL with the Call Option will allow the Group to have a stake in CWSI and CWF but will also limit the risks exposure of the Group as the Group will be entitled to recover the principal amount of the Loan(s) in the unlikely event that the business of CWSI and CWF would not perform as expected.

The fair value loss arising from the Call Option granted from the shareholder of IAL to a subsidiary of the Company to acquire 66% issued share capital of IAL of approximately HKD3,415,000 (2015: Nil) was recorded through profit and loss from Call Option during the Period.

## **LIQUIDITY, FINANCIAL, RESOURCES AND FUNDING**

The Group had total cash and bank balances of approximately HKD22,712,000 as at 30 June 2016 (31 December 2015: HKD98,114,000). The gearing ratio, which is calculated as bank borrowings divided by total equity, was 44.46% as at 30 June 2016 (31 December 2015: 43.61%). Net assets were approximately HKD412,496,000 (31 December 2015: HKD429,215,000).

The Group recorded total current assets of approximately HKD214,908,000 as at 30 June 2016 (31 December 2015: HKD230,841,000) and total current liabilities of approximately HKD210,906,000 (31 December 2015: HKD209,787,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.02 as at 30 June 2016 (31 December 2015: 1.10).

The Group’s finance costs for the Period under review was approximately HKD2,452,000 (2015: HKD16,000) and was mainly related to interests paid on the bank borrowings. The increase in finance costs was due to bank borrowings included in Metro Victor which was acquired by the Group in November 2015.

As at 30 June 2016, bank borrowings of the Group amounted to approximately HKD183,384,000 (31 December 2015: HKD187,180,000). Among bank borrowings, approximately HKD7,792,000 are repayable within one year, HKD8,005,000 are repayable over one year but not exceeding two years, HKD25,346,000 are repayable over two years but not exceeding five years and HKD142,241,000 are repayable over five years. The bank borrowings bear interest at range of HKD Prime Rate – 1.75% and HIBOR (1 month) + 2% per annum.

### **Foreign Currency Management**

The Group has minimal exposure to foreign currency risks as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi.

The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

### **Pledge of Assets**

As at 30 June 2016, Metro Victor had pledged its investment property with a carrying amount of HKD403,000,000 to secure against the bank borrowings granted to Metro Victor (31 December 2015: HKD403,000,000).

## **LITIGATIONS AND CONTINGENCIES**

Details of litigations and contingencies are set out in Note 20 to the condensed consolidated financial statement.

## **EMPLOYEES AND REMUNERATION POLICIES**

At 30 June 2016, the Group had 11 employees including Directors (31 December 2015: 11) situated in the PRC and Hong Kong. The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the Period, the total staff costs including remuneration of Directors and chief executive amounted to approximately HKD2,508,000 (2015: HKD3,823,000).

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the Period (2015: Nil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in Note 24, the Group had no other material event after the reporting period.

## **UPDATE REGARDING THE LATEST DEVELOPMENT OF THE RETAKING CONTROL OF THE DECONSOLIDATED SUBSIDIARIES**

The Board wishes to provide an update regarding the latest development of the legal action of the retaking control of the deconsolidation of two subsidiaries the Company since the issuance of the Company's annual report for the year ended 31 December 2014. Reference is made to the annual reports of the Company for the years ended 31 December 2013 and 31 December 2014 respectively in relation to deconsolidation of two subsidiaries of the Company, Bloxworth Enterprises Limited (“**Bloxworth**”) and Shanxi Zhanpen Metal Products Co., Ltd (山西展鵬金屬製品有限公司) (“**Zhanpen**”).

During the year ended 31 December 2015, the Company was still unable to access the books and records of Bloxworth and Zhanpen. The Company has engaged a notary public to attest and authenticate the relevant documents for the removal and appointment of directors of Zhanpen for the purpose of litigation. The writ of summons and relevant documents had been filed to the People's court of Fenyang county (汾陽市人民法院) (the “**Court**”) and a case acceptance notice (受理案件通知書) was received by the Company.

During the Period, the Court had issued a summons (傳票) for a hearing on 2 March 2016. Up to the date of this report, the Court not yet issued any judgment.

## **PROSPECTS**

During the Period, the management of the Company has directed its resources on exploring opportunities in film industry, investment property and treasury business including securities trading and money lending businesses so as to create long-term value for its shareholders. The Board believes that the business performance of the Group will be further improved.

On 12 July 2016, China Wisdom Group Limited (“**China Wisdom**”), a wholly owned subsidiary of the company, entered into an agreement (the “**Agreement**”) with an independent third party in relation to the investment by China Wisdom in a film project (the “**Film**”).

The Company is confident in the future prospect of the film industry in the PRC. Films involve substantial investments and the film market is a huge market. The entering into of the Agreement will allow the Group to have a stake in the Film as a passive investor whilst the Group needs not to invest the whole Film project on its own account or to involve in the production of the Film. This will reduce the risk exposure of the Group on one hand but will allow the Group to enjoy reasonable financial return from the Film. The Company will continue to look for similar opportunities in the film and media markets to develop its film related business with an aim to maximize the return for its shareholders.

While the recent property market in Hong Kong is subject to fluctuations as a result of the uncertainty in the global economic environment, the Board considers that there remain investment opportunities existing in the market and the local bank interest rate remains at a relatively low level. The Board will monitor the investment property portfolio of the Group and also the market development and will reallocate resources of the Group in order to maximize the return to the shareholders.

In respect of the securities trading, the Group is optimistic on the economic growth in China and believe that Hong Kong would also be benefited. Therefore, it is expected that the Group will continue to invest in the Hong Kong equity market by enhancing the use of the surplus working capital and will continue to seek attractive investment opportunities with the aim of deriving dividend income and/or gain from trading of listed securities.

In respect of the money lending business, due to the mature of Hong Kong financing market, the demand of loan is expected to increase substantially. The Board believes that the money lending business will give the Group an opportunity to obtain a higher return for the fund under the current low interest rate environment and will generate satisfactory revenue for the Group.

In respect of the trading business, the Group will continue to explore this trading business in order to diversify the products portfolio.

The Group is optimistic that the trading business and treasury business (i.e. trading of listed securities and money lending) will have positive gross profit and will generate positive cash flow from operations.

Other than the existing business as named hereinabove which is on an on-going basis, the management will explore other business opportunities to diversify its trading business portfolio with a view to broaden its income stream which shall be in the best interests of the Company and its shareholders as a whole.

## REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF  
CENTRAL WEALTH FINANCIAL GROUP LIMITED  
中達金融集團有限公司  
(incorporated in the Cayman Islands with limited liability)

### INTRODUCTION

We have reviewed the condensed consolidated financial statements of Central Wealth Financial Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 15 to 42, which comprise 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, condensed consolidated statement of changes in equity and condensed consolidated 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

Except as explained in the following paragraphs, we conducted our review in accordance with the 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.

## BASIS FOR QUALIFIED CONCLUSION

### Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2015 dated 21 March 2016 (the “**2015 Financial Statements**”), which forms the basis for the corresponding figures presented in the current period’s condensed consolidated statement of financial position and related explanatory notes, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit, details of which are set out in our audit report dated 21 March 2016. Any adjustments found to be necessary to the opening balances as at 1 January 2016 may affect the results and related disclosures in the notes to the condensed consolidated financial statements of the Group for the six months ended 30 June 2016. The comparative figures shown in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2015, the condensed consolidated statement of financial position as at 31 December 2015 and related explanatory notes may not be comparable with the figures for the current period.

### Balance of the amount due to Able Success Asia Limited (“Able Success”)

At 30 June 2016, included in other payable is a balance of approximately HKD15,264,000 representing amount due to the former holding company, Able Success, a company incorporated in the British Virgin Islands with limited liability, and its entire issued share capital is beneficially owned by Mr. He Jianhong (“**Mr. He**”), who is the former chairman and executive director of the Company. Had we been able to complete our review of other payables, matters might have come to our attention indicating that adjustments might be necessary to the condensed consolidated financial statements.

## **QUALIFIED CONCLUSION**

Except for the adjustments to the condensed consolidated financial statements that we might have become aware of had it not been for the situation described above, based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with HKAS 34.

**Asian Alliance (HK) CPA Limited**  
*Certified Public Accountants (Practising)*

**Lam Chik Tong**

Practising Certificate Number: P05612

Suites 313-316, 3/F.

Shui On Centre

6-8 Harbour Road

Wanchai

Hong Kong

30 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 June       |                                |
|---|-------|--------------------------------|--------------------------------|
|   |       | 2016<br>HKD'000<br>(Unaudited) | 2015<br>HKD'000<br>(Unaudited) |
| <b>Turnover – gross proceeds</b>  | 4     | <b>3,461</b>                   | 128,670                        |
| <b>Revenue</b>  | 5     | <b>3,461</b>                   | 43,465                         |
| Cost of sales   |       | <b>(102)</b>                   | (14,964)                       |
| <b>Gross profit</b>   |       | <b>3,359</b>                   | 28,501                         |
| Other revenue   |       | <b>165</b>                     | 15                             |
| Gain on disposal of subsidiaries  | 6     | –                              | 746                            |
| Selling expenses  |       | –                              | (1,111)                        |
| Administrative expenses   |       | <b>(7,284)</b>                 | (8,106)                        |
| Impairment loss recognised in respect<br>of receivables from Ease Faith Limited | 16    | –                              | (17,616)                       |
| Change in fair values of<br>held-for-trading investments                        | 15    | <b>(7,775)</b>                 | (4,450)                        |
| Change in fair values of derivative<br>financial instrument                     | 14    | <b>(3,415)</b>                 | –                              |
| Share-based payments expenses   |       | –                              | (1,521)                        |
| Share of profit of associates   |       | <b>727</b>                     | –                              |
| <b>Operating loss</b>   |       | <b>(14,223)</b>                | (3,542)                        |
| Finance costs   | 7     | <b>(2,452)</b>                 | (16)                           |
| <b>Loss before income tax</b>   |       | <b>(16,675)</b>                | (3,558)                        |
| Income tax expenses   | 8     | <b>(44)</b>                    | (2,399)                        |

|   |              | <b>Six months ended 30 June</b> |                              |
|---|--------------|---------------------------------|------------------------------|
|   |              | <b>2016</b>                     | 2015                         |
|   | <i>Notes</i> | <b>HKD'000</b>                  | <b>HKD'000</b>               |
|   |              | <b>(Unaudited)</b>              | <b>(Unaudited)</b>           |
| <b>Loss for the period</b>  | 9            | <b>(16,719)</b>                 | (5,957)                      |
| <b>Other comprehensive expense for the period, net of income tax</b>                      |              |                                 |                              |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                     |              |                                 |                              |
| Exchange differences arising on translation of financial statements of foreign operations |              | —                               | 3                            |
| <b>Total comprehensive expense for the period</b>   |              | <b><u>(16,719)</u></b>          | <b><u>(5,954)</u></b>        |
| <b>Loss for the period attributable to:</b>   |              |                                 |                              |
| – Owners of the Company   |              | (16,719)                        | (5,957)                      |
| – Non-controlling interest  |              | —                               | —                            |
|   |              | <b><u>(16,719)</u></b>          | <b><u>(5,957)</u></b>        |
| <b>Total comprehensive expense attributable to:</b>                                       |              |                                 |                              |
| – Owners of the Company   |              | (16,719)                        | (5,954)                      |
| – Non-controlling interest  |              | —                               | —                            |
|   |              | <b><u>(16,719)</u></b>          | <b><u>(5,954)</u></b>        |
| <b>Loss per share attributable to owners of the Company</b>                               |              |                                 |                              |
| – Basic and diluted   | 11           | <b><u>(HK0.29 cents)</u></b>    | <b><u>(HK0.18 cents)</u></b> |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

|  | Notes | 30 June<br>2016<br>HKD'000<br>(Unaudited) | 31 December<br>2015<br>HKD'000<br>(Audited) |
|--|-------|---|---|
| <b>NON-CURRENT ASSETS</b>                    |       |   |   |
| Property, plant and equipment                | 12    | 1,607                                     | 2,001                                       |
| Investment property                          | 12    | 403,000                                   | 403,000                                     |
| Interests in associates                      | 13    | 3,887                                     | 3,160                                       |
|  |       | <b>408,494</b>                            | <b>408,161</b>                              |
| <b>CURRENT ASSETS</b>                        |       |   |   |
| Held-for-trading investments                 | 15    | 46,620                                    | 6,732                                       |
| Trade and other receivables                  | 16    | 35,357                                    | 28,683                                      |
| Loan and interest receivables                | 16    | 18,342                                    | 12,020                                      |
| Loan receivable from an associate            | 13    | 90,000                                    | 80,000                                      |
| Derivative financial instrument              | 14    | 1,877                                     | 5,292                                       |
| Cash and bank balances                       |       | 22,712                                    | 98,114                                      |
|  |       | <b>214,908</b>                            | <b>230,841</b>                              |
| <b>CURRENT LIABILITIES</b>                   |       |   |   |
| Other payables                               |       | 25,720                                    | 20,840                                      |
| Bank borrowings                              | 17    | 183,384                                   | 187,180                                     |
| Tax liabilities                              |       | 1,802                                     | 1,767                                       |
|  |       | <b>210,906</b>                            | <b>209,787</b>                              |
| <b>NET CURRENT ASSETS</b>                    |       |   |   |
|  |       | <b>4,002</b>                              | <b>21,054</b>                               |
| <b>NET ASSETS</b>                            |       |   |   |
|  |       | <b>412,496</b>                            | <b>429,215</b>                              |
| <b>CAPITAL AND RESERVES</b>                  |       |   |   |
| Share capital                                | 18    | 5,778                                     | 5,778                                       |
| Reserves                                     |       | 406,722                                   | 423,441                                     |
| Equity attributable to owners of the Company |       | 412,500                                   | 429,219                                     |
| Non-controlling interest                     |       | (4)                                       | (4)   |
| <b>TOTAL EQUITY</b>                          |       |   |   |
|  |       | <b>412,496</b>                            | <b>429,215</b>                              |

The condensed consolidated financial statements on the pages from 15 to 42 were approved and authorised for issue by the board of directors on 30 August 2016 and are signed on its behalf by:

**Siu Yun Fat**  
Director

**Lau Fai Lawrence**  
Director

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

|   | Attributable to owners of the Company  |                                       |                                   |                                 |  |                                |                   |                                      |                   |
|---|--|---------------------------------------|-----------------------------------|---------------------------------|--|--------------------------------|-------------------|--------------------------------------|-------------------|
|   | Share capital<br>HKD '000<br>(Note 18) | Share premium<br>HKD '000<br>(Note a) | Share options reserve<br>HKD '000 | Translation reserve<br>HKD '000 | Shares held under share award scheme<br>HKD '000 | Accumulated losses<br>HKD '000 | Total<br>HKD '000 | Non-controlling interest<br>HKD '000 | Total<br>HKD '000 |
| At 1 January 2015 (Audited)   | 3,285                                  | 171,162                               | 5,982                             | (60)                            | -  | (116,470)                      | 63,899            | -                                    | 63,899            |
| Loss for the period   | -                                      | -                                     | -                                 | -                               | -  | (5,957)                        | (5,957)           | -                                    | (5,957)           |
| Other comprehensive income,<br>net of income tax<br><i>Items that may be reclassified<br/>subsequently to profit or loss:</i> |  |                                       |                                   |                                 |  |                                |                   |                                      |                   |
| Exchange differences arising on<br>translation of financial statements of<br>foreign operations                               | -                                      | -                                     | -                                 | 3                               | -  | -                              | 3                 | -                                    | 3                 |
| Total comprehensive income (expense)<br>for the period, net of income tax   | -                                      | -                                     | -                                 | 3                               | -  | (5,957)                        | (5,954)           | -                                    | (5,954)           |
| Recognition of equity-settled<br>share-based payments (Note 21)   | -                                      | -                                     | 1,521                             | -                               | -  | -                              | 1,521             | -                                    | 1,521             |
| Exercise of share options   | 237                                    | 32,715                                | (3,765)                           | -                               | -  | -                              | 29,187            | -                                    | 29,187            |
| At 30 June 2015 (Unaudited)   | <b>3,522</b>                           | <b>203,877</b>                        | <b>3,738</b>                      | <b>(57)</b>                     | <b>-</b>   | <b>(122,427)</b>               | <b>88,653</b>     | <b>-</b>                             | <b>88,653</b>     |
| At 1 January 2016 (Audited)   | 5,778                                  | 575,380                               | 29,381                            | (2)                             | (17,228)   | (164,090)                      | 429,219           | (4)                                  | 429,215           |
| Loss and total comprehensive expenses<br>for the period, net of income tax  | -                                      | -                                     | -                                 | -                               | -  | (16,719)                       | (16,719)          | -                                    | (16,719)          |
| At 30 June 2016 (Unaudited)   | <b>5,778</b>                           | <b>575,380</b>                        | <b>29,381</b>                     | <b>(2)</b>                      | <b>(17,228)</b>                                  | <b>(180,809)</b>               | <b>412,500</b>    | <b>(4)</b>                           | <b>412,496</b>    |

### Note:

- a) Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Associations and provided that immediately following the distribution or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

|  | Six months ended 30 June |                 |
|--|--------------------------|-----------------|
|  | 2016                     | 2015            |
|  | <i>HKD'000</i>           | <i>HKD'000</i>  |
|  | (Unaudited)              | (Unaudited)     |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>   | <b>(59,159)</b>          | <b>(33,472)</b> |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>   |                          |                 |
| Interest received  | 7                        | 15              |
| Loan to an associate   | (10,000)                 | –               |
| Net cash inflow from disposal of subsidiaries  | –                        | 288             |
| Advance to an associate  | –                        | (3,150)         |
| Purchase of property, plant and equipment  | (2)                      | (127)           |
| Purchase of intangible assets  | –                        | (48)            |
|  | <b>(9,995)</b>           | <b>(3,022)</b>  |
| <b>NET CASH (USED IN) FROM<br/>FINANCING ACTIVITIES</b>                                |                          |                 |
| Interest paid  | (2,452)                  | (16)            |
| Repayment of bank borrowings   | (3,796)                  | –               |
| Proceeds from exercise of share option   | –                        | 29,187          |
|  | <b>(6,248)</b>           | <b>29,171</b>   |
| <b>NET DECREASE IN CASH AND<br/>CASH EQUIVALENTS</b>                                   | <b>(75,402)</b>          | <b>(7,323)</b>  |
| <b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>  | <b>98,114</b>            | <b>45,082</b>   |
| Effect of foreign exchange rate changes  | –                        | 3               |
| <b>CASH AND CASH EQUIVALENTS AT 30 JUNE,<br/>represented by cash and bank balances</b> | <b>22,712</b>            | <b>37,762</b>   |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

### 1. GENERAL

Central Wealth Financial Group Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Pursuant to the special resolution passed at the extraordinary general meeting of the Company on 15 January 2016, the Company’s name has been changed from “China For You Group Company Limited 中國富佑集團有限公司” to “Central Wealth Financial Group Limited 中達金融集團有限公司”.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in the trading business and related services, securities trading and investment, provision of financing services and property investment.

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HKD**”), which is also the functional currency of the Company.

### 2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**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**”).

#### Significant events and transactions in the current interim period

##### (i) Acquisition of the entire equity interests of Chinacorp (HK) Investment Limited (the “**Target Company**”)

Pursuant to the Company’s announcement dated 2 February 2016, Skypark Developments Limited (“**Skypark**”), a wholly owned subsidiary of the Company, entered into the sale and purchase agreement with Eternal Vantage Investment Limited (the “**Vendor**”), an independent third party, in relation to the acquisition of the entire equity interests of the Target Company and all obligations, liabilities and debts owing or incurred by the Target Company by the Vendor for an aggregate consideration of HKD117,000,000, of which HKD32,000,000 has been satisfied in cash and the remaining balance of HKD85,000,000 has been satisfied by the allotment and issue of 640,000,000 ordinary shares of the Company amounting to HKD80,000,000 and the promissory notes carry interest rate at 2% per annum with a 2-year maturity amounting to HKD5,000,000 to the Vendor upon completion on 11 July 2016, subsequent to the interim period (Note 24(i)). The principal business of the Target Company is property investment.

## 2. BASIS OF PREPARATION (Continued)

### Significant events and transactions in the current interim period (Continued)

(ii) **Disposal of the entire equity interests of Sky Eagle Global Limited (the “Disposal Company”) and its subsidiary Metro Victor Limited (collectively referred to as the “Sky Eagle Disposal Group”)**

Pursuant to the Company’s announcement dated 4 March 2016, the Company entered into the sale and purchase agreement with Gold Mission Limited (“**Gold Mission**”), an independent third party, in relation to the disposal of the entire equity interests in the Disposal Company and all obligations, liabilities and debts owing or incurred by the Sky Eagle Disposal Group to the Company for an aggregate consideration of HKD218,000,000, of which HKD7,000,000 has been satisfied in cash, and the remaining balance of HKD211,000,000 has been satisfied by the allotment and issue of 1,300,000,000 ordinary shares of Skyway Securities Group Limited amounting to HKD182,000,000 and the promissory notes carry interest rate at 2% per annum with a 2-year maturity amounting to HKD29,000,000 by Gold Mission upon completion on 15 July 2016, subsequent to the interim period (Note 24(ii)). The principal business of the Sky Eagle Disposal Group is property investment.

(iii) **Additional loan to an associate, Instant Achieve Limited (“IAL”)**

On 11 February 2016, the Company additionally lent HKD10,000,000 to IAL and loan receivable from IAL in aggregate was HKD90,000,000 as at 30 June 2016 (31 December 2015: HKD80,000,000). The loan to IAL was interest-free, unsecured and repayable on demand.

### 3. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, 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 consolidated financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

|  |  |
|--|--|
| HKFRS 14                                     | Regulatory Deferral Accounts   |
| Amendments to HKFRS 11                       | Accounting for Acquisitions of Interests in Joint Operations         |
| Amendments to HKAS 1                         | Disclosure Initiative  |
| Amendments to HKAS 16 and HKAS 38            | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to HKAS 16 and HKAS 41            | Agriculture: Bearer Plants   |
| Amendments to HKAS 27                        | Equity Method in Separate Financial Statements                       |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception            |
| Amendments to Improvement Project            | Annual Improvements to HKFRSs 2012-2014 Cycle                        |

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

#### 4. TURNOVER

Turnover represents the gross proceeds received and receivable from i) trading business and related services; ii) securities trading and investment; iii) provision of financing services; and iv) property investment during the periods.

|  | Six months ended 30 June |                |
|--|--------------------------|----------------|
|  | 2016                     | 2015           |
|  | <i>HKD'000</i>           | <i>HKD'000</i> |
|  | (Unaudited)              | (Unaudited)    |
| Income from trading business and related services            | –                        | 27,579         |
| Gross proceeds from disposal of held-for-trading investments | –                        | 100,718        |
| Dividend income from held-for-trading investments            | 334                      | –              |
| Interest income from provision of financing services         | 427                      | 373            |
| Rental income from property investment                       | 2,700                    | –              |
|  | <u>3,461</u>             | <u>128,670</u> |

#### 5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

During the six months period ended 30 June 2015 and 31 December 2015, provision of financing services and property investment became new operating activities of the Group respectively and they are separately assessed by the chief operating decision makers. Therefore, they are reported as new reportable and operating segments.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- Trading business and related services
- Securities trading and investment
- Provision of financing services
- Property investment

## 5. SEGMENT INFORMATION (Continued)

### Segment revenues and results

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

|  | Trading business and related services |                | Securities trading and investment |                | Provision of financing services |                | Property investment      |                | Total                    |                |
|--|---------------------------------------|----------------|-----------------------------------|----------------|---------------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
|  | Six months ended 30 June              |                | Six months ended 30 June          |                | Six months ended 30 June        |                | Six months ended 30 June |                | Six months ended 30 June |                |
|  | 2016                                  | 2015           | 2016                              | 2015           | 2016                            | 2015           | 2016                     | 2015           | 2016                     | 2015           |
|  | <i>HKD'000</i>                        | <i>HKD'000</i> | <i>HKD'000</i>                    | <i>HKD'000</i> | <i>HKD'000</i>                  | <i>HKD'000</i> | <i>HKD'000</i>           | <i>HKD'000</i> | <i>HKD'000</i>           | <i>HKD'000</i> |
|  | (unaudited)                           | (unaudited)    | (unaudited)                       | (unaudited)    | (unaudited)                     | (unaudited)    | (unaudited)              | (unaudited)    | (unaudited)              | (unaudited)    |
| Turnover   | -                                     | 27,579         | 334                               | 100,718        | 427                             | 373            | 2,700                    | N/A            | 3,461                    | 128,670        |
| Revenue  |                                       |                |                                   |                |                                 |                |                          |                |                          |                |
| - External sales   | -                                     | 27,579         | 334                               | 15,513         | 427                             | 373            | 2,700                    | N/A            | 3,461                    | 43,465         |
| Segment result   | (298)                                 | (10,260)       | (7,944)                           | 10,905         | 392                             | 365            | (132)                    | N/A            | (7,982)                  | 1,010          |
| Unallocated corporate income                             |                                       |                |                                   |                |                                 |                |                          |                | 158                      | -              |
| Unallocated corporate expenses                           |                                       |                |                                   |                |                                 |                |                          |                | (6,163)                  | (3,031)        |
| Change in fair values of derivative financial instrument |                                       |                |                                   |                |                                 |                |                          |                | (3,415)                  | -              |
| Share of profit of associates                            |                                       |                |                                   |                |                                 |                |                          |                | 727                      | -              |
| Share-based payment expenses                             |                                       |                |                                   |                |                                 |                |                          |                | -                        | (1,521)        |
| Finance costs  |                                       |                |                                   |                |                                 |                |                          |                | -                        | (16)           |
| Loss before income tax                                   |                                       |                |                                   |                |                                 |                |                          |                | (16,675)                 | (3,558)        |

## 5. SEGMENT INFORMATION (Continued)

### Segment assets and liabilities

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

|                                       | <b>30 June<br/>2016<br/>HKD'000<br/>(Unaudited)</b> | 31 December<br>2015<br>HKD'000<br>(Audited) |
|---------------------------------------|---|---|
| <b>Segment assets</b>                 |   |   |
| Trading business and related services | <b>13,983</b>                                       | 28,527                                      |
| Securities trading and investment     | <b>47,808</b>                                       | 8,047                                       |
| Provision of financing services       | <b>23,978</b>                                       | 16,406                                      |
| Property investment                   | <b>404,034</b>                                      | 404,976                                     |
|                                       | <hr/>   | <hr/>                                       |
| Total segment assets                  | <b>489,803</b>                                      | 457,956                                     |
| Unallocated corporate assets          | <b>133,599</b>                                      | 181,046                                     |
|                                       | <hr/>   | <hr/>                                       |
| Consolidated assets                   | <b>623,402</b>                                      | 639,002                                     |
|                                       | <hr/> <hr/>   | <hr/> <hr/>                                 |
| <b>Segment liabilities</b>            |   |   |
| Trading business and related services | <b>5,827</b>  | 6,077                                       |
| Securities trading and investment     | <b>30</b>   | 80  |
| Provision of financing services       | <b>275</b>  | 230   |
| Property investment                   | <b>184,322</b>                                      | 188,130                                     |
|                                       | <hr/>   | <hr/>                                       |
| Total segment liabilities             | <b>190,454</b>                                      | 194,517                                     |
| Unallocated corporate liabilities     | <b>20,452</b>                                       | 15,270                                      |
|                                       | <hr/>   | <hr/>                                       |
| Consolidated liabilities              | <b>210,906</b>                                      | 209,787                                     |
|                                       | <hr/> <hr/>   | <hr/> <hr/>                                 |

## 6. DISPOSAL OF SUBSIDIARIES

On 8 May 2015, the Group entered into a share purchase agreement with an independent third party pursuant to which the Group has agreed to sell 66% equity interests of IAL, a wholly owned subsidiary of the Company, including its direct wholly owned subsidiary, Central Wealth Securities Investment Limited (“CWSI”) (collectively referred to as “Instant Achieve Group”) at a consideration of HKD330,000. The disposal was completed on 14 May 2015. Instant Achieve Group is inactive during the period from 1 January 2015 to 14 May 2015.

|   |                |
|---|----------------|
|   | <i>HKD'000</i> |
| Consideration received in cash                                  | <u>330</u>     |
|   | <i>HKD'000</i> |
| Analysis of assets and liabilities over which control was lost: |                |
| Property, plant and equipment                                   | 120            |
| Other receivables   | 207            |
| Cash and bank balances  | 42             |
| Other payables  | (535)          |
| Amount due to the Group   | <u>(250)</u>   |
| Net liabilities disposal of                                     | (416)          |
| Gain on disposal  | <u>746</u>     |
| Total consideration   | <u>330</u>     |
| Net cash inflow arising on disposal:                            |                |
| Consideration received in cash                                  | 330            |
| Less: cash and bank balances disposed of                        | <u>(42)</u>    |
|   | <u>288</u>     |

After the disposal, the Group owns 34% equity interests of Instant Achieve Group. The Group is able to exercise significant influence over Instant Achieve Group because it has appointed one out of the three directors of Instant Achieve Limited. Instant Achieve Group became associates of the Group.

## 7. FINANCE COSTS

|                      | Six months ended 30 June |                |
|----------------------|--------------------------|----------------|
|                      | 2016                     | 2015           |
|                      | <i>HKD'000</i>           | <i>HKD'000</i> |
|                      | (Unaudited)              | (Unaudited)    |
| Interest expense on: |                          |                |
| Bank borrowings      | 2,452                    | –              |
| Others               | –                        | 16             |
|                      | <u>2,452</u>             | <u>16</u>      |

## 8. INCOME TAX EXPENSES

|                                      | Six months ended 30 June |                |
|--------------------------------------|--------------------------|----------------|
|                                      | 2016                     | 2015           |
|                                      | <i>HKD'000</i>           | <i>HKD'000</i> |
|                                      | (Unaudited)              | (Unaudited)    |
| Current tax:                         |                          |                |
| – Hong Kong Profits Tax              | 65                       | 2,390          |
| – PRC Enterprises Income Tax (“EIT”) | –                        | 9              |
|                                      | <u>65</u>                | <u>2,399</u>   |
| Over provision in prior years:       |                          |                |
| – Hong Kong Profits Tax              | (21)                     | –              |
|                                      | <u>44</u>                | <u>2,399</u>   |

## 9. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

|   | Six months ended 30 June              |                                       |
|---|---------------------------------------|---------------------------------------|
|   | 2016<br><i>HKD'000</i><br>(Unaudited) | 2015<br><i>HKD'000</i><br>(Unaudited) |
| Directors' and chief executive's emoluments   | 1,596                                 | 1,488                                 |
| Other staff costs   | 884                                   | 2,065                                 |
| Contributions to retirement benefits scheme,<br>other than directors and chief executives | 28                                    | 270                                   |
| Total staff costs   | <u>2,508</u>                          | <u>3,823</u>                          |
| Auditor's remuneration  |                                       |                                       |
| Audit services  | 20                                    | –                                     |
| Non-audit services  | 555                                   | 250                                   |
| Cost of inventories recognised as an expense  | –                                     | 14,964                                |
| Depreciation of property, plant and equipment   | 396                                   | 93                                    |
| Amortisation of intangible assets   | –                                     | 2                                     |
| Minimum lease payments in respect of operating lease of:                                  |                                       |                                       |
| – Premises  | 522                                   | 898                                   |
| – Internet hardware and software  | –                                     | 279                                   |
| – Plant, machinery and office equipment   | 6                                     | 6                                     |

## 10. DIVIDEND

No dividends were paid, declared or proposed for the ordinary shareholders of the Company during the six months ended 30 June 2016 (six months ended 30 June 2015: Nil). The directors of the Company (the “**Directors**”) have determined that no dividend will be paid in respect of the interim period.

## 11. LOSS PER SHARE

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

|   | <b>Six months ended 30 June</b> |                         |
|---|---------------------------------|-------------------------|
|   | <b>2016</b>                     | <b>2015</b>             |
|   | <b>HKD'000</b>                  | <b>HKD'000</b>          |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b>      |
| Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share | <b><u>16,719</u></b>            | <b><u>5,957</u></b>     |
|   |                                 |                         |
|   | <b>Six months ended 30 June</b> |                         |
|   | <b>2016</b>                     | <b>2015</b>             |
|   | <b>'000</b>                     | <b>'000</b>             |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b>      |
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share                | <b><u>5,777,588</u></b>         | <b><u>3,311,576</u></b> |

The computation of diluted loss per share for the six months ended 30 June 2016 and 2015 does not assume the exercise of the Company's outstanding share options since it would result in a decrease in the loss per share.

## 12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six months ended 30 June 2016, the Group paid approximately of HKD2,000 for the acquisition of property, plant and equipment (six months ended 30 June 2015: HKD127,000).

The fair value of the Group's investment property at the end of the reporting period have been arrived at on the basis of a valuation carried out by DTZ Cushman & Wakefield Limited, independent qualified professional valuers not connected to the Company. The valuation using direct comparison approach was arrived at by reference to market evidence of recent transaction prices for similar properties in the similar locations and conditions if such information is available. No change in fair value of investment property has been recognised in profit or loss for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil). At 30 June 2016, the Group's investment property has been pledged to secure the bank borrowings granted to the Group (Note 17).

## 13. INTERESTS IN ASSOCIATES/LOAN RECEIVABLE FROM AN ASSOCIATE

|  | <b>30 June<br/>2016<br/>HKD'000<br/>(Unaudited)</b> | 31 December<br>2015<br>HKD'000<br>(Audited) |
|--|---|---|
| Cost of investment in associates   | <b>3,400</b>  | 3,400                                       |
| Share of post-acquisition profit (loss)<br>and other comprehensive income (expense),<br>net of dividend received | <b>487</b>  | (240)                                       |
|  | <b><u>3,887</u></b>                                 | <b><u>3,160</u></b>                         |

On 8 May 2015, the Group entered into a share purchase agreement with an independent third party pursuant to which the Group has agreed to sell 66% issued share capital of IAL, at a consideration of HKD330,000 (Note 6). After the completion of the disposal, Instant Achieve Group became the associates of the Group.

The loan to IAL was interest-free, unsecured and repayable on demand.

Loan receivable from IAL at the end of the reporting period was neither past due nor impaired.

On 30 September 2015, the Group entered into a call option deed (the "Call Option Deed") with the major shareholder of IAL (the "Grantor"). Pursuant to the Call Option Deed, the Grantor granted a right to the Group to purchase 66% issued share capital of IAL. The Group is entitled to exercise the call option within five years from the date of grant of the call option. The fair value of the call option is disclosed in Note 14.

#### 14. DERIVATIVE FINANCIAL INSTRUMENT

|   | <b>30 June<br/>2016<br/>HKD'000<br/>(Unaudited)</b> | 31 December<br>2015<br>HKD'000<br>(Audited) |
|---|---|---|
| Derivative financial asset designated<br>as at fair value through profit or loss: |   |   |
| Call option ( <i>Note</i> )   | <b><u>1,877</u></b>                                 | <b><u>5,292</u></b>                         |

*Note:*

The fair value of the call option was calculated using the Binomial Option Pricing Model evaluated by Roma Appraisals Limited, an independent qualified professional valuer not connected to the Group. The inputs into the valuation were as follows:

|   | <b>At<br/>30 June<br/>2016</b> | At<br>31 December<br>2015 |
|---|--------------------------------|---------------------------|
| Market value of 66% issued share capital of IAL ( <i>Note a</i> ) | <b>HKD4,583,995</b>            | HKD8,818,969              |
| Exercise price  | <b>HKD6,395,889</b>            | HKD6,530,100              |
| Risk free rate ( <i>Note b</i> )                                  | <b>0.59%</b>                   | 1.02%                     |
| Expected option period ( <i>Note c</i> )                          | <b>4.250 years</b>             | 4.749 years               |
| Expected volatility ( <i>Note d</i> )                             | <b>63.57%</b>                  | 64.58%                    |

The fair value of the call option was approximately HKD1,877,000 and HKD5,292,000 as at 30 June 2016 and 31 December 2015 respectively, hence, the change in fair value of approximately HKD3,415,000 was recognised to condensed consolidated statement of profit or loss and other comprehensive income during the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

*Notes:*

- (a) The market value of 66% issued share capital of IAL is estimated by adopting the income-based approach as at the date of valuation.
- (b) The risk-free rate adopted was the yield rate of the Hong Kong Treasury Bill over the expected option period as at the date of valuation that was extracted from Bloomberg.
- (c) Expected option period is the expected remaining life of the option.
- (d) Expected volatility is based on the historical price volatilities of the comparable companies, over the expected option period as at the date of valuation as extracted from Bloomberg.

## 15. HELD-FOR-TRADING INVESTMENTS

|   |   |
|---|---|
| <b>30 June<br/>2016<br/>HKD'000<br/>(Unaudited)</b> | 31 December<br>2015<br>HKD'000<br>(Audited) |
|---|---|

Listed securities held for trading, at fair value:

Equity securities listed in Hong Kong

|               |              |
|---------------|--------------|
| <b>46,620</b> | <b>6,732</b> |
|---------------|--------------|

*Note:*

The fair values of the listed equity securities investments were determined based on the quoted market closing prices on the Stock Exchange.

Details of the Group's investments at fair value through profit or loss are as follows:

| Stock code | Company name                                 | Percentage of shareholding as at |                  | Market value as at 30 June 2016<br>HKD'000<br>(Unaudited) | Approximate percentage to the Group's net assets as at 30 June 2016<br>HKD'000<br>(Audited) | Market value as at 31 December 2015 | Approximate percentage to the Group's net assets as at 31 December 2015 | Change in fair value of held-for-trading investments for the six months ended |              | Approximate percentage of change in fair value of held-for-trading investments for the six months ended |              |
|------------|--|----------------------------------|------------------|---|---|-------------------------------------|---|---|--------------|---|--------------|
|            |  | 30 June 2016                     | 31 December 2015 |   |   |                                     |   | 30 June 2016  | 30 June 2015 | 30 June 2016  | 30 June 2015 |
| 388        | Hong Kong Exchanges and Clearing Limited     | -                                | -                | 18,760  | 4.55%   | -                                   | -   | (655)   | (1,552)      | 8.42%   | 34.88%       |
| 700        | Tencent Holdings Limited                     | -                                | -                | 17,610  | 4.27%   | -                                   | -   | 2,939   | -            | (37.80)%  | -            |
| 139        | China Soft Power Technology Holdings Limited | 0.31%                            | 0.13%            | 10,250  | 2.48%   | 6,732                               | 1.57%   | (10,059)  | (2,898)      | 129.38%   | 65.12%       |
|            |  |                                  |                  | 46,620  | 11.30%  | 6,732                               | 1.57%   | (7,775)   | (4,450)      | 100%  | 100%         |

## 16. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES

|   |              | <b>30 June<br/>2016</b> | 31 December<br>2015   |
|---|--------------|-------------------------|-----------------------|
|   | <i>Notes</i> | <b><i>HKD'000</i></b>   | <b><i>HKD'000</i></b> |
|   |              | <b>(Unaudited)</b>      | (Audited)             |
| Trade receivables                           | <i>(i)</i>   | –                       | 24,954                |
| Receivable from Ease Faith Limited          | <i>(ii)</i>  | <b>17,616</b>           | 17,616                |
| Less: allowance of doubtful debts           |              | <b>(17,616)</b>         | (17,616)              |
|   |              | –                       | –                     |
| Other receivables, deposits and prepayments |              | <b>35,357</b>           | 3,729                 |
| Total trade and other receivables           |              | <b>35,357</b>           | 28,683                |
| Loan and interest receivables:              | <i>(iii)</i> |                         |                       |
| – Loan receivables                          |              | <b>18,000</b>           | 12,000                |
| – Interest receivables                      |              | <b>342</b>              | 20                    |
|   |              | <b>18,342</b>           | 12,020                |

Notes:

### (i) Trade receivables

Trade receivables at the end of the reporting period comprise amounts receivable from the sales of goods supplied to customers. No interest is charged on the trade receivables.

During the six months ended 30 June 2016, the Group generally allows an average credit period of 120 days (31 December 2015: 120 days) to its customers. The following is an aging analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

|               | <b>30 June<br/>2016</b> | 31 December<br>2015   |
|---------------|-------------------------|-----------------------|
|               | <b><i>HKD'000</i></b>   | <b><i>HKD'000</i></b> |
|               | <b>(Unaudited)</b>      | (Audited)             |
| 31 – 60 days  | –                       | 16,210                |
| 91 – 120 days | –                       | 8,744                 |
|               | –                       | 24,954                |

## 16. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES (Continued)

Notes: (Continued)

### (ii) Receivable from Ease Faith Limited (“Ease Faith”)

Following the suspension of the position, functions and duties of Mr. He Jianhong (“Mr. He”) with effective from 27 January 2014, the Directors conducted reviews of the major projects and transactions of the Group. During the course of the internal review (the “Internal Review”), the Company noted that, Great Rich Trading Limited (“Great Rich”), a wholly-owned subsidiary of the Company, entered into two sales contracts with Ease Faith to purchase raw materials for the purpose of trading (the “Sales Contracts”) and paid a deposit of approximately HKD17,616,000 (the “Receivable”). Subsequently, Ease Faith failed to deliver the raw materials to Great Rich.

On 25 March 2014, Great Rich issued a writ of summons in the High Court of The Hong Kong Special Administrative Region as the plaintiff claiming against Ease Faith, the supplier, as the defendant, for breach of the Sales Contracts or alternatively, money had and received. The representatives of the Group had taken part in the mediation with Ease Faith. The Directors consider that the possibility of Great Rich to recover the outstanding Receivable from Ease Faith is remote. Therefore, impairment loss of approximately HKD17,616,000 has been recognised during the year ended 31 December 2015. Details are also set out in Note 20(b) to the condensed consolidated financial statements.

### (iii) Loan and interest receivables

The loan receivables are unsecured, bear fixed interest rates ranging from 8% to 10% per annum (2015: 1.5%) and repayable according to the respective terms of the loan agreements.

The maturity profile of these loan and interest receivables, net of impairment losses recognised, at the end of the reporting period, analysed by the remaining periods to their contracted maturity, is as follows:

|              | <b>30 June<br/>2016<br/>HKD'000<br/>(Unaudited)</b> | 31 December<br>2015<br>HKD'000<br>(Audited) |
|--------------|---|---|
| 0-60 days    | <b>336</b>  | 12,020                                      |
| 61-120 days  | <b>14,006</b>                                       | –   |
| 121-360 days | <b>4,000</b>  | –   |
|              | <b>18,342</b>                                       | 12,020                                      |

## 17. BANK BORROWINGS

|  | <b>30 June<br/>2016<br/>HKD'000<br/>(Unaudited)</b> | 31 December<br>2015<br>HKD'000<br>(Audited) |
|--|---|---|
| Secured bank borrowings  | <b><u>183,384</u></b>                               | <b><u>187,180</u></b>                       |
|  | <b>30 June<br/>2016<br/>HKD'000<br/>(Unaudited)</b> | 31 December<br>2015<br>HKD'000<br>(Audited) |
| Carrying amount repayable:   |   |   |
| Within one year  | <b>7,792</b>  | 7,675                                       |
| More than one year, but not more than two years  | <b>8,005</b>  | 7,898                                       |
| More than two years, but not more than five years  | <b>25,346</b>                                       | 25,006                                      |
| More than five years   | <b>142,241</b>                                      | 146,601                                     |
|  | <b><u>183,384</u></b>                               | <b><u>187,180</u></b>                       |
| Carrying amount of the bank borrowings<br>that are not repayable within one year from<br>the end of the reporting period but contain a repayment<br>on demand clause (shown under current liabilities) | <b>175,592</b>                                      | 179,505                                     |
| Carrying amount repayable within one year  | <b>7,792</b>  | 7,675                                       |
|  | <b><u>183,384</u></b>                               | <b><u>187,180</u></b>                       |

The bank borrowings bear interest at range of HKD Prime Rate – 1.75% and HIBOR (1 month) + 2% per annum at 30 June 2016 and 31 December 2015. The weighted average effective interest rates on the bank borrowings are as follows:

|                         | <b>30 June<br/>2016<br/>(Unaudited)</b> | 31 December<br>2015<br>(Audited) |
|-------------------------|---|----------------------------------|
| Secured bank borrowings | <b><u>2.255% – 3.500%</u></b>           | <b><u>2.197% – 3.500%</u></b>    |

At 30 June 2016 and 31 December 2015, the Group's investment property has been pledged to the bank for the bank borrowings granted to the Group (Note 12).

## 18. SHARE CAPITAL

|  | Number of<br>ordinary shares<br><i>(Note a)</i><br>(Unaudited) | Number of<br>convertible<br>preference<br>shares<br>(Unaudited) | Amount<br><i>HKD'000</i><br>(Unaudited) |
|--|--|---|---|
| Ordinary shares of HKD0.001 each                                     |  |   |   |
| Authorised:  |  |   |   |
| At 31 December 2015 and <b>30 June 2016</b>                          | <u>249,480,000,000</u>   | <u>520,000,000</u>  | <u>250,000</u>                          |
| Issued and fully issued:   |  |   |   |
| At 1 January 2015 (Audited)  | 3,285,487,998  | –   | 3,285                                   |
| Exercise of share options <i>(Note b)</i>                            | 236,100,000  | –   | 237                                     |
| Issuance of shares upon placing <i>(Note c)</i>                      | <u>2,256,000,000</u>   | <u>–</u>  | <u>2,256</u>                            |
| At 31 December 2015 (Audited)<br>and <b>30 June 2016 (Unaudited)</b> | <u><b>5,777,587,998</b></u>                                    | <u><b>–</b></u>   | <u><b>5,778</b></u>                     |

### Notes:

- a) All the ordinary shares which were issued by the Company rank pari passu with each other in all respects.
- b) On 10 June 2015, 236,100,000 share options were exercised. The proceeds from the exercise of share option are approximately HKD29 million.
- c) On 26 June 2015, the Company entered into a placing agreement with Skyway Securities Investment Limited (the “**Skyway Agent**”), pursuant to which the Company has conditionally agreed to place, through the Skyway Agent, on a best effort basis, a maximum of 656,000,000 placing shares at a placing price of HKD0.26 per placing share. The gross proceeds from the placing are approximately HKD170.6 million. The net proceeds after deducting the placing commission and other related expenses was approximately HKD165 million. The completion of the placing took place on 17 July 2015. Further details of the placing are set out in the announcement of the Company dated 26 June 2015 and 17 July 2015 respectively.

## 18. SHARE CAPITAL (Continued)

Notes: (Continued)

### c) (Continued)

On 22 September 2015, the Company and the Skyway Agent entered into (i) placing agreement under general mandate, pursuant to which the Company has conditionally agreed to place, through the Skyway Agent, on a best effort basis, a maximum of 700,000,000 placing shares at a placing price of HKD0.135 per placing share (the “GM Placing”); (ii) placing agreement under specific mandate, pursuant to which the Company has conditionally agreed to place, through the Skyway Agent, on a best effort basis, a maximum of 900,000,000 placing shares at a placing price of HKD0.135 per placing share (the “SM Placing”). The completion of the GM Placing and the SM Placing took place on 22 October 2015 and 11 December 2015 respectively. The aggregated gross proceeds from the GM Placing and the SM Placing are approximately HKD216 million. The net proceeds after deducting the placing commissions and other related expenses from the GM Placing and the SM Placing were approximately HKD208 million. Further details of the GM Placing and the SM Placing are set out in the announcement of the Company dated 22 September 2015, 22 October 2015, 17 November 2015 and 11 December 2015, respectively.

## 19. COMMITMENTS

### a) Operating lease commitment – the Group as lessor

Investment property rental income earned during six months ended 30 June 2016 was HKD2,700,000 (six months ended 30 June 2015: Nil). The property is expected to generate rental yield of 1.34% on an ongoing basis. The property held has committed tenant for the next 6 months.

At the end of the reporting period, the Group had contracted with tenant for the following futures minimum lease payments:

|                 | <b>30 June<br/>2016<br/>HKD'000<br/>(Unaudited)</b> | 31 December<br>2015<br>HKD'000<br>(Audited) |
|-----------------|---|---|
| Within one year | <b><u>2,700</u></b>                                 | <b><u>4,950</u></b>                         |

## 19. COMMITMENTS (Continued)

### b) Operating lease commitment – the Group as lessee

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

|                 | <b>30 June</b><br><b>2016</b><br><b>HKD'000</b><br><b>(Unaudited)</b> | 31 December<br>2015<br>HKD'000<br>(Audited) |
|-----------------|---|---|
| Within one year | <u><u>428</u></u>   | <u><u>950</u></u>                           |

Operating lease payments represent rentals payable by the Group for certain of its premises, plant and machinery, office equipment and internet hardware and software. Leases are negotiated for an average term of 2 years (31 December 2015: 2 years) and no arrangements have been entered into for contingent rental payments.

### c) Other commitment

For the registered capital of HKD500,000 for 深圳駿盛匯貿易有限公司 (“駿盛匯”), an indirectly wholly-owned subsidiary of the Company, the Group shall paid 20% of the registered capital within three months after the date of issuance of business license of 駿盛匯 and shall pay the remaining 80% of the registered capital within two years after the date of issuance of business license. Although the business license has been issued on 4 November 2014, the Group has yet to pay up any capital for 駿盛匯 at 30 June 2016. The board of the Company (the “Board”) consider that the risk to pay the penalty is remote and hence no provision has been provided for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

## 20. LITIGATIONS AND CONTINGENCIES

### a) The alleged guarantee and the claim

In December 2013, the Board received demand letter from alleged creditors of two companies, requesting the Company, being the alleged guarantor of debts in the total sum of approximately RMB842 million owed by two companies (the “Alleged Creditors”) unknown to the Company (the “Alleged Guarantees”), to settle the alleged debts on or before 11 December 2013, and forewarning that, failing which, the Alleged Creditors would take legal action against the Company.

On 14 January 2014, the Company received a writ of summons and statement of claim issued by 廣東省金屬回收公司 (Guangdong Metal Recycling Corporation\*) (“GMRC”), one of the two Alleged Creditors in relation to the Alleged Guarantees, against: (i) Able Success Asia Limited (“Able Success”) as 1st defendant; (ii) Mr. He as the 2nd defendant; and (iii) the Company as the 3rd defendant, claiming an aggregate sum of approximately RMB644 million (the “Claim”).

\* For identification purpose only

## 20. LITIGATIONS AND CONTINGENCIES (Continued)

### a) The alleged guarantee and the claim (Continued)

As disclosed in the announcement of the Company dated 25 April 2016, the High Court action in relation to the Claim by GMRC against the Company has been discontinued.

Therefore, the Directors are of the view that the Claim by GMRC will not have material adverse impact on the overall business operation and financial position of the Group.

### b) Disputes for receivables from Ease Faith

As detailed in Note 16(ii) to the condensed consolidated financial statements, Great Rich issued a writ of summons in the High Court of The Hong Kong Special Administrative Region as the plaintiff claiming against Ease Faith, the supplier in the Sales Contracts as the defendant, for breach of the Sales Contracts or unjust enrichment on money had and received.

After taking legal advice from the legal adviser, the Board is of the view that Great Rich has a reasonable chance on its claims against Ease Faith. However, after the representatives of the Group had taken part in mediation with Ease Faith during the year ended 31 December 2015, the Directors consider that the possibility of Great Rich recovering the outstanding Receivable from Ease Faith is remote. Therefore, impairment loss of approximately HKD17,616,000 has been recognised during the year ended 31 December 2015.

## 21. SHARE OPTION SCHEME

Particulars of the Company's share option schemes adopted on 2 June 2003 (the "Scheme 2003") and 22 February 2012 (the "Scheme 2012") are set out in Note 29 to the consolidated financial statements of the Group for the year ended 31 December 2015 dated 21 March 2016.

During the current interim period, no share options was granted (six months ended 30 June 2015: 26,800,000). The Group has not recognised any expense (six months ended 30 June 2015: had recognised an expense of approximately HKD1,521,000) for the six months ended 30 June 2016 in relation to share option granted by the Company.

The weighted average exercise price of share options under the Scheme 2003 and the Scheme 2012 are HKD2.33 and HKD0.24 (31 December 2015: HKD2.33 and HKD0.24) per share.

During the current interim period, no (31 December 2015: 236,100,000) share option was exercised. No share options were cancelled or lapsed during the six months ended 30 June 2016 and 30 June 2015.

The weighted average remaining contractual life of these outstanding share options is approximately 0.96 years (31 December 2015: 1.46 years).

## 22. EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 15 July 2015 (the “**Adoption Date**”), the Directors adopted a share award scheme (the “**Share Award Scheme**”) to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of and contribution to the Group. A trustee is appointed by the Group for administering the Share Award Scheme.

Pursuant to the Share Award Scheme, the Company’s shares may be acquired by the administration committee or the trustee at the cost of the Company. Such shares will be held in trust for the selected person until the vesting criteria and conditions have been satisfied.

The Directors may, from time to time, at its sole and absolute discretion, select any executives, officers, directors, holders of any securities issued by any members of the Group and others of the Group (collectively referred to as “**Selected Person**”) for participation in the Share Award Scheme and grant such number of awarded shares to any Selected Person of the Group at nil consideration. The Directors are entitled to impose any conditions (including a period of continued services within the Group after the award) with respect to the vesting of the awarded shares.

The Share Award Scheme came into effect on the Adoption Date, and shall terminate on the earlier of (i) the tenth anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Directors.

Details of the shares held under the Share Award Scheme are set out below:

|   | <b>Average<br/>purchase<br/>price<br/>HKD</b> | <b>Number of<br/>shares held<br/>'000</b> | <b>Amount<br/>HKD'000</b> |
|---|---|---|---------------------------|
| At 1 January 2015                           |   | –   | –                         |
| Shares purchased during the year            | 0.30  | <u>56,560</u>                             | <u>17,228</u>             |
| At 31 December 2015 and <b>30 June 2016</b> |   | <u><u>56,560</u></u>                      | <u><u>17,228</u></u>      |

During the six months ended 30 June 2016, all the awarded shares have not been awarded to the Selected Person (six months ended 30 June 2015: Nil).

## 23. FAIR VALUE MEASUREMENTS OF THE 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 technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurement 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
- 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).

|   | Fair value as at                 |                                 | Fair value hierarchy | Valuation technique(s) and key input(s)  | Significant unobservable input(s)       |
|---|----------------------------------|---------------------------------|----------------------|--|---|
|   | 30 June 2016<br>HKD'000          | 31 December 2015<br>HKD'000     |                      |  |   |
| Financial assets  |                                  |                                 |                      |  |   |
| Listed equity securities classified as held-for-trading investments in the condensed consolidated statement of financial position | Asset<br>approximately<br>46,620 | Asset<br>approximately<br>6,732 | Level 1              | Quoted bid prices in an active market  | N/A                                     |
| Call options classified as derivative financial instrument in the condensed consolidated statement of financial position          | Asset<br>approximately<br>1,877  | Asset<br>approximately<br>5,292 | Level 3              | Binomial Opinion Pricing Model<br>– Risk free rate, expected option period and expected volatility | Discount rate and option exercise price |

There were no transfers between Level 1, 2 and 3 in current interim period and prior year.

An increase in the option exercise price used in valuation would result in a decrease in the fair value measurement of the derivative financial instrument, and vice versa. A 5% increase/decrease in the option exercise price and holding all other variables constant would decrease/increase the carrying amount of the derivative financial instrument by approximately of HKD54,000 and HKD54,000, respectively (31 December 2015: HKD97,000 and HKD110,000).

## 23. FAIR VALUE MEASUREMENTS OF THE FINANCIAL INSTRUMENTS (Continued)

### Reconciliation of Level 3 fair value measurements of financial assets on recurring basis

|                   | <b>Derivative<br/>financial<br/>instrument</b><br><i>HKD'000</i> |
|-------------------|--|
| At 1 January 2016 | 5,292  |
| Fair value change | (3,415)  |
|                   | <hr/>  |
| At 30 June 2016   | <u>1,877</u>   |

The above fair value change for the period recognised in profit or loss as change in fair value of derivative financial instrument.

Except as detailed in the above table, the Directors consider that carrying amounts of financial assets and financial liabilities recognised in condensed consolidated financial statements approximate their fair values.

## 24. EVENTS AFTER THE END OF THE REPORTING PERIOD

### (i) Completion of acquisition of the entire equity interests of the Target Company

Pursuant to the Company's announcement dated 11 July 2016 and with reference to the Company's announcement dated 2 February 2016, the acquisition of the entire equity interests of the Target Company has been completed on 11 July 2016 and 640,000,000 ordinary shares of the Company and the promissory notes carry interest rate at 2% per annum amounting to HKD5,000,000 have been allotted and issued to the Vendor on the same date, 11 July 2016, in accordance with the terms of the sale and purchase agreement.

### (ii) Completion of disposal of the entire equity interests of the Disposal Company

Pursuant to the Company's announcement dated 15 July 2016 and with reference to the Company's announcement dated 4 March 2016, the disposal of the entire equity interests of the Disposal Company has been completed on 15 July 2016 and 1,300,000,000 ordinary shares of Skyway Securities Group Limited has been allotted and issued by Skyway Securities Group Limited to the Company and the promissory notes carry interest rate at 2% per annum amounting to HKD29,000,000 has been issued by Gold Mission on the same date, 15 July 2016, in accordance with the terms of the sale and purchase agreement.

## ADDITIONAL INFORMATION

### DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) were as follows:

#### Interests and short positions in shares and underlying shares of the Company:

| Name of director                   | Capacity and nature of interest | Number of Shares | Approximate percentage of the Company's issued share capital |
|------------------------------------|---------------------------------|------------------|--|
| Mr. Yu Qingrui (“ <b>Mr. Yu</b> ”) | Beneficial owner                | 20,160,000       | 0.35   |

## Long position in the underlying shares of equity derivatives of the Company

Under the share option scheme of the Company (whose details are further described in the section headed “Share Option Scheme” below), share options were granted to the following Directors which entitled them to subscribe for ordinary shares of the Company. Accordingly, they were regarded as interested in the underlying Shares. Details of the share options of the Company held by them as at 30 June 2016 were as follows:

| Name of Directors | Capacity         | Date of grant | Exercise period       | Number of shares over which options are exercisable as at 30 June 2016 | Exercise price per share HKD | Approximate percentage of interest in the issued shares as at 30 June 2016 |
|-------------------|------------------|---------------|-----------------------|--|------------------------------|--|
| Siu Yun Fat       | Beneficial owner | 24.7.2014     | 24.7.2014 – 23.7.2016 | 32,800,000   | 0.1164                       | 0.57%  |
|                   | Beneficial owner | 27.7.2015     | 27.7.2015 – 26.7.2017 | 35,000,000   | 0.335                        | 0.60%  |
|                   |                  |               |                       | 67,800,000   |                              | 1.17%  |
| Yu Qingrui        | Beneficial owner | 24.7.2014     | 24.7.2014 – 23.7.2016 | 32,800,000   | 0.1164                       | 0.57%  |
|                   | Beneficial owner | 27.7.2015     | 27.7.2015 – 26.7.2017 | 35,000,000   | 0.335                        | 0.60%  |
|                   |                  |               |                       | 67,800,000   |                              | 1.17%  |
| Yang Yang         | Beneficial owner | 13.7.2015     | 13.7.2015 – 12.7.2017 | 35,000,000   | 0.27                         | 0.60%  |
| Lau Fai Lawrence  | Beneficial owner | 4.9.2015      | 4.9.2015 – 3.9.2017   | 600,000  | 0.201                        | 0.01%  |

Save as disclosed above, as at 30 June 2016, none of the directors or chief executive of the Company had registered an interest or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in the section "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above and in the "Share Option Scheme" below, at no time during the six months ended 30 June 2016 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## **SHARE OPTION SCHEME**

The Company has a share option scheme for eligible directors of the Company and eligible employees of the Group and other participants. Options granted must be taken up within 28 days of the date of grant, upon payment of HKD1 per each grant of options. Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the board of directors but in any event not exceeding 10 years.

At the extraordinary general meeting of the Company held on 22 February 2012, ordinary resolutions were passed for the adoption of a new share option scheme and the termination of the existing share option scheme adopted by the Company on 2 June 2003. The remaining life of share option scheme, which will expire on 21 February 2022 is approximately 6.5 years from the date of this interim report.

The existing scheme mandate limit in respect of the granting of options to subscribe for shares of the Company under the 2012 Share Option Scheme has been refreshed at the annual general meeting held on 30 June 2016 which the total number of shares of the Company may be allotted and issued pursuant to the grant or exercises of the options under the 2012 Share Option Scheme shall not be exceed 10% of the shares of the Company in issue as at 30 June 2016.

Details of the share options outstanding at the end of the reporting period are as follows:

|  | Date of grant | Exercise price<br>HKD | Exercisable period    | Outstanding at<br>31 December 2015<br>(Audited)<br>and 30 June 2016<br>(Unaudited) |
|--|---------------|-----------------------|-----------------------|--|
| <b>Scheme 2003</b>                     |               |                       |                       |  |
| Senior management                      | 2.5.2007      | 2.924                 | 2.5.2007 – 1.5.2017   | 467,852  |
| Employees                              | 2.5.2007      | 2.924                 | 2.5.2007 – 1.5.2017   | 311,903  |
|  | 30.1.2008     | 2.0263                | 30.1.2008 – 29.1.2018 | 1,559,513  |
| <b>Weighted average exercise price</b> |               | 2.33                  |                       | <b>2,339,268</b>   |
| <b>Scheme 2012</b>                     |               |                       |                       |  |
| <b>Directors</b>                       |               |                       |                       |  |
| Siu Yun Fat                            | 24.7.2014     | 0.1164                | 24.7.2014 – 23.7.2016 | 32,800,000   |
|  | 27.7.2015     | 0.335                 | 27.7.2015 – 26.7.2017 | 35,000,000   |
| Yu Qingrui                             | 24.7.2014     | 0.1164                | 24.7.2014 – 23.7.2016 | 32,800,000   |
|  | 27.7.2015     | 0.335                 | 27.7.2015 – 26.7.2017 | 35,000,000   |
| Yang Yang                              | 13.7.2015     | 0.27                  | 13.7.2015 – 12.7.2017 | 35,000,000   |
| Lau Fai Lawrence                       | 4.9.2015      | 0.201                 | 4.9.2015 – 3.9.2017   | 600,000  |
| <b>Employees of the Group</b>          |               |                       |                       |  |
| In aggregate                           | 27.7.2015     | 0.335                 | 27.7.2015 – 26.7.2017 | 35,000,000   |
| In aggregate                           | 4.9.2015      | 0.201                 | 4.9.2015 – 3.9.2017   | 1,400,000  |
| <b>Consultants</b>                     |               |                       |                       |  |
| In aggregate                           | 22.6.2015     | 0.319                 | 22.6.2015 – 21.6.2017 | 26,800,000   |
| In aggregate                           | 27.7.2015     | 0.335                 | 27.7.2015 – 26.7.2017 | 35,000,000   |
| In aggregate                           | 4.9.2015      | 0.201                 | 4.9.2015 – 3.9.2017   | 175,000,000  |
| <b>Weighted average exercise price</b> |               | 0.243                 |                       | <b>444,400,000</b>   |

The weighted average remaining contractual life of these outstanding share options is approximately 0.96 years (31 December 2015: 1.46 years). The total number of shares to be issued upon exercise of all outstanding options granted under Scheme 2003 and Scheme 2012 and yet to be exercised was 446,739,268, representing 7.73% of the issued share capital of the Company as at the date of the interim report.

No share option has been granted and exercised during the six months period ended 30 June 2016 (year ended 31 December 2015: 378,800,000 share options were granted and 236,100,000 share options were exercised). During the current period, no share options were lapsed (year ended 31 December 2015: Nil).

During the current period, no expenses was recognized by the Group (six months period ended 30 June 2015: approximately HKD1,521,000) in relation to share option granted by the Company.

## SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 15 July 2015. The purposes and objectives of the Share Award Scheme are to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of and contribution to the Group. As at 30 June 2016, a sum of HKD17,228,000 has been used to acquire 56,560,000 shares of the Company from market by the independent trustee. No shares have been granted to the selected employees of the Group under the Share Award Scheme up to the date of this interim report.

Details of the Share Award Scheme are set out in the announcement of the Company dated 15 July 2015 and Note 22 to the consolidated financial statements.

## INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2016, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

### Interest and short positions in shares and underlying shares of the Company:

| Name of Shareholder                            | Capacity and nature of interest    | Number of Shares | Approximate percentage of the Company's issued share capital |
|--|------------------------------------|------------------|--|
| Chinese Top Holdings Limited ( <i>Note 1</i> ) | Beneficial owner                   | 615.892.000 (L)  | 10.66%   |
| Huang Zhiwen ( <i>Note 1</i> )                 | Interest in controlled corporation | 615.892.000 (L)  | 10.66%   |

| Name of Shareholder          | Capacity and nature of interest    | Number of Shares | Approximate percentage of the Company's issued share capital |
|------------------------------|------------------------------------|------------------|--|
| Lin Guoyan ( <i>Note 1</i> ) | Interest in controlled corporation | 615,892,000 (L)  | 10.66%   |
| Huang Chuan                  | Beneficial owner                   | 416,364,000 (L)  | 7.21%  |
| Lin Guo Rong                 | Beneficial owner                   | 303,896,000 (L)  | 5.26%  |

“L” stands for long position

*Notes:*

1. In accordance with the disclosure forms filed, Chinese Top Holdings Limited is controlled as to 20% by Chen Yibao, as to 40% by Hunag Zhiwen and as to 40% by Lin Guoyan respectively.

Save as disclosed above, the Company had not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 30 June 2016 as required pursuant to section 336 of the SFO.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the existing directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code since their appointment as a Director during the Period.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

## CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Corporate Governance Code (the “**CG Code**”) throughout the Period as set out in Appendix 14 of the Rule Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) except for the following deviations:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer (“**CEO**”) should be separate people and should not be performed by the same individual. The roles of the chairman and the chief executive officer of the Company are not separate and both are performed by Mr. Siu Yun Fat from 24 November 2015. The Board considers that this structure will not impair the balance of the power and authority between the Board and the management of the Company. The roles of the respective executive Directors and senior management, who are in charge of different functions complement the roles of chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently. The Board understands the importance of complying with the code provision A.2.1 of the Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate person will be nominated to take up the different roles of chairman and chief executive officer.

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive Directors are not appointed for a specific term but shall retire from office by rotation at least once every three years as referred to in article 108A of the Company’s articles of association which provides that at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. The reason for the deviation is that the Company does not believe that arbitrary limits on term of non-executive directorship are appropriate given that Directors ought to be committed to representing the long time interest of the Company’s shareholders and the retirement and re-election requirements of independent non-executive Directors have given the Company’s shareholders the right to approve continuation of independent non-executive Directors’ offices.

## **REVIEW OF INTERIM RESULTS**

The unaudited interim results for the Period have been reviewed by the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the relevant code provisions of the CG Code as set out in Appendix 14 to the Listing Rules. The Audit Committee comprises all the independent non-executive directors of the Company including Mr. Chan Yee Por, Simon, Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah.

The unaudited condensed interim financial report has been reviewed by the Company's independent auditor 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.

## **UPDATES ON DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES**

### **Executive Director**

Mr. Lau Fai Lawrence was appointed as an independent non-executive director and audit committee chairman of Topsearch International (Holdings) Limited (Stock Code: 2323), a company is listed on the Main Board of the Stock Exchange with effect from 22 March 2016.

By Order of the Board  
**Siu Yun Fat**  
*Chairman*

Hong Kong, 30 August 2016