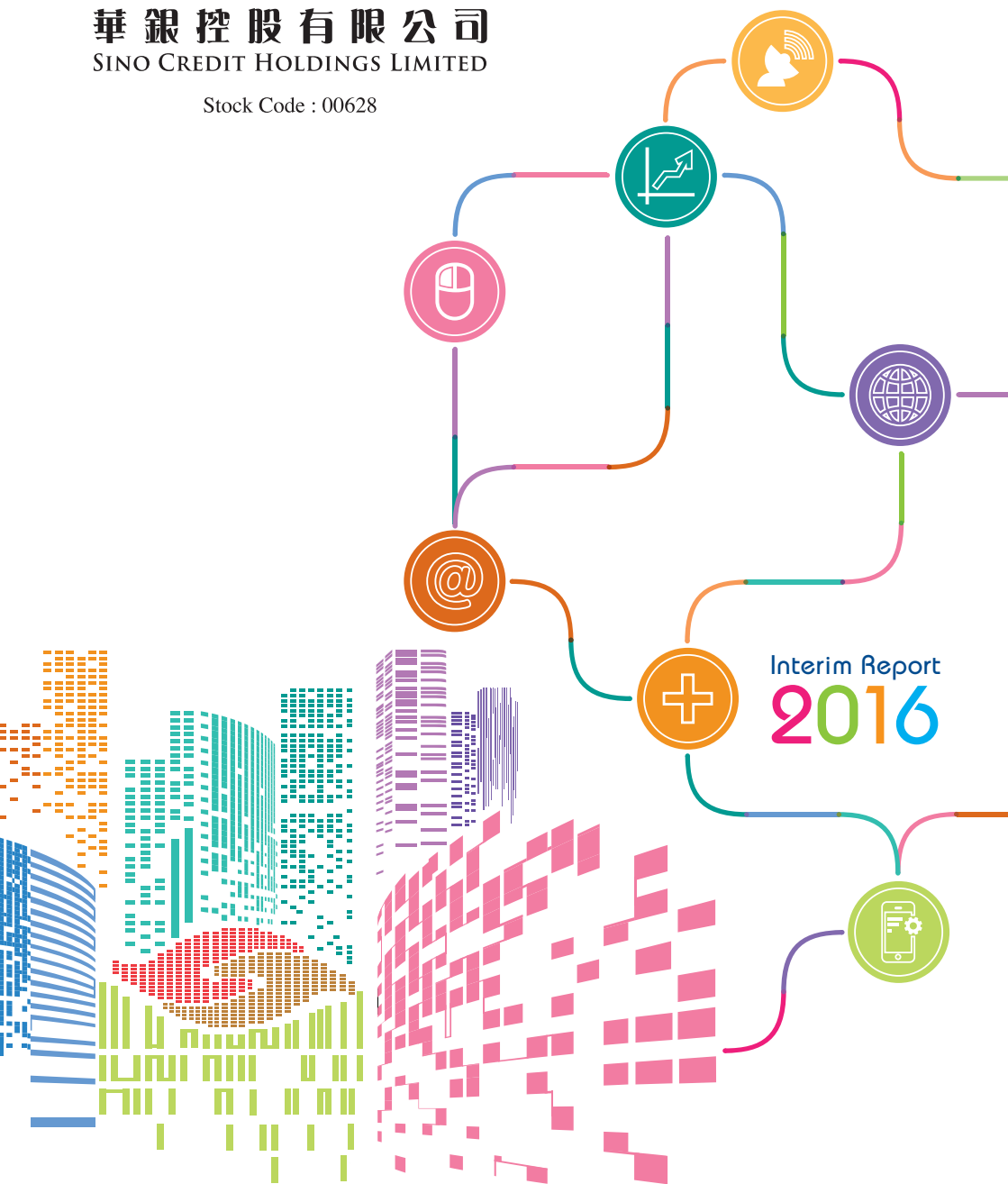




# 華銀控股有限公司

SINO CREDIT HOLDINGS LIMITED

Stock Code : 00628



Interim Report  
**2016**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Chung Tat Fun (*Chairman*)  
Mr. Ding Donghua (appointed on 5 September 2016)  
Mr. Zhang Jun (appointed on 5 September 2016)  
Mr. Chung Ho Chun (resigned on 5 September 2016)  
Mr. Fu Ear Ly (resigned on 5 September 2016)  
Mr. Huang Weibo (resigned on 5 September 2016)

#### Non-executive Directors

Ms. Wei Qiuli (appointed on 5 September 2016)  
Mr. So Chak Fai, Francis (resigned on 5 September 2016)  
Ms. Wong Yee Shuen, Regina  
(resigned on 5 September 2016)

#### Independent Non-executive Directors

Mr. Zhang Liqing (appointed on 5 September 2016)  
Mr. Li Liangwen (appointed on 5 September 2016)  
Mr. Hung Ka Hai Clement (appointed on 31 October 2016)  
Ms. Lee Shioh Yue (resigned on 31 October 2016)  
Mr. Poon Wai Hoi, Percy (resigned on 31 October 2016)  
Mr. Tang Chi Ho, Francis (resigned on 31 October 2016)

### COMPANY SECRETARY

Ms. Foo Man Yee, Carina

### AUDIT COMMITTEE

Mr. Hung Ka Hai Clement (*Chairman*)  
(appointed on 31 October 2016)  
Mr. Zhang Liqing (appointed on 31 October 2016)  
Mr. Li Liangwen (appointed on 31 October 2016)  
Mr. Poon Wai Hoi, Percy (resigned on 31 October 2016)  
Ms. Lee Shioh Yue (resigned on 31 October 2016)  
Mr. Tang Chi Ho, Francis (resigned on 31 October 2016)

### REMUNERATION COMMITTEE

Mr. Li Liangwen (*Chairman*)  
(appointed on 5 September 2016)  
Mr. Zhang Jun (appointed on 5 September 2016)  
Mr. Zhang Liqing (appointed on 5 September 2016)  
Ms. Lee Shioh Yue (resigned on 5 September 2016)  
Mr. Tang Chi Ho, Francis  
(resigned on 5 September 2016)  
Mr. Chung Tat Fun (resigned on 5 September 2016)

### NOMINATION COMMITTEE

Mr. Zhang Liqing (*Chairman*)  
(appointed on 5 September 2016)  
Mr. Ding Donghua (appointed on 5 September 2016)  
Mr. Li Liangwen (appointed on 5 September 2016)  
Ms. Lee Shioh Yue (resigned on 5 September 2016)  
Mr. Tang Chi Ho, Francis  
(resigned on 5 September 2016)  
Mr. Chung Tat Fun (resigned on 5 September 2016)

### AUDITORS

HLB Hodgson Impey Cheng Limited  
*Certified Public Accountants*  
31/F., Gloucester Tower  
The Landmark, 11 Pedder Street  
Central, Hong Kong

### BANKERS

Wing Lung Bank  
Bank of Communications

### SOLICITORS

*As to Hong Kong Law*  
Baker & McKenzie

*As to Bermuda Law*

Conyers Dill & Pearman

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2912, 29th Floor,  
Two International Finance Centre,  
8 Finance Street, Central  
Hong Kong

### SHARE REGISTRARS

#### *Principal Share Registrar and Transfer Office*

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

#### *Hong Kong Branch Share Registrar and Transfer Office*

Union Registrars Limited  
Suites 3301-04, 33/F.  
Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

### STOCK CODE

628

### INVESTOR RELATIONS

Website: [www.sinocreditgp.com](http://www.sinocreditgp.com)  
Email: [ir@sinocreditgp.com](mailto:ir@sinocreditgp.com)

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

For the six months ended 30 September 2016 – Unaudited

	Note	2016 HK\$'000	2015 HK\$'000 (Restated)
<b>Continuing operations</b>			
Revenue	4	19,877	12,253
Other income	4	60	30
Other gains and losses, net	4	(2,964)	2,383
Administrative expenses		(19,247)	(12,568)
Impairment loss on loans receivable	10	(3,334)	(1,734)
Finance costs	5	(1,538)	(4,312)
<b>Loss before taxation</b>		<b>(7,146)</b>	(3,948)
Taxation	6	–	(53)
<b>Loss for the period from continuing operations</b>	7	<b>(7,146)</b>	(4,001)
<b>Discontinued operation</b>			
Profit for the period from discontinued operation		–	5,199
<b>(Loss)/profit for the period attributable to owners of the Company</b>		<b>(7,146)</b>	1,198
<b>Other comprehensive loss:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(15,961)	(15,427)
<b>Total comprehensive loss for the period attributable to owners of the Company</b>		<b>(23,107)</b>	(14,229)
<b>(Loss)/earnings per share</b>			
<b>From continuing &amp; discontinued operations</b>			
Basic and diluted	8	(0.78) HK cents	0.19 HK cents
<b>From continuing operations</b>			
Basic and diluted	8	(0.78) HK cents	(0.63) HK cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016 – Unaudited

	Note	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		30,444	19,165
Intangible assets		5,588	5,588
Goodwill		7,148	7,148
Deferred tax assets		2,994	2,994
		<b>46,174</b>	34,895
<b>Current assets</b>			
Financial assets at fair value through profit or loss		–	28,059
Loans receivable	10	379,960	436,407
Prepayments, deposits and other receivables		18,224	6,410
Promissory note receivable		30,000	30,000
Cash and cash equivalents		1,618,323	23,959
		<b>2,046,507</b>	524,835
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables		4,205	2,574
Accruals and other payables		3,793	22,541
Tax payables		1,949	3,443
		<b>9,947</b>	28,558
<b>Net current assets</b>		<b>2,036,560</b>	496,277
<b>Total assets less current liabilities</b>		<b>2,082,734</b>	531,172
<b>Non-current liabilities</b>			
Bonds		31,291	31,078
Deferred tax liabilities		1,397	1,397
		<b>32,688</b>	32,475
<b>Net assets</b>		<b>2,050,046</b>	498,697
<b>Capital and reserves</b>			
Share capital	11	270,112	63,478
Reserves		1,779,934	435,219
<b>Total equity</b>		<b>2,050,046</b>	498,697

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016 – Unaudited

	Attributable to owners of the Company									Total Equity HK\$'000
	Share capital	Share premium	Contributed surplus	Capital reserves	Revaluation reserves	Share option reserves	Exchange reserves	Accumulated losses	Total reserves	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2015	63,478	908,038	569,044	85,889	638	23,357	(839)	(1,150,127)	436,000	499,478
Profit for the period	-	-	-	-	-	-	-	1,198	1,198	1,198
Other comprehensive loss for the period	-	-	-	-	-	-	(15,427)	-	(15,427)	(15,427)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(15,427)	1,198	(14,229)	(14,229)
Share option lapsed	-	-	-	-	-	(2,273)	-	2,273	-	-
At 30 September 2015	63,478	908,038	569,044	85,889	638	21,084	(16,266)	(1,146,656)	421,771	485,249
At 1 April 2016	63,478	908,038	569,044	85,889	638	21,084	(5,526)	(1,143,948)	435,219	498,697
Loss for the period	-	-	-	-	-	-	-	(7,146)	(7,146)	(7,146)
Other comprehensive loss for the period	-	-	-	-	-	-	(15,961)	-	(15,961)	(15,961)
Total comprehensive loss for the period	-	-	-	-	-	-	(15,961)	(7,146)	(23,107)	(23,107)
Subscription of shares	206,634	1,384,450	-	-	-	-	-	-	1,384,450	1,591,084
Cost of issuance of subscription shares	-	(16,628)	-	-	-	-	-	-	(16,628)	(16,628)
<b>At 30 September 2016</b>	<b>270,112</b>	<b>2,275,860</b>	<b>569,044</b>	<b>85,889</b>	<b>638</b>	<b>21,084</b>	<b>(21,487)</b>	<b>(1,151,094)</b>	<b>1,779,934</b>	<b>2,050,046</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016 – Unaudited

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Net cash generated from operating activities	<b>29,239</b>	378
Net cash generated from/(used in) investing activities	<b>6,668</b>	(18,982)
Net cash generated from financing activities	<b>1,574,456</b>	10,000
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,610,363</b>	(8,604)
Cash and cash equivalents at beginning of period	<b>23,959</b>	26,426
Effect of foreign exchange rate changes	<b>(15,999)</b>	(1,710)
<b>Cash and cash equivalents at end of period</b>	<b>1,618,323</b>	16,112

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1 BASIC OF PREPARATION

These unaudited condensed consolidated interim financial statements 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”), and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). The condensed consolidated interim financial information was approved for issuance on 24 November 2016.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the current period, the Group has adopted all the new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for the periods on or after 1 April 2016. The application of the new HKFRSs has no material impact on the condensed consolidated financial statements.

### New and revised HKFRSs in issue but not yet effective

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
HKFRS 16	Leases <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle <sup>2</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>2</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>2</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>2</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>5</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>5</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>2</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>2</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2017



### 3 SEGMENT INFORMATION

Management has determined the operating segments based on the internal reports reviewed and used by executive directors for strategic decision making. The executive directors consider the business from a product and service perspectives. Summary of details of the operating segments is as follows:

#### Continuing operations

- **Financing services**

Provision of pawn loans services, real estate-backed loan service, other loan service, commercial factoring, finance leasing and financial consultancy services in the PRC, and money lending service in Hong Kong.

#### Discontinued operation

- **Properties leasing**

Receiving profit streams from leasing retail premises in PRC.

#### (a) Business segments

An analysis of the Group's revenue, results and certain assets, liabilities and expenditure information for the six months ended 30 September 2016 and 2015 by operating segments is as follows:

	Continuing operations		Discontinued operation		Total	
	Financing services		Properties leasing			
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue						
(from external customers)	19,877	12,253	-	14,750	19,877	27,003
Segment results	3,957	375	-	5,161	3,957	5,536
Fair value changes on financial assets at FVTPL					(6,292)	1,675
Bank interest income					13	31
Finance costs					(1,439)	(1,303)
Unallocated expenses					(3,385)	(4,726)
(Loss)/profit before taxation					(7,146)	1,213
Taxation					-	(15)
(Loss)/profit for the period					(7,146)	1,198

### 3 SEGMENT INFORMATION (continued)

#### (a) Business segments (continued)

Segment results represents the (loss)/profit earned by each segment without allocation of fair value changes on financial assets at fair value through profit or loss ("FVTPL"), finance income, finance costs and corporate expenses. This is the measure reported to the Directors for the purpose of resource allocation and assessment of segment performance.

	Continuing operations		Discontinued operation		Total	
	Financing services		Properties leasing			
	As at 30 September 2016 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 September 2016 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 September 2016 HK\$'000	As at 31 March 2016 HK\$'000
Segment assets	2,092,554	499,406	-	-	2,092,554	499,406
Financial assets at FVTPL					-	28,059
Unallocated assets					127	32,265
<b>Total assets</b>					<b>2,092,681</b>	<b>559,730</b>
Segment liabilities	39,619	58,378	-	-	39,619	58,378
Unallocated liabilities					3,016	2,655
<b>Total liabilities</b>					<b>42,635</b>	<b>61,033</b>

Other segment information:

	Continuing operations		Discontinued operation		Unallocated items		Total	
	Financing services		Properties leasing					
	2016 HK'000	2015 HK'000	2016 HK'000	2015 HK'000	2016 HK'000	2015 HK'000	2016 HK'000	2015 HK'000
Depreciation	3,889	1,238	-	-	4	4	3,893	1,242
Impairment loss on loans receivable	3,334	1,734	-	-	-	-	3,334	1,734
Fair value change on investment properties	-	-	-	1,025	-	-	-	1,025
Reversal of impairment loss recognized on loans receivable	(3,344)	(708)	-	-	-	-	(3,344)	(708)

### 3 SEGMENT INFORMATION *(continued)*

#### (a) Business segments *(continued)*

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

- All assets are allocated to reportable segments other than financial assets at FVTPL, promissory note receivable and corporate financial assets;
- All liabilities are allocated to reportable segments other than corporate financial liabilities.

#### (b) Geographical information

The Group operates in two principal areas – the PRC and Hong Kong. Revenue and non-current assets by location from continuing operations are detailed below:

	Revenue from external customers		Non-current assets	
	Six months ended 30 September		As at 30 September	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	As at 31 March 2016 <i>HK\$'000</i>
Hong Kong	1,265	3,253	1,423	1,898
PRC	18,612	9,000	44,751	32,997
	19,877	12,253	46,174	34,895

**4 REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES**  
**Continuing operations**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>Revenue</b>		
Real estate-backed loan interest income	<b>3,211</b>	2,053
Personal property pawn loan interest income	<b>3,510</b>	1,789
Other loans interest income	<b>7,619</b>	3,440
Financial consultancy service income	<b>66</b>	241
Commercial factoring interest income	<b>3,489</b>	3,804
Financing lease interest income	<b>1,982</b>	926
	<b>19,877</b>	12,253
<b>Other income</b>		
Bank interest income	<b>34</b>	28
Others	<b>26</b>	2
	<b>60</b>	30
<b>Other gains and losses, net</b>		
Reversal of impairment loss on loans receivable	<b>3,344</b>	708
Net unrealised gain on financial assets at fair value through profit or loss	–	1,675
Net realised loss on financial assets at fair value through profit or loss	<b>(6,292)</b>	–
Exchange loss	<b>(16)</b>	–
	<b>(2,964)</b>	2,383

**5 FINANCE COSTS**  
**Continuing operations**

	<b>Six months ended 30 September</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	<i>HK\$'000</i>
Interest on:		
Borrowings	<b>99</b>	3,009
Bonds	<b>1,439</b>	1,303
	<hr/>	<hr/>
	<b>1,538</b>	4,312
	<hr/>	<hr/>

**6 TAXATION**  
**Continuing operations**

	<b>Six months ended 30 September</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	<i>HK\$'000</i>
Current income tax		
– PRC	–	4,039
Deferred tax	–	(4,092)
	<hr/>	<hr/>
Taxation	–	(53)
	<hr/>	<hr/>

PRC corporate income tax is provided for at the rate of 25% (2015: 25%) on the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the PRC corporate income tax purpose.

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising from Hong Kong during the period. The Group has no assessable profit under Hong Kong profits tax for the period ended 30 September 2016 and 2015.

## 7 (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is arrived at after charging:

### Continuing operations

	Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Staff costs		
Salaries, wages and other benefits (including directors' emoluments)	4,436	4,563
Retirement benefit contributions	211	184
	<b>4,647</b>	4,747
Business taxes and other levies	117	438
Depreciation of property, plant and equipment	3,893	1,242
Legal and professional fee	1,585	1,577
Minimum lease payments under operating leases in respect of land and buildings	1,911	2,035

## 8 (LOSS)/EARNINGS PER SHARE

### Continuing and discontinued operations

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

	Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
<i>(Loss)/profit</i>		
(Loss)/profit for the purpose of (loss)/earnings per share	<b>(7,146)</b>	1,198
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share (in thousand shares)	<b>917,068</b>	634,780
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share (in thousand shares)	<b>917,068</b>	641,148

## 8 (LOSS)/EARNINGS PER SHARE *(continued)*

### Continuing operations

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

	Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
<i>(Loss)/profit</i>		
Group's (loss)/profit attributable to the owners of the Company	(7,146)	1,198
Less: Profit for the period from discontinued operation	–	(5,199)
<hr/>		
Loss for the purpose of loss per share from continuing operations	(7,146)	(4,001)
<hr/>		

The denominators used are the same as those detailed above for both basic and diluted loss per share.

### Discontinued operation

Basic earnings per share from discontinued operation is nil cents per share (2015: 0.82 HK cents per share) and diluted earnings per share from the discontinued operation is nil cents per share (2015: 0.81 HK cents per share), based on the profit for the period from the discontinued operation of HK\$Nil (2015: HK\$5,199,000) and the denominators detailed above for both basic and diluted earnings per share.

For the period ended 30 September 2016, the effects of the Company's outstanding share options were anti-dilutive and therefore the diluted loss per share are the same as the basic loss per share.

## 9 DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2016 and 2015.

## 10 LOANS RECEIVABLE

	<b>As at 30 September 2016 HK\$'000</b>	As at 31 March 2016 HK\$'000
Real estate-backed loans receivable	<b>94,193</b>	34,743
Personal property pawn loans receivable	<b>48,585</b>	76,953
Commercial factoring receivable	<b>112,794</b>	17,042
Financing lease receivable	<b>36,368</b>	24,580
Other loans receivable	<b>99,661</b>	295,069
	<b>391,601</b>	448,387
Less: Provision for impairment loss	<b>(11,641)</b>	(11,980)
	<b>379,960</b>	436,407

Based on the loan commencement date set out in the relevant contracts, aging analysis of the Group's loans receivable as of each reporting date is as follows:

	<b>As at 30 September 2016 HK\$'000</b>	As at 31 March 2016 HK\$'000
Within 3 months	<b>154,944</b>	65,549
3-6 months	<b>165,046</b>	291,804
6-12 months	<b>45,240</b>	10,713
Over 12 months	<b>26,371</b>	80,321
	<b>391,601</b>	448,387
Less: Provision for impairment loss	<b>(11,641)</b>	(11,980)
	<b>379,960</b>	436,407



## 10 LOANS RECEIVABLE (continued)

Aging analysis of the loans receivable that were neither past due nor impaired is as follows:

	<b>As at 30 September 2016 HK\$'000</b>	As at 31 March 2016 HK\$'000
Within 3 months	<b>153,412</b>	65,019
3-6 months	<b>163,396</b>	288,888
6-12 months	<b>44,787</b>	10,535
Over 12 months	<b>18,365</b>	71,965
	<b>379,960</b>	436,407

Loans receivable which were neither past due nor impaired related to a wide range of customers for whom there was no recent history default.

Movements in the impairment loss of the loans receivable during the period are as follows:

	<b>Six months ended 30 September 2016 HK\$'000</b>	2015 HK\$'000
At 1 April	<b>(11,980)</b>	(7,218)
Impairment loss recognized on loans receivable	<b>(3,334)</b>	(1,734)
Reversal of impairment loss	<b>3,344</b>	708
Exchange alignment	<b>329</b>	120
At 30 September	<b>(11,641)</b>	(8,124)

## 11 SHARE CAPITAL

	Number of shares	Share capital
	'000	HK\$'000
<b>Authorized:</b>		
Ordinary shares of HK\$0.1 each		
as at 1 April 2015, 30 September 2015, 1 April 2016 and 30 September 2016	<b>6,000,000</b>	<b>600,000</b>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.1 each		
as at 31 March 2015, 1 April 2015 and 31 March 2016	634,780	63,478
Issue of subscription shares	2,066,343	206,634
	<i>Note</i>	
<b>Ordinary shares of HK\$0.10 each</b>		
<b>as at 30 September 2016</b>	<b>2,701,123</b>	<b>270,112</b>

*Note:*

On 29 November 2015, the Company entered into three Subscription agreements ("Subscription Agreements") with Swiree Capital Limited ("Swiree"), Richlane Ventures Limited ("Richlane") and Best Global Ventures Limited ("Best Global") (collectively, referred to as the "Subscribers"). Pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 2,066,342,340 ordinary share of the Company ("Subscription Shares") at an issue price of HK\$0.77 per Subscription Share to the Subscribers in an aggregate amount of HK\$1,591.1 million. All conditions precedent in respect of the Subscription Agreements have been fulfilled and completions of each of the Swiree Subscription, the Richlane Subscription and the Best Global Subscription took place on 5 September 2016. Upon completion, 2,066,342,340 Subscription Shares have been duly allotted and issued as fully paid to the Subscribers, among which 1,653,073,872 Subscription Shares were issued to Swiree, 275,512,312 Subscription Shares were issued to Richlane, and 137,756,156 Subscription Shares were issued to Best Global. Accordingly, immediately after completion, there are 2,701,123,120 Shares in issue.

After deducting the expenses in connection with the transaction amounting to HK\$16.6 million, the net proceeds from the subscription were HK\$1,574.5 million. Details of the issuance of subscription shares and the use of proceeds have been disclosed in the Company's circular dated 5 August 2016.

## 12 COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Capital Commitments

The Group did not have any significant capital commitments as at 30 September 2016 (31 March 2016: Nil).

### (b) Operating Lease Commitments

*The Group as lessee*

The Group leases certain of its offices under operating lease arrangements, which are negotiated for terms ranging from one to five years.

At 30 September 2016, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	<b>As at 30 September 2016 HK\$'000</b>	As at 31 March 2016 HK\$'000
Not later than one year	<b>1,721</b>	3,108
Later than one year and no later than five years	<b>1,112</b>	1,603
	<b>2,833</b>	4,711

### (c) Contingent Liabilities

As at 30 September 2016, the Group had no significant contingent liabilities (31 March 2016: Nil).

### 13 MATERIAL RELATED PARTY TRANSACTIONS

The Group had entered into the following transactions with related parties which, in the opinion of the Directors, were carried out in the ordinary course of the Group's business during the six months ended 30 September 2016 and 2015.

#### Key management personnel remuneration

Remuneration for key personnel management, including amount paid to the Company's directors and senior management of the Company is as follows:

	Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Basic salaries, other allowances and benefits in kind	2,601	3,030
Pension scheme contributions	18	24
	<b>2,619</b>	3,054

### 14 COMPARATIVE FINANCIAL INFORMATION

Certain comparative figures have been reclassified to conform to current period presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

Following the completion of subscription of new shares of the Company by Swiree, Richlane and Best Global on 5 September 2016, and currently Swiree held 61.20% of total issued shares of the Company. The Company raised additional fund from the subscriptions which improved its financial position and liquidity as well as provide the Group with the financial flexibility to develop its financial services business. The development strategy of the Group subsequent to the completion of the subscription was set out in the circular dated 5 August 2016. The Group will continue to provide financial services especially focus on commercial factoring and financial leasing business segments by establishing a strategic partnership with GOME, Group.

### FINANCIAL REVIEW

The Group's consolidated revenue generated from continuing operations of financial services business for the six months ended 30 September 2016 were approximately HK\$19.9 million (2015: HK\$12.3 million), an increase of 62.2% compared to the same period of last year. The increase in revenue is mainly attributable to the increase interest income from the real estate-backed loan, personal property pawn loan, financing leasing and other loans services. Loss attributable to the owners of the Company for the six months ended 30 September 2016 was approximately HK\$7.1 million (2015: profit HK\$1.2 million, of which profit of HK\$5.2 million was attributed from discounted operation). The net loss is primarily due to the disposal of the listed securities that the Group had invested in which resulted in a net realised loss of HK\$6.3 million during the period (2015: unrealized gain HK\$1.7 million). Basic loss per share was 0.78 HK cents (2015: basic earnings per share 0.19 HK cents).

The following table sets forth the Group operating results of financial services business.

<i>(HK\$'000)</i>	<b>30.9.2016</b>	30.9.2015	Change
Revenue	<b>19,877</b>	12,253	62.2%
Operating expenses	<b>(15,831)</b>	(7,843)	101.8%
Finance costs	<b>(99)</b>	(3,009)	-96.7%
Operating earnings	<b>3,947</b>	1,401	181.7%
Charged for impairment loss on loans receivable	<b>(3,334)</b>	(1,734)	92.3%
Reversal of impairment loss on loans receivable	<b>3,344</b>	708	372.3%
Operating earnings before tax	<b>3,957</b>	375	955.2%

## Financial services income

The following table sets forth the composition of financial services income of the Group.

<i>(HK\$'000)</i>	<b>30.9.2016</b>	30.9.2015	Change
Real estate-backed loan	<b>3,211</b>	2,053	56.4%
Personal property pawn loan	<b>3,510</b>	1,789	96.2%
Financing leasing	<b>1,982</b>	926	114.0%
Commercial factoring	<b>3,489</b>	3,804	-8.3%
Other loans interest income	<b>7,619</b>	3,440	121.5%
Financial consultancy service income	<b>66</b>	241	-72.6%
Total	<b>19,877</b>	12,253	62.2%

## Key operating data

<i>(HK\$'000)</i>	<b>30.9.2016</b>	31.3.2016	Change
Net loan balance	<b>379,960</b>	436,407	-12.9%
Gross loan balance	<b>391,601</b>	448,387	-12.7%
– Hong Kong	<b>30,600</b>	59,343	-48.4%
– PRC	<b>361,001</b>	389,044	-7.2%
Total return on loans (revenue/average gross loan balance)			
– Hong Kong	<b>10.45%</b>	10.40%	
– PRC	<b>9.61%</b>	12.00%	
Impairment allowance as % of gross loan balance	<b>3.0%</b>	2.7%	

## Impairment allowances

During the period, net credit for impairment allowances were HK\$10,000 (2015: net charges HK\$1.0 million). These included reversal of impairment loss of HK\$3.3 million (2015: HK\$0.7 million) as well as the charges arising from the impairment allowance amounted to HK\$3.3 million (2015: HK\$1.7 million).

<i>(HK\$'000)</i>	<b>30.9.2016</b>	30.9.2015
At beginning of the period	<b>(11,980)</b>	(7,218)
Charges to impairment allowance	<b>(3,334)</b>	(1,734)
Reversal of impairment loss	<b>3,344</b>	708
Exchange alignment	<b>329</b>	120
At end of the period	<b>(11,641)</b>	(8,124)

### Loan quality analysis and impairment allowances

The following table sets forth the distribution of the Group's loans by the five category loan classification. Impairment allowances include substandard, doubtful and loss categories were HK\$11.6 million (31.3.2016: HK\$12.0 million). The impairment allowance as % of gross loan balance was 3.0% (31.3.2016: 2.7%).

<i>(HK\$'000)</i>	<b>30.9.2016</b>	31.3.2016
Normal	<b>375,684</b>	431,020
Substandard	<b>8,276</b>	9,472
Doubtful	<b>3,619</b>	3,739
Loss	<b>4,022</b>	4,156
	<hr/>	<hr/>
Gross loan balance	<b>391,601</b>	448,387
Less: impairment allowances	<b>(11,641)</b>	(11,980)
	<hr/>	<hr/>
Net loan balance	<b>379,960</b>	436,407
	<hr/>	<hr/>

### Other gains and losses, net

The following table sets forth the composition of other gains and losses, net.

<i>(HK\$'000)</i>	<b>30.9.2016</b>	30.9.2015	Change
Reversal of impairment loss on loans receivable	<b>3,344</b>	708	372.3%
Net unrealized gain on financial assets at fair value through profit or loss	<i>(a)</i> –	1,675	–100.0%
Net realized loss on financial assets at fair value through profit or loss	<i>(b)</i> <b>(6,292)</b>	–	100.0%
Exchange loss	<b>(16)</b>	–	–100.0%
	<hr/>	<hr/>	
	<b>(2,964)</b>	2,383	–224.3%
	<hr/>	<hr/>	

(a) Net unrealized gain on financial assets at fair value through profit or loss

Stock Name	Code	Number of shares '000	As at 30	As at 31	For the
			September 2015 Market value HK\$'000	March 2015 Market value HK\$'000	six months end 30 September 2015 Net unrealized gain HK\$'000
Yunfeng Financial Group Limited	0376	1,368	13,680	7,305	6,375
China New Town Development Company Limited	1278	4,000	1,160	1,380	(220)
Lajin Entertainment Network Group Limited	8172	3,000	3,450	3,900	(450)
Huayi Tencent Entertainment Company Limited	0419	11,600	7,308	8,120	(812)
Brockman Mining Limited	0159	40,220	6,636	9,854	(3,218)
			<u>32,234</u>	<u>30,559</u>	<u>1,675</u>



(b) Net realized loss on financial assets at fair value through profit or loss

Stock Name	Code	Number of shares '000	For the	As at 31	For the
			September	March	September
			2016	2016	2016
			Realized	Market	Net
			value	value	realized
			HK\$'000	HK\$'000	loss
					HK\$'000
Yunfeng Financial Group Limited	0376	1,368	8,345	8,194	151
China New Town Development Company Limited	1278	4,000	1,340	1,140	200
Lajin Entertainment Network Group Limited	8172	3,000	1,590	2,490	(900)
Huayi Tencent Entertainment Company Limited	0419	11,600	6,148	11,368	(5,220)
Brockman Mining Limited	0159	40,220	4,344	4,867	(523)
			<u>21,767</u>	<u>28,059</u>	<u>(6,292)</u>

The realized loss on financial assets is due to the disposal of the listed securities that the Group had invested in which resulted in a net loss of approximately HK\$6.3 million. The Group recorded a gain of approximately HK\$1.7 million for the six months ended 30 September 2015 resulting from an increase fair value of the listed securities.

## PROSPECTS

With the completion of acquisition of GOME Xinda Commercial Factoring Company ("GOME Xinda") in October 2016, we believes that it may enable the Group to expand the clientele of its growing commercial factoring segment by tapping into the strong sourcing supplier network of the GOME Group and by developing and rolling out a series of supplier-oriented factoring finance and credit services. In addition, we will develop its financial leasing segment by capitalizing on the PRC government's economic reform policy and the GOME Group's strong customer network across the PRC by designing appropriate products to different groups of customers and promote its financial services products and solutions to selected customers of the GOME Group. Working with the GOME Group represents a major step of the Group in significantly expanding its existing financial services business. The Group expects that it will then be able to leverage its experience gained from its cooperation with the GOME Group and target other supply and distribution chain financing opportunities in the PRC.

## **LIQUIDITY AND FINANCIAL RESOURCES**

Financial position of the Group was strengthened with the subscription of new shares during the reporting period. As at 30 September 2016, the Group had total assets of approximately HK\$2,092.7 million (31 March 2016: HK\$559.7 million), and total liabilities of approximately HK\$42.6 million (31 March 2016: HK\$61.0 million). Equity attributable to owners of the Company was approximately HK\$2,050.0 million (31 March 2016: HK\$498.7 million). The Group's gearing ratio, expressed as a percentage of total liabilities except deferred tax liabilities and tax payable over owner's equity was 2.01% (31 March 2016: 11.3%). At 30 September 2016, the cash and cash equivalents of the Group amounted to approximately HK\$1,618.3 million (31 March 2016: HK\$24.0 million). The Group's current ratio was 205.7 (31 March 2016: 18.4).

The Group has issued 8-year corporate bond with principal of HK\$35.0 million which is due on 2023, and carry interest at fixed rate of 7.0% per annum with interest payable semi-annually in arrears. The corporate bond is unsecured.

## **CAPITAL STRUCTURE**

On 29 November 2015, the Company entered into three Subscription agreements ("Subscription Agreements") with Swiree Capital Limited ("Swiree"), Richlane Ventures Limited ("Richlane") and Best Global Ventures Limited ("Best Global") (collectively, referred to as the "Subscribers"). Pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 2,066,342,340 ordinary share of the Company ("Subscription Shares") at an issue price of HK\$0.77 per Subscription Share to the Subscribers in an aggregate amount of HK\$1,591.1 million. All conditions precedent in respect of the Subscription Agreements have been fulfilled and completions of each of the Swiree Subscription, the Richlane Subscription and the Best Global Subscription took place on 5 September 2016. Upon completion, 2,066,342,340 Subscription Shares have been duly allotted and issued as fully paid to the Subscribers, among which 1,653,073,872 Subscription Shares were issued to Swiree, 275,512,312 Subscription Shares were issued to Richlane, and 137,756,156 Subscription Shares were issued to Best Global. Accordingly, immediately after completion, there are 2,701,123,120 shares in issue.

After deducting the expenses in connection with the transaction amounting to HK\$16.6 million, the net proceeds from the subscription were HK\$1,574.5 million. Details of the issuance of subscription shares and the use of proceeds have been disclosed in the Company's circular dated 5 August 2016.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES**

The Group did not have any material acquisitions and disposals of subsidiaries and associates during the six months ended 30 September 2016.

## **CHARGES ON GROUP ASSETS**

As at 30 September 2016, none of the Group's assets were pledged to any financial institution for facilities.

## **CONTINGENT LIABILITIES**

As at 30 September 2016, the Group had no significant contingent liabilities.

## **COMMITMENTS**

As at 30 September 2016, the Group did not have any significant capital commitments. Rental payment under non-cancellable operating leases amounted to approximately HK\$2.8 million.

## **FOREIGN EXCHANGE EXPOSURE**

The Group is mainly exposed to the fluctuation of Hong Kong dollars ("HK\$") against Renminbi ("RMB") as its reporting currency is HK\$ which is not the functional currency of the business operation of the Group. The Group has not adopted any hedging policy or entered into any derivative products. However, the Board and management will continue to monitor the foreign currency exchange exposure and will consider adopting certain hedging measures against the currency risk when necessary.

## **TREASURY POLICIES**

The Group continues to adopt a conservative treasury policy with all bank deposits in HK\$ and RMB. The Board and the management had been closely monitoring the Group's liquidity position and performing ongoing credit evaluation and financial conditions of its customers in order to ensure the healthy cash position of the Group.

## **STAFF AND REMUNERATION**

As at 30 September 2016, the Group had a total of 35 staff (31 March 2016: 39). Total staff costs during the period amounted to approximately HK\$4.6 million (2015: HK\$4.7 million). Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the Remuneration Committee and the Board on a regular basis. As an incentive for the employees, bonuses and share options may also be given to employees based on individual performance evaluation.

## USE OF NET PROCEEDS FROM SUBSCRIPTION SHARES

The proceeds from subscription shares as disclosed in Note 11 have been utilized subsequent to the subscription as set out in the section "Use of Proceeds" of the Company's circular dated 5 August 2016. There is no any actual use of proceeds up to 30 September 2016 as the completion of subscription took place on 5 September 2016. The below table sets out the proposed application of net proceeds and usage up to 30 September 2016:

	<b>Proposed applications of net proceeds</b> <i>HK\$'million</i>	<b>Actual usage up to 30 September 2016</b> <i>HK\$'million</i>
Provision of commercial factoring services		
– to GOME suppliers (Connected loans)	350.0	–
– to general customers (Unconnected loans)	350.0	–
Provision of financial leasing services		
– to GOME suppliers (Connected loans)	200.0	–
– to general customers (Unconnected loans)	150.0	–
Development and promotion of third party payment service business	380.0	–
Marketing and promotion of financial service business	100.0	–
General working capital	44.5	–
	<hr/>	<hr/>
	1,574.5	–
	<hr/>	<hr/>

## EVENTS AFTER THE REPORTING PERIOD

On 18 February 2016, the Group entered into an agreement with GOME Finance Holding Investment Co., Ltd. ("GOME Finance"), pursuant to which GOME Finance agreed to sell, and the Group agreed to purchase, the entire equity interests in GOME Xinda at a cash consideration of RMB49.7 million. The transaction was completed on 19 October 2016. GOME Xinda is providing commercial factoring services to clients in the PRC. Details of the acquisition have been disclosed in the Company's announcement dated 19 February 2016.

## OTHER INFORMATION

### INTERIM DIVIDEND

The Directors do not recommend payment of interim dividend for the six months ended 30 September 2016 (2015: Nil).

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2016, the interests and short positions of the Directors and the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

#### Long positions in Shares and Underlying Shares in the Company

*Ordinary shares of HK\$0.1 each of the Company*

Name of Director	Number of shares/underlying shares held in the Company					% of the issued share capital of the Company (Note 2)	Notes
	Personal interest	Corporate interest	Equity derivatives (share options)	Spouse interest	Total interests		
Mr. Chung Tat Fun	-	60,000,000	6,000,000	-	66,000,000	2.44%	1

*Notes:*

1. Details of Mr. Chung Tat Fun's interests in the share options granted by the Company are set out under the heading SHARE OPTION SCHEME below.
2. As at 30 September 2016, the issued share capital of the Company is 2,701,123,120 shares.

Save as disclosed above, as at 30 September 2016, none of the Directors or chief executive of the Company nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

At 30 September 2016, as far as known to the Directors, the following persons or entities (not being a Director or a chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

### Long positions in Shares and Underlying Shares in the Company

*Ordinary shares of HK\$0.1 each of the Company*

Name of Shareholder	Nature of interests	Number of shares held in the Company	Number of shares subject to options	Total	Approximate percentage of interests as to the issued share capital of the Company <i>(Note 6)</i>	Notes
Swiree Capital Limited ("Swiree")	Beneficial owner	1,653,073,872	Nil	1,653,073,872	61.20	1
Ms. Du Juan	Corporate interest	1,653,073,872	Nil	1,653,073,872	61.20	2
Mr. Wong Kwong Yu	Spouse interest	1,653,073,872	Nil	1,653,073,872	61.20	3
Richlane Ventures Limited ("Richlane")	Beneficial owner	275,512,312	Nil	275,512,312	10.20	1
Mr. Ko Chun Shun, Johnson ("Mr. Ko")	Beneficial owner Corporate interest	15,000,000 277,776,312	Nil	292,776,312	10.84	4
Best Global Ventures Limited ("Best Global")	Beneficial owner	137,756,156	Nil	137,756,156	5.10	1
Gate Success Investments Limited ("Gate Success")	Corporate interest	137,756,156	Nil	137,756,156	5.10	5
Ms. Yu Nan	Corporate interest	137,756,156	Nil	137,756,156	5.10	5

*Notes:*

1. Pursuant to the announcements of the Company dated 5 September 2016, the Company completed the Swiree Subscription, the Richlane Subscription and the Best Global Subscription under the Swiree Subscription Agreement, Richlane Subscription Agreement and Best Global Subscription Agreement on 5 September 2016. 2,066,342,340 Subscription Shares have been duly allotted and issued as fully paid to the subscribers on 5 September 2016, among which 1,653,073,872 Subscription Shares were issued to Swiree, 275,512,312 Subscription Shares were issued to Richlane, and 137,756,156 Subscription Shares were issued to Best Global.
2. As Ms. Du Juan wholly and beneficially owns Swiree, she is deemed to be interested in 1,653,073,872 shares.
3. Mr. Wong Kwong Yu is the spouse of Ms. Du Juan and is also deemed to be interested in 1,653,073,872 shares.
4. Mr. Ko holds 15,000,000 Shares directly. He also holds 277,776,312 shares indirectly, among which he holds 2,264,000 Shares through Peninsula Resources Limited, which is a company wholly-owned by him, and 275,512,312 shares through Richlane, which is ultimately owned by him.
5. Best Global is wholly and beneficially owned by Gate Success, which is wholly and beneficially owned by Ms. Yu Nan. Both Gate Success and Ms. Yu Nan are deemed to be interested in 137,756,156 shares.
6. As at 30 September 2016, the total number of issued shares is 2,701,123,120.

Save as disclosed above, as at 30 September 2016, the Company has not been notified by any person (other than Directors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **SHARE OPTION SCHEME**

The Company's share option scheme was adopted on 28 September 2012 as an incentive to the Group's employees and business associates (the "Scheme"). The Scheme shall be valid for a period of ten years from that date.

The maximum number of shares in respect of which option may be granted under the Scheme of the Company may not exceed 10 percent of the issued share capital of the Company at the date of adoption of the Scheme. The maximum entitlement of each eligible participant in the total number of shares issued and to be issued upon exercise of options granted under the Scheme of the Company in any 12 month period shall not exceed 1% of the total number of shares in issue.

On 2 September 2014, the Company granted an aggregate of 21,000,000 share options to subscribe for ordinary shares of HK\$0.1 each of the share to a number of eligible participants (“grantees”) under the Scheme. Each option shall entitle the grantee to subscribe for one share upon exercise of such option at an exercise price of HK\$1.25 per share.

The term and conditions of the options granted at 2 September 2014 are stipulated as below:

<b>Grantees</b>	<b>Directors</b>	<b>Consultant</b>
Start Date	2 September 2014	2 September 2014
Expiry Date	1 September 2017	1 September 2017
Exercise Price	HK\$1.25 per share	HK\$1.25 per share
Earliest Exercise Date	Tranche 1: 2 September 2014 Tranche 2: 2 March 2015	Tranche 1: 2 September 2014 Tranche 2: 2 March 2015
Number of Share Options Granted	Tranche 1: 9,000,000 Tranche 2: 9,000,000	Tranche 1: 1,500,000 Tranche 2: 1,500,000

On 30 September 2014, the Company granted an aggregate of 39,000,000 share options to subscribe for ordinary shares of HK\$0.1 each of the share to a number of grantees under the Scheme. Each option shall entitle the grantee to subscribe for one share upon exercise of such option at an exercise price of HK\$1.23 per share.

The term and conditions of the options granted at 30 September 2014 are stipulated as below:

<b>Grantees</b>	<b>Directors</b>	<b>Consultant/Employees</b>
Start Date	30 September 2014	30 September 2014
Expiry Date	29 September 2017	29 September 2017
Exercise Price	HK\$1.23 per share	HK\$1.23 per share
Earliest Exercise Date	Tranche 1: 30 September 2014 Tranche 2: 30 March 2015	Tranche 1: 30 September 2014 Tranche 2: 30 March 2015
Number of Share Options Granted	Tranche 1: 3,000,000 Tranche 2: 3,000,000	Tranche 1: 16,500,000 Tranche 2: 16,500,000

At 30 September 2016, the number of shares in respect of which option had been granted and remained outstanding under the Scheme was 54,000,000, representing 8.5% of the shares in issue at that date.

The fair value of the share options granted at 2 September 2014 was HK\$8,336,000. Options were priced using a binomial option pricing model.



## Inputs into the model

<b>Grantees</b>	<b>Directors</b>	<b>Consultant</b>
Option Life	3 years	3 years
Vesting Period (in year)	Tranche 1: N/A Tranche 2: 0.5	Tranche 1: N/A Tranche 2: 0.5
Risk-free Rate	0.709%	0.709%
Grant Date Share Price	HK\$1.25 per share	HK\$1.25 per share
Exercise Price	HK\$1.25 per share	HK\$1.25 per share
Expected Exercise Multiple	2.8x of the exercise price	2.2x of the exercise price
Expected Dividend Yield	0%	0%
Expected Volatility of Share Price	46.72%	46.72%

The fair value of the share options granted at 30 September 2014 was HK\$15,021,000. Options were priced using a binomial option pricing model.

## Inputs into the model

<b>Grantees</b>	<b>Directors</b>	<b>Consultant/Employees</b>
Option Life	3 years	3 years
Vesting Period (in year)	Tranche 1: N/A Tranche 2: 0.5	Tranche 1: N/A Tranche 2: 0.5
Risk-free Rate	0.925%	0.925%
Grant Date Share Price	HK\$1.23 per share	HK\$1.23 per share
Exercise Price	HK\$1.23 per share	HK\$1.23 per share
Expected Exercise Multiple	2.8x of the exercise price	2.2x of the exercise price
Expected Dividend Yield	0%	0%
Expected Volatility of Share Price	45.72%	45.72%

Expected volatility of share prices determined with reference to annualised historical weekly volatility of comparable listed companies' shares prices.

The binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options are based on the directors' best estimate. The value of an options varied with different variables of certain subjective assumptions.

The following table discloses movements of the Company's share option held by directors, top executives, consultants and employees during six months ended 30 September 2016.

	Number of share options						Outstanding at 30 September 2016	Exercise price 30 September 2016 HK\$	Date of grant	Exercisable period	Note
	Outstanding at 1 April 2016	Granted during the period	Exercised during the period	Lapsed during the period	Reclassified during the period	Adjustment during the period					
<b>Director</b>											
Ms. Wong Yee Shuen, Regina	3,000,000	-	-	-	-	-	3,000,000	1.25	2 Sep 2014	2 Sep 2014 to 1 Sep 2017	1
	3,000,000	-	-	-	-	-	3,000,000	1.25	2 Sep 2014	2 Mar 2015 to 1 Sep 2017	1
Mr. Chung Ho Chun	3,000,000	-	-	-	(3,000,000)	-	-	1.25	2 Sep 2014	2 Sep 2014 to 1 Sep 2017	2
	3,000,000	-	-	-	(3,000,000)	-	-	1.25	2 Sep 2014	2 Mar 2015 to 1 Sep 2017	2
Mr. Huang Weibo	3,000,000	-	-	-	-	-	3,000,000	1.25	2 Sep 2014	2 Sep 2014 to 1 Sep 2017	1
	3,000,000	-	-	-	-	-	3,000,000	1.25	2 Sep 2014	2 Mar 2015 to 1 Sep 2017	1
Mr. Chung Tat Fun	3,000,000	-	-	-	-	-	3,000,000	1.23	30 Sep 2014	30 Sep 2014 to 29 Sep 2017	
	3,000,000	-	-	-	-	-	3,000,000	1.23	30 Sep 2014	30 Mar 2015 to 29 Sep 2017	
	24,000,000	-	-	-	(6,000,000)	-	18,000,000				
<b>Consultant</b>											
Consultant 1	1,500,000	-	-	-	-	-	1,500,000	1.25	2 Sep 2014	2 Sep 2014 to 1 Sep 2017	
	1,500,000	-	-	-	-	-	1,500,000	1.25	2 Sep 2014	2 Mar 2015 to 1 Sep 2017	
Consultant 2	4,500,000	-	-	-	-	-	4,500,000	1.23	30 Sep 2014	30 Sep 2014 to 29 Sep 2017	
	4,500,000	-	-	-	-	-	4,500,000	1.23	30 Sep 2014	30 Mar 2015 to 29 Sep 2017	
	12,000,000	-	-	-	-	-	12,000,000				

*Note 1:* Each of Ms. Wong Yee Shuen, Regina and Mr. Huang Weibo resigned as directors of the Company on 5 September 2016. All of their share options would be lapsed on 30 November 2016.

	Number of share options						Outstanding at 30 September 2016	Exercise price 2016 HK\$	Date of grant	Exercisable period	Note
	Outstanding at 1 April 2016	Granted during the period	Exercised during the period	Lapsed during the period	Reclassified during the period	Adjustment during the period					
<b>Employees</b>											
Employees 1	-	-	-	-	3,000,000	-	3,000,000	1.25	2 Sep 2014	2 Sep 2014 to 1 Sep 2017	2
	-	-	-	-	3,000,000	-	3,000,000	1.25	2 Sep 2014	2 Mar 2015 to 1 Sep 2017	2
Employees 2	9,000,000	-	-	-	-	-	9,000,000	1.23	30 Sep 2014	30 Sep 2014 to 29 Sep 2017	
	9,000,000	-	-	-	-	-	9,000,000	1.23	30 Sep 2014	30 Mar 2015 to 29 Sep 2017	
	18,000,000	-	-	-	6,000,000	-	24,000,000				
<b>Total</b>	<b>54,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,000,000</b>				
Weighted average exercise price	-	-	-	-	-	-	HK\$1.24				

*Note 2:* Mr. Chung Ho Chun remained as employee of the Company following his resignation as executive director of the Company on 5 September 2016. Accordingly, the share options held by him was reclassified as the category of “Employees 1” during the reporting period.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with all code provisions set out in the Corporate Governance Code (the “CG Code”) in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2016, except for the deviation of code provisions A.2.1 and A.4.1.

### i. Code provision A.2.1

According to code provision A.2.1 of the CG Code, the role of chairman and chief executive should be separate.

Mr. Chung Tat Fun, the chairman of the Company, has been undertaken the duties of the chief executive officer (“CEO”) since 1 August 2015. The Board considered that vesting the roles of chairman and CEO in the same person facilitates the execution of the Group’s business strategies and maximizes effectiveness of its operation. The Board also considered that there is a sufficient balance and division of responsibilities and authority.

## **ii. Code provision A.4.1**

According to code provision A.4.1 of the CG Code, the non-executive directors should be appointed for a specific term, subject to re-election.

Ms. Lee Shiow Yue, Mr. Poon Wai Hoi, Percy and Mr. Tang Chi Ho, Francis being the independent non-executive Directors who have resigned on 31 October 2016, were not appointed for a specific term but were subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the provisions of the Bye-laws of the Company and their appointment would be reviewed when they were due for re-election.

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

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 September 2016.

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

Save as disclosed above, at no time during the Period was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors or the chief executive of the Company or any of their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2016.

## **MAJOR LITIGATION AND ARBITRATION PROCEEDINGS**

The Group had no major litigation or arbitration during the six months ended 30 September 2016.

## **CHANGE OF DIRECTOR'S INFORMATION**

Upon specific enquiry by the Company and following confirmations from Directors, save as otherwise set out in this Report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report. The change of Director's information as required to be disclosed pursuant to Rule 13.51B of the Listing Rules are set out below:

1. Mr. Chung Ho Chun, Mr. Fu Ear Ly and Mr. Huang Weibo resigned as executive Directors and Mr. So Chak Fai, Francis and Ms. Wong Yee Shuen, Regina resigned as non-executive Directors with effect from 5 September 2016.
2. Mr. Ding Donghua and Mr. Zhang Jun were appointed as executive Directors, Ms. Wei Qiuli was appointed as a non-executive Director and Mr. Zhang Liqing and Mr. Li Liangwen were appointed as independent non-executive Directors with effect from 5 September 2016.
3. Ms. Lee Shioh Yue resigned as the chairman of each of the Remuneration Committee and the Nomination Committee, Mr. Tang Chi Ho, Francis resigned as a member of each of the Remuneration Committee and the Nomination Committee. Mr. Poon Wai Hoi, Percy, Ms. Lee Shioh Yue and Mr. Tang Chi Ho, Francis then resigned as Independent Non-Executive Directors with effect from 31 October 2016.
4. Mr. Chung Tat Fun resigned as a member of each of the Remuneration Committee and the Nomination Committee with effect from 5 September 2016.
5. Mr. Chung Ho Chun ceased to be one of the authorised representatives of the Company pursuant to Rule 3.05 of the Listing Rules, and Mr. Ding Donghua has been appointed as an authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules in place of Mr. Chung Ho Chun with effect from 5 September 2016.
6. Mr. Hung Ka Hai Clement was appointed as an Independent Non-Executive Director with effect from 31 October 2016.
7. Subsequent to the announcement of the Company dated 5 September 2016 in relation to the change of directors, further details of the service contracts of Mr. Ding Donghua and Mr. Zhang Jun including details of remuneration and length of the service contracts were as follow:

Each of Mr. Ding and Mr. Zhang has entered into service contract with the Company on 15 September 2016 respectively for an initial term of one year commencing on 5 September 2016, subject to rotation at least once every three years and re-election in the annual general meetings of the Company in accordance with the Bye-laws. Either party may terminate the service contract by giving one month's prior notice in writing. Pursuant to their service contracts, each of Mr. Ding and Mr. Zhang is entitled to a fixed annual salary in the amount of HK\$120,000 which was determined by the Board based on the recommendation by the remuneration committee of the Company, with reference to their duties and responsibilities with the Company. Mr. Ding and Mr. Zhang has also each entered into an employment contract as general manager and deputy general manager respectively with GOME Xinda, a wholly owned subsidiary of the Company. Each of Mr. Ding and Mr. Zhang is entitled to (i) an annual emolument of RMB580,008 and RMB276,000 respectively (comprising basic salary and employment benefits) which will be subject to review by the Board from time to time with reference to their respective duties, experience and responsibilities; and (ii) a discretionary bonus the computation of which is based on their respective performance and the profitability of GOME Xinda.

## **AUDIT COMMITTEE**

The Company has an Audit Committee, which was established in accordance with Rule 3.21 of the Listing Rules with primary duties of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee of the Company comprises three independent non-executive Directors, namely Mr. Hung Ka Hai Clement (Chairman), Mr. Zhang Liqing and Mr. Li Liangwen.

The Audit Committee has reviewed the unaudited consolidated financial results and the interim report of the Company for the six months ended 30 September 2016 and agreed to the accounting principles and practices adopted by the Company.

## **BOARD OF DIRECTORS**

As at the date hereof, the executive Directors are Mr. Chung Tat Fun, Mr. Ding Donghua and Mr. Zhang Jun; the non-executive Director is Ms. Wei Qiuli; and the independent non-executive Directors are Mr. Zhang Liqing, Mr. Li Liangwen and Mr. Hung Ka Hai Clement.

## **APPRECIATION**

On behalf of the Board, I would like to express our gratitude to our shareholders for their continuing support, and extend our sincere appreciation to all management and staff for their ongoing dedication, commitments and contributions.

By Order of the Board  
**Sino Credit Holdings Limited**  
**Chung Tat Fun**  
*Chairman*

Hong Kong, 24 November 2016