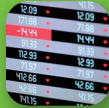




China Environmental Energy Investment Limited

中國環保能源投資有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 986)



**INTERIM
REPORT
2016/17**

CORPORATE INFORMATION

Executive Directors

Ms. Chen Tong (*Chairman
and Chief Executive Officer*)
Mr. Xiang Liang

Independent Non-executive Directors

Ms. Zhang Ruisi
Mr. Tse Kwong Chan
Ms. Zhou Jue

Company Secretary

Ms. Cheng Suk Kuen

Audit Committee

Ms. Zhang Ruisi (*Chairman*)
Mr. Tse Kwong Chan
Ms. Zhou Jue

Remuneration Committee

Mr. Tse Kwong Chan (*Chairman*)
Ms. Zhou Jue
Mr. Xiang Liang

Nomination Committee

Ms. Zhang Ruisi (*Chairman*)
Mr. Tse Kwong Chan
Mr. Xiang Liang

Auditor

Cheng & Cheng Limited
10/F, Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

Legal Advisor

Li, Wong, Lam & W.I. Cheung
22/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

Room 910, 9/F, Harbour Centre
25 Harbour Road, Wanchai
Hong Kong

Principal Bankers

China Construction Bank (Asia)
Corporation Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of
China Limited
Wing Lung Bank Limited

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

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Website

<http://www.986.com.hk>

Stock Code

986

The Board of Directors (the “Board”) of China Environmental Energy Investment Limited (the “Company”) hereby presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (together the “Group”) for the six months ended 30 September 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are online products sales, provision of marketing, web design and maintenance services, trading of gold and diamond, money lending and financial services.

RESULTS

The Group’s results for the six months ended 30 September 2016 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 15 to 48.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the six months ended 30 September 2016, the Group's revenue from continuing operations was approximately HK\$43.14 million, representing an increase of approximately HK\$36.26 million or 527.03% as compared to approximately HK\$6.88 million of corresponding period of 2015. The revenue included approximately HK\$1.12 million from online products sales, provision of marketing, web design and maintenance services business (the "Internet Services Business") (2015: approximately HK\$6.88 million), approximately HK\$33.80 million from trading of gold and diamond business (2015: Nil) and approximately HK\$8.22 million from money lending business (2015: Nil).

Gross profit from continuing operations was approximately HK\$11.21 million (2015: approximately HK\$2.28 million). Gross profit margin was approximately 25.99% (2015: approximately 33.14%). The increase in gross profit was attributable to the contribution from the money lending business of the Group.

Operating profit from continuing operations and discontinued operations after tax of the Group was approximately HK\$187.21 million (2015: operating loss of approximately HK\$108.18 million). The increase in operating profit was mainly attributable to (a) the gain on disposal of investment in equity securities of approximately HK\$155.01 million (2015: net disposal loss of approximately HK\$7.98 million); (b) the gain on disposal of waste recycling and trading of petrochemical products businesses of approximately HK\$59.78 million (2015: Nil); and (c) goodwill impairment loss of approximately HK\$9.70 million arising from the Internet Services Business (2015: approximately HK\$3.70 million and HK\$15.50 million arising from the Internet Services Business and waste recycling business respectively) for the period ended 30 September 2016.

Selling, distribution and administrative expenses incurred in continuing operations were approximately HK\$19.47 million (2015: approximately HK\$15.38 million), representing an increase of approximately 26.59% as compared with the same period last year. The finance costs of continuing operations of the Group amounted to approximately HK\$5.79 million (2015: approximately HK\$4.59 million) which were mainly incurred on the unconvertible bonds and the promissory notes issued by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business review

The Group was principally engaged in the businesses of Internet Services, trading of gold and diamond, money lending and financial services.

Internet services business

During the period under review, the revenue generated from the Internet Services Business was approximately HK\$1.12 million, a decrease of approximately 83.72% as compared with the same period last year. The decrease in revenue was mainly due to the Company's disposal of the entire share capital of Asian Champion Limited last year, which in turn held 90% equity interest in HKOMall Limited. HKOMall Limited was principally engaged in the Internet Services Business in Hong Kong, and was the main contributor of revenue from the Internet Services Business of the Group.

Money lending business

The Group has commenced its money lending business in Hong Kong through a wholly-owned subsidiary, Great Luck Finance Limited ("Great Luck") since March 2016. Great Luck is a company holding a money lender's license under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). For the period from March to September 2016, Great Luck had successfully made loans to certain borrowers amounting to HK\$128 million in total at the average interest rate of 20% per annum. For the six months ended 30 September 2016, interest income from money lending was approximately HK\$8.22 million (2015: Nil). In view of the increasing demand in money lending in Hong Kong, the Group will proactively expand such business as the directors of the Company (the "Directors") believe that it will provide steady interest income for the Group and has been one of the focal businesses of the Group.

Trading of gold and diamond business

During the period under review, Elite Honest Inc. ("Elite Honest", a subsidiary of the Company), which through its wholly-owned subsidiary, H & S Creation Limited ("H&S"), was principally engaged in the business of trading of gold and diamond. The vendor of Elite Honest has irrevocably and unconditionally warranted and guaranteed to the Company that the audited net profit after tax of H&S for the financial years ended 31

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business review (Continued)

Trading of gold and diamond business (Continued)

December 2015 and 2016 shall be at least HK\$1.40 million and HK\$2.80 million respectively. The revenue and the operating profit before tax of H&S for the six months ended 30 September 2016 were approximately HK\$33.80 million and HK\$1.30 million respectively. The Group expects this business segment will continue to have positive contribution to the Group's earnings in the coming future.

Investment in exploration and exploitation of natural resources

Subsequent to the Company's further acquisition of the equity interest of Pure Power Holdings Limited ("Pure Power", which in turn owned 100% equity interest in a company which is principally engaged in the exploration and exploitation of natural resources in Nevada, the United States of America) in January 2016, Pure Power became an associate of the Group. Following the change in the composition of the Group's reportable segments, the Group shared the loss of Pure Power of approximately HK\$1.72 million (2015: Nil).

The Company will monitor the oil price closely and consider to make further investment in drilling and oil production when the upward trend of oil price is confirmed.

Outlook

During the six months ended 30 September 2016, the Company made the following acquisition and disposal:

Acquisition

In August 2016, the Group has completed the acquisition of the entire issued share capital of C.E. Securities and Asset Management Limited ("C.E. Securities", formerly named as STI Securities & Wealth Management Limited). C.E. Securities is incorporated in Hong Kong with limited liability and is a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong). Such acquisition enables the Group to enter into financial services industry, being a new business segment to the Group, and the Group will be benefited from diversifying its revenue stream which is expected to increase its shareholders' value and benefit the Company and its shareholders as a whole.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Outlook (Continued)

Disposal

On 19 May 2016, the Company, as vendor, entered into a sale and purchase agreement with an independent third party, as purchaser, pursuant to which the purchaser had agreed to acquire and the Company had agreed to sell the approximately 93.33% of the entire issued share capital of Ideal Market Holdings Limited (“Ideal Market”) at a consideration of HK\$150 million (the “Disposal”). Prior to the Disposal, Ideal Market together with its wholly-owned subsidiaries were principally engaged in wastes recycling business and trading of petrochemical products business. Subsequently, these disposed business segments had been re-classified as discontinued operations for the six months ended 30 September 2016 and for the year ended 31 March 2016. Upon completion of the Disposal on 30 August 2016, the Company ceased to hold any equity interest in Ideal Market and its result was no longer consolidated into the consolidated financial statements of the Group.

Going forward, the Directors will continue to enhance the Group’s businesses through review of its existing business portfolio from time to time and also seek suitable investment opportunities in the long run so as to broaden the source of income of the Group and diversify the Group’s business portfolio.

Capital Structure

There was no change in the capital structure of the Company during the six months ended 30 September 2016.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Significant Investments

During the six months ended 30 September 2016, the Group had the following significant investments in equity securities listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) which were classified as available-for-sale investments:

Name (Stock code)	Principal business	Unrealized gain/(loss) on fair value change for the six months ended 30 September 2016	Market value as at 30 September 2016	% of shareholding held as at 30 September 2016	% of net assets of the Company as at 30 September 2016
		HK\$ million	HK\$ million	2016	2016
China Properties Investment Holdings Limited (736)	Property investment, provision of educational support services, securities brokerage and money lending	0.42	10.97	1.33%	0.99%
RCG Holdings Limited (802)	Trading of biometric and RFID products, solutions services, internet and mobile applications services and commodities trading	23.80	46.90	4.59%	4.22%
China Jicheng Holdings Limited (1027)	Manufacture and sale of POE umbrellas, nylon umbrellas and umbrellas parts	145.31	150.40	0.77%	13.52%
China Southern Airlines Company Limited (1055)	Provision of services of domestic, international and regional scheduled and unscheduled air transportation of passenger, cargo, mail and baggage, general aviation and aircraft maintenance	(0.75)	1.96	0.02%	0.18%
Suncorp Technologies Limited (1063)	Sale and marketing of residential telephone products under its license arrangement with Motorola brand	(15.29)	12.82	1.08%	1.15%
Lerado Financial Group Company Limited (1225)	Provision of financial services, manufacturing and distributing children plastic toys and medical care products	(5.49)	3.00	0.51%	0.27%
Capital VC Limited (2324)	Investment in listed and unlisted companies	(5.83)	5.18	2.27%	0.47%
WLS Holdings Limited (8021)	Provision of scaffolding and fitting out services, management contracting services, other services for construction and buildings work and money lending	92.55	157.20	4.10%	14.13%

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Significant Investments (Continued)

Name (Stock code)	Principal business	Unrealized gain/(loss) on fair value change for the six months ended	Market value as at	% of shareholding held as at	% of net assets of the Company as at
		30 September 2016 HK\$ million	30 September 2016 HK\$ million	30 September 2016	30 September 2016
KPM Holding Limited (8027)	Design, fabrication, installation and maintenance of signage and related products	0.21	3.41	0.18%	0.31%
China 33 Media Group Limited (8087)	Operation and provision of advertising services of printed media for railway networks, outdoor advertising spaces at trains and railway stations in the People's Republic of China ("PRC") as well as film investment	(0.24)	2.22	0.41%	0.20%
GreaterChina Professional Services Limited (8193)	Provision of asset advisory services and asset appraisal, corporate services and consultancy, media advertising and financing services	11.71	45.00	1.09%	4.04%
L & A International Holdings Limited (8195)	Manufacture, sale and retailing of garment products	(101.96)	10.76	1.36%	0.97%
Luen Wong Group Holdings Limited (8217)	Provision of civil engineering works and investment holding	198.44	322.91	1.43%	29.02%
Total		<u>342.88</u>	<u>772.73</u>		

During the six months ended 30 September 2016, the Group's securities investment business recorded a net disposal gain of approximately HK\$155.01 million (2015: net disposal loss of approximately HK\$7.98 million) and an unrealized loss on fair value of approximately HK\$181.07 million (2015: unrealized gain of approximately HK\$681.81 million).

As at 30 September 2016, the market value of the listed securities being held by the Group was approximately HK\$772.73 million (31 March 2016: approximately HK\$804.91 million).

The Group will continue to adopt a diversified investment strategy and monitor the performance of the Group's investments with reference to the advice from investment professionals to achieve better shareholders' return.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Liquidity and Financial Resources

As at 30 September 2016, the Group's net current assets were approximately HK\$32.26 million (31 March 2016: approximately HK\$7.08 million), including cash and cash equivalents of approximately HK\$8.43 million (31 March 2016: approximately HK\$22.77 million). The principal amount of unconvertible bonds and promissory notes payable were HK\$150.00 million as at 30 September 2016 (31 March 2016: HK\$150.00 million). The Group's gearing ratio, which was net debt divided by total shareholders' equity plus net debt, as at 30 September 2016 was 0.13 (31 March 2016: 0.14).

Foreign Exchange Exposure

The Group mainly operates in Hong Kong and Mainland China, with revenues and expenditures denominated in Renminbi. During the six months ended 30 September 2016, the Group did not enter into any derivative contracts aimed at minimizing exchange rate risks, but the Group will continue to review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposure at appropriate times.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 September 2016 and 31 March 2016.

Capital Commitments

The Group had no material capital commitments authorised but not provided for as at 30 September 2016.

Pledge of Assets

As at 30 September 2016, no cash deposits and assets were pledged to bank. As at 31 March 2016, the Group's deposits amounted to HK\$2.4 million were placed with a bank in the PRC to secure bills issued and payable by the Group which were disclosed in assets classified as held for sale when an operation was classified as discontinued.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

During the period under review, the Group continued to strengthen staff quality through staff development and training programmes. The Group had approximately 33 employees as at 30 September 2016 (31 March 2016: 40). Remunerations are commensurate with the nature of the job, experience and market conditions.

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.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three members, being the three independent non-executive Directors. The Audit Committee has reviewed the Company's unaudited condensed consolidated financial statements for the period ended 30 September 2016 and discussed financial and internal control, and financial reporting matters of the Company.

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six months ended 30 September 2016, except for the code provisions A.2.1 and A.4.1:

Code provision A.2.1

This code provision stipulates that the roles of chairman and chief executive of a listed issuer should be separate and should not be performed by the same individual. Currently, Ms. Chen Tong ("Ms. Chen") holds the offices of Chairman and Chief Executive Officer of the Company. Ms. Chen has extensive experience in management and over 31 years' business experience. The Board believes that it is in the interests of the Group to have an executive Chairman with in-depth management experiences to guide discussion among Board members on the Group's development and planning, as well as to execute business strategies of the Group.

CORPORATE GOVERNANCE (Continued)

Code provision A.4.1

This code provision stipulates that non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. Ms. Zhang Ruisi, an independent non-executive Director, is engaged for a term of one year, which is automatically renewable for successive term of one year upon the expiry of the then current term; whereas the other independent non-executive Directors, namely Mr. Tse Kwong Chan and Ms. Zhou Jue, are not appointed for a specific term. However, all of the independent non-executive Directors are subject to retirement by rotation and re-election by shareholders at the annual general meeting pursuant to the Company's Bye-laws. Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

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"), Appendix 10 to the Listing Rules, as its own code of conduct regarding directors' dealings in the securities of the Company. Having made specific enquiry, all Directors confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2016.

COMPLIANCE WITH THE WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES OF THE COMPANY

The Company has established written guidelines for the relevant employees of the Company (the "Relevant Employees") in respect of their dealings in the securities of the Company (the "Written Guidelines") on terms no less exacting than the required standard set out in the Model Code. For this purpose, "Relevant Employee" includes any employee of the Company or a director or an employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to possess inside information in relation to the Company or its securities. No incident of non-compliance of the Written Guidelines by the employees was noted by the Company during the six months ended 30 September 2016.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors nor their respective close associates had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the period.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors nor their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2016, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the period ended 30 September 2016, no rights to acquire benefits by means of the acquisition of shares or debentures of the Company were granted to any Director of the Company or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their close associates, to acquire such benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2016, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the ordinary shares of the Company

Name of substantial shareholder	Nature of interests	Number of ordinary shares interested	Percentage* of the Company's issued share capital
上海海通證券資產管理有限公司	Trustee ^(Note a)	220,000,000	5.88%
中歐盛世資產管理(上海)有限公司	Trustee ^(Note b)	400,000,000	10.69%

Notes:

- a. 上海海通證券資產管理有限公司 is interested in these 220,000,000 shares of the Company in a capacity of a trustee of 海通國貿1號定向資產管理計劃 pursuant to Part XV of the SFO.
 - b. 中歐盛世資產管理(上海)有限公司 is interested in these 400,000,000 shares of the Company in a capacity of a trustee of 中歐鑫港復興1號特定多客戶資產管理計劃 pursuant to Part XV of the SFO.
- * The percentage represents the number of ordinary shares involved divided by the number of the Company's issued shares as at 30 September 2016. As at 30 September 2016, the number of issued shares of the Company was 3,742,286,406 shares of HK\$0.01 each.

Save as disclosed above, as at 30 September 2016, no person had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE COMMUNICATIONS

In accordance with the Listing Rules, the Company has ascertained shareholders' wishes regarding their preferences on the language (i.e. English and/or Chinese) and means of receipt (i.e. in printed form or via the Company's website) of the Company's corporate communications*. Shareholders who have chosen/are deemed to have chosen to receive the corporate communications via the Company's website, and who for any reason have difficulty in receiving or gaining access to the Company's corporate communications will promptly upon request be sent the corporate communications in printed form free of charge. Shareholders have the right at any time to change their choice of language and means of receipt of the Company's corporate communications.

Shareholders may request for printed copy of the Company's corporate communications or change their choice of language and means of receipt of the Company's corporate communications by sending reasonable prior notice in writing to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Shareholders may also send such a notice by email to chinaenvenenergy-ecom@hk.tricorglobal.com.

Shareholders who have chosen to receive the corporate communications in either English or Chinese version will receive both English and Chinese versions of this interim report since both languages are bound together into one booklet.

* The Company's corporate communications refer to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to: (a) annual report; (b) interim report; (c) notice of meeting; (d) listing document; (e) circular; and (f) form of proxy.

On behalf of the Board

Chen Tong

Chairman

Hong Kong

28 November 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

		Six months ended	
		30 September	
		2016	2015
		Unaudited	Unaudited
	Note	HK\$'000	HK\$'000
			(Restated)
Continuing Operations			
Revenue	4	43,136	6,883
Cost of sales		(31,925)	(4,607)
		<hr/>	<hr/>
Gross profit		11,211	2,276
Investment and other income	5	38	4,169
Other gains and losses	6	145,697	(75,861)
Selling and distribution expenses		–	(614)
Administrative expenses		(19,472)	(14,767)
Finance costs	7	(5,788)	(4,591)
Share of loss of an associate		(1,722)	–
		<hr/>	<hr/>
Profit/(loss) before taxation	8	129,964	(89,388)
Taxation	9	(638)	(165)
		<hr/>	<hr/>
Profit/(loss) for the period from continuing operations		129,326	(89,553)
Discontinued Operations			
Profit/(loss) for the period from discontinued operations	10	57,884	(18,631)
		<hr/>	<hr/>
Profit/(loss) for the period		187,210	(108,184)
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 September 2016

	Note	Six months ended 30 September	
		2016 Unaudited HK\$'000	2015 Unaudited HK\$'000 (Restated)
Other comprehensive (expense)/income <i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on:			
Translation of foreign operations		(528)	(11,114)
Transferred to profit or loss on disposal of subsidiaries		<u>6,697</u>	<u>—</u>
		<u>6,169</u>	<u>(11,114)</u>
Available-for-sale investments			
(Decrease)/increase in fair value		(4,755)	680,811
Transferred to profit or loss on disposal		<u>(176,315)</u>	<u>—</u>
		<u>(181,070)</u>	<u>680,811</u>
Other comprehensive (expense)/income for the period		<u>(174,901)</u>	<u>669,697</u>
Total comprehensive income for the period		<u>12,309</u>	<u>561,513</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 September 2016

	Note	Six months ended	
		2016	2015
		Unaudited	Unaudited
		HK\$'000	HK\$'000
			(Restated)
Profit/(loss) for the period from continuing operations attributable to:			
Owners of the Company		129,326	(89,583)
Non-controlling interests		—	30
		129,326	(89,553)
Profit/(loss) for the period from discontinued operations attributable to:			
Owners of the Company		57,928	(18,005)
Non-controlling interests		(44)	(626)
		57,884	(18,631)
Profit/(loss) for the period from continuing and discontinued operations attributable to:			
Owners of the Company		187,254	(107,588)
Non-controlling interests		(44)	(596)
		187,210	(108,184)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 September 2016

	Note	Six months ended	
		30 September	
		2016	2015
		Unaudited	Unaudited
		HK\$'000	HK\$'000
			(Restated)
Total comprehensive income attributable to:			
Owners of the Company		12,202	561,973
Non-controlling interests		107	(460)
		12,309	561,513
Earnings/(loss) per share	12		
From continuing and discontinued operations			
Basic/Diluted		HK\$0.05	HK\$(0.03)
From continuing operations			
Basic/Diluted		HK\$0.03	HK\$(0.03)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

		30 September 2016	31 March 2016
	Note	Unaudited HK\$'000	Audited HK\$'000
Non-current assets			
Property, plant and equipment		10,151	11,172
Goodwill	13	94,793	91,493
Interest in an associate	14	202,636	204,358
Available-for-sale investments	15	772,725	835,517
		1,080,305	1,142,540
Current assets			
Trade and bills receivables	16	4,517	3,263
Loan and interest receivables		130,142	44,427
Other receivables, prepayments and deposits paid		69,548	24,342
Cash deposits held by securities brokers		458	7
Bank balances and cash		8,425	22,766
		213,090	94,805
Assets classified as held for sale		-	178,081
		213,090	272,886
Current liabilities			
Trade and bills payables	17	253	335
Other payables and accruals		21,122	54,960
Promissory notes payable		137,884	101,381
Unconvertible bonds		20,508	-
Income tax payable		1,062	425
		180,829	157,101
Liabilities directly associated with assets classified as held for sale		-	108,710
		180,829	265,811
Net current assets		32,261	7,075
		1,112,566	1,149,615

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 September 2016

		30 September 2016 Unaudited HK\$'000	31 March 2016 Audited HK\$'000
	Note		
Capital and reserves			
Share capital	18	37,423	37,423
Share premium and reserves		1,075,143	1,062,941
		<hr/>	<hr/>
Equity attributable to owners of the Company		1,112,566	1,100,364
Non-controlling interests		-	(2,472)
		<hr/>	<hr/>
Total equity		1,112,566	1,097,892
		<hr/>	<hr/>
Non-current liabilities			
Promissory notes payable		-	31,289
Unconvertible bonds		-	20,434
		<hr/>	<hr/>
Total non-current liabilities		-	51,723
		<hr/>	<hr/>
		1,112,566	1,149,615
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Attributable to owners of the Company							Total	Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus	Investments revaluation reserve	Exchange reserve	Capital redemption reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 Mar 2015 and 1 April 2015	26,023	2,404,726	2,031	80,588	2,960	464	(1,934,544)	582,248	(6,548)	575,700
Loss for the period	-	-	-	-	-	-	(107,588)	(107,588)	(596)	(108,184)
Other comprehensive income/(expense)										
Exchange difference arising from translation of foreign operations	-	-	-	-	(11,250)	-	-	(11,250)	136	(11,114)
Increase in fair value of available-for-sale investments	-	-	-	680,811	-	-	-	680,811	-	680,811
Total comprehensive income for the period	-	-	-	680,811	(11,250)	-	(107,588)	561,973	(460)	561,513
Issue of shares upon placing of shares	11,400	199,080	-	-	-	-	-	210,480	-	210,480
Share issue expenses	-	(2,603)	-	-	-	-	-	(2,603)	-	(2,603)
At 30 Sep 2015 and 1 Oct 2015	37,423	2,601,203	2,031	761,399	(8,290)	464	(2,042,132)	1,352,098	(7,008)	1,345,090
Profit for the period	-	-	-	-	-	-	5,026	5,026	(232)	4,794
Other comprehensive (expense)/income										
Exchange difference arising from translation of foreign operations	-	-	-	-	8,587	-	-	8,587	265	8,852
Reclassification adjustments relating to foreign operations disposed of	-	-	-	-	2,350	-	-	2,350	-	2,350
Decrease in fair value of available-for-sale investments	-	-	-	(213,957)	-	-	-	(213,957)	-	(213,957)
Transferred to profit or loss on disposal of available-for-sale investments	-	-	-	(23,495)	-	-	-	(23,495)	-	(23,495)
Total comprehensive expense for the period	-	-	-	(237,452)	10,937	-	5,026	(221,489)	33	(221,456)
Non-controlling interests arising from further acquisition of subsidiaries	-	-	-	-	-	-	(30,245)	(30,245)	4,887	(25,358)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(384)	(384)
At 31 March 2016 and 1 April 2016	37,423	2,601,203	2,031	523,947	2,647	464	(2,067,351)	1,100,364	(2,472)	1,097,892

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 September 2016

	Attributable to owners of the Company							Total	Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus	Investments revaluation reserve	Exchange reserve	Capital redemption reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 March 2016 and 1 April 2016	37,423	2,601,203	2,031	523,947	2,647	464	(2,067,351)	1,100,364	(2,472)	1,097,892
Profit for the period	-	-	-	-	-	-	187,254	187,254	(44)	187,210
Other comprehensive income/(expense)										
Exchange difference arising from translation of foreign operations	-	-	-	-	(679)	-	-	(679)	151	(528)
Decrease in fair value of available-for-sale investments	-	-	-	(4,755)	-	-	-	(4,755)	-	(4,755)
Transferred to profit or loss on disposal of available-for-sale investments	-	-	-	(176,315)	-	-	-	(176,315)	-	(176,315)
Transferred to profit or loss on disposal of subsidiaries	-	-	-	-	6,697	-	-	6,697	-	6,697
Total comprehensive income for the period	-	-	-	(181,070)	6,018	-	187,254	12,202	107	12,309
Disposal of subsidiaries	-	-	-	-	-	-	-	-	2,365	2,365
At 30 Sep 2016	37,423	2,601,203	2,031	342,877	8,665	464	(1,880,097)	1,112,566	-	1,112,566

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	Six months ended	
	30 September	
	2016	2015
	Unaudited	Unaudited
	HK\$'000	HK\$'000
Net cash used in operating activities	(91,044)	(24,380)
Net cash generated from/(used in) investing activities	77,655	(195,107)
Net cash (used in)/generated from financing activities	(500)	71,556
Net decrease in cash and cash equivalents	(13,889)	(147,931)
Cash and cash equivalents at beginning of the period	22,773	250,904
Effects of exchange rate changes	(1)	773
Cash and cash equivalents at end of the period (Note)	8,883	103,746
Note:		
Cash and cash equivalents at end of the period represented by:		
Cash deposits held by securities brokers	458	55,217
Bank balances and cash	8,425	48,529
	8,883	103,746

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2016

1. General Information

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The unaudited consolidated interim financial statements for the six months ended 30 September 2016 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and comply with the provisions set out in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The unaudited consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual report of the Company for the year ended 31 March 2016.

2. Basis of Preparation

The unaudited consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual report of the Company for the year ended 31 March 2016, except for the accounting policy changes that mentioned below in note 3.

The preparation of unaudited consolidated interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The unaudited consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group and the Group's interest in an associate since the issuance of the annual financial statements for the year ended 31 March 2016.

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

3. Application of Hong Kong Financial Reporting Standards

The Hong Kong Institute of Certified Public Accountants has issued certain amendments to HKFRSs which are first effective for the current accounting period of the Group. The amendments do not have significant impact on the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. Segment Information

The Group's operating and reportable segments are based on the types of products manufactured and services rendered. The Group has identified the following six reportable segments.

Continuing Operations

Internet Services:	online products sales, provision of marketing, web design and maintenance services
Trading of Gold and Diamond:	purchase and sale of gold and diamond
Money Lending:	provision of loans as money lending
Financial Services:	provision of financial advisory and intermediary services

Discontinued Operations

Wastes Recycling:	waste paper, scrap metal and consumable wastes recycling
Trading of Petrochemical Products:	purchase and sale of petrochemical products

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

4. Segment Information (Continued)

(a) Revenue

Revenue from continuing operations and discontinued operations for the period which are allocated with reference to sales and services generated by the reportable segments are as follows:

	Continuing Operations		Discontinued Operations		Total	
	Six months ended		Six months ended		Six months ended	
	30 Sep		30 Sep		30 Sep	
	2016	2015	2016	2015	2016	2015
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(Restated)		(Restated)		(Restated)	
Sales of recycled materials	-	-	1,007	16,403	1,007	16,403
Sales of petrochemical products	-	-	-	7,991	-	7,991
Sales of gold and diamond	33,797	-	-	-	33,797	-
Income from Internet Services	1,122	6,883	-	-	1,122	6,883
Interest income from Money Lending	8,217	-	-	-	8,217	-
	43,136	6,883	1,007	24,394	44,143	31,277

During the period, revenue generated by geographic market is as follows:

	Hong Kong		The People's Republic of China ("PRC")		Other		Total	
	Six months ended 30 Sep		Six months ended 30 Sep		Six months ended 30 Sep		Six months ended 30 Sep	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
Sales to external customers	34,668	5,493	9,224	25,784	251	-	44,143	31,277

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

4. Segment Information (Continued)

(b) Analysis of segment revenue and result (Continued)

For the six months ended 30 September 2015 (restated)

	Continuing Operations			Discontinued Operations			Total HK\$'000	
	Internet Services HK\$'000	Trading of Gold and Diamond HK\$'000	Money Lending HK\$'000	Sub-total HK\$'000	Wastes Recycling HK\$'000	Trading of Petrochemical Products HK\$'000		Sub-total HK\$'000
Segment revenue:								
Sales to external customers	6,883	-	-	6,883	16,403	7,991	24,394	31,277
Intersegment sales	-	-	-	-	-	-	-	-
Revenue from external customers	<u>6,883</u>	<u>-</u>	<u>-</u>	<u>6,883</u>	<u>16,403</u>	<u>7,991</u>	<u>24,394</u>	<u>31,277</u>
Segment result	(2,925)	-	-	(2,925)	(17,647)	(173)	(17,820)	(20,745)
Interest income								77
Interest on assets classified as held for sale								4,086
Realised loss on disposal of listed equity securities held for investment								(7,984)
Impairment loss on available-for-sale investments								(68,970)
Other unallocated expenses								(9,081)
Finance costs								(5,388)
Loss before taxation								(108,005)
Taxation								(179)
Loss for the period								<u>(108,184)</u>

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

4. Segment Information (Continued)

(c) Analysis of segment assets and liabilities (Continued)

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

- all assets are allocated to reportable segments other than certain property, plant and equipment, cash deposits held by securities brokers and bank balances and cash, available-for-sale investments, interest in an associate, certain other receivables, prepayments and deposits paid, certain assets classified as held for sale and assets used jointly by reportable segments. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and
- all liabilities are allocated to reportable segments other than certain other payables and accruals, promissory notes payable, income tax payable, unconvertible bonds and liabilities for which reportable segments are jointly liable. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

9. Taxation

Income tax recognised in profit or loss

	Continuing Operations		Discontinued Operations		Total	
	Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September	
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)		(Restated)
Current Tax						
Hong Kong Profits Tax	638	48	-	-	638	48
PRC Enterprise Income Tax	-	117	-	546	-	663
Deferred tax	-	-	(420)	(532)	(420)	(532)
Total	638	165	(420)	14	218	179

Hong Kong Profits Tax

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the period.

PRC Enterprise Income tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25%.

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

10. Discontinued Operations

On 19 May 2016, the Company, as vendor, entered into a sale and purchase agreement with an independent third party, as purchaser, pursuant to which the purchaser had agreed to acquire and the Company had agreed to sell the approximately 93.33% of the entire issued share capital of Ideal Market Holdings Limited (“Ideal Market”). Ideal Market and its subsidiaries (collectively, the “Disposal Group”) represented the whole principal business segments of the Group in the businesses of Wastes Recycling and Trading of Petrochemical Products in the PRC. These business segments of the Disposal Group were classified as discontinued operations. The completion of the disposal took place on 30 August 2016.

	Six months ended 30 Sep	
	2016	2015
	HK\$'000	HK\$'000
Loss from discontinued operations (Note)	(1,900)	(18,631)
Gain on disposal	59,784	–
	<hr/>	<hr/>
Profit/(loss) for the period from discontinued operations	57,884	(18,631)
	<hr/>	<hr/>

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

10. Discontinued Operations (Continued)

Note: Analysis of the result of the discontinued operations

	Wastes Recycling		Trading of Petrochemical Products		Total	
	Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September	
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	1,007	16,403	-	7,991	1,007	24,394
Cost of sales	(348)	(15,786)	-	(8,118)	(348)	(23,904)
Gross profit/(loss)	659	617	-	(127)	659	490
Investment and other income	104	-	-	-	104	-
Other gains and losses	(1,665)	(17,608)	-	-	(1,665)	(17,608)
Selling and distribution expenses	(164)	(301)	-	(21)	(164)	(322)
Administrative expenses	(674)	(355)	-	(25)	(674)	(380)
Finance costs	(580)	(797)	-	-	(580)	(797)
Loss before taxation	(2,320)	(18,444)	-	(173)	(2,320)	(18,617)
Taxation	420	(14)	-	-	420	(14)
Loss for the period	(1,900)	(18,458)	-	(173)	(1,900)	(18,631)
Loss for the period attributable to:						
Owners of the Company					(1,856)	(18,005)
Non-controlling interests					(44)	(626)
					(1,900)	(18,631)

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

11. Interim dividend

The Board did not propose to declare an interim dividend for the six months ended 30 September 2016 (2015: Nil).

12. Earnings/(loss) per share

The calculation of the basic and diluted earnings/(loss) per share is based on the profit/(loss) attributable to owners and on the weighted average number of 3,742,286,406 ordinary shares of the Company (six months ended 30 September 2015: 3,132,337,051) in issue during the period.

13. Goodwill

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Internet Services business (Note a)	52,269	61,969
Trading of Gold and Diamond business	28,524	28,524
Money Lending business	1,000	1,000
Financial Services business (Note b)	13,000	–
	<hr/>	<hr/>
At end of the period/year	94,793	91,493
	<hr/>	<hr/>

Notes:

- (a) An impairment loss on goodwill at 30 September 2016 amounting to HK\$9,700,000 was recognised by the Group and charged to profit or loss, which was calculated based on the recoverable amount of the cash-generating units of Internet Services business (2015: HK\$1,779,000).
- (b) In August 2016, for the purpose of engaging in the Financial Services business, a wholly-owned subsidiary of the Company had completed the acquisition of 100% equity interests in C.E. Securities and Asset Management Limited (formerly named as STI Securities & Wealth Management Limited). Goodwill of approximately HK\$13,000,000 arose from the said acquisition was recognised at the date of acquisition.

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

14. Interest in an associate

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Share of net assets	204,358	204,358
The Group's effective share of an associate:		
Loss for the period/year	(1,722)	–
At end of the period/year	202,636	204,358

At the end of the reporting period, the Group had interest in the following associate:

Name of entity	Country/place of incorporation	Principal place of business	Proportion of ownership interest and voting power held by the Group		Principal activities
			30 September 2016	31 March 2016	
Pure Power Holdings Limited ("Pure Power") (Note)	British Virgin Islands ("BVI")	United States of America ("USA")	49.41%	49.41%	Natural resources

Note:

The Group acquired further 39.41% of the issued share capital of Pure Power on 29 January 2016. The Group is able to exercise significant influence over Pure Power because it holds 49.41% of the issued share capital of Pure Power. Pure Power is an investment holding company and its subsidiary is principally engaged in exploration and exploitation of natural resources in the USA.

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

15. Available-For-Sale Investments

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Unlisted shares, at cost (Note a)	–	30,610
Equity securities listed in Hong Kong, at market value (Note b)	<u>772,725</u>	<u>804,907</u>
At end of the period/year	<u>772,725</u>	<u>835,517</u>

Notes:

- (a) The unlisted shares are stated at cost less impairment loss, if any. The Group disposed the 9.9% entire issued share capital of Starfame Investments Limited at the consideration of HK\$31,000,000 in April 2016.
- (b) The detail of the equity securities listed in Hong Kong as at 30 September 2016 is disclosed in pages of 7 and 8 of the interim report.

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

16. Trade and bills receivables

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Trade and bills receivables	4,517	3,263
Less: allowance for impairment loss	—	—
	4,517	3,263

The Group has a policy of allowing credit period ranging from 3 to 6 months to its trade customers. In addition, for certain customers with long-established relationship and good past repayment history, a longer credit period may be granted. The Group does not hold any collateral over the balances.

An aged analysis of trade and bills receivables, net of impairment loss recognised, at the end of reporting period, based on the invoice date, is as follows:

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Within 3 months	3,770	1,664
4 to 6 months	747	1,599
Over 6 months	—	—
	4,517	3,263

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

17. Trade and bills payables

An aged analysis of the trade and bills payables at the end of reporting period, based on the invoice date, is as follows:

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Within 3 months	213	319
4 to 6 months	–	12
Over 6 months	40	4
	<hr/> 253 <hr/>	<hr/> 335 <hr/>

The credit period on purchase of goods ranged from 60 to 90 days.

As at 30 September 2016 and 31 March 2016, trade and bills payables were substantially denominated in the functional currencies of the relevant group entities.

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

18. Share Capital

	Number of shares	Nominal amount
	'000	HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at 1 April 2015, 31 March 2016, 1 April 2016 and 30 September 2016	100,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each at 1 April 2015	2,602,285	26,023
Issue of shares on placement of shares (Note a)	520,000	5,200
Issue of shares on placement of shares (Note b)	620,000	6,200
Ordinary shares of HK\$0.01 each at 31 March 2016 and 30 September 2016	3,742,285	37,423

Notes:

- (a) On 20 April 2015, the Company entered into a placing agreement with a placing agent, under which 520,000,000 new ordinary shares of the Company were issued at a price of HK\$0.245 per share on 8 May 2015, giving rise to a gross proceeds of HK\$122,200,000 (before expenses).
- (b) On 19 August 2015, the Company entered into a placing agreement with a placing agent, under which 620,000,000 new ordinary shares of the Company were issued at a price of HK\$0.134 per share on 28 August 2015, giving rise to a gross proceeds of HK\$76,880,000 (before expenses).

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

19. Share Option Scheme

On 30 August 2011, the Company adopted a new share option scheme (the “New Scheme”) to override the share option scheme dated 23 August 2002 (the “Old Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations.

A summary of the New Scheme of the Company is as follows:

Purpose	To provide incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest (the “Invested Entity”).
Eligible participants	<ul style="list-style-type: none"> (i) any employee (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company or any of its subsidiaries or Invested Entity; (ii) any supplier of goods or services to any member of the Group or any Invested Entity; any customer of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and (iii) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

19. Share Option Scheme (Continued)

<p>Total number of ordinary shares available for issue under the New Scheme and the percentage of the issued share capital that it represents as at the date of the approval of these consolidated financial statements</p>	<p>629,418 ordinary shares of HK\$0.01 each and approximately 0.02% of the issued share capital.</p>
<p>Maximum entitlement of each eligible participant</p>	<p>Where any grant or further grant of options to an eligible participant would result in the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such grant or further grant representing in aggregate over 1% of the total number of shares in issue, such grant or further grant must be separately approved by the shareholders in a general meeting.</p> <p>Where any grant or further grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including exercised, cancelled and outstanding options) to such person in the 12-month period up to and including the date of such grant:</p> <ul style="list-style-type: none"> (a) representing in aggregate over 0.1% of the relevant class of shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5,000,000, <p>such grant or further grant of options must be approved by the shareholders in a general meeting.</p>

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

19. Share Option Scheme (Continued)

Period within which the securities must be taken up under an option	An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall end in any event not later than 10 years from the date of offer of the grant of options subject to the provisions for early termination set out in the Scheme.
Minimum period for which an option must be held before it can be exercised	There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors.
Amount payable on acceptance of the option and the period within which such payment must be made	The offer of a grant of share options may be accepted within 28 days from the date of offer with a consideration of HK\$1.00 being payable by the grantee.
Exercise price	Determined by the directors but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets on the date of offer of the grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the grant of options; and (iii) the nominal value of shares.
The remaining life of the New Scheme	The New Scheme remains in force until 30 August 2021.
Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.	

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

20. Employee Retirement Benefits***Defined contribution retirement plan***

The Group has participated in defined contribution retirement schemes established under Mandatory Provident Fund Ordinance (“MPF schemes”) for its employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF Schemes, each of the employer and its employees are generally required to make contributions to the schemes at 5% of the employee’s relevant monthly income, up to a maximum of HK\$1,500 per month.

The employees of PRC subsidiaries of the Group are members of state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

No forfeited contributions were recognised during the six months ended 30 September 2016 (six months ended 30 September 2015: Nil) and there were no material forfeitures available to reduce the Group’s future contributions at 30 September 2016 and 31 March 2016.

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

21. Commitments**(a) Capital commitments**

The Group had no material capital commitments authorised but not provided for as at 30 September 2016.

(b) Operating lease commitments

The Group as lessee

The Group rented certain office premises under operating lease arrangements, with the leases negotiated for a term within one to three years.

At the end of the reporting period, the Group had total future minimum lease payments under the non-cancellable operating leases falling due as follows:

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Within one year	1,954	1,040
Later than one year and within five years	2,318	1,173
	4,272	2,213

NOTES TO UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2016

22. Related party transactions

Other than disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties.

Compensation of key management personnel of the Group, who were the directors of the Company, are as follows:

	Six months ended	
	30 September	
	2016	2015
	HK\$'000	HK\$'000
Short-term employee benefits	905	884
Post-employment benefits	9	9
	<hr/>	<hr/>
Total compensation paid to key management personnel	914	893
	<hr/>	<hr/>

23. Event after Reporting Period

- a. On 12 September 2016, the Company proposed the consolidation of every ten issued and unissued ordinary shares of par value of HK\$0.01 each in the share capital of the Company into one ordinary share of par value of HK\$0.10 each in the share capital of the Company. The said share consolidation became effective on 21 October 2016.
- b. In October 2016, the Group acquired more shares of GreatChina Professional Services Limited ("GPSL", Stock code: 8193) and disposed all remaining shares of Suncorp Technologies Limited ("STL", Stock code: 1063) on-market. After the acquisition, the Group held approximately 1.19% of the issued share capital of GPSL (based on the 4,857,968,600 shares of GPSL as at 31 October 2016). After the disposal, the Group did not hold any STL shares.