



易易壹金融集團有限公司

EASY ONE FINANCIAL GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
Stock Code: 221

物業貸款
易如反掌!



私人貸款
易過借火!



私人貸款
易過食生菜!



INTERIM REPORT
2016



Contents

Corporate Information	2
Interim Dividend	3
Management Discussion and Analysis	3
Disclosure of Interests	14
Share Option Scheme	16
Corporate Governance and Other Information	16
Interim Results:	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	20
Consolidated Statement of Financial Position	22
Consolidated Statement of Changes in Equity	24
Condensed Consolidated Statement of Cash Flows	26
Notes to Condensed Consolidated Financial Statements	27

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Chun Hong, Thomas
(Chairman & Managing Director)

Mr. Cheung Wai Kai
Ms. Stephanie

Independent Non-executive Directors

Mr. Sin Ka Man
Mr. Yuen Kam Ho, George, *FHKIoD*
Mr. Cheung Sau Wah, Joseph, *PMSM*

AUDIT COMMITTEE

Mr. Sin Ka Man (Chairman)
Mr. Yuen Kam Ho, George, *FHKIoD*
Mr. Cheung Sau Wah, Joseph, *PMSM*

REMUNERATION COMMITTEE

Mr. Cheung Sau Wah, Joseph, *PMSM*
(Chairman)
Mr. Sin Ka Man
Mr. Yuen Kam Ho, George, *FHKIoD*
Mr. Chan Chun Hong, Thomas
Mr. Cheung Wai Kai

NOMINATION COMMITTEE

Mr. Yuen Kam Ho, George, *FHKIoD*
(Chairman)
Mr. Cheung Sau Wah, Joseph, *PMSM*
Mr. Sin Ka Man
Mr. Chan Chun Hong, Thomas
Mr. Cheung Wai Kai

INVESTMENT COMMITTEE

Mr. Chan Chun Hong, Thomas (Chairman)
Mr. Cheung Wai Kai
Mr. Cheung Sau Wah, Joseph, *PMSM*

COMPANY SECRETARY

Mr. Cheung Chin Wa, Angus

LEGAL ADVISERS

DLA Piper Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

PRINCIPAL BANKERS

China Construction Bank (Asia)
Corporation Limited
The Hongkong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F., Wai Yuen Tong Medicine Building
9 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong (Note)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN BERMUDA

Codan (Services) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

HOMEPAGE

www.easyonefg.com

STOCK CODE

221

Note: The head office and principal place of business of the Company in Hong Kong will be changed to Suite 3202, 32/F., Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong with effect from 3 December 2016.



INTERIM DIVIDEND

The board of directors (the “**Board**” or the “**Director(s)**”) of Easy One Financial Group Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) did not recommend the payment of any interim dividend for the six months ended 30 September 2016 (2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months period ended 30 September 2016 (the “**Period**”), the Group’s turnover amounted to approximately HK\$47.8 million (2015: approximately HK\$595.8 million (Restated)), representing a decrease of approximately 92% compared to the corresponding period of last year, of which turnover generated from property sales in the PRC amounted to approximately HK\$27.9 million (2015: approximately HK\$554.7 million (Restated)).

The Group’s net loss after tax attributable to owners of the Company for the Period was approximately HK\$66.5 million (2015: net profit after tax attributable to owners of the Company was approximately HK\$42.1 million). The change from profit to loss was mainly due to the decrease in turnover and operating profit in property development in the PRC.

OPERATION AND BUSINESS REVIEW

During the Period, the Group was principally engaged in the businesses of property development in the PRC and provision of finance in Hong Kong. The Group continues to explore potential business opportunities to deliver long term benefits to the shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATION AND BUSINESS REVIEW (Continued)

Property Development

During the Period, the Group held a total of approximately 0.5 million square feet site of residential and commercial land reserves in two projects in the PRC. As at the date of this report, details of the Group's two property development projects in the PRC are as follows:

City/Province	Percentage ownership/ interest	Approximate site area (square feet)	Approximate saleable area (square feet)	Development Plan
Fuzhou, Jiangxi Province	100%	0.3 million	0.6 million	Residential cum commercial complex
Dongguan, Guangdong Province	100%	0.2 million	0.4 million	Commercial complex
		0.5 million	1.0 million	

The majority construction of the fifth phase of residential cum commercial units of the Fuzhou project was completed and delivered. Pre-sale of the remaining residential cum commercial units of the fifth phase is in progress. The construction of the sixth phase (Part A) was completed and the construction of the sixth phase (Part B) commenced in the second quarter of 2016 and was expected to be completed at the beginning of 2018.

As at the date of this report, the Group sold more than 99% of the residential and commercial units under the Fuzhou and Dongguan projects. The Group's turnover generated from property sales for the Period was approximately HK\$27.9 million (2015: approximately HK\$554.7 million (Restated)). As at the date of this report, over 93% of the leasable area was leased.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Provision of Finance

The money lending business started in the second half of the last financial year and is still at the preliminary development stage. As of 30 September 2016, the Group operated 2 shops in Central and Mongkok respectively focusing on mortgage loan and personal loan businesses. In one respect, the Group will continue to focus on its brand building via advertising and promotion activities. In another respect, the Group will continue to expand its branch network, product portfolio and customer base to develop its “Easy Access” and “Easy Apply” services to the customers. Meanwhile, the Group will maintain its prudent credit policy and risk management approach with a view to generate a sustainable and stable income for the Group.

The Group’s new business direction received positive feedback from the market. The Group was awarded the “Highest Growth Potential — Financial Group” at the “Metro Awards for Brand Excellence 2015” by Metro Daily and Metro Prosperity Magazine. It is expected that the provision of finance business would become a blue ocean for the Group’s development and a new stream of the Group’s business development. For the Period, the Group’s money lending business recorded a revenue of approximately HK\$20.0 million (31 March 2016: approximately HK\$2.8 million), a net balance of loan book of approximately HK\$325.9 million (31 March 2016: approximately HK\$89.5 million) and an average interest rate of approximately 17% (31 March 2016: approximately 19%).

Liquidity and Financial Resources

The Group’s total assets as of 30 September 2016 were approximately HK\$1,933.8 million (31 March 2016: approximately HK\$1,997.7 million) which were financed by total liabilities of approximately HK\$593.0 million (31 March 2016: approximately HK\$551.0 million) and total equity of approximately HK\$1,340.8 million (31 March 2016: approximately HK\$1,446.7 million). The current ratio as of 30 September 2016 was approximately 3.3 times (31 March 2016: approximately 2.8 times).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Liquidity and Financial Resources (Continued)

As of 30 September 2016, the Group's aggregate bank borrowings, all of which were denominated in Hong Kong Dollars and Renminbi ("**RMB**") and bear a floating interest rate, amounted to approximately HK\$246.2 million (31 March 2016: approximately HK\$266.4 million). As at 30 September 2016, the Group's aggregate non-financial institution borrowings were all denominated in Hong Kong Dollars and amounted to approximately HK\$58.8 million (31 March 2016: approximately HK\$19.6 million).

The gearing ratio was calculated by reference to the Group's total borrowings net of cash and cash equivalents and the total equity of the Group. As of 30 September 2016, the gearing ratio is approximately 7%. As at 31 March 2016, the balances of cash and cash equivalents of the Group were larger than the total borrowings of the Group, and, therefore, the gearing ratio was nil.

Exposure to Fluctuation in Exchange Rates

As at 30 September 2016, the revenue, bank deposits and operating costs of the Group were mainly denominated in Hong Kong Dollars and RMB. The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as of 30 September 2016. Due to the currency fluctuation of RMB, the Group had been considering alternative risk hedging tools to mitigate RMB currency exchange risk.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2016, the Group had a total of 139 employees (31 March 2016: 118), of which 43 employees were located in Hong Kong and 96 employees were located in the PRC. The Group's remuneration policy is reviewed periodically by the remuneration committee of the Company and the Board. Remuneration is determined with reference to the market terms, company performance and individual qualifications and performance. The Group operates a Mandatory Provident Fund Scheme for its employees in Hong Kong, who are eligible to participate, and pays retirement contributions in accordance with the statutory requirements for its PRC employees.



MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

EMPLOYEES AND REMUNERATION POLICY *(Continued)*

The Group has also adopted a performance based reward system to motivate its staff which is reviewed on a regular basis. On 21 August 2012, the Company terminated the old share option scheme adopted on 8 October 2002 and adopted a new share option scheme (together the “**the Share Option Schemes**”) which became effective on 21 August 2012 in compliance with Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). During the Period, the Board had not granted any share option under the Share Option Schemes to any Directors or eligible employees of the Group for the subscription of shares of the Company. As of 31 March 2016 and 30 September 2016, there was no outstanding share option under the Share Option Schemes.

CONTINGENT LIABILITIES AND CHARGE ON ASSETS

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

As of 30 September 2016, (i) the PRC land reserves and property under development with a carrying value of approximately HK\$40.4 million (31 March 2016: approximately HK\$43.8 million) and approximately HK\$266.7 million (31 March 2016: approximately HK\$271.9 million) respectively; and (ii) shares of several subsidiaries were pledged to secure the Group's banking facilities.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

DEBT PROFILES AND FINANCIAL PLANNING

As of 30 September 2016, the interest bearing debt profile of the Group was analyzed as follows:

	Outstanding amount <i>(HK\$ million)</i>	Approximate annual effective interest rate	Maturity date
Financial Institution Borrowings	246.2	6.7%	From November 2017 to February 2020
Non-financial Institution Borrowings	58.8	Nil	No fixed term of repayment
Total	305.0		

In order to repay the interest bearing debts and to meet the interest payment obligations and the business capital expenditure and funding needs for, inter alia, the increase of land banks, and/or payment of construction costs for the development of its property development projects and financing business, the Group had been from time to time considering various financing alternatives including but not limited to equity fund raising, financial institution borrowings, non-financial institution borrowings, bonds issuance, convertible notes, other debt financial instruments, disposal of investment properties and sales of stock of property inventories.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ASSETS INVESTMENT HELD

As at 30 September 2016, the Group had financial assets at fair value through profit or loss investment of approximately HK\$84.0 million. Details of which are set out in the following:

Nature of investments	As at 30 September 2016 (Unaudited)			For the period ended 30 September 2016 (Unaudited)			Fair value/ carrying amount		Investment cost
	Number of shares/ units held	Amount (HK\$'million)	Percentage	Percentage to the Group's net assets	Net loss on financial assets at fair value through profit or loss	Dividends received	As at 30	As at 31	
			of shareholding in such stock				September 2016	March 2016	
	'000	(HK\$'million)	%	%	(HK\$'million)	(HK\$'million)	(HK\$'million)	(HK\$'million)	
A. Listed Investments									
Town Health									
International Medical Group Limited ("Town Health") (stock code: 3886)									
	62,500	76.9	0.805	5.734	(14.4)	0.6	76.9	91.3	19.5
Blue Sky Power Holdings Limited ("Blue Sky") (stock code: 6828)									
	—	—	—	—	(5.5)	—	—	18.0	14.3
Others	125	0.0	0.005	0.001	(1.6)	—	0.0	3.6	8.2
B. Mutual Funds									
Manulife Investment									
International Bond Fund	333	3.2	—	0.236	(0.1)	—	3.2	3.3	3.0
HongHe Venture Fund I, L.P.	—	3.9	—	0.297	—	—	3.9	—	3.9
		<u>84.0</u>		<u>6.268</u>	<u>(21.6)</u>	<u>0.6</u>	<u>84.0</u>	<u>116.2</u>	<u>48.9</u>

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FINANCIAL ASSETS INVESTMENT HELD *(Continued)*

The performance and principal activities of the above mentioned investments are set out below:

- (a) During the Period, the stock price of Town Health dropped from HK\$1.46 per share to HK\$1.23 per share and the value of the position decreased from approximately HK\$91.3 million to approximately HK\$76.9 million. Dividend of approximately HK\$0.6 million was received during the Period.

Town Health is principally engaged in healthcare business investments; provision and management of medical, dental and other healthcare related services; investments and trading in properties and securities.

- (b) During the Period, the Group disposed all shares of Blue Sky and recognized a loss of approximately HK\$5.5 million on the disposal.

Blue Sky is principally engaged in sales and distribution of natural gas and other related products; sales of book products; and sales of specialised products.

- (c) Except for disclosed above, the Group has invested in three companies listed in Hong Kong during the Period. The fair value of each of these shares represented less than 1% of the net assets of the Group as at 30 September 2016. The major principal activities of these companies include financial service business, money lending business and assets investment; provision of coal mining services; processing and trading of fluorite products, trading of other mineral products, provision of advertising and public relations services, provision of money lending services and investment holding; provision of security guarding services in Hong Kong and mobile game business.

FINANCIAL REVIEW AND PROSPECT OF FINANCIAL ASSETS INVESTMENT HELD

With a view to optimise its use of cash resources, the Group selectively invests in various listed equity securities and mutual funds. As at 30 September 2016, the Group has maintained a portfolio of listed equity securities in Hong Kong and mutual funds. The Group has recorded a net loss on financial assets at fair value through profit or loss of approximately HK\$21.6 million for the Period under review. The Group always closely monitors the market changes and will adjust its investment portfolio as and when necessary.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

CAPITAL COMMITMENT

The Group's capital commitment as of 30 September 2016 amounted to approximately HK\$50.8 million (31 March 2016: approximately HK\$9.9 million).

FUND RAISING ACTIVITY

On 4 June 2015, the Company and Wai Yuen Tong Medicine Holdings Limited jointly announced, inter alia, the Company entered into an underwriting agreement with Kingston Securities Limited regarding the rights issue (the "**2015 Rights Issue**") and the change in board lot size which were subject to, among others, the shareholders' approval at a special general meeting of the Company. The net proceeds from the 2015 Rights Issue were approximately HK\$338.3 million. The Company intended to utilize the net proceeds as to approximately HK\$100 million for granting a revolving loan to China Agri-Products Exchange Limited ("**CAP**"), approximately HK\$160 million for potential investments, approximately HK\$52.9 million for repayment of indebtedness, approximately HK\$20.0 million for repayment of construction costs and the remaining balance of approximately HK\$5.4 million as general working capital of the Group. The 2015 Rights Issue was completed on 22 September 2015. As at 31 March 2016, approximately HK\$100 million was utilized for granting a revolving loan to CAP, approximately HK\$93.5 million was utilized for investment (i.e. subscription of rights shares issued by CAP under its rights issue completed on 28 January 2016), approximately HK\$52.9 million for repayment of indebtedness, approximately HK\$20.0 million was utilized for repayment of construction costs and approximately HK\$5.4 million was utilized for general working capital, mainly comprised of salary expenses. Details of the 2015 Rights Issue were disclosed in the joint announcements of, inter alia, the Company dated 4 June 2015 and 16 July 2015, the announcement of the Company dated 21 September 2015, the circular of the Company dated 31 July 2015 and the prospectus of the Company dated 28 August 2015.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FINANCIAL IMPACT OF THE CONVERTIBLE NOTES SUBSCRIBED BY THE GROUP

References were made to the joint announcements of, inter alia, the Company dated 23 August 2016, 13 September 2016 and 19 October 2016 and the circular of the Company dated 15 September 2016 in relation to the subscription of convertible notes (the “**CAP CN**”) of CAP. Pursuant to a subscription agreement entered into between Peony Finance Limited (a wholly-owned subsidiary of the Company) and CAP dated 23 August 2016, the Group had subscribed the CAP CN in the principal amount of HK\$140 million at the conversion price of HK\$0.4 per CAP’s share. The CAP CN subscription was completed on 19 October 2016. Details of the CAP CN subscription were disclosed in the said joint announcements and circular.

TREASURY POLICY

The Group’s treasury policy includes diversifying the funding sources. Generated cash flow internally, issuance of shares and interest-bearing bank loans during the Period are the general sources of funds to finance the operation of the Group. The Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the subsidiaries of the Company and the CAP CN, there was no significant investments held, nor was there any material acquisitions or disposals of subsidiaries during the Period. During the Period, the Board has not yet authorized any plan for other material investments or additions of capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

FUTURE PLANS AND PROSPECTS

In the year ahead, global economic conditions are likely to be challenging in light of worries over the slowdown in emerging markets, possible further United States interest rate hikes, subdued oil prices and the recent stock market volatilities. The global economy is becoming increasingly divergent in 2016 as the slowdown in emerging markets is somewhat offset by the recovery in advanced economies. However, the monetary easing in major economies such as Eurozone, Japan and China will underpin the global economy.

China economic growth was forecasted slow down further in 2017 but the pace will be moderate. The Chinese government will continue to implement supportive monetary policies and fine tune regulatory measures for the property sector, against the backdrop of a slowing Chinese economy. The Group is confident of the medium to long-term perspective of the PRC economy and the property sector amid the recent “One Belt, One Road” initiative which will lay the grounds for longer-term development plans.

Hong Kong’s economic growth was expected softened more than previously expected in the second half of 2016. In the midst of the notable economic headwinds originating from the United States and Mainland China due to uncertainties over monetary policy normalisation and softening economic growth, external demand has been weaker than expected and will probably remain weak for some time in the future. In view of the foregoing, the Group will continue to strengthen the provision of finance business and capitalize more long-term business and earnings growth.

Having started the money lending business in the second half of previous year, the Group will continue to offer a wide range of loan products to customers. The Group will also focus on expanding its business through establishing its branch network, offering premium services, supporting the growth in loans and exploring mobile/online application capabilities. Meanwhile, the Group will monitor the PRC economy closely and take a conservative approach in the PRC property development business. The Group will adopt prudent risk management approach to preserve sufficient buffer so as to meet the challenges ahead.

Looking forward, the Group will continue to strive for diversification of income streams in order to align the business strategies with its corporate mission and goals with the aim to deliver long term benefit to the shareholders.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2016, none of the Directors or the chief executive of the Company, nor any of their respective associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to The Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed “Share Option Scheme”, at no time during the period for the six months ended 30 September 2016 were rights to acquire benefits by means of the acquisition of shares or underlying shares in or debentures of the Company granted to any Director or their respective spouses 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 the chief executive of the Company to acquire such rights in any other body corporate.

DISCLOSURE OF INTERESTS *(Continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

To the best of the Directors' knowledge, as at 30 September 2016, the following person (other than the Directors or the chief executive of the Company) had, or was deemed or taken to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to section 336 of the SFO or, who had notified the Company of the relevant interests or short positions in the shares or underlying shares of the Company:

Long positions in the shares of the Company:

Name of shareholder	Capacity	Number of shares	Approximate percentage of the Company's total issued share capital <i>(Note 2)</i> %
Wai Yuen Tong Medicine Holdings Limited ("WYT") <i>(Note 1)</i>	Interests of controlled corporation	1,324,186,250	28.51

Notes:

- (1) Hearty Limited and Suntech Investments Limited held 1,312,342,250 shares in the Company and 11,844,000 shares in the Company, respectively. Both companies were wholly-owned subsidiaries of Total Smart Investments Limited which was an indirect wholly-owned subsidiary of WYT.
- (2) The percentage represented the number of the Company's shares over the total issued share capital of the Company as stated in the relevant disclosure of interest forms.

DISCLOSURE OF INTERESTS *(Continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Save as disclosed above, as at 30 September 2016, there was no other person (other than the Directors or the chief executive of the Company) who had any interest or short position in the shares or 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.

SHARE OPTION SCHEME

The Company has adopted a performance based reward system to motivate its staff and such system is reviewed on a regular basis. On 21 August 2012, the Company adopted a new share option scheme (the "**Share Option Scheme**") in compliance with Chapter 17 of the Listing Rules. The Share Option Scheme became effective on 21 August 2012 and, unless otherwise cancelled or amended, will remain in force for a period of 10 years from that date.

The Board has not granted any share option under the Share Option Scheme since its adoption. As at the date of this interim report, the maximum number of shares available for issue upon exercise of all options to be granted under the Share Option Scheme shall not exceed 464,432,500, representing 10% of the total issued share capital of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 September 2016 except for the following deviation:

Code provision A.2.1

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(Continued)

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE *(Continued)*

Code provision A.2.1 (Continued)

Mr. Chan Chun Hong, Thomas currently takes up the roles of both the chairman and managing Director and is responsible for overall corporate planning, strategic policy making and managing of day-to-day operations of the Group. Mr. Chan has extensive experience in the industry which is of great value to overall development of the Company. The Company does not propose to comply with code provision A.2.1 of the CG Code for the time being as the Board considers that the balance of power and authority is ensured by the operation of the Board which comprises experienced individuals with a balance of skills and experience appropriate for the requirements of the Group. The current structure also allows flexibility and enhances the efficiency of decision-making process in response to the constantly changing competitive environment.

The Group will continue to review and recommend such proposals, as appropriate, in aspect of such deviations or other aspects in order to enhance the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the shareholders of the Company.

DISCLOSURES PURSUANT TO RULE 13.20 OF THE LISTING RULES

Pursuant to a subscription agreement dated 4 October 2014 entered into between Peony Finance Limited ("**Peony Finance**"), an indirect wholly-owned subsidiary of the Company, and CAP, Peony Finance subscribed a bond in the principal amount of HK\$150 million for a term of 5 years with the interest rate of 10% per annum (the "**Bonds**"). The subscription was completed on 28 November 2014. Details of the Bonds were disclosed in the announcements of the Company dated 4 October 2014, 10 November 2014 and 28 November 2014 and the circular of the Company dated 24 October 2014, respectively. CAP settled HK\$40 million of the Bonds upon the completion of the Note (as defined below) subscription. The outstanding amount of the Bonds was HK\$110 million as at the date of this interim report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(Continued)

DISCLOSURES PURSUANT TO RULE 13.20 OF THE LISTING RULES *(Continued)*

Pursuant to a subscription agreement dated 23 August 2016 entered into between Peony Finance and CAP, Peony Finance subscribed a convertible note in the principal amount of HK\$140 million for a term of 5 years with the interest rate of 7.5% per annum (the “**Note**”). The subscription was completed on 19 October 2016. Details of the Note were disclosed in the announcements of the Company dated 23 August 2016, 13 September 2016 and 19 October 2016 and the circular of the Company dated 15 September 2016, respectively. The Group advanced an aggregate amount of HK\$140 million to CAP under the Note which remained outstanding as at the date of this interim report. The aggregate outstanding amount under the Bonds and the Note was HK\$250 million as at the date of this interim report.

UPDATE ON DIRECTORS’ INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

- Mr. Yuen Kam Ho, George is an independent non-executive director of Hsin Chong Group Holdings Limited, a company listed on the main board of the Stock Exchange with effect from 12 July 2016 and retired as a director of Visteon Corporation, a New York Stock Exchange listed company, in June 2016.
- The basic annual salary payable (i) to Mr. Chan Chun Hong, Thomas has been increased by HK\$39,600, and (ii) to Mr. Cheung Wai Kai has been increased by HK\$3,000, with effect from 1 April 2016.
- The audit committee (the “**Audit Committee**”) of the Company’s fee for attending each regular Audit Committee meeting payable to each of Mr. Sin Ka Man, Mr. Yuen Kam Ho, George and Mr. Cheung Sau Wah, Joseph, all the members of the Audit Committee, has been increased by HK\$10,000 with effect on 29 September 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

(Continued)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiries of all Directors, the Company confirmed that all Directors had complied with the required standard set out in the Model Code throughout the period under review.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Messrs. Sin Ka Man, Yuen Kam Ho, George and Cheung Sau Wah, Joseph, and is chaired by Mr. Sin Ka Man. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial statements of the Group and the interim report for the six months ended 30 September 2016.

By Order of the Board
Chan Chun Hong, Thomas
Chairman and Managing Director

Hong Kong, 23 November 2016

INTERIM RESULTS

The Board announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2016, together with the comparative figures for the corresponding period in 2015. The unaudited condensed consolidated interim financial statements have been reviewed by the Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

		For the six months ended 30 September	
Notes	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (Restated)	
Continuing operations			
	4	47,817	595,782
Revenue		(19,964)	(403,662)
Cost of sales		27,853	192,120
Gross profit		24,236	17,337
Other revenue	4	(7,188)	(22,191)
Selling and distribution expenses		(39,734)	(36,014)
Administrative expenses		(39,556)	39,734
Share of results of an associate		—	(58,765)
Loss on deemed disposal of interest in an associate		(21,592)	(53,555)
Net loss on financial assets at fair value through profit or loss		(6,074)	(6,036)
Finance costs	5	(62,055)	72,630
(Loss)/profit before taxation	6	(2,752)	(30,627)
Taxation	7	(64,807)	42,003
(Loss)/profit for the period from continuing operations		(64,807)	42,003
Discontinued operation			
Profit for the period from discontinued operation	8	—	140
(Loss)/profit for the period		(64,807)	42,143

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

For the six months ended 30 September 2016

	Notes	For the six months ended 30 September	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Other comprehensive (loss)/income, net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Share of changes in other comprehensive loss in an associate		(23,420)	(964)
Reclassification adjustment on share of changes in other comprehensive income in an associate		—	1,360
Exchange differences on translation of financial statements of overseas subsidiaries		(11,051)	(5,995)
Change in fair value of available-for-sale financial assets			
— Non-current		(9,303)	15,786
— Current		2,602	—
		<u>(41,172)</u>	<u>10,187</u>
Other comprehensive (loss)/income for the period			
Total comprehensive (loss)/income for the period		<u>(105,979)</u>	<u>52,330</u>
(Loss)/profit for the period attributable to:			
— Owners of the Company		(66,470)	42,143
— Non-controlling interests		1,663	—
		<u>(64,807)</u>	<u>42,143</u>
Total comprehensive (loss)/income attributable to:			
— Owners of the Company		(107,642)	52,330
— Non-controlling interests		1,663	—
		<u>(105,979)</u>	<u>52,330</u>
(Loss)/earnings per share attributable to owners of the Company for the period			
For continuing and discontinued operations			
— Basic and diluted	9	<u>(HK 1.43 cents)</u>	<u>HK 2.90 cents</u>
For continuing operations			
— Basic and diluted	9	<u>(HK 1.43 cents)</u>	<u>HK 2.90 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2016

	Notes	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	11	6,988	6,450
Property under development		60,229	47,308
Prepaid lease payments	12	20,724	21,579
Interest in an associate	13	405,310	468,286
Available-for-sale financial assets		144,515	190,876
Loan receivables	14	—	100,000
Intangible assets	15	653	653
		638,419	835,152
Current assets			
Stock of properties	16	435,839	471,530
Loan receivables	14	425,909	89,500
Prepayments, deposits and other receivables		95,261	86,107
Available-for-sale financial assets		40,000	—
Financial assets at fair value through profit or loss	17	84,040	116,190
Time deposits		301	37,840
Cash and bank balances		214,012	361,403
		1,295,362	1,162,570
Less: Current liabilities			
Deposits received, accruals and other payables		163,974	195,889
Receipts in advance		53,715	338
Tax payable		70,347	68,748
Bank loans	18	101,330	144,955
		389,366	409,930
Net current assets		905,996	752,640
Total assets less current liabilities		1,544,415	1,587,792

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 September 2016

		As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
	<i>Notes</i>		
Less: Non-current liabilities			
Loans from non-controlling interests	19	58,800	19,600
Bank loans	18	144,843	121,441
		203,643	141,041
Net assets		1,340,772	1,446,751
Capital and reserves			
Share capital	20	46,443	46,443
Reserves		1,292,779	1,400,421
Equity attributable to owners of the Company		1,339,222	1,446,864
Non-controlling interests		1,550	(113)
Total equity		1,340,772	1,446,751

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Attributable to equity holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Other reserve (Note i) HK\$'000	Revaluation reserve HK\$'000	Statutory reserve fund (Note ii) HK\$'000	Retained profits HK\$'000	Attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2015 (audited)	11,070	55,909	714,069	90,036	(4,240)	(18,565)	16,986	190,501	1,055,766	41,416	1,097,182
Profit for the period	—	—	—	—	—	—	—	42,143	42,143	—	42,143
Other comprehensive (loss)/income for the period	—	—	—	(5,599)	—	15,786	—	—	10,187	—	10,187
Total comprehensive (loss)/income for the period	—	—	—	(5,599)	—	15,786	—	42,143	52,330	—	52,330
Placing of shares (Note iii)	2,200	47,300	—	—	—	—	—	—	49,500	—	49,500
Rights issue shares (Note iv)	33,173	315,151	—	—	—	—	—	—	348,324	—	348,324
Expenses incurred in connection with the placing of shares	—	(1,292)	—	—	—	—	—	—	(1,292)	—	(1,292)
Expenses incurred in connection with the right issue shares	—	(7,792)	—	—	—	—	—	—	(7,792)	—	(7,792)
Disposal of subsidiaries (Note 21)	—	—	—	308	—	—	—	—	308	(41,416)	(41,108)
Transfer to statutory reserve	—	—	—	—	—	—	10,813	(10,813)	—	—	—
At 30 September 2015 (unaudited)	46,443	409,276	714,069	84,745	(4,240)	(2,779)	27,799	221,831	1,497,144	—	1,497,144
At 1 April 2016 (audited)	46,443	407,424	714,069	39,291	(4,240)	(15,837)	28,430	231,284	1,446,864	(113)	1,446,751
(Loss)/profit for the period	—	—	—	—	—	—	—	(66,470)	(66,470)	1,663	(64,807)
Other comprehensive loss for the period	—	—	—	(34,471)	—	(6,701)	—	—	(41,172)	—	(41,172)
Total comprehensive (loss)/income for the period	—	—	—	(34,471)	—	(6,701)	—	(66,470)	(107,642)	1,663	(105,979)
At 30 September 2016 (unaudited)	46,443	407,424	714,069	4,820	(4,240)	(22,538)	28,430	164,814	1,339,222	1,550	1,340,772

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

For the six months ended 30 September 2016

Notes:

- (i) Other reserve represents the share of the changes in the associate's ownership interests during the year 2012.
- (ii) According to the relevant People's Republic of China (the "PRC") regulations applicable to the PRC group companies are foreign investment enterprises, each of these subsidiaries is required to allocate a certain portion (not less than 10%) of its profit after tax, as determined in accordance with the PRC Accounting Regulations, to the statutory reserve fund until such reserve reaches 50% of its registered capital.
- (iii) On 14 April 2015, the Company entered into a placing agreement with the placing agent to place a total of 220,000,000 shares of HK\$0.225 per share. The placing of shares was completed on 30 April 2015.
- (iv) On 28 May 2015, the Company entered into an underwriting agreement with the underwriter to issue 3,317,375,000 rights shares of HK\$0.168, on the basis of five rights shares for every two existing shares held on 23 July 2015. On 10 July 2015, the Company entered into a supplemental agreement to the underwriting agreement with the underwriter to change the subscription price to HK\$0.105 per rights share. Upon satisfaction of the conditions of the rights issues, 3,317,375,000 rights shares were issued on 22 September 2015.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	For the six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Net cash (used in)/generated from operating activities	(214,916)	185,265
Investing activities		
Interest received	12,006	25,258
Dividend income received	3,267	—
Property under development paid	(17,227)	(96,782)
Other investing activities	8,433	(15,571)
Purchase of available-for-sale financial assets	—	(59,685)
Investment in an associate	—	(145,788)
Net cash inflow from disposal of subsidiaries	—	6,604
Net cash generated from/(used in) investing activities	6,479	(285,964)
Financing activities		
Interest paid	(8,478)	(11,751)
Repayment of bank loans	(13,301)	(37,432)
Proceeds from loans from non-controlling interests	39,200	—
Bank loans	—	22,528
Placing of shares	—	48,208
Rights issue	—	340,532
Net cash generated from financing activities	17,421	362,085
Net (decrease)/increase in cash and cash equivalents	(191,016)	261,386
Cash and cash equivalents at the beginning of the period	399,243	524,163
Effects of exchange rate changes on the balance of cash held in foreign currencies	6,086	(2,394)
Cash and cash equivalents at the end of the period	214,313	783,155
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	214,012	566,816
Time deposits	301	216,339
	214,313	783,155

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

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

The unaudited condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 March 2016, which has been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”).

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimate uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2016.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Application of new and revised HKFRSs

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss and available-for-sale financial assets, which are measured at fair values. In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (the “**new and revised HKFRSs**”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 April 2016.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

Application of new and revised HKFRSs (Continued)

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

The application of the above new and revised HKFRSs has had no material effect on the Group's results and financial position for the current or prior periods that 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.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

² Effective for annual periods beginning on or after 1 January 2019

³ No mandatory effective date yet determined but is available for adoption

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and contribution to operating results by operating segments for the six months ended 30 September 2016 and 2015, respectively:

2016

	Property development operation (Unaudited) HK\$'000	Finance operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue:			
External revenue	27,858	19,959	47,817
Segment results	(7,503)	2,190	(5,313)
Unallocated interest income and gains			17,491
Corporate and other unallocated expenses			(7,011)
Share of results of an associate			(39,556)
Net loss on financial assets at fair value through profit or loss			(21,592)
Finance costs			(6,074)
Loss before taxation			(62,055)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. SEGMENT INFORMATION *(Continued)*

2015

	Property development operation (Unaudited) HK\$'000 (Restated)	Sales of fresh pork and related produce operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000 (Restated)
Segment revenue:			
External revenue	554,719	41,063	595,782
Segment results	147,345	1,064	148,409
Unallocated interest income and gains			9,917
Corporate and other unallocated expenses			(7,074)
Share of results of an associate			39,734
Loss on deemed disposal of interest in an associate			(58,765)
Net loss on financial assets at fair value through profit or loss			(53,555)
Finance costs			(6,036)
Profit before taxation			72,630

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the period (six months ended 30 September 2015: Nil).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. REVENUE AND OTHER REVENUE

Revenue represents sales of stock of properties, interest income earned and the net invoiced value of fresh pork and related produce after allowances for returns and trade discounts. All significant intra-group transactions have been eliminated on consolidation.

An analysis of the Group's revenue and other revenue is as follows:

	For the six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000 (Restated)
Continuing operations		
Revenue:		
Sales of stock of properties	27,858	554,719
Interest income earned	19,959	—
Sales of fresh pork and related produce	—	41,063
	47,817	595,782
Other revenue:		
Interest income on bank deposits	470	1,228
Interest income on an interest-bearing loan to an associate	6,016	—
Interest income on unlisted bonds	7,856	7,821
Dividend income on listed securities	3,267	1,976
Rental income	6,033	4,947
Sundry income	594	1,365
	24,236	17,337

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. FINANCE COSTS

	For the six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Continuing operations		
Interest on interest-bearing bank loans wholly repayable within five years	8,575	11,751
Less: Amounts capitalised on the cost of property under developments	(2,501)	(5,715)
	6,074	6,036

6. (LOSS)/PROFIT BEFORE TAXATION

	For the six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
(Loss)/profit before taxation from continuing operations is stated at after charging:		
Cost of completed properties sold	17,544	315,940
Cost of inventories sold	—	25,224
Business taxes and other levies	1,574	60,177
Impairment loss on loan receivables and interest receivables	5,468	—
Depreciation of owned property, plant and equipment	1,477	1,071
Minimum lease payments under operating leases for land and buildings	3,952	7,187
Exchange loss	238	271
Net loss on financial assets at fair value through profit or loss	21,592	53,555
	21,592	53,555

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. TAXATION

	For the six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Continuing operations		
Current taxation — Hong Kong	1,325	175
Current taxation — Mainland China	1,427	30,452
	<hr/>	<hr/>
Total tax charge for the period	2,752	30,627
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the current and prior periods.

Subsidiaries in mainland China are subject to the Corporate Income Tax of the People's Republic of China (the "PRC") at 25% on the estimated assessable profits arising in the PRC during the current and prior periods.

8. DISCONTINUED OPERATION

On 19 September 2013, an indirect wholly-owned subsidiary of the Company entered into a sale agreement to, inter alia, dispose its 51% interest in Skywalker Global Resources Company Limited ("Skywalker") which held all of the Group's forestry and logging project. Pursuant to the agreement, the purchaser has agreed to acquire 1,428,000 shares of HK\$1.00 each in the issued share capital of Skywalker, representing 51% of the issued share capital of Skywalker; and the shareholder's loan for a consideration of HK\$62,000,000. The disposal was completed on 17 April 2015 (Note 21).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. DISCONTINUED OPERATION *(Continued)*

The results of the discontinued operation included in the consolidated statement of profit or loss and other comprehensive income for the period are set out below.

	For the six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<i>Profit for the period from discontinued operation</i>		
Gain on disposal of subsidiaries (Note 21)	—	140
	<hr/>	<hr/>
Profit before taxation	—	140
Taxation	—	—
	<hr/>	<hr/>
Profit for the period from discontinued operation	—	140
	<hr/> <hr/>	<hr/> <hr/>
Profit for the period attributable to:		
Owners of the Company	—	140
	<hr/> <hr/>	<hr/> <hr/>
<i>Profit for the period from discontinued operation includes the followings:</i>		
Depreciation of property, plant and equipment	—	—
	<hr/> <hr/>	<hr/> <hr/>
<i>Cash flows from discontinued operation</i>		
Net cash outflow from operating activities	—	—
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD

From continuing and discontinued operations

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

	For the six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<i>(Loss)/profit</i>		
(Loss)/profit for the purpose of basic (loss)/earnings per share (loss)/profit for the period attributable to owners of the Company)	(66,470)	42,143
	'000	'000
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	4,644,325	1,454,034

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD *(Continued)*

From continuing operations

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

	For the six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<i>(Loss)/profit</i>		
(Loss)/profit for the period attributable to owners of the Company	(66,470)	42,143
Less: Profit for the period from discontinued operation attributable to owners of the Company	—	(140)
	(66,470)	42,003
	'000	'000
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	4,644,325	1,454,034

The denominators used are the same as those detailed above for both basic and diluted (loss)/earnings per share from continuing and discontinued operations and from continuing operations.

Diluted (loss)/earnings per share for the periods ended 30 September 2016 and 2015 were the same as the basic (loss)/earnings per share from continuing and discontinued operations and from continuing operations. There was no dilutive event existed during both periods.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. DIVIDEND

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

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2016, the Group had acquired property, plant and equipment amounting approximately to HK\$2,108,000 (for the six months ended 30 September 2015: approximately HK\$621,000).

During the six months ended 30 September 2016, the Group had no disposed property, plant and equipment (for the six months ended 30 September 2015: Nil).

12. PREPAID LEASE PAYMENTS

	The Group HK\$'000
Cost	
At 31 March 2016 and 1 April 2016	23,906
Exchange realignment	(729)
	<hr/>
At 30 September 2016	23,177
	<hr/>
Accumulated amortisation and impairment	
At 31 March 2016 and 1 April 2016	1,978
Charge for the period	201
Exchange realignment	(70)
	<hr/>
At 30 September 2016	2,109
	<hr/>
Carrying amounts	
At 30 September 2016 (Unaudited)	21,068
	<hr/> <hr/>
At 31 March 2016 (Audited)	21,928
	<hr/> <hr/>

The prepaid lease payments comprise of leasehold land situated in the PRC held under long-term leases.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. PREPAID LEASE PAYMENTS (Continued)

Amortisation expense on prepaid lease payments of approximately HK\$201,000 (for the six months ended 30 September 2015: approximately HK\$279,000) has been capitalised to properties under development for the period.

As at 30 September 2016, prepaid lease payment was pledged for interest-bearing bank loans of approximately HK\$193,195,000 (31 March 2016: approximately HK\$213,418,000) (Note 26).

Analysed for reporting purposes as:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Current assets (included in prepayments, deposits and other receivables)	344	349
Non-current assets	20,724	21,579
	21,068	21,928

13. INTEREST IN AN ASSOCIATE

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Cost of investment in an associate — listed in Hong Kong	520,727	520,727
Share of net assets	405,310	468,286

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. INTEREST IN AN ASSOCIATE *(Continued)*

In January 2015, an associate of the Group, China Agri-Products Exchange Limited (“CAP”) proposed a rights issue on the basis of eight adjusted rights shares of every one CAP adjusted share after the capital reorganization of CAP. On 12 May 2015, the Group subscribed for 346,192,728 CAP rights shares to which it was entitled pursuant to the terms and; by way of excess application, subscribed for 139,766,520 rights shares. As a result, the Group’s shareholding interest in CAP was increased from approximately 20.08% to approximately 27.28%.

On 27 July 2015, CAP completed the placing of a total of 387,000,000 shares at HK\$0.245 per share. As a result, the Group’s shareholding interest in CAP was diluted from approximately 27.28% to approximately 22.75%.

In January 2016, CAP raised gross proceeds of approximately HK\$293 million, before expenses, by way of the rights issue. Pursuant to the rights issue, CAP shall allot and issue 698,006,782 rights shares at the subscription price of HK\$0.42 per rights share, on the basis of three (3) rights shares for every two (2) adjusted shares held on the record date. For details, please refer to the announcements of CAP dated 4 November 2015 and 27 January 2016.

Upon completion of the rights issue, the Group’s equity interests in CAP increased from approximately 22.75% to approximately 28.76% and an aggregate gain on bargain purchase of equity interests in CAP of approximately HK\$67,089,000 was recognised for the year ended 31 March 2016 and included in “Share of results of an associates” in the consolidated statement of profit or loss and other comprehensive income.

Details of the Group’s associate which was held indirectly by the Company as at 30 September 2016 and 31 March 2016 were as follows:

Name of associate	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued share capital held	Proportion of voting power held	Principal activities
CAP	Limited company	Bermuda	PRC	Ordinary	28.76% (31 March 2016: 28.76%)	28.76% (31 March 2016: 28.76%)	Agricultural produce exchange market management and property sales

For the purpose of applying the equity method of accounting for the current period, the unaudited consolidated financial statements of CAP for the six months ended 30 June 2016 have been used.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. LOAN RECEIVABLES

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Loan receivables:		
Within one year <i>(Note i & ii)</i>	431,109	89,500
Two to five years <i>(Note ii)</i>	—	100,000
	431,109	189,500
Less: Impairment allowance for the period <i>(Note iii)</i>	(5,200)	—
	425,909	189,500
Less: Classified as current portion	425,909	89,500
	—	100,000

Notes:

- i: Before approving any loans to new borrowers, the Group has assessed the potential borrower's credit quality and defined credit limits individually. The Group has policy for allowance of doubtful debts which is based on the evaluation of collectability and aging analysis of accounts and on management's judgment, including the current creditworthiness, collaterals and the past collection history of each client.

As at 30 September 2016, the loan receivables included (i) loans to customers amounted to HK\$137,480,000 which were disclosed in the announcements of the Company dated 15 January 2016, 6 May 2016, 6 June 2016 and 28 June 2016, respectively, and (ii) loans to 392 customers amounted to approximately HK\$193,629,000 in total before impairment which were not required to be disclosed under the Listing Rules.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. LOAN RECEIVABLES *(Continued)*

Notes: *(Continued)*

- ii: In October 2015, Peony Finance Limited (“**Peony**”), a wholly-owned subsidiary of the Company, provided an unsecured loan of HK\$100,000,000 to CAP. The amount is neither past due nor impaired for which there was no recent history of default. The effective interest rates on the loan receivables are 12.0% per annum.

On 19 October 2016, CAP repaid the unsecured loan of HK\$100,000,000 as part of the consideration of Peony for subscription of CAP convertible notes (“**CAP CN**”) with principal amount of HK\$140 million at the conversion price of HK\$0.4 per share. Details of the CAP CN were disclosed in the announcements of the Company dated 23 August 2016, 13 September 2016 and 19 October 2016 and the circular of the Company dated 15 September 2016.

- iii: Based on the management’s best estimation of the present value of cash flows which are expected to be received, the impairment loss during the period is HK\$5,200,000 (for the six months ended 30 September 2015: Nil).

Ageing analysis is prepared based on contractual due date:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Neither past due nor impaired	425,909	89,500

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15. INTANGIBLE ASSETS

	Money lender licence HK\$'000
Cost	
At 31 March 2016, 1 April 2016 and 30 September 2016	653
Accumulated amortisation and impairment	
At 31 March 2016, 1 April 2016 and 30 September 2016	—
Carrying amounts	
At 30 September 2016 (Unaudited) and 31 March 2016 (Audited)	653

Note: The money lender license represents the right granted to the Group for carrying on the business of a money lender for an indefinite period of time. Such intangible assets are carried at cost less accumulated impairment losses. The recoverable amount of the intangible asset has been determined based on a value in use calculation. No impairment loss was recognised during the year in which, the recoverable amount was determined on discounted cash flow method. The calculation uses cash flow projections based on financial budgets approved by the management covering 5 years. The discount rate applied was approximately 19.1%. The directors of the Company are not aware of any expected impediment with respect to the renewal of the license and consider that the possibility of failing in license renewal is remote. Therefore, the directors of the Company consider that the intangible assets are treated as having indefinite useful lives.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. STOCK OF PROPERTIES

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Completed properties	385,808	425,976
Properties under development	50,031	45,554
	435,839	471,530

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Current assets		
Held for trading:		
— Equity securities listed in Hong Kong <i>(Note i)</i>	76,900	112,848
— Unlisted fund <i>(Note ii)</i>	7,140	3,342
	84,040	116,190

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Notes:

- i) The fair value of the listed equity securities is determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited.
- ii) The unlisted fund is denominated in US dollar. The fair value of unlisted fund is by reference to indicative market price.
- iii) Assuming the portfolio of the Group's listed equity securities has remained unchanged, the fair value of the Group's listed equity securities at the date of approval of these financial statements was HK\$78,778,000 (31 March 2016: HK\$113,159,000).

18. BANK LOANS

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Carrying amount repayable:		
On demand or within one year	101,330	144,955
More than one year, but not exceeding two years	144,843	121,441
	246,173	266,396
Interest-bearing bank loans at:		
Floating interest rate	246,173	266,396

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. BANK LOANS *(Continued)*

The ranges of effective interest rates (which equal to contracted interest rates) on the Group's borrowings are as follows:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Floating interest rate loans	3.8%-9.5%	3.9%-7.2%

The bank loans denominated in RMB bear interest at the prevailing market rates quoted by the People's Bank of China. The loans of approximately HK\$193,195,000 (31 March 2016: approximately HK\$213,418,000) are secured by pledge of the Group's prepaid lease payments and stock of properties of approximately HK\$40,398,000 and approximately HK\$266,661,000 respectively (31 March 2016: prepaid lease payments and stock of properties of approximately HK\$43,849,000 and approximately HK\$271,947,000 respectively). The loans of approximately HK\$193,195,000 (31 March 2016: approximately HK\$213,418,000) are secured by corporate guarantees from a subsidiary of the Group and the Company.

The bank loan denominated in Hong Kong dollars is at the prevailing market rates reference to HIBOR+3.75%. As at 30 September 2016, the loan of approximately HK\$52,978,000 (31 March 2016: approximately HK\$52,978,000) is secured by pledge of the Group's stock of properties of approximately HK\$266,661,000 (31 March 2016: approximately HK\$271,947,000) and mortgage over shares of a wholly-owned subsidiary of the Company. The loan is secured by corporate guarantees from a subsidiary of the Group and the Company.

19. LOANS FROM NON-CONTROLLING INTERESTS

A loan with aggregate principal amount of HK\$58,800,000 (31 March 2016: HK\$19,600,000) borrowed from Even Value Limited which is a minority interest of Easy Reach (Far East) Limited, a non-wholly owned subsidiary of the Company. The loans are unsecured, interest-free and have no fixed term of repayment and will not be repaid within one year.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

20. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
At 31 March 2016 and 1 April 2016 ordinary shares of HK\$0.01 each (audited)	20,000,000	200,000
At 30 September 2016, ordinary shares of HK\$0.01 each (unaudited)	20,000,000	200,000
Issued and fully paid:		
At 31 March 2016 and 1 April 2016 ordinary shares of HK\$0.01 each (audited)	4,644,325	46,443
At 30 September 2016, ordinary shares of HK\$0.01 each (unaudited)	4,644,325	46,443

Share option scheme

Details of the Company's share option scheme are set out in the section "Share Option Scheme" on page 16 of the interim report.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

21. DISPOSAL OF SUBSIDIARIES

As described in Note 8 to the condensed consolidated financial statements, the Group has entered into a sale agreement to dispose of Skywalker and its subsidiaries (“**Skywalker Group**”) which was completed on 17 April 2015.

Summary of the effects of the disposal of Skywalker and its subsidiary are as follows:

	HK\$'000
<i>Net assets disposal of:</i>	
Property, plant and equipment	705
Plantation assets	163,561
Concession rights	4,924
Prepayment, deposits and other receivables	7,845
Cash and bank balances	96
Deposits received, accruals and other payables	(5,876)
Deferred taxation	(52,987)
	<hr/>
	118,268
Non-controlling interests	(41,416)
Release of exchange reserve	308
	<hr/>
Net assets disposed of	<u>77,160</u>
Consideration received in cash and cash equivalents	62,000
Waiver of consideration payable by the Group in relation to the sale and purchase agreement to acquire Skywalker’s shares in 2009	15,300
	<hr/>
Net assets disposed of	(77,160)
	<hr/>
Gain on disposal	<u>140</u>
<i>Net cash inflow arising on disposal:</i>	
Cash consideration	62,000
Less: Cash and cash equivalents disposed of	(96)
	<hr/>
	<u>61,904</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

22. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office premises and pork stalls under operating lease arrangements which are negotiated for lease terms of from one to three years.

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

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Within one year	773	752
In the second to fifth years, inclusive	1,493	1,948
	2,266	2,700

23. MATERIAL RELATED PARTY TRANSACTIONS

During the period, 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.

	For the six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Rental paid by the Group to Wai Yuen Tong Medicine Holdings Limited	367	350
Interest on loan from an associate	6,016	—
Interest on bonds from an associate	7,856	7,516

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

23. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

Key management personnel compensation

Remuneration for key management personnel, including amounts paid to the Company's Directors during the period is as follows:

	For the six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Salaries and other short-term employee benefits	1,431	1,065
Employer contribution to pension scheme	22	13
	1,453	1,078

24. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. FAIR VALUE HIERARCHY (Continued)

Assets measured at fair value:

The Group

As at 30 September 2016

	Level 1 (Unaudited) HK\$'000	Level 2 (Unaudited) HK\$'000	Level 3 (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Financial assets at fair value through profit or loss	84,040	—	—	84,040
Available-for-sale financial assets				
— Non-current assets	34,515	—	110,000	144,515
— Current asset	—	—	40,000	40,000
	118,555	—	150,000	268,555

As at 31 March 2016

	Level 1 (Audited) HK\$'000	Level 2 (Audited) HK\$'000	Level 3 (Audited) HK\$'000	Total (Audited) HK\$'000
Financial assets at fair value through profit or loss	116,190	—	—	116,190
Available-for-sale finance assets				
— Non-current assets	50,976	—	139,900	190,876
	167,166	—	139,900	307,066

During the period ended 30 September 2016, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 September 2015: Nil).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

25. CAPITAL COMMITMENT

At 30 September 2016, the Group had the following capital commitments:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Contracted but not provided for:		
Additions of properties under development	50,849	9,856
	50,849	9,856

26. PLEDGED OF ASSETS

Assets with the following carrying amount have been pledged to secure interest-bearing bank loans of the Group are as follows:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Prepaid lease payment	40,398	43,849
Properties under development	266,661	271,947
	307,059	315,796

As at 30 September 2016 and 31 March 2016, shares of a subsidiary of the Company have been pledged to secure an interest-bearing bank loans.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

27. CONTINGENT LIABILITIES

The Group and the Company have no material contingent liabilities as at 30 September 2016 and 31 March 2016.

28. EVENTS AFTER THE REPORTING PERIOD

On 23 August 2016, the Group entered into an agreement to subscribe the CAP CN in the principal amount of HK\$140 million at the conversion price of HK\$0.4 per CAP's share. On 19 October 2016, the CAP CN subscription had been completed. Details of the CAP CN subscription were disclosed in the joint announcements of the Company dated 23 August 2016, 13 September 2016 and 19 October 2016 and the circular of the Company dated 15 September 2016.

29. COMPARATIVE INFORMATION

Certain comparative amounts have been reclassified to conform with the current year presentation. In the opinion of the Company's directors, such reclassifications provide a more appropriate presentation on the Group's business segments.

30. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

The unaudited condensed consolidated financial statements were approved by the Board on 23 November 2016.