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CIL Holdings Limited

華建控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 00479)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

RESULTS

The board of directors (the “Board”) of CIL Holdings Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2016 as follows:

* *For identification purpose only.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 December 2016

		For the six months ended 31 December	
		2016	2015
	<i>Note</i>	(unaudited) HK\$'000	(unaudited) HK\$'000
Revenue	3	49,991	162,947
Cost of sales		<u>(44,777)</u>	<u>(159,714)</u>
Gross profit		5,214	3,233
Other income	4	3,191	4,976
Gains arising from written back of payables in relation to litigation settled	5	–	69,313
Fair value gains on investments at fair value through profit or loss, net		1,515	1,245
Other administrative expenses		(34,191)	(34,382)
Finance costs	6	<u>(4,389)</u>	<u>(4,655)</u>
(Loss)/profit before taxation	7	(28,660)	39,730
Income tax credit	8	<u>–</u>	<u>599</u>
Total comprehensive (loss)/income for the period		<u>(28,660)</u>	<u>40,329</u>
(Loss)/profit for the period attributable to:			
– Owners of the Company		(27,903)	41,291
– Non-controlling interests		(757)	(962)
		<u>(28,660)</u>	<u>40,329</u>
Total comprehensive (loss)/income for the period attributable to:			
– Owners of the Company		(27,903)	41,291
– Non-controlling interests		(757)	(962)
		<u>(28,660)</u>	<u>40,329</u>
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company:			
– Basic	9	<u>(0.77) cents</u>	<u>1.50 cents</u>
– Diluted		<u>N/A</u>	<u>N/A</u>

Details of interim dividend payable to owners of the Company are set out in note 10.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

		As at	
	31 December	30 June	
	2016	2016	
	(unaudited)	(audited)	
Note	<i>HK\$'000</i>	<i>HK\$'000</i>	
Non-current assets			
Property, plant and equipment	13,093	15,842	
Intangible assets	11 21,792	23,042	
Loans receivable	12 23,703	24,805	
	58,588	63,689	
Current assets			
Inventories	6,750	3,088	
Loans receivable	12 22,979	23,159	
Prepayments, deposits, interest and other receivables	13 31,138	36,379	
Trade receivables	14 12,983	15,736	
Investments at fair value through profit or loss	44,213	43,120	
Pledged fixed deposit	20,000	20,006	
Bank balances and cash	21,397	98,098	
	159,460	239,586	
Current liabilities			
Trade payables	15 9,156	3,327	
Accruals, deposits received and other payables	16 8,506	6,086	
Tax payable	473	715	
Borrowings, due within one year	17 32,686	96,624	
	50,821	106,752	
Net current assets	108,639	132,834	
Total assets less current liabilities	167,227	196,523	
Non-current liabilities			
Borrowings, due after one year	17 20,196	20,832	
Net assets	147,031	175,691	

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

		As at	
		31 December	30 June
		2016	2016
		(unaudited)	(audited)
	Note	HK\$'000	HK\$'000
Capital and reserves			
Issued capital	18	36,151	36,151
Reserves		<u>109,980</u>	<u>137,883</u>
Equity attributable to owners of the Company			
		146,131	174,034
Non-controlling interests		<u>900</u>	<u>1,657</u>
Total equity		<u>147,031</u>	<u>175,691</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2016

1. CORPORATE INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The principal activity of the Company is investment holding and the subsidiaries of the Company are principally involving in distribution of server storage, multi-media and communication products, money lending, investments in securities, distribution of rice cooker and household electrical appliances as well as distribution of sports car.

2. BASIS OF PREPARATION AND APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The unaudited condensed consolidated statement of comprehensive income and condensed consolidated statement of financial position for the six months ended 31 December 2016 (collectively, the “Interim Financial Statements”) are presented in Hong Kong dollars (“HK\$”) and have been approved for issue by the Board on 27 February 2017.

The Interim Financial Statements are 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 the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2016. In the current interim period, the Group has applied, for the first time, the following amendments to HKASs and HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s Interim Financial Statements:

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

The application of the above amendments to HKASs and HKFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in the Interim Financial Statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the amount received and receivable for goods sold during the period and interest income from money lending operations.

An analysis of revenue is as follows:

	For the six months ended 31 December	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Sales of goods	47,438	159,407
Interest income from money lending operations	2,553	3,540
	<u>49,991</u>	<u>162,947</u>

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the chief operating decision maker ("CODM"). The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments.

The Group has five reportable operating segments and details are as follows:

- (i) distribution of server storage, multi-media and communication products in Hong Kong;
- (ii) distribution of rice cooker and household electrical appliances to Southeast Asia;
- (iii) money lending segment engages primarily in money lending operations in Hong Kong;
- (iv) investments in securities segment engages primarily in the purchase and sale of securities and the holding of equity investments primarily for dividend income and capital appreciation; and
- (v) distribution of sports car in Hong Kong and the Mainland China.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment revenue represents the revenue generated by each operating segment. Segment results represent the profit earned by each operating segment without allocation of central administration expenses (unallocated corporate expenses), interest income, unallocated finance costs, and income tax expenses. This is the measure reported to CODM for the purposes of resource allocation and assessment of segment performance.

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

- all assets are allocated to reportable segments other than unallocated corporate assets; and
- all liabilities are allocated to reportable segments other than current tax liabilities and unallocated corporate liabilities.

	Distribution of server storage, multi-media and communication products				Distribution of rice cooker and household electrical appliances				Distribution of sports car		Consolidated	
	For the six months ended 31 December 2016		For the six months ended 31 December 2015		For the six months ended 31 December 2016		For the six months ended 31 December 2015		For the six months ended 31 December 2016		For the six months ended 31 December 2015	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	41,438	159,407	2,553	3,540	-	-	-	-	6,000	-	49,991	162,947
Segment results	(5,824)	(9,147)	2,077	974	221	1,902	-	-	327	-	(3,199)	(6,271)
<i>Reconciliations:</i>												
Interest income											3,132	3,312
Unallocated finance costs											(3,779)	(2,062)
Amortisation											(1,250)	(1,250)
Gains arising from written back of payables											-	69,313
Unallocated corporate expenses											(23,564)	(23,312)
(Loss)/profit before taxation											(28,660)	39,730
Other segment information												
Finance costs:												
- allocated	(120)	(240)	-	(2,100)	(490)	(253)	-	-	-	-	(610)	(2,593)
- unallocated											(3,779)	(2,062)
											(4,389)	(4,655)
Depreciation:												
- allocated	(271)	(270)	(11)	(11)	-	-	-	-	-	-	(282)	(281)
- unallocated											(2,576)	(1,710)
											(2,858)	(1,991)
Fair value gains on investments at fair value through profit or loss, net	-	-	-	-	1,515	1,245	-	-	-	-	1,515	1,245
Capital expenditure:												
- allocated	109	55	-	-	-	-	-	-	-	-	109	55
- unallocated											-	2,940
											109	2,995

	Distribution of server storage, multi-media and communication products				Money lendings				Investment in securities				Distribution of rice cooker and household electrical appliances				Distribution of sports car				Consolidated	
	As at		As at		As at		As at		As at		As at		As at		As at		As at		As at			
	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30	31	30		
	December	June	December	June	December	June	December	June	December	June	December	June	December	June	December	June	December	June	December	June		
2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016		
(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Segment assets and liabilities																						
Segment assets	22,667	21,980	28,265	26,128	46,625	43,158	20,000	20,000	5,054	-	122,611	111,266										
Unallocated corporate assets																			95,437	192,009		
Total assets																			<u>218,048</u>	<u>303,275</u>		
Segment liabilities	22,527	15,384	2	17	2,220	8,490	-	-	-	-	24,749	23,891										
Tax payable											473	715										
Unallocated liabilities											45,795	102,978										
Total liabilities											<u>71,017</u>	<u>127,584</u>										

Information about major customers

Revenue from each of the following single external customers for the six months ended 31 December 2016 and 2015 accounted for more than 10% of the total revenue of the Group are as follows:

	For the six months ended 31 December	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Customer A	19,449	67,190
Customer B	8,446	48,613
Customer C	5,717	27,658
	<u>33,612</u>	<u>143,461</u>

Sales to customers A, B and C are included in the segment of distribution of server storage, multi-media and communication products.

Geographical information

The Group's operations are located in Hong Kong and other parts of the PRC, and the Southeast Asia. Other than the segment of distribution of rice cooker and household electrical appliances which are carried in the Southeast Asia, other segments are carried in Hong Kong. The geographical location of customers is based on the location of the customers, irrespective of the origin of the goods or service. The geographical location of the non-current assets other than financial assets is based on the physical location of the asset, in the case of property, plant and equipment and intangible assets, and the location of the operation to which they are allocated, in the case of non-financial assets included in deposits. The Group's revenue by geographical location of the customers and information about its non-current assets by geographical location of the assets are set out below:

	Revenue from external customers		Non-current assets (note)	
	For the six months ended 31 December		As at	
	2016	2015	31 December 2016	30 June 2016
	(unaudited)	(unaudited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong and other parts of the PRC (place of domicile)	<u>49,991</u>	<u>162,947</u>	<u>34,885</u>	<u>38,884</u>

Note: Non-current assets exclude loans receivable and financial assets included in deposits.

4. OTHER INCOME

	For the six months ended 31 December	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest income derived from:		
– bank deposits	52	1
– other loan receivable	<u>3,069</u>	<u>3,245</u>
	3,121	3,246
Others	<u>70</u>	<u>1,730</u>
	<u>3,191</u>	<u>4,976</u>

5. GAINS ARISING FROM WRITTEN BACK OF PAYABLES

	For the six months ended 31 December	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Gains arising from written back of payables in relation to litigation settled (<i>note</i>)	—	69,313
	<u> </u>	<u> </u>

Note:

China Gold Finance Limited (“China Gold”) claimed against the Company for an outstanding loan plus an interest of the loan in a total sum of HK\$69,300,000 on 27 June 2001 and legal costs concerning this claim, and further revised the claims to an amount approximately HK\$227,000,000 in previous years. Several court hearings were held in previous years. A judgement favourable to the Company was issued in December 2014 and China Gold filed an appeal against the judgement in January 2015. On 8 January 2016, the Court of Appeal issued a judgement to dismiss China Gold’s appeal and, therefore, the litigation was settled. Accordingly, the Group had written back the following liabilities in relation to the litigation settled during the six months ended 31 December 2015:

	For the six months ended 31 December	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Other loan	—	17,688
Interest payable of other loan	—	10,196
Provision for litigation	—	41,429
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	—	69,313
	<u> </u>	<u> </u>

6. FINANCE COSTS

	For the six months ended 31 December	
	2016	2015
	(unaudited) HK\$'000	(unaudited) HK\$'000
Interests on other bank loans, bills and overdrafts	60	31
Discounting charge on factoring loans	60	209
Margin loan interest expenses	490	253
Other loan interest expenses	664	1,691
Bond interest expenses	3,115	2,218
Other borrowing costs	–	253
	<u>4,389</u>	<u>4,655</u>

7. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation has been arrived at after charging/(crediting) the following:

	For the six months ended 31 December	
	2016	2015
	(unaudited) HK\$'000	(unaudited) HK\$'000
Directors' emoluments	7,091	6,713
Other staff costs:		
– Salaries, commission, bonus and other benefits	9,548	6,148
– Retirement benefits scheme contributions	119	301
	<u>16,758</u>	<u>13,162</u>
Total staff costs including directors' emoluments		
Fair value gains on investments at fair value through profit or loss:		
– realised gains, net	(1,515)	(1,245)
	<u>44,777</u>	<u>158,081</u>
Cost of sales:		
– cost of inventories recognised as expenses in cost of sales	44,777	158,081
– cost of services recognised as expenses in cost of sales	–	1,633
	<u>44,777</u>	<u>159,714</u>
Depreciation	2,858	1,991
Amortisation	1,250	1,250
Operating lease rentals in respect of land and buildings	2,771	1,344
Legal, professional and consultancy expenses	793	4,769
	<u>2,858</u>	<u>1,991</u>

8. INCOME TAX CREDIT

	For the six months ended 31 December	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Hong Kong Profits Tax:		
Overprovision for prior year	—	599
	<hr/>	<hr/>
Income tax credit	—	599
	<hr/> <hr/>	<hr/> <hr/>

No provision for Hong Kong Profits Tax was made for the six months ended 31 December 2016 and 2015.

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the six months ended 31 December 2016 is based on the Group's loss attributable to owners of the Company of approximately HK\$27,903,000 (2015: the Group's profit attributable to owners of the Company of approximately HK\$41,291,000) and 3,615,145,846 (2015: weighted average number of 2,744,580,628) shares in issue during the period.

Diluted(loss)/earnings per share for the both periods ended 31 December 2016 and 2015 are not presented as the outstanding share options of the Company have no diluted effect due to the fact that the average market price of ordinary shares during that period did not exceed the exercise price of the share options.

10. INTERIM DIVIDENDS

No interim dividend was paid or proposed for the six months ended 31 December 2016 (2015: nil), nor has any dividend been proposed since the end of the reporting period.

11. INTANGIBLE ASSETS

	Distribution rights in sports car HK\$'000 (note (i))	Money lender licence HK\$'000 (note (ii))	Total HK\$'000
Cost			
At 30 June 2016, 1 July 2016 (audited) and 31 December 2016 (unaudited)	25,000	2,000	27,000
Accumulated amortisation			
At 1 July 2015 (audited)	1,458	–	1,458
Amortisation for the year	2,500	–	2,500
At 30 June 2016 and 1 July 2016 (audited)	3,958	–	3,958
Amortisation for the period	1,250	–	1,250
At 31 December 2016 (unaudited)	5,208	–	5,208
Carrying amount			
At 31 December 2016 (unaudited)	<u>19,792</u>	<u>2,000</u>	<u>21,792</u>
At 30 June 2016 (audited)	<u>21,042</u>	<u>2,000</u>	<u>23,042</u>

Note:

- (i) The Company signed a distribution agreement, as supplemented by a letter dated 1 December 2015, with a supplier, pursuant to which, the Company was appointed as an authorised distributor and granted the rights of distribution, marketing and service of sports car “Gumpert Apollo” for 10 years at a consideration of HK\$25,000,000, of which HK\$5,000,000 were paid by cash, and the remaining balance of HK\$20,000,000 were satisfied by the issuance of a two-year, 10% coupon straight bonds by the Company to the supplier (note 17(d)(iii)). The distribution rights have finite useful lives and are amortised on a straight-line basis over 10 years.
- (ii) Money lender licence (the “Licence”) represented the only asset of an acquired subsidiary at the date of acquisition. The Licence is treated as having an indefinite useful life as, in the opinion of the directors of the Company, the Group has involved in money lending business immediately after the acquisition and expected that the money lending business could contribute net cash inflows to the Group indefinitely. Accordingly, the Licence would not be amortised and would be tested for impairment annually and whenever there is an indication that it may be impaired.

12. LOANS RECEIVABLE

		As at	
		31 December 2016 (unaudited) HK\$'000	30 June 2016 (audited) HK\$'000
	Note		
Loans receivable arising from money lending business	(a)	22,979	23,159
Other loan receivable	(b)	<u>23,703</u>	<u>24,805</u>
		46,682	47,964
Less: amount classified as current portion		<u>(22,979)</u>	<u>(23,159)</u>
Amount classified as non-current portion		<u>23,703</u>	<u>24,805</u>

Note:

- (a) The loans receivable arising from the money lending business of the Group carry fixed rate interests at contractual rates ranging from 15% to 24% per annum (30 June 2016: 15% to 24% per annum). Effective interest rates of the loans receivable range from 20% to 26% per annum (30 June 2016: 19% to 31% per annum) The granting of these loans has been approved and monitored by the Company's executive directors in charge of the Group's money lending operations. Overdue balances are reviewed regularly by senior management. As at 31 December 2016 and 30 June 2016, the Group did not hold any collateral or any credit enhancements over these loans receivable.

As at 31 December 2016 and 30 June 2016, loans receivable arising from the money lending business of the Group were neither past due nor impaired and relate to a number of borrowers for whom there was no recent history of default, or the default had been rectified during the period/year. Based on past experience, the executive directors of the Company are of the opinions that no allowance for impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

- (b) Pursuant to a loan agreement entered between the Company and 廣州市水立坊公共浴室有限公司 ("ShuiLiFang") on 26 September 2014, the Company agreed to grant a loan in the principal amount of RMB21,000,000 (equivalent to approximately HK\$23,703,000 at 31 December 2016, "ShuiLiFang Loan"). ShuiLiFang Loan carries fixed interest rate of 25% per annum with tenure of 5 years to 25 September 2019. Interest on the outstanding principal is payable half yearly. ShuiLiFang Loan is secured by a corporate guarantee granted by an independent third party and personal guarantees executed by individual shareholders of ShuiLiFang. There is no collateral or other credit enhancement over the balance.

The aggregate outstanding balance with Shui Li Fang at 31 December 2016 and 30 June 2016 is as follows:

	As at	
	31 December 2016 (unaudited) HK\$'000	30 June 2016 (audited) HK\$'000
Loan receivable	23,703	24,805
Interest receivable	1,575	4,735
	25,278	29,540

As at 31 December 2016, the interest receivable was past due but not impaired. No impairment loss is necessary to be made in respect of the aggregate outstanding balance as, in the opinion of the directors of the Company, overdue interest has been settled subsequently and there has not been a significant change in credit quality.

13. PREPAYMENTS, DEPOSITS, INTEREST AND OTHER RECEIVABLES

		As at	
	Note	31 December 2016 (unaudited) HK\$'000	30 June 2016 (audited) HK\$'000
Rental deposits		2,247	2,235
Deposit paid to secure an agency agreement	(a)	20,000	20,000
Purchase deposits		4,499	6,000
Refundable deposits previously paid for proposed acquisitions	(b)	–	1,170
Other loan interest receivable (note 12(b))		1,575	4,735
Others		2,817	2,239
		31,138	36,379

Note:

- (a) As at 31 December 2016, the amount represented a deposit of HK\$20,000,000 (30 June 2016: HK\$20,000,000) by the Company to secure an agency agreement entered into between the Company and a supplier in previous years. Pursuant to the agency agreement signed on 18 November 2013, among other things, the Company or its subsidiaries were appointed by the supplier as the exclusive sales agent of the supplier to distribute the supplier's rice cookers and household electrical appliances in the regions including Southeast Asia, the Middle East, Africa and South America for an initial term of 3 years. The security deposit will be refunded in full without interest to the Company after the termination of the agency agreement under the terms of the agency agreement. On 16 November 2016, both parties have entered into a renewal agency agreement for a term of further 3 years commencing from the date of signing of the renewal agency agreement.
- (b) As at 30 June 2016, the amount represented the present value of the outstanding balance of refundable deposits previously paid for proposed acquisitions of the entire or part of the equity interest in target companies which had been terminated. Pursuant to the termination agreements, the vendor agreed to repay the entire amount in several instalments without interest with the final instalment expected to be paid in November 2016. As at 30 June 2016, the balance was unsecured and the undiscounted balance was HK\$1,250,000.

14. TRADE RECEIVABLES

	As at	
	31 December	30 June
	2016	2016
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Trade receivables	12,983	15,736

The Group's trading terms with its customers are mainly on open account terms, except for new customers, where payment in advance is normally required. Certain trade receivables were transferred to a financial institution under a non-recourse factoring agreement. The credit period is generally for a period of up to 105 days (30 June 2016: 105 days). The Group seeks to maintain strict control over its outstanding receivables to minimise its credit risk. Overdue balances are regularly reviewed by senior management. Trade receivables are non-interest-bearing and their carrying amounts approximate to their fair values.

The following is an ageing analysis of trade receivables, based on invoice date, at the end of the reporting period:

	As at	
	31 December	30 June
	2016	2016
	(unaudited)	(audited)
	HK\$'000	HK\$'000
0- 30 days	5,999	4,627
31 – 60 days	4,516	3,806
Over 60 days	2,468	7,303
	12,983	15,736

Most of the trade receivables are neither past due nor impaired and have good repayment history in prior years. Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$6,200,000 (30 June 2016: HK\$8,346,000) which were past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

An ageing analysis of trade receivables which are past due but not impaired, based on past due date, is as follows:

	As at	
	31 December	30 June
	2016	2016
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Less than 1 month past due	6,200	7,613
1 to 3 months past due	–	733
	6,200	8,346

The trade receivables that are past due but not impaired related to customers that have good track records with the Group. Management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. A substantial amount of which has been received after the end of the reporting period.

At 31 December 2016, trade receivables with an aggregate carrying amount of HK\$5,920,000 (30 June 2016: HK\$11,645,000) had been charged to secure the general banking facilities of the Company.

15. TRADE PAYABLES

All of the trade payables are expected to be settled within one year. An ageing analysis, based on invoice date, is as follows:

	As at	
	31 December	30 June
	2016	2016
	(unaudited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
0- 30 days	8,670	3,299
31 – 60 days	458	–
Over 60 days	28	28
	<u>9,156</u>	<u>3,327</u>

16. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	As at	
	31 December	30 June
	2016	2016
	(unaudited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest payable	2,463	2,463
Others	6,043	3,623
	<u>8,506</u>	<u>6,086</u>

17. BORROWINGS

		As at	
		31 December	30 June
		2016	2016
		(unaudited)	(audited)
	Note	HK\$'000	HK\$'000
Bank borrowings, secured:			
Factoring loan	(a)	4,558	2,850
Other bank borrowings	(a)	6,631	8,116
Margin loan payable, secured	(b)	2,220	8,475
Other loans	(c)	19,277	57,183
Bonds, unsecured	(d)	20,196	40,832
		<u>52,882</u>	<u>117,456</u>
Less: amount classified as current liabilities		<u>(32,686)</u>	<u>(96,624)</u>
Amount classified as non-current liabilities		<u>20,196</u>	<u>20,832</u>
Secured		32,686	76,624
Unsecured		20,196	40,832
		<u>52,882</u>	<u>117,456</u>

All the bank borrowings, margin loan payable and other loans are repayable either on demand or within a period of not exceeding one year. The bonds, based on the maturity terms, are repayable:

		As at	
		31 December	30 June
		2016	2016
		(unaudited)	(audited)
		HK\$'000	HK\$'000
Within one year		–	20,000
Within a period of more than one year but not exceeding five years		20,196	–
Within a period of more than five years		–	20,832
		<u>20,196</u>	<u>40,832</u>

Except for the bank borrowings which were denominated in USD, all other borrowings were denominated in HKD at 31 December 2016 and 30 June 2016.

Note:

(a) Bank borrowings, secured

Factoring loan is variable-rate borrowings which carry interest at 1% below standard bill rates quoted by bank and the effective interest rate was 3.5% (30 June 2016: 3.2%) per annum as at 31 December 2016. Other bank borrowings represent trust receipt loans which are variable-rate borrowings and their effective interest rate was 3.7% (30 June 2016: 3.3%) per annum as at 31 December 2016. Factoring loan is secured by trade receivables amounting to approximately HK\$5,920,000 (30 June 2016: HK\$11,645,000) (note 14). In addition, a fixed deposit is placed by the Company with a bank to secure general banking facilities of the Group.

(b) Margin loan payable, secured

Margin loan payable is variable-rate borrowings with effective interest rates ranging from 7.3% to 8.8% (30 June 2016: 7.3% to 8.8%) and is secured by the Group's listed equity investments with aggregate carrying amounts of approximately HK\$44,213,000 (30 June 2016: HK\$43,120,000).

(c) Other loans

As at 31 December 2016, other loans of approximately HK\$19,277,000 (30 June 2016: HK\$57,183,000) were secured by 417,380,000 shares of the Company, of which 324,380,000 shares were held by Mr. Ke Jun Xiang, the Chairman and executive director of the Company, and 93,000,000 shares were held by Mr. Wilson Wong, the Deputy Chairman and executive director of the Company.

As at 31 December 2016, the other loans were fixed-rate borrowings with contractual interest rate of 18% per annum (30 June 2016: 18% per annum) for a term of 6 months (30 June 2016: 12 months) from the date of advancement. The effective interest rate of the other loan is 20.2% per annum (30 June 2016: 22.9% per annum). The undiscounted principal amount of other loan is HK\$20,000,000 (30 June 2016: HK\$60,000,000).

(d) Bonds, unsecured

	As at	
	31 December 2016 (unaudited) HK\$'000	30 June 2016 (audited) HK\$'000
At beginning of period/year	40,832	41,978
Interest charged calculated at an effective interest rate (note 6)	664	2,154
Repayment during the period/year	(21,300)	(3,300)
At end of period/year	<u>20,196</u>	<u>40,832</u>

- (i) On 1 September 2014, the Company and a placing agent entered into a bond placing agreement, pursuant to which the placing agent agreed to procure placees to subscribe for 7-year 7% coupon straight bonds to be issued by the Company in an aggregate principal amount of up to a maximum of HK\$10,000,000 in one tranche to be placed during a 90-day selling period. On 3 September 2014, the Company issued a straight bond with principal amount of HK\$10,000,000 to a placee.
- (ii) On 5 November 2014, the Company and a placing agent entered into a bond placing agreement, pursuant to which the placing agent agreed to procure placees to subscribe for 8-year 6% coupon straight bonds to be issued by the Company in an aggregate principal amount of up to a maximum of HK\$10,000,000 in one tranche to be placed during a 90-day selling period. On 7 November 2014, the Company issued a straight bond with principal amount of HK\$10,000,000 to a placee.
- (iii) On 24 November 2014, the Company issued a 2-year 10% coupon straight bond with principal amount of HK\$20,000,000 to a supplier to satisfy a portion of licence fee under a distribution agreement as set out in note 11 (i) above.

18. SHARE CAPITAL

	No. of shares ('000)	<i>HK\$'000</i>
Authorised:		
At 30 June 2016 (audited) and 31 December 2016 (unaudited)	<u>60,000,000</u>	<u>600,000</u>
Issued and fully paid:		
At 30 June 2016 (audited) and 31 December 2016 (unaudited)	<u>3,615,146</u>	<u>36,151</u>

19. OPERATING LEASE COMMITMENTS

Minimum lease payments paid under operating leases in respect of land and buildings excluding director's quarter during the period amounted to approximately HK\$2,420,000 (year ended 30 June 2016: HK\$3,882,000).

At the end of the reporting period, the Group had commitments for future minimum lease under non-cancellable operating leases in respect of land and buildings including director's quarter which fall due as follows:

	As at	
	31 December	30 June
	2016	2016
	(unaudited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Not later than one year	4,894	5,278
Later than one year and not later than five years	3,431	5,146
	8,325	10,424

Operating lease payment represents rentals payable by the Group for certain of its office premises and director's quarter with remaining lease terms of between 3 to 24 months (30 June 2016: 5 to 30 months) and rentals are fixed throughout the lease periods. The Group does not have an option to purchase the leased assets at the expiry of the lease periods.

20. PLEDGE OF ASSETS

As at 31 December 2016, the banking facilities of the Group were secured by the fixed deposit of the Company amounting to approximately HK\$20,000,000 (30 June 2016: HK\$20,006,000), fixed charge over trade receivables of the Group with an aggregate carrying amount of HK\$5,920,000 (30 June 2016: 11,645,000) and a corporate guarantee executed by the Company, and the Group's margin loans were secured by the Group's listed equity investments with aggregate amount of approximately HK\$44,213,000 (30 June 2016: HK\$43,120,000).

21. MATERIAL TRANSACTIONS WITH RELATED PARTIES AND CONNECTED PERSONS

(a) Key management personnel remuneration

The remuneration of key management personnel of the Group during the period was as follows:

	For the six months ended 31 December	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Short term employee benefits	10,797	5,680
Post-employment benefits	64	35
	<u>10,861</u>	<u>5,715</u>

(b) Other material transactions with related and connected persons

During the period, the Group entered into the following material transactions with directors of the Company:

	For the six months ended 31 December	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Principal amount of other loans to the Company which were secured by the Company's shares held by Mr. Wilson Wong and Mr. Ke Jun Xiang (note 17(c))	<u>20,000</u>	<u>60,000</u>

(c) Applicability of the Listing Rules relating to connected person transactions

The transactions set out in note (b) above are exempted connected transactions as they are conducted on terms favourable than normal commercial terms, and the loans or guarantees are not secured by the assets of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial results and business review

Comparing to the corresponding period ended 31 December 2015, the total revenue of the Group for the six months ended 31 December 2016 decreased by 69.32% (2015: 51.12%) to approximately HK\$49,991,000 (2015: HK\$162,947,000). The overall gross profit for the six months ended 31 December 2016 was approximately HK\$5,214,000 (2015: HK\$3,233,000), showing an improvement of 61.27% (2015: a reduction of total gross profit of 74.46%).

The Group continued to engage in distribution of server storage, multi-media and communication products, money lending and investments in securities. During the period, the Group started to operate its distribution, marketing and service of sports car branded “Gumpert Apollo” business while trading in distribution of rice cooker and household electrical appliances in Southeast Asia remained at a standstill because a process of product rebranding and restructuring of the distribution networking is still in progress.

Revenue derived from distribution of server storage, multi-media and communication products accounted for a majority of 82.89% (2015: 97.83%) of the total revenue which amounted to approximately HK\$41,438,000 (2015: HK\$159,407,000). The performance drop of sales of goods in this segment in term of revenue and the result of loss was mainly caused by keen competition in the market arising from the sluggish demand for IT products from customers under the current highly fluctuating economic environment.

Another 5.11% (2015: 2.17%) of the total revenue at approximately HK\$2,553,000 was attributed from interest income deriving from money lending operation (2015: HK\$3,540,000).

In additions, the new segment of distribution of sports car recorded a revenue of approximately HK\$6,000,000 (2015: nil) which accounted for 12.00% (2015: nil) of the total revenue and the startup performance is encouraging.

Although no revenue was generated from distribution of rice cooker and household electrical appliances this segment (2015: nil) in the absence of trading during the period, the directors of the Company still consider that the prospect of developing this business is promising and will play a role in the Group’s future strategic plan in the long run.

As to investment in securities, the Group gained a small profit of approximately HK\$221,000 (2015: HK\$1,902,000) from investment in securities despite of the volatility in local stock market. As at 31 December 2016, the Group held listed securities of approximately HK\$44,213,000 (30 June 2016: HK\$43,120,000).

The total amount of other administrative expenses during the period slightly decreased by 0.56% to approximately HK\$34,191,000 (2015: HK\$34,382,000) and the finance costs slightly dropped by 5.71% to approximately HK\$4,389,000 (2015: HK\$4,655,000) which mainly included interest expenses of bonds and other loan.

The claim of China Gold Finance Limited against the Company for a loan together with the associated loan interest, as set out in note 5 to the condensed consolidated financial statements, was finally dismissed by the Court of Appeal during the six months ended 31 December 2015. The gains arising from written back of payables in relation to litigation settled amounting to approximately HK\$69,313,000 was recorded in the last corresponding period but no amount of similar nature was occurred during the six months ended 31 December 2016.

As the consolidated gross profit together with the other income earned were inadequate to cover the net expenses incurred, the Group recorded a loss attributable to owners of the Company of approximately HK\$27,903,000 for the six months ended 31 December 2016 (2015: profit of HK\$41,291,000) and basic loss per share for the period was HK\$0.77 cents (2015: earnings per share of HK\$1.50 cents).

Liquidity and capital resources

As at 31 December 2016, the Group had net assets of approximately HK\$147,031,000 (30 June 2016: HK\$175,691,000), comprising total assets of approximately HK\$218,048,000 (30 June 2016: HK\$303,275,000) and total liabilities of approximately HK\$71,017,000 (30 June 2016: HK\$127,584,000).

Total assets included total non-current assets of approximately HK\$58,588,000 (30 June 2016: HK\$63,689,000) and total current assets of approximately HK\$159,460,000 (30 June 2016: HK\$239,586,000). Decrease in non-current assets was mainly due to depreciation and amortisation incurred during the six months ended 31 December 2016.

The decrease in bank balances and cash to approximately HK\$21,397,000 (30 June 2016: HK\$98,098,000) was a major factor attributable to the significant drop in current assets, notwithstanding that inventories and investments at fair value through profit or loss have increased to approximately HK\$6,750,000 (30 June 2016: HK\$3,088,000) and approximately HK\$44,213,000 (30 June 2016: HK\$43,120,000) respectively. Besides, total liabilities comprised current liabilities of approximately HK\$50,821,000 (30 June 2016: HK\$106,752,000) and non-current liabilities of approximately HK\$20,196,000 (30 June 2016: HK\$20,832,000). It was mainly represented by the total of non-current and current borrowings aggregating to approximately HK\$52,882,000 (30 June 2016: HK\$117,456,000).

Total bank deposits and cash of approximately HK\$41,397,000 (30 June 2016: HK\$118,104,000), including a pledged fixed deposit of approximately HK\$20,000,000 (30 June 2016: HK\$20,006,000). The bank balances and cash of the Group were denominated in Hong Kong Dollars (“HKD”), Chinese Renminbi (“RMB”) and United States Dollars (“USD”). Decrease of 78.19% in bank balances and cash and 54.98% in total borrowings were caused by repayment of other loan and redemption of bond during the six months ended 31 December 2016.

The current ratio, representing by current assets divided by current liabilities, was 3.14 (30 June 2016: 2.24).

As at 31 December 2016, the aggregate amount of bank borrowings, margin loan payable and other loans of approximately HK\$32,686,000 (30 June 2016: 76,624,000) were denominated in HKD and USD, and were subject to interest at prevailing commercial lending rates. Together with the outstanding bonds of approximately HK\$20,196,000 (30 June 2016: HK\$40,832,000) which were denominated in HKD, total borrowings amounted to approximately HK\$52,882,000 (30 June 2016: HK\$117,456,000). The gearing ratio, measuring as the total borrowings over total equity of approximately HK\$147,031,000 (30 June 2016: HK\$175,691,000), had lowered to 0.36 (30 June 2016: 0.67).

The directors of the Company are of the opinion that, after taking into account of the present available financial resources and the current banking and other facilities, the Group has sufficient fund to finance its operations and to meet the financial obligations of its business when they fall due.

Future prospect

Looking forward, our Group will continue to devote our best efforts in keeping the development of our existing businesses on a steady pace. Also, we will also strive to better utilise our resources to upgrade our technological know-how and marketing capability to a higher level so as to maintain our prestigious goodwill in the IT industry and to serve our customers with the best quality IT products and business solutions. Barring any unforeseen circumstances, the board of directors feels confident in business development of the Group in the near future.

Foreign currency exposure

The Group’s monetary assets and transactions are principally denominated in HKD, RMB and USD. The management considers that the Group’s exposure to USD does not give rise to significant currency risk on the ground that HKD is pegged to USD. The Group exposes to currency risk that are denominated in RMB and currently does not have any hedging policy against RMB. However, the management has monitored the Group’s currency exposure closely and will consider hedging significant foreign exchange risk exposure should the need arise.

Commitment

Except for operating lease commitments in respect of land and buildings amounting to approximately HK\$8,325,000 (30 June 2016: HK\$10,424,000), the Group had no other commitment as at 31 December 2016 (30 June 2016: nil).

Material acquisitions and disposals

The Group had no material acquisitions and disposals of subsidiaries during the six months ended 31 December 2016.

Employees and remuneration policy

The Group had 49 employees as at 31 December 2016 (2015: 47). They were remunerated according to the prevailing manpower conditions and individual performance. There was no change on the staff policy during the six months ended 31 December 2016. The staff cost (including directors' remunerations) during the period amounted to approximately HK\$16,758,000 (2015: HK\$13,162,000). The Company may grant share options to directors of the Company, employees of the Group and other eligible participants under the share option scheme adopted and approved in the year 2011. As at 31 December 2016, there were 78,000,000 (2015: 78,000,000) share options outstanding under the share option scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2016.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws of the Company (the "Bye-laws") or the laws of Bermuda in relation to issues of new shares by the Company.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Company has applied the principles of the Corporate Governance Code (the "CG Code") setting out in Appendix 14 of the Listing Rules therein as its own code on corporate governance practices. In the opinion of the Board of the Company, the Company has complied with the CG Code during the period ended 31 December 2016, except for the deviation from code provision A.2.1.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. The chairman of the Company has doubled up as CEO since 12 August 2014 due to the resignation of the former CEO from the position. A new CEO will be appointed when a suitable candidate is identified by the Board.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct for dealing in securities of the Company by the directors of the Company ("Directors") Having made specific enquiry, all of the Directors confirmed that they had complied with the Model Code throughout the six months ended 31 December 2016. The Model Code also applies to the senior management of the Group.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management regarding the accounting principles and practices adopted by the Group in respect of the Group's unaudited interim consolidated financial statements for the six months ended 31 December 2016 and has discussed internal controls and financial reporting matters including a review of the figures. The committee was established in compliance with Rule 3.21 of the Listing Rules and the membership currently comprises all three existing independent non-executive directors of the Company.

PUBLICATION OF RESULTS ON THE INTERNET

This announcement of final results is published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.cil479.com.hk under the section of "Announcement". The interim report of the Group for the six months ended 31 December 2016 containing all the information required by Appendix 16 of the Listing Rules will also be published on both websites in due course.

By Order of the Board
CIL HOLDINGS LIMITED
Ke Jun Xiang
Chairman

Hong Kong, 27 February 2017

As at the date of this announcement, the executive directors of the Company are Mr. Ke Jun Xiang (Chairman and CEO), Mr. Wilson Wong (Deputy Chairman), Ms. Lo Yuen Chung and Mr. Fu Daoding; the non-executive directors of the Company are Mr. Chow Yeung Tuen, Richard and Mr. Li Chung Kai Philip; and the independent non-executive directors of the Company are Mr. Kwok Yam Sheung, Mr. Chan Siu Kay and Mr. Choi Chin Yu.