



# Enerchina

Holdings Limited

威華達控股有限公司\*

(Incorporated in the Bermuda with limited liability)

(Stock Code: 622)

2017  
INTERIM REPORT

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. SAM Nickolas David Hing Cheong  
(Appointed as Acting Chairman  
on 5 April 2017)

(Resigned as Chief Executive Officer  
on 6 April 2017)

Mr. CHOW Chi Wah Vincent  
(Appointed as Managing Director  
on 5 April 2017)

Mr. WONG Yat Fai  
(Appointed on 19 April 2017)

Mr. CHEN Wei (*Chairman*)  
(Resigned on 5 April 2017)

Mr. TANG Yui Man Francis  
(Resigned on 28 June 2017)

#### Independent Non-executive Directors

Mr. CHEUNG Wing Ping

Mr. CHUI Kark Ming

Mr. MA Ka Ki

Mr. HUNG Cho Sing  
(Appointed on 6 April 2017)

Mr. CHAN Hak Kan  
(Appointed on 6 April 2017)

### AUTHORISED REPRESENTATIVES

Mr. CHOW Chi Wah Vincent

Mr. SAM Nickolas David Hing Cheong

### AUDIT COMMITTEE

Mr. CHEUNG Wing Ping (*Chairman*)

Mr. CHUI Kark Ming

Mr. MA Ka Ki

Mr. HUNG Cho Sing  
(Appointed on 6 April 2017)

Mr. CHAN Hak Kan  
(Appointed on 6 April 2017)

### NOMINATION COMMITTEE

Mr. CHUI Kark Ming (*Chairman*)

Mr. CHEUNG Wing Ping

Mr. MA Ka Ki

Mr. SAM Nickolas David Hing Cheong

Mr. HUNG Cho Sing  
(Appointed on 6 April 2017)

Mr. CHAN Hak Kan  
(Appointed on 6 April 2017)

### REMUNERATION COMMITTEE

Mr. CHEUNG Wing Ping (*Chairman*)

Mr. CHUI Kark Ming

Mr. MA Ka Ki

Mr. SAM Nickolas David Hing Cheong

Mr. HUNG Cho Sing  
(Appointed on 6 April 2017)

Mr. CHAN Hak Kan  
(Appointed on 6 April 2017)

Mr. CHEN Wei  
(Resigned on 5 April 2017)

### COMPANY SECRETARY

Mr. CHOW Chi Wah Vincent

### LEGAL ADVISORS

(As to Bermuda law)

Conyers Dill & Pearman

### REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

### **PRINCIPAL PLACE OF BUSINESS**

25th Floor, China United Centre  
28 Marble Road, North Point  
Hong Kong  
Telephone : (852) 3198 0622  
Facsimile : (852) 2704 2181  
Stock Code : 622  
Website : <http://www.enerchina.com.hk>

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

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

### **HONG KONG BRANCH SHARE REGISTRAR**

Computershare Hong Kong  
Investor Services Limited  
46th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### **HONG KONG BRANCH SHARE TRANSFER OFFICE**

Computershare Hong Kong  
Investor Services Limited  
Shops 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### **AUDITOR**

Deloitte Touche Tohmatsu  
Certified Public Accountants  
35th Floor, One Pacific Place  
88 Queensway  
Hong Kong

### **PRINCIPAL BANKERS**

Bank of China  
Bank of China (Hong Kong) Limited  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

## FINANCIAL HIGHLIGHTS:

### For the six months ended 30 June 2017

- Revenue is a negative amount of approximately HK\$312.1 million.
- Loss attributable to owners of the Company amounts to approximately HK\$373.5 million.
- Basic loss per share is approximately HK3.86 cents.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in the financial services sector, including the provision of securities brokerage services, placing and underwriting services, the provision of corporate finance advisory services, trading and investment of securities, provision of margin financing, money lending services, investment advisory and asset management services as well as investment holdings.

### BUSINESS REVIEW

For the six months ended 30 June 2017, the Group's revenue amounted to a negative of approximately HK\$312.1 million, compared with the negative revenue of approximately HK\$672.8 million over the same period last year. Loss for the six months ended 30 June 2017 amounted to approximately HK\$402.1 million compared with the loss of approximately HK\$659.2 million for the same period last year. Basic loss per share amounted to HK3.86 cents compared with loss per share of HK8.90 cents (restated) for the same period last year. The loss was mainly attributable to loss on financial assets at fair value through profit or loss.

#### Brokerage Services

Brokerage commission income generated from provision of securities brokerage services amounted to approximately HK\$1.3 million for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK\$0.7 million).

Interest income generated from provision of margin financing services amounted to approximately HK\$16.3 million for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK\$1.0 million).

#### Money Lending

Interest income from the provision of money lending services amounted to approximately HK\$21.7 million for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK\$10.5 million).

## Placing and Underwriting Services

During the period, Win Wind Securities Limited, a non-wholly owned subsidiary of the Company, has placed and underwritten securities with a value of approximately HK\$726.9 million, and generated placement commission income of approximately HK\$17.7 million for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK\$3.0 million). Win Wind Securities Limited has executed 8 placements and underwritings of securities on behalf of listed company clients during the period.

## Corporate Finance

Investment advisory services income decreased by approximately 80% to approximately HK\$0.6 million compared to approximately HK\$3.0 million of income in the same period last year.

## Investment Advisory

Investment advisory services income decreased by approximately 47% to HK\$0.9 million for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK\$1.7 million).

## Proprietary Trading

The Group engages in proprietary trading of listed securities, listed bonds, and unlisted investment funds, which are classified as financial assets at fair value through profit or loss. The fair value of the portfolio of the Group amounted to approximately HK\$1,990.9 million (31 December 2016: approximately HK\$2,919.8 million), and a loss on financial assets at fair value through profit or loss of approximately HK\$370.4 million was recognised, as compared to a loss on financial assets at fair value through profit or loss of approximately HK\$689.8 million in the same period last year. Dividend income decreased by approximately 36% to HK\$1.8 million for the six months ended 30 June 2017, when compared to HK\$2.8 million in the same period last year, which was mainly due to lesser dividends having been received by the Group from listed securities.

## FINANCIAL POSITION

The Group's financial services business is not exposed to foreign exchange risk as most of the transactions are denominated in Hong Kong Dollars ("HK\$"). No financial instruments were used for hedging purposes.

The Group's total cash and bank balances, represented by cash and cash equivalents, structured deposits, and short-term bank deposits, amounted to approximately HK\$1,484.9 million as at 30 June 2017 and are mostly denominated in Renminbi ("RMB"), HK\$ and United States Dollar.

## Capital Commitments

As at 30 June 2017, the Group did not have any capital commitment.

## SIGNIFICANT INVESTMENTS

During the period, the Group had the following significant investments held which were classified as available-for-sale investments and financial assets at fair value through profit or loss:

| Name of investments  | Notes | Percentage of | Percentage of | Fair value/ | Fair value/ | Net gain/      | Net gain/      |
|--|-------|---------------|---------------|-------------|-------------|----------------|----------------|
|  |       | shareholding  | shareholding  | carrying    | carrying    | (loss) for the | (loss) for the |
|  |       | as at 30 Jun  | as at 31 Dec  | amount as   | amount as   | six months     | six months     |
|  |       | 2017          | 2016          | at 30 Jun   | at 31 Dec   | ended 30 Jun   | ended 30 Jun   |
|  |       | %             | %             | 2017        | 2016        | 2017           | 2016           |
|  |       |               |               | HKS'000     | HKS'000     | HKS'000        | HKS'000        |
| <b>Available-for-sale investments</b>                            |       |               |               |             |             |                |                |
| Unlisted shares in overseas, at cost                             |       |               |               |             |             |                |                |
| - Satinu Resources Group Ltd.                                    | 1     | 6.87          | 6.87          | 500,000     | 500,000     | -              | -              |
| - Freewill Holdings Limited                                      | 2     | 6.63          | 6.63          | 159,600     | 159,600     | -              | (49,400)       |
| Unlisted shares in overseas, at fair value                       | 3     | 4.29          | 5.44          | 100,000     | 100,000     | -              | -              |
| Listed shares in Hong Kong, at fair value                        |       |               |               |             |             |                |                |
| - China Vanke Co., Ltd. (stock code: 2202)                       | 4     | -             | 0.08          | -           | 163,458     | (17,558)       | -              |
| - Imagi International Holdings Limited (stock code: 585)         | 5     | 16.45         | -             | 72,576      | -           | (29,484)       | -              |
| <b>Financial assets at fair value through profit or loss</b>     |       |               |               |             |             |                |                |
| Listed shares in Hong Kong                                       |       |               |               |             |             |                |                |
| - Freeman Fintech Corporation Limited<br>(stock code: 279)       | 6     | 4.39          | 4.82          | 358,800     | 345,000     | 13,800         | 1,350          |
| - C C Land Holdings Limited (stock code: 1224)                   | 7     | 2.15          | 1.88          | 148,474     | 109,960     | (31,164)       | (7,250)        |
| - Evergrande Health Industry Group Limited<br>(stock code: 708)  | 8     | 0.89          | 0.89          | 121,126     | 113,411     | 7,715          | (88,817)       |
| - China Evergrande Group (stock code: 3333)                      | 9     | 0.05          | 0.05          | 98,140      | 33,810      | 64,330         | -              |
| - Asia Standard International Group Limited<br>(stock code: 129) | 10    | 3.09          | 3.09          | 91,898      | 64,533      | 27,365         | -              |

| Name of investments                                      | Notes | Percentage of | Percentage of | Fair value/ | Fair value/ | Net gain/      | Net gain/      |
|--|-------|---------------|---------------|-------------|-------------|----------------|----------------|
|  |       | shareholding  | shareholding  | carrying    | carrying    | (loss) for the | (loss) for the |
|  |       | as at 30 Jun  | as at 31 Dec  | amount as   | amount as   | six months     | six months     |
|  |       | 2017          | 2016          | at 30 Jun   | at 31 Dec   | ended 30 Jun   | ended 30 Jun   |
|  |       | %             | %             | 2017        | 2016        | 2017           | 2016           |
|  |       |               |               | HK\$'000    | HK\$'000    | HK\$'000       | HK\$'000       |
| - Kingston Financial Group Limited (stock code: 1031)    | 11    | 0.18          | 0.18          | 70,500      | 83,750      | (13,250)       | 4,750          |
| - Dragonite International Limited (stock code: 329)      | 12    | 1.92          | 4.75          | 33,918      | 85,024      | (13,606)       | (10,062)       |
| - Courage Marine Group Limited (stock code: 1145)        | 13    | 3.45          | 3.94          | 31,040      | 23,450      | 6,026          | -              |
| - Imagi International Holdings Limited (stock code: 585) | 5     | 3.33          | 2.08          | 14,691      | 27,545      | (12,854)       | (53,373)       |
| - China Vanke Co., Ltd. (stock code: 2202)               | 4     | 0.03          | 0.07          | 9,764       | 137,719     | 29,119         | (3,416)        |
| - HengTen Networks Group Limited (stock code: 136)       | 14    | -             | 3.41          | -           | 990,668     | (408,375)      | (323,418)      |

The above table lists the investments which principally formed a significant portion of the net assets of the Group. To give details of other investments would result in particulars of excessive length.

The performance and prospects of the Group's significant investments during the period were detailed as follows:

1. Satinu Resources Group Ltd. ("Satinu")

As at 31 December 2016, the Group held 6.87% of HEC Capital Limited ("HEC"). As a result of the internal corporate reorganization of HEC on 6 January 2017, the Group finally held approximately 6.87% of the issued shares of Satinu. The investment was booked at cost less any identified impairment losses amounting to HK\$500 million, as at 30 June 2017.

Satinu and its subsidiaries engages in integrated financial services, securities brokerage services, money lending, securities and other direct investments. Given recent merger and acquisition deals of financial related companies by Chinese enterprises and low interest rate environment, Satinu has a strategic investment value.



2. Freewill Holdings Limited (“FHL”)

The Group held 6.63% of FHL amounting to HK\$159.6 million as at 30 June 2017. During the year ended 31 December 2016, an impairment loss of HK\$49.4 million was recognised against its carrying amount of FHL due to the decrease in net asset value of FHL as of 31 December 2016.

FHL engages in the business of property investment, investment advisory and financial services, investment in securities trading and money lending. FHL is also an associate company of Freeman Fintech Corporation Limited as stated in point 6 below.

3. Unlisted shares in overseas, at fair value

The Group held 4.29% of the share capital of an unlisted entity, which is a private company, amounting to HK\$100 million, as at 30 June 2017. The investment was carried at fair value subsequent to initial recognition.

The unlisted entity engages in securities trading and investment holding businesses. Its investment portfolio consists of listed and unlisted securities.

4. China Vanke Co., Ltd. (“Vanke”)

The Group held 7,780,717 shares of Vanke from year 2016, and 7,488,900 shares were sold during the period and regard as financial assets at fair value through profit or loss. The stock price increase from HK\$17.7 per share to HK\$22.1 per share and the value of the position decreased from HK\$137.7 million to HK\$9.8 million due to partial disposal.

The Group held 9,234,900 shares of Vanke from 2016 for long term investment and regard as available-for-sale financial assets. All such shares were fully sold during the period and the amount of HK\$17.6 million was recognized as realised loss.

Vanke engages in development and sale of properties, construction contract and property management and related services in the People’s Republic of China (the “PRC”).

5. Imagi International Holdings Limited (“Imagi”)

The Group held 22,954,200 shares (adjusted) of Imagi from year 2016 and regard as financial assets at fair value through profit or loss. The stock price decrease from HK\$1.20 per share (adjusted) to HK\$0.64 per share (adjusted) and the value of the position decreased from HK\$27.5 million to HK\$14.7 million.

The Group completed the share swap agreement with Imagi on 22 March 2017 and acquired additional 113,400,000 shares. Such shares were acquired for long term investment and regard as available-for-sale financial assets.

Imagi focuses on computer graphic imaging businesses, cultural and entertainment businesses, as well as the investment in corporate bonds and short-term deposits for interest income. The company is also engaged in money lending, the investment in securities and the proprietary trading of listed securities.

6. Freeman Fintech Corporation Limited (“FFC”) (formerly known as Freeman Financial Corporation Limited)

During the period, the stock price rose from HK\$0.50 per share to HK\$0.52 per share and the value of the position increased from HK\$345.0 million to HK\$358.8 million.

FFC engages in the financial services sector, including the provision of securities and futures brokerage services, the provision of placing, underwriting and margin financing services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, the trading of securities and futures, the provision of finance, as well as investment holding.

7. CC Land Holdings Limited (“CC Land”)

The stock price has dropped from HK\$2.26 per share to HK\$1.78 per share. During the period, the Group has additionally purchased 34,040,566 shares. The value of the position has increased from HK\$110.0 million to HK\$148.5 million.

CC Land principally engages in property development and investment; investments in securities and notes receivable and the provision of financial services.

8. Evergrande Health Industry Group Limited (“Evergrande Health”)

During the period, the stock price rose from HK\$1.47 per share to HK\$1.57 per share and the value of the position increased to HK\$121.1 million.

Evergrande Health principally engages in magazine publishing, distribution of magazines, digital business and provision for magazine content and “Internet+” community health management, international hospitals, elderly care and rehabilitation, medical cosmetology and anti-aging.

9. China Evergrande Group (“China Evergrande”)

The Group held 7,000,000 shares of China Evergrande as at 30 June 2017. The stock price rose from HK\$4.83 per share to HK\$14.02 per share, and the value of the position increased to HK\$98.1 million as at 30 June 2017.

China Evergrande focuses on property development and operates its business through four segments: property development, property investment, property management and other businesses. China Evergrande also is engaged in property construction, hotel operations, finance business, internet business, health industry business and fast consuming products business.

10. Asia Standard International Group Limited (“Asia Standard”)

The Group held 40,843,373 shares of Asia Standard as at 30 June 2017. The stock price rose from HK\$1.58 per share to HK\$2.25 per share, and the value of the position increased to HK\$91.9 million as at 30 June 2017.

Asia Standard focuses on developing and investing properties in prime location in Hong Kong and first-tier cities in the PRC, which is divided into operation sectors including property development, property leasing, hotel and travel, and financial investments.

11. Kingston Financial Group Limited (“Kingston”)

During the period, the stock price dropped from HK\$3.35 per share (adjusted) to HK\$2.82 per share (adjusted). The value of the position of the stock decreased from HK\$83.8 million to HK\$70.5 million.

Kingston principally engages in the provision of securities brokerage, underwriting and placements, margin and initial public offering financing, corporate finance advisory, futures brokerage and asset management services. Kingston also provides gaming and hospitality services in Macau.

12. Dragonite International Limited (“Dragonite”)

During the period, the stock price dropped from HK\$1.69 per share to HK\$1.67 per share. The Group disposed of 30,000,000 shares. The value of the position of the stock has decreased from HK\$85.0 million to HK\$33.9 million.

Dragonite principally engages in the production and sales of health care products, pharmaceutical products, securities trading and investments, money lending and trading of wines in the PRC and Hong Kong.

13. Courage Marine Group Limited (“Courage Marine”)

The Group held 5,000,000 shares of Courage Marine on 31 December 2016 and additionally purchased 261,000 shares during the period. The shares of Courage Marine were classified as financial assets at fair value through profit or loss. During the period, its stock price has increased from HK\$4.69 per share to HK\$5.90 per share and the market value has also increased from HK\$23.5 million to HK\$31 million.

Courage Marine focuses on the provision of marine transportation services, property holding and investment, investment holding and merchandise trading.

14. HengTen Networks Group Ltd. (“HengTen Networks”)

Since 2015, the Group holds 200 million bonus warrants of HengTen Networks. Each bonus warrants holder is entitled to subscribe, in cash, one new ordinary share of HengTen Networks for every two bonus warrants (adjusted) on or before 23 February 2017. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of HengTen Networks. In November 2016, the Group exercise its rights attached to the 200 million bonus warrants by subscribing 100 million shares of HengTen Networks at HK\$0.2 per share with the total amounts to HK\$20 million. The Group sold all the shares and recognised a loss of HK\$408.4 million during the period.

HengTen Networks engages in internet community services comprises three fundamental sectors, being property services, neighborhood social networking and life services, and two value-added sectors, being internet home and community finance as well as those sectors as might be derived in the future.

Going forward, the Group expects that the stock markets in Hong Kong and the PRC will remain challenging for the second half of 2017, as the global economy continues to face uncertainties resulting from the US macro policy, the progress of Brexit and global geopolitical conflicts. However, the launch of the Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect have strengthened the interconnectivity between the mutually complementary stock markets in Hong Kong and the PRC. The Board is of the view that Hong Kong's stock market will benefit from the Stock Connects with more demands for financial services rendered in Hong Kong.

## **MATERIAL TRANSACTIONS**

### **(a) Rights issue**

On 30 November 2016, the Company announced a proposed rights issue on the basis of one rights share for every two shares in issue at a subscription price of HK\$0.265 per rights share to raise not less than HK\$953,185,000 before expenses (the "Rights Issue"). Details of the Rights Issue is set out in the prospectus dated 20 February 2017. Upon completion of the Rights Issue on 13 March 2017, the issued share capital of the Company was increased from 7,193,846,664 shares to 10,790,769,996 shares.

### **(b) Share swap agreement with Imagi International Holdings Limited ("Imagi")**

On 16 March 2017, the Company entered into a share swap agreement with Imagi whereby Imagi allotted and issued new Imagi shares in exchange for new shares of the Company. Upon completion of the share swap agreement, the Group held an 19.78% equity interest in Imagi. Details of the transaction are set out in the Company's announcement dated 16 March 2017. On 22 March 2017, the share swap was completed.

### **(c) Acquisition of HEC Securities Company Limited and its subsidiaries**

On 21 March 2017, Uptown Enerchine Capital Limited ("Uptown Enerchine"), a wholly-owned subsidiary of the Company entered into an acquisition agreement with Satinu Resources Group Ltd. ("Satinu"), pursuant to which Uptown Enerchine conditionally agreed to acquire and Satinu conditionally agreed to sell an aggregate of 70% of the entire issued share capital of the HEC Securities Company Limited ("HECSC"), in two tranches at the total consideration of HK\$1,225,000,000. Upon the completion of the acquisition, HECSC and its subsidiaries will become a wholly-owned subsidiary of the Company. Further details of the acquisition are set out in the Company's announcement dated 21 March 2017, 30 June 2017 and 31 July 2017. The acquisition has not yet been completed as at the date hereof.

## EVENTS AFTER THE REPORTING PERIOD

### (a) Grant of share options

On 5 July 2017, the Company granted, pursuant to its share option scheme adopted on 17 May 2012, a total of 1,116,876,999 share options to such eligible person(s) at an exercise price of HK\$0.1764 to subscribe for one ordinary share of HK\$0.01 each in the share capital of the Company.

On 11 July 2017, the Company issued 1,116,876,999 shares pursuant to exercise of share options which were granted on 5 July 2017. Upon completion of the issue of shares, the issued share capital of the Company increased from 11,168,769,996 shares to 12,285,646,995 shares.

### (b) Settlement agreement with warrant holders of unlisted warrants

On 12 July 2017, the Company entered into a settlement agreement with the warrant holders, pursuant to which the Company agreed to accept an ex-gratia payment of HK\$0.05 per warrant from the warrant holders in exchange for the Company not taking legal action to enforce the mandatory exercise rights. The Company received a total sum of HK\$66,797,506.60 from the warrant holders upon the signing of the settlement agreement.

### (c) Placing of new shares under general mandate

On 14 July 2017, the Company entered into a placing agreement with Enhanced Securities Limited, the placing agent, in relation to the placing of a total of 2,233,753,999 new shares (the "Placing Share(s)") under the general mandate (the "Placing"). Pursuant to the placing agreement, the placing agent has conditionally agreed to place the Placing Shares on a fully underwritten basis, to not less than six placees, at a price of HK\$0.15 per Placing Share.

The aggregate gross proceeds from the Placing are approximately HK\$335.06 million, and the aggregate net proceeds from the Placing, after deducting the placing commission and other related expenses, are approximately HK\$326.61 million, which is intended to be used as general working capital of the Group.

On 26 July 2017, the Company issued 2,233,753,999 shares pursuant to the placing agreement dated 14 July 2017. Upon completion of the issue of shares, the issued share capital of the Company increased from 12,285,646,995 shares to 14,519,400,994 shares.

**(d) Proposed share consolidation**

Subsequent to the date of this Interim Report, the Company proposes that every five (5) issued and unissued shares of HK\$0.01 each in the share capital of the Company (the “Existing Share(s)”) be consolidated into one (1) share of HK\$0.05 each in the share capital of the Company (the “Consolidated Share(s)”) (the “Share Consolidation”) on 5 September 2017. Upon the Share Consolidation becoming effective and assuming that no further Existing Shares will be issued or repurchased from the date of this report until the effective date of the Share Consolidation, the authorised share capital of the Company shall become HK\$1,000,000,000 divided into 20,000,000,000 Consolidated Shares of par value of HK\$0.05 each, of which 2,903,880,198 Consolidated Shares will be in issue. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 3,000 Consolidated Shares. For details of the proposed Share Consolidation, please refer to the Company’s announcement dated 5 September 2017.

**LITIGATION****(a) Updates on the previous disposal of shares in Shenzhen Fuhuade Electric Power Co., Ltd. (“Fuhuade”)**

During the year ended 31 December 2011, the Group disposed of its 100% equity interest in Fuhuade to CNOOC Gas & Power Group (the “CNOOC Gas” or “Buyer”). The total consideration of the disposal of RMB1,037,642,000 (equivalent to approximately HK\$1,247,166,000) was payable in instalments, the payment of which was subject to finalisation and confirmation of the results of supplemental audit. As at 31 December 2012, the supplemental audit was not yet finalized and the outstanding instalments were not received from the Buyer. In view of this, the Group made a provision for doubtful consideration receivable of HK\$93,132,000 for the year ended 31 December 2012.

As at 31 December 2013, the Group was still not able to secure a satisfactory conclusion on the supplemental audit. Under the circumstances, the Board is of the opinion that the timing and eventual outcome of the finalisation of the supplemental audit and hence the settlement of the outstanding instalments cannot be estimated with reasonable certainty. It is determined that the receivable amount should be fully provided for until such time as the eventual outcome can be reliably estimated. Accordingly, the Group fully wrote down the receivable amount of HK\$255,185,000, being the amount of consideration receivable amounting to HK\$358,921,000 as originally stated after deducting estimated other taxes payable arising from the disposal of the subsidiary of HK\$103,736,000, in the profit and loss account for the year ended 31 December 2013.

During the period under review, legal recourse has been sought and the Group is currently awaiting a decision from the courts.

**(b) Legal proceedings against Qin Jun**

On 6 May 2016, Win Wind Resources Limited (“Win Wind Resources”), a wholly-owned subsidiary of the Company, commenced legal proceedings as creditor by filing a bankruptcy petition with the Court of First Instance of Hong Kong, against Mr. Qin Jun as debtor regarding an outstanding loan (and accrued interest) in the approximate sum of HK\$54.99 million pursuant to a loan agreement dated 29 September 2014 made between Win Wind Resources as lender and Mr. Qin Jun as borrower (as supplemented by a supplementary agreement made between the parties dated 29 March 2015). Mr. Qin Jun was declared bankrupt by the Court of First Instance on 27 July 2016. Mr. Qin Jun subsequently filed an application to annul the bankruptcy order, however such application was dismissed by the Court of First Instance at a hearing on 10 April 2017 and costs relating to the application were ordered to be paid by Mr. Qin Jun to Win Wind Resources. On 5 May 2017, Mr. Qin Jun filed a Notice of Appeal with the Court of Appeal to appeal against the judgment made on 10 April 2017 by the Court of First Instance. The appeal has yet to be heard by the Court of Appeal.

**(c) Legal proceedings against Green International Holdings Limited**

On 9 February 2017, Nu Kenson Limited (“Nu Kenson”), a non-wholly owned subsidiary of the Company, commenced legal proceedings as plaintiff by filing a writ of summons with the Court of First Instance of Hong Kong, against Green International Holdings Limited (the “High Court Action”), a company listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with stock code 2700 (“Green International”) regarding certain convertible bonds issued by Green International to a third party in the principal amount of HK\$40,000,000 and with an interest rate of 8% per annum, which were fully assigned to Nu Kenson by the said third party. On 28 April 2017, Nu Kenson and Green International signed a deed of settlement pursuant to which Green International agreed to pay a sum of HK\$44,000,000 to Nu Kenson in full and final settlement of the High Court Action. The said sum of HK\$44,000,000 was received by Nu Kenson in full.

**PROSPECTS**

The global economy for the second half of 2017 will continue to face uncertainties resulting from potential adjustments of US macro policy, the progress of Brexit and global geopolitical conflicts. The Federal Reserve Board is expected to conduct a balance sheet reduction in September 2017, and the European Central Bank will gradually normalize its monetary policy, both events may have a major impact on the global economic and financial situation. From a domestic perspective, the macro economy in the PRC should be able to strike a balance between financial deleveraging and steady economic growth, so as to promote the supply-side structural reform. Thus, the economy and securities market in Hong Kong may continue to be affected by both international and domestic factors in the second half of 2017.



During the first half of 2017, many overseas stock markets enjoyed a market rally and the Hong Kong local market also experienced a mild increase in the first half year of 2017 and a significant gain from the beginning of July till now. To be more specific, the Hang Seng Index (“HSI”) increased from around 22,100 at the beginning of January 2017 to around 27,800 in early August 2017. The domestic stock market in the PRC has remained stable under a prudent and balanced liquidity risk control and a series supervision. The influx of investors from the PRC into the Hong Kong stock market has also contributed to the two-year high of the HSI as well as the average PE ratio. Currently, the combined southbound turnover of the Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect (collectively the “Stock Connects”) programmes makes up approximately 5 percent of Hong Kong’s total market turnover and its importance is continuing to increase. This increase symbolizes the integration between the capital markets of the two regions. Approximately half the stocks listed in Shanghai and Shenzhen and a quarter of Hong Kong listed stocks can be traded through the Stock Connects. They are primarily medium to large-cap companies, which represent over 80 percent of the three stock exchanges’ combined market capitalization.

Accordingly, the Board is constantly seeking investment opportunities to enrich its investment portfolio and enhance the value of both the Company and its Shareholders. After the initial acquisition of the 30% equity investment in HECSC on 15 December 2016, the acquisition of the remaining 70% equity investment in HECSC was announced on 21 March 2017, and upon completion, HECSC will become a wholly-owned subsidiary of the Group.

The Board is cautiously optimistic of the growth of the financial services sector in both Hong Kong and the PRC, and has proceeded to enhance the capability of the Company to develop new businesses. The Group will continue to conduct fund-raising activities and invite competent staff to join the Group in order to enhance and expand its capability to cope with the ever-changing environment and opportunity as they arise. The Board will also seek to make investments in its infrastructure and keep up with developments in the sectors to maintain its competitive edge as well as stay ahead of other service providers.

## PLACING OF UNLISTED WARRANTS WITH MANDATORY EXERCISE RIGHTS

The Company entered into a conditional placing agreement dated 11 May 2015 (the "Placing Agreement") with Win Wind Securities Limited (the "Placing Agent"), a wholly-owned subsidiary of the Company, pursuant to which the Company agreed to grant and the Placing Agent agreed to procure not less than six professional investors (the "Placees") to subscribe for 1,335,950,132 unlisted transferable warrants ("Warrant(s)") to be issued by the Company at HK\$0.01 per Warrant pursuant to the Placing Agreement (as supplemented by two supplemental agreements dated 20 May 2015 and 15 June 2015). The Warrants entitle the holder thereof to subscribe for one new share to be allotted and issued by the Company upon the exercise of the subscription rights attaching to the Warrants ("Warrant Share(s)") at HK\$0.65 per Warrant Share (subject to adjustment pursuant to the instrument) at any time for a period of 24 months from the issue of the Warrants and subject to the mandatory exercise rights.

The net proceeds from the placing of the Warrants amounted to approximately HK\$13.4 million and were used as the general working capital of the Group. Any additional proceeds from the issue of the Warrant Shares upon the exercise of the subscription rights attaching to the Warrants with mandatory exercise rights in the future up to a total amount of approximately HK\$846.2 million (after deduction of expenses) were also intended to be applied towards the general working capital and/or as funds for the future business development of the Group. Details of the placing of the Warrants were detailed in the circular to shareholders on 19 June 2015. The placing was approved by shareholders of the Company at a special general meeting on 7 July 2015, authorizing the Board to allot and issue the Warrants and the related Warrant Shares.

As at 30 June 2017, no Warrant Shares have been allotted pursuant to the Warrants.

On 12 July 2017, the Company entered into a settlement agreement with the Placees, pursuant to which the Company agreed to accept an ex-gratia payment of HK\$0.05 per warrant from the Placees in exchange for the Company not taking legal action to enforce the mandatory exercise rights. The Company received a total sum of approximately HK\$66.8 million from the Placees upon the signing of the settlement agreement.

## PROPOSED SHARE CONSOLIDATION

For the past three years, the share price of the Company has been trading below HK\$1 and with a board lot size of 3,000 Shares, the Company is trading under HK\$2,000 per board lot. Certain brokerage houses and institutional investors have internal policies and practices that either prohibit them from investing in low-priced shares or tend to discourage individual brokers from recommending low-priced shares to their customers. In view of the above, the Board contemplates to conduct a share consolidation in order to (i) reduce the transaction and handling costs as a proportion of the market value of each board lot; and (ii) make investing in the Consolidated Shares of the Company more attractive to a broader range of institutional and professional investors and other members of the investing public. Subsequent to the date of this Interim Report, the Board proposes that every five (5) issued and unissued Existing Shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.05 each in the share capital of the Company on 5 September 2017. The Share Consolidation is conditional upon (i) the passing of the ordinary resolution by the shareholders of the Company to approve the Share Consolidation at the special general meeting of the Company; (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares; and (iii) the compliance with the relevant procedures and requirements under the Bermuda laws (where applicable) and the Rules Governing the Listing of Securities (the "Listing Rules") of the Stock Exchange to effect the Share Consolidation.

## INTERIM DIVIDEND

The directors of the Company (the "Directors") have declared an interim dividend of HK0.4 cents per share in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: nil). The interim dividend will be payable in cash, with an option to receive new and fully paid shares in lieu of cash under a scrip dividend scheme (the "Scrip Dividend Scheme"). A circular containing details of the Scrip Dividend Scheme together with the relevant election form are expected to be despatched to shareholders of the Company on or about Wednesday, 27 September 2017.

The Scrip Dividend Scheme is conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme.

The interim dividend will be distributed, and the share certificates issued will be sent on or about Tuesday, 31 October 2017 to all shareholders of the Company with their names recorded on the register of members of the Company at the on Friday, 15 September 2017.

## CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Wednesday, 13 September 2017 to Friday, 15 September 2017, both dates inclusive, during which period no share transfer will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 12 September 2017.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group employed approximately 43 full time employees for its principal activities. The Group recognizes the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the six months ended 30 June 2017.

## CORPORATE GOVERNANCE

During the period, save for the deviation from Code Provision A.2.1, the Company has complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") of the Stock Exchange.

Under Code Provision A.2.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules of the Stock Exchange which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

On 5 April 2017, Mr. Sam Nickolas David Hing Cheong, the chief executive officer of the Company (the "CEO"), was appointed as the acting chairman of the Company.

On 6 April 2017, Mr. Sam Nickolas David Hing Cheong resigned from his position as the CEO of the Company.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 June 2017, all Directors have complied with the required standard set out in the Model Code.

## AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. As at the date of this report, the Audit Committee comprises five independent non-executive directors. Currently, the members of the Audit Committee are Mr. Cheung Wing Ping, Mr. Chui Kark Ming, Mr. Ma Ka Ki, Mr. Hung Cho Sing and Mr. Chan Hak Kan. The Audit Committee meets regularly with the Company’s senior management and the Company’s auditor to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The interim results of the Group for the six months ended 30 June 2017 had not been audited, but had been reviewed by the Audit Committee.

## APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board  
**Enerchina Holdings Limited**  
**Sam Nickolas David Hing Cheong**  
*Acting Chairman and Executive Director*

Hong Kong, 29 August 2017

## OTHER INFORMATION

**DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 June 2017, none of the Directors and chief executives of the Company had, nor were they taken to or deemed to have under (a) divisions 7 to 9 of Part XV of the Securities and Futures Ordinance (the "SFO"), to be notified to the Company and the Stock Exchange; (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange, any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION**

The Company has granted to certain Directors of the Company options to subscribe for the shares of the Company, under the 2002 Share Option Scheme (as hereinafter defined), details of the outstanding options as at 30 June 2017 held by each Director were as follows:

| Name of Directors                | Date of grant | Exercise period         | Exercise Price<br>HK\$ | Number of shares subject to outstanding options as at 30.06.2017 | Approximate percentage of the issued shares of the Company as at 30.06.2017 |
|----------------------------------|---------------|-------------------------|------------------------|--|---|
| Chen Wei (Note 5)                | 13.11.2007    | 01.01.2010 – 12.11.2017 | 0.215                  | 31,432,500   | 0.28%   |
|                                  | 13.11.2007    | 01.01.2011 – 12.11.2017 | 0.215                  | 31,432,500   | 0.28%   |
| Tang Yui Man Francis<br>(Note 6) | 13.11.2007    | 01.01.2010 – 12.11.2017 | 0.215                  | 10,477,500   | 0.09%   |
|                                  | 13.11.2007    | 01.01.2011 – 12.11.2017 | 0.215                  | 10,477,500   | 0.09%   |

Notes:

1. The vesting period of the share options is from the date of grant until the commencement date of the exercise period.
2. These options represent personal interest held by the Directors as beneficial owners.
3. Movement of the options held by the Directors during the year is set out below under the heading "Share Option Scheme of the Company".
4. On 14 March 2017, the exercise price of and the number of shares entitled to be subscribed for under the outstanding share options have been adjusted in the following manner following the completion of Rights Issue:

| Name of Director     | Number of share options before the Rights Issue | Exercise price per share before the Rights Issue<br>HK\$ | Adjusted number of share options after the Rights Issue | Adjusted exercise price per share after Rights Issue<br>HK\$ |
|----------------------|---|--|---|--|
| Chen Wei             | 41,910,000                                      | 0.322  | 62,865,000  | 0.215  |
| Tang Yui Man Francis | 13,970,000                                      | 0.322  | 20,955,000  | 0.215  |

5. Mr. Chen Wei resigned as the chairman of the Board, executive director of the Company and a member of the remuneration committee of the Company on 5 April 2017.
6. Mr. Tang Yui Man Francis resigned as the executive director of the Company on 28 June 2017.

Save as disclosed above, at no time during the period, the Directors, chief executives (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (warrants or debentures of the Company, if applicable) or shares of any of its associated corporation required to be disclosed pursuant to the SFO.

Other than as disclosed above, at no time during the period was the Company, its subsidiaries or holding company or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## CHANGES IN DIRECTORS' INFORMATION

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in information on Directors for the six months ended 30 June 2017 and up to the date of this report are set out as below:

1. Mr. Chen Wei resigned as the chairman of the Board, executive director of the Company and a member of the remuneration committee of the Company on 5 April 2017.
2. Mr. Sam Nickolas David Hing Cheong was appointed as the acting chairman of the Board with effect from 5 April 2017.
3. Mr. CHOW Chi Wah Vincent was appointed as the managing director of the Company with effect from 5 April 2017.
4. Mr. Hung Cho Sing and Mr. Chan Hak Kan were appointed as independent non-executive directors and members of the audit committee, remuneration committee and nomination committee of the Company with effect from 6 April 2017.
5. Mr. Sam Nickolas David Hing Cheong resigned as chief executive officer of the Company with effect from 6 April 2017.
6. Mr. Wong Yat Fai was appointed as an executive director of the Company with effect from 19 April 2017.
7. Mr. Tang Yui Man Francis resigned as an executive director of the Company with effect from 28 June 2017.



## SHARE OPTION SCHEMES OF THE COMPANY

- (A) The Company operated a share option scheme adopted by shareholders of the Company on 24 May 2002 (the “2002 Share Option Scheme”), under which the Board may, at its discretion, offer any employees of the Group or any Directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated in the said scheme. The 2002 Share Option Scheme had a life of 10 years and was terminated at the annual general meeting of the Company held on 17 May 2012.

No further options shall thereafter be offered under the 2002 Share Option Scheme but the options, which had been granted during its life, shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2002 Share Option Scheme shall remain in full force and effect.

Details of specific categories of options granted under 2002 Share Option Scheme are as follows:

| Option type | Date of grant | Exercise period         | Exercise price<br>HK\$ |
|-------------|---------------|-------------------------|------------------------|
| 2007 Option | 13.11.2007    | 01.01.2010 - 12.11.2017 | 0.322<br>(Note 4)      |
|             | 13.11.2007    | 01.01.2011 - 12.11.2017 | 0.322<br>(Note 4)      |

The following table discloses movements in the Company's share options granted under the 2002 Share Option Scheme during the period:

| Option type                  | Outstanding at 1.1.2017 | Exercised during the period | Transferred during the period | Lapsed during the period | Outstanding at 30.06.2017 |
|------------------------------|-------------------------|-----------------------------|-------------------------------|--------------------------|---------------------------|
| <i>Category 1:</i>           |                         |                             |                               |                          |                           |
| <i>Directors</i>             |                         |                             |                               |                          |                           |
| Chen Wei                     | 2007 Option             | 41,910,000                  | -                             | (41,910,000)             | -                         |
| Tang Yui Man Francis         | 2007 Option             | 13,970,000                  | -                             | (13,970,000)             | -                         |
| Total for Directors          |                         | 55,880,000                  | -                             | (55,880,000)             |                           |
| <i>Category 2:</i>           |                         |                             |                               |                          |                           |
| <i>Other Participants</i>    |                         |                             |                               |                          |                           |
|                              | 2007 Option             | 37,719,000                  | -                             | 55,880,000               | 140,398,500<br>(Note 4)   |
| Total for other participants |                         | 37,719,000                  | -                             | 55,880,000               | 140,398,500<br>(Note 4)   |
| All categories               |                         | 93,599,000                  | -                             | -                        | 140,398,500<br>(Note 4)   |

Notes:

1. The vesting period of the share options is from the date of grant until the commencement date of the exercise period.
2. During the period, no options were exercised, lapsed or cancelled under the 2002 Share Option Scheme.
3. Mr. Chen Wei and Mr. Tang Yui Man Francis resigned as the executive director of the Company during the period and the options were transferred to under the category of other participants.

4. On 14 March 2017, the exercise price of and the number of shares entitled to be subscribed for under the outstanding share options have been adjusted in the following manner following the completion of Rights Issue:

| Directors/<br>Other Participants | Number<br>of share<br>options<br>before the<br>Rights Issue | Exercise<br>price per<br>share before<br>the Rights<br>Issue<br>HK\$ | Adjusted<br>number of<br>share<br>options<br>after the<br>Rights Issue | Adjusted<br>exercise<br>price per<br>share after<br>Rights Issue<br>HK\$ |
|----------------------------------|---|--|--|--|
| Chen Wei                         | 41,910,000  | 0.322  | 62,865,000   | 0.215  |
| Tang Yui Man<br>Francis          | 13,970,000  | 0.322  | 20,955,000   | 0.215  |
| Other Participants               | 37,719,000  | 0.322  | 56,578,500   | 0.215  |
| <b>Total</b>                     | <b>93,599,000</b>   |  | <b>140,398,500</b>   |  |

As at 30 June 2017 and the date of this report, the Company had 140,398,500 underlying Shares comprised in options outstanding under the 2002 Share Option Scheme, which represented approximately 1.26% and approximately 0.97% of the Company's shares in issue as at those dates.

- (B) A new share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the Board may, of its discretion, offer any employees of the Group or any Directors of the Company or any of its subsidiaries options to subscribe for shares of the Company subject to the terms and conditions stipulated therein. The 2012 Share Options Scheme has a life of 10 years.

Details of specific categories of options granted under 2012 Share Option Scheme are as follows:

| Option type | Date of grant | Exercise period         | Exercise price<br>HK\$ |
|-------------|---------------|-------------------------|------------------------|
| 2015 Option | 15.05.2015    | 01.08.2015 – 14.05.2018 | 0.9<br>(Note 4)        |
|             |               | 15.11.2015 – 14.05.2018 | 0.9<br>(Note 4)        |
|             |               | 15.05.2016 – 14.05.2018 | 0.9<br>(Note 4)        |

The following table discloses movements in the Company's share options granted under the 2012 Share Option Scheme during the period:

| Option type                        | Outstanding at<br>1.1.2017 | Exercised during<br>the period | Transferred during<br>the period | Lapsed during<br>the period | Outstanding at<br>30.06.2017 |
|------------------------------------|----------------------------|--------------------------------|----------------------------------|-----------------------------|------------------------------|
| <i>Category: Other Participant</i> |                            |                                |                                  |                             |                              |
| 2015 Option                        | 50,000,000                 | -                              | -                                | -                           | 75,000,000<br>(Note 4)       |
| Total for Other Participant        | 50,000,000                 | -                              | -                                | -                           | 75,000,000<br>(Note 4)       |

Notes:

1. The vesting period of the share options is from the date of grant until the commencement date of the exercise period.
2. During the period, no options were granted under 2012 Share Option Scheme.
3. During the period, no options were exercised, lapsed or cancelled under the 2012 Share Option Scheme.

4. On 14 March 2017, the exercise price of and the number of Shares entitled to be subscribed for under the outstanding share options have been adjusted in the following manner following the completion of Rights Issue:

| Category          | Number of share options before the Rights Issue | Exercise price per Share before the Rights Issue<br>HK\$ | Adjusted number of share options after the Rights Issue | Adjusted exercise price per Share after Rights Issue<br>HK\$ |
|-------------------|---|--|---|--|
| Other Participant | 50,000,000                                      | 0.9  | 75,000,000  | 0.6  |
| Total             | 50,000,000                                      |  | 75,000,000  |  |

As at 30 June 2017 and the date of this report, the Company had 75,000,000 underlying Shares comprised in options outstanding under the 2002 Share Option Scheme, which represented approximately 0.67% and approximately 0.52% of the Company's shares in issue as at those dates.

On 5 July 2017, the Company has granted a total of 1,116,876,999 share options pursuant to the 2012 Share Option Scheme. On 11 July 2017, the Company issued 1,116,876,999 shares pursuant to exercise of option under share options granted on 5 July 2017.

As at the date of this report, no shares may be granted under the 2012 Share Option Scheme.

Additional information in relation to the Company's Share Option Schemes are set out in note 20 to the condensed consolidated financial statements.

## SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

The register of the interests and short positions maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of the Directors, the following shareholders had notified the Company of relevant interests and short positions in the issued shares of the Company as at 30 June 2017:

### Long positions in shares of the Company

| Name of shareholders                            | Capacity/<br>Nature of interest  | Aggregate interest      | Approximate percentage of the issued shares as at 30.6.2017 |
|---|--|-------------------------|---|
| Ou Yaping                                       | Interest held jointly with another person and interest of controlled corporations/Family interest and corporate interest | 3,913,673,894<br>(Note) | 35.04%  |
| Asia Pacific Promotion Limited ("Asia Pacific") | Beneficial owner and interest of controlled corporations/Beneficial interest and corporate interest                      | 3,895,733,573<br>(Note) | 34.88%  |

Note:

3,913,673,894 shares of the Company represent the aggregate of (i) 3,835,658,427 shares held by Asia Pacific Promotion Limited ("Asia Pacific"); (ii) 60,075,146 Shares held by Sinolink Worldwide Holdings Limited ("Sinolink"); and (iii) 17,940,321 shares representing interests held jointly with another person. Mr. Ou Yaping is the sole shareholder and director of Asia Pacific and through Asia Pacific together with his associates hold a total of 45.11% of the existing issued share capital of Sinolink as at 30 June 2017. Therefore, he is deemed to be interested in all these 3,895,733,573 shares under the SFO.

Save as disclosed above, as at 30 June 2017, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2017

|  | NOTES | Six months ended                     |                                      |
|--|-------|--------------------------------------|--------------------------------------|
|  |       | 30.6.2017<br>HK\$'000<br>(Unaudited) | 30.6.2016<br>HK\$'000<br>(Unaudited) |
| Revenue  | 3     | <b>58,336</b>                        | 17,024                               |
| Other income   | 4     | <b>17,371</b>                        | 23,860                               |
| Other gains and losses   |       | <b>8,212</b>                         | (51,764)                             |
| Loss on financial assets at fair value<br>through profit or loss           | 3     | <b>(370,418)</b>                     | (689,805)                            |
| Depreciation of property and<br>equipment                                  |       | <b>(12,799)</b>                      | (12,640)                             |
| Employee benefits expenses   |       | <b>(12,473)</b>                      | (16,606)                             |
| Other expenses   |       | <b>(89,325)</b>                      | (37,187)                             |
| Share of results of an associate   |       | <b>29,309</b>                        | –                                    |
| Finance costs  | 5     | <b>(38,032)</b>                      | (8,240)                              |
| Loss before taxation   |       | <b>(409,819)</b>                     | (775,358)                            |
| Income tax credit  | 6     | <b>7,745</b>                         | 116,155                              |
| Loss for the period  | 7     | <b>(402,074)</b>                     | (659,203)                            |
| Other comprehensive expense for<br>the period                              |       |                                      |                                      |
| Item that may be subsequently<br>reclassified to profit or loss:           |       |                                      |                                      |
| Exchange differences arising<br>on translation to presentation<br>currency |       | <b>8,931</b>                         | (18,570)                             |
| Fair value change in<br>available-for-sale investments                     |       | <b>27,915</b>                        | (329)                                |
|  |       | <b>36,846</b>                        | (18,899)                             |
| Total comprehensive expense<br>for the period                              |       | <b>(365,228)</b>                     | (678,102)                            |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2017

|   | NOTES | Six months ended                     |                                      |
|---|-------|--------------------------------------|--------------------------------------|
|   |       | 30.6.2017<br>HK\$'000<br>(Unaudited) | 30.6.2016<br>HK\$'000<br>(Unaudited) |
| Loss for the period attributable to:                        |       |                                      |                                      |
| Owners of the Company                                       |       | <b>(373,450)</b>                     | (659,203)                            |
| Non-controlling interests                                   |       | <b>(28,624)</b>                      | –                                    |
|   |       | <b>(402,074)</b>                     | (659,203)                            |
| Total comprehensive expense for the period attributable to: |       |                                      |                                      |
| Owners of the Company                                       |       | <b>(329,842)</b>                     | (678,102)                            |
| Non-controlling interests                                   |       | <b>(35,386)</b>                      | –                                    |
|   |       | <b>(365,228)</b>                     | (678,102)                            |
|   |       | <b>HK cents</b>                      | HK cents<br>(Restated)               |
| Loss per share  | 9     |                                      |                                      |
| Basic   |       | <b>(3.86)</b>                        | (8.90)                               |
| Diluted   |       | <b>(3.86)</b>                        | (8.90)                               |



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

|  | NOTES | 30.6.2017<br>HK\$'000<br>(Unaudited) | 31.12.2016<br>HK\$'000<br>(Audited) |
|--|-------|--------------------------------------|-------------------------------------|
| <b>Non-current assets</b>                              |       |                                      |                                     |
| Property and equipment                                 | 10    | 150,959                              | 163,453                             |
| Available-for-sale investments                         | 11    | 1,071,403                            | 966,911                             |
| Interests in an associate                              | 12    | 558,758                              | 529,449                             |
| Intangible assets                                      |       | 3,908                                | 3,908                               |
| Deposit paid for an investment                         | 12    | 200,000                              | 15,000                              |
| Other deposits   |       | 6,469                                | 478                                 |
| Loan receivables                                       | 13    | 17,561                               | 3,823                               |
| Deposit paid for acquisition of property and equipment |       | 77,014                               | 68,397                              |
|  |       | <b>2,086,072</b>                     | 1,751,419                           |
| <b>Current assets</b>                                  |       |                                      |                                     |
| Trade and other receivables, deposits and prepayments  | 13    | 983,201                              | 704,659                             |
| Financial assets at fair value through profit or loss  | 14    | 1,990,934                            | 2,919,767                           |
| Promissory notes receivable                            |       | 3,400                                | –                                   |
| Structured deposit                                     |       | –                                    | 223,464                             |
| Bank balances – trust and segregated accounts          |       | 12,936                               | 43,171                              |
| Cash and cash equivalents                              |       | 1,484,894                            | 743,898                             |
|  |       | <b>4,475,365</b>                     | 4,634,959                           |
| <b>Current liabilities</b>                             |       |                                      |                                     |
| Trade and other payables                               | 15    | 180,683                              | 310,434                             |
| Income tax payable                                     |       | 83,035                               | 67,864                              |
| Loan payable   |       | 250,000                              | 250,000                             |
| Promissory notes payable                               | 16    | 669,045                              | 725,736                             |
|  |       | <b>1,182,763</b>                     | 1,354,034                           |
| <b>Net current assets</b>                              |       | <b>3,292,602</b>                     | 3,280,925                           |
| <b>Total assets less current liabilities</b>           |       | <b>5,378,674</b>                     | 5,032,344                           |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION *(continued)*  
AT 30 JUNE 2017

|   | NOTES | 30.6.2017<br>HK\$'000<br>(Unaudited) | 31.12.2016<br>HK\$'000<br>(Audited) |
|---|-------|--------------------------------------|-------------------------------------|
| <b>Non-current liabilities</b>                  |       |                                      |                                     |
| Deferred taxation                               |       | 86,942                               | 109,986                             |
| Promissory notes payable                        | 16    | –                                    | 320,642                             |
|   |       | <b>86,942</b>                        | 430,628                             |
| <b>Net assets</b>                               |       |                                      |                                     |
|   |       | <b>5,291,732</b>                     | 4,601,716                           |
| <b>Capital and reserves</b>                     |       |                                      |                                     |
| Share capital                                   | 18    | 111,688                              | 71,939                              |
| Reserves  |       | 4,979,192                            | 4,293,539                           |
| Equity attributable to owners of the<br>Company |       | <b>5,090,880</b>                     | 4,365,478                           |
| Non-controlling interests                       |       | <b>200,852</b>                       | 236,238                             |
| <b>Total equity</b>                             |       |                                      |                                     |
|   |       | <b>5,291,732</b>                     | 4,601,716                           |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES OF EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2017

|   | Attributable to owners of the Company |                           |                                       |                                  |                             |                             |  | Non-controlling interests         |                               |   |   |                   |           |
|---|---------------------------------------|---------------------------|---------------------------------------|----------------------------------|-----------------------------|-----------------------------|--|-----------------------------------|-------------------------------|---|---|-------------------|-----------|
|   | Share capital<br>HK\$'000             | Share premium<br>HK\$'000 | Share Translation reserve<br>HK\$'000 | Contribution surplus<br>HK\$'000 | Warrant reserve<br>HK\$'000 | Special reserve<br>HK\$'000 | Investment revaluation reserve<br>HK\$'000 | Share options reserve<br>HK\$'000 | Retained earnings<br>HK\$'000 | Share of net assets (liabilities)<br>HK\$'000 | Investments revaluation reserve<br>HK\$'000 | Total<br>HK\$'000 |           |
| At 1 January 2017 (audited)   | 71,939                                | 3,042,891                 | (95,098)                              | 544                              | 13,360                      | 383,950                     | (56,692)                                   | 17,939                            | 986,645                       | 4,365,478                                     | 243,808                                     | (7,570)           | 4,601,716 |
| Exchange differences arising on transition to presentation currency       | -                                     | -                         | 8,931                                 | -                                | -                           | -                           | -  | -                                 | -                             | 8,931   | -   | -                 | 8,931     |
| Fair value charges on available-for-sale investments                      | -                                     | -                         | -                                     | -                                | -                           | -                           | 34,677                                     | -                                 | -                             | 34,677  | -   | (6,762)           | 27,915    |
| Loss for the period   | -                                     | -                         | -                                     | -                                | -                           | -                           | -  | -                                 | (373,450)                     | (373,450)                                     | (28,624)                                    | -                 | (402,074) |
| Total comprehensive expenses for the period                               | -                                     | -                         | 8,931                                 | -                                | -                           | -                           | 34,677                                     | -                                 | (373,450)                     | (329,842)                                     | (28,624)                                    | (6,762)           | (365,228) |
| Issue of shares for rights issue  | 35,969                                | 917,215                   | -                                     | -                                | -                           | -                           | -  | -                                 | -                             | 953,184                                       | -   | -                 | 953,184   |
| Issue of shares for share swap with Ingeel International Holdings Limited | 3,780                                 | -                         | -                                     | -                                | -                           | 98,280                      | -  | -                                 | -                             | 102,060                                       | -   | -                 | 102,060   |
| At 30 June 2017 (unaudited)   | 111,688                               | 3,960,106                 | (86,167)                              | 544                              | 13,360                      | 482,230                     | (22,015)                                   | 17,939                            | 613,195                       | 5,090,880                                     | 215,184                                     | (14,332)          | 5,291,732 |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES OF EQUITY (continued)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

|   | Attributable to owners of the Company |                           |  |                                     |                                |  |   | Non-controlling interests        |                   |   |   |                   |
|---|---------------------------------------|---------------------------|--|-------------------------------------|--------------------------------|--|---|----------------------------------|-------------------|---|---|-------------------|
|   | Share capital<br>HK\$'000             | Share premium<br>HK\$'000 | Share<br>Transition<br>reserve<br>HK\$'000 | Contribution<br>surplus<br>HK\$'000 | Warrant<br>reserve<br>HK\$'000 | Investment<br>revaluation<br>reserve<br>HK\$'000 | Share<br>options<br>reserve<br>HK\$'000 | Retained<br>earnings<br>HK\$'000 | Total<br>HK\$'000 | Share of<br>net assets<br>(liabilities)<br>HK\$'000 | Convertible<br>notes<br>Reserve<br>HK\$'000 | Total<br>HK\$'000 |
|   |                                       |                           |  |                                     |                                |  |   |                                  |                   |   |   |                   |
| At 1 January 2016 (audited)   | 71,939                                | 3,042,891                 | (34,670)                                   | 544                                 | 13,360                         | 4,753  | 16,740                                  | 1,926,399                        | 5,041,956         | 7,634   | 48,850                                      | 5,098,440         |
| Exchange differences arising on translation to<br>presentation currency | -                                     | -                         | (18,570)                                   | -                                   | -                              | -  | -                                       | -                                | (18,570)          | -   | -   | (18,570)          |
| Fair value change on available-for-sale investments                     | -                                     | -                         | -  | -                                   | -                              | (329)  | -                                       | -                                | (329)             | -   | -   | (329)             |
| Loss for the period   | -                                     | -                         | -  | -                                   | -                              | -  | -                                       | (659,203)                        | (659,203)         | -   | -   | (659,203)         |
| Total comprehensive income for the period                               | -                                     | -                         | (18,570)                                   | -                                   | -                              | (329)  | -                                       | (659,203)                        | (678,102)         | -   | -   | (678,102)         |
| Share options lapsed  | -                                     | -                         | -  | -                                   | -                              | -  | (162)                                   | 162                              | -                 | -   | -   | -                 |
| Recognition of equity-settled share-based payments                      | -                                     | -                         | -  | -                                   | -                              | -  | 1,361                                   | -                                | 1,361             | -   | -   | 1,361             |
| At 30 June 2016 (unaudited)   | 71,939                                | 3,042,891                 | (53,240)                                   | 544                                 | 13,360                         | 4,424  | 17,939                                  | 1,267,388                        | 4,365,215         | 7,634   | 48,850                                      | 4,421,699         |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

|  | Six months ended                     |                                      |
|--|--------------------------------------|--------------------------------------|
|  | 30.6.2017<br>HK\$'000<br>(Unaudited) | 30.6.2016<br>HK\$'000<br>(Unaudited) |
| Net cash generated from (used in) operating activities   | <b>85,100</b>                        | (7,120)                              |
| INVESTING ACTIVITIES   |                                      |                                      |
| Purchase of structured deposits  | -                                    | (233,918)                            |
| Short-term bank deposits made  | -                                    | (81,900)                             |
| Purchase of property and equipment   | <b>(62)</b>                          | (48)                                 |
| Release of structured deposits   | <b>223,464</b>                       | -                                    |
| Proceed from disposal of available-for-sale investments  | <b>25,483</b>                        | -                                    |
| Dividend received  | <b>1,775</b>                         | 2,798                                |
| Interest received  | <b>12,055</b>                        | 11,568                               |
| Deposits paid for acquisition of property and equipment  | <b>(8,617)</b>                       | (15,129)                             |
| Deposits paid for acquisition of a subsidiary  | <b>(200,000)</b>                     | -                                    |
| Net cash flows arising from acquisition of subsidiaries  | <b>(490)</b>                         | (408)                                |
| Net cash flows arising from disposal of subsidiaries   | -                                    | 52,714                               |
| Net cash generated from (used in) investing activities   | <b>53,608</b>                        | (264,323)                            |
| FINANCING ACTIVITIES   |                                      |                                      |
| Repayment of promissory notes  | <b>(380,733)</b>                     | -                                    |
| Issue of shares for rights issue   | <b>953,184</b>                       | -                                    |
| Interest paid on convertible notes   | -                                    | (1,504)                              |
| Net cash generated from (used in) financing activities   | <b>572,451</b>                       | (1,504)                              |
| Net increase (decrease) in cash and cash equivalents   | <b>711,159</b>                       | (272,947)                            |
| Cash and cash equivalents at beginning of the period   | <b>743,898</b>                       | 998,659                              |
| Effect of foreign exchange rate changes  | <b>29,837</b>                        | (18,697)                             |
| Cash and cash equivalents at end of the period, represented by bank balances (general accounts) and cash | <b>1,484,894</b>                     | 707,015                              |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

## 1. BASIS OF PREPARATION

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

For the six months ended 30 June 2017, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

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

## 3. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segment and measurement of segment profit based on the internal reports to the executive directors, the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment.

For the six months ended 30 June 2017, the Group's reportable and operating segments are as follows:

- (a) the provision of securities brokerage and provision of financial, consultancy and corporate financial advisory services ("financial services");
- (b) securities trading and investments; and
- (c) money lending.

## 3. REVENUE AND SEGMENT INFORMATION (continued)

**Segment revenue and results**

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

**For the six months ended 30 June 2017 (unaudited)**

|   | Financial<br>services<br>HK\$'000 | Securities<br>trading and<br>investments<br>HK\$'000 | Money<br>lending<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|-----------------------------------|--|------------------------------|--------------------------|
| <b>Revenue</b>  |                                   |  |                              |                          |
| Revenue from financial services                               | 36,643                            | –  | –                            | 36,643                   |
| Revenue from money lending                                    | –                                 | –  | 21,693                       | 21,693                   |
| Total revenue   | 36,643                            | –  | 21,693                       | 58,336                   |
| Loss on financial assets at fair value through profit or loss | –                                 | (370,418)  | –                            | (370,418)                |
| Segment revenue   | 36,643                            | (370,418)  | 21,693                       | (312,082)                |
| Segment profit (loss)   | 33,755                            | (388,469)  | (11,528)                     | (366,242)                |
| Unallocated other income                                      |                                   |  |                              | 8,842                    |
| Net exchange gain   |                                   |  |                              | 20,906                   |
| Gain on bargain purchases of subsidiaries                     |                                   |  |                              | 7                        |
| Share of results of an associate                              |                                   |  |                              | 29,309                   |
| Central corporate expenses                                    |                                   |  |                              | (102,641)                |
| Loss before taxation  |                                   |  |                              | (409,819)                |

## 3. REVENUE AND SEGMENT INFORMATION (continued)

## Segment revenue and results (continued)

For the six months ended 30 June 2016 (unaudited)

|   | Financial<br>services<br>HK\$'000 | Securities<br>trading and<br>investments<br>HK\$'000 | Money<br>lending<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|-----------------------------------|--|------------------------------|--------------------------|
| <b>Revenue</b>  |                                   |  |                              |                          |
| Revenue from financial services                               | 6,496                             | –  | –                            | 6,496                    |
| Revenue from money lending                                    | –                                 | –  | 10,528                       | 10,528                   |
| <b>Total revenue</b>  | <b>6,496</b>                      | <b>–</b>   | <b>10,528</b>                | <b>17,024</b>            |
| Loss on financial assets at fair value through profit or loss | –                                 | (689,805)  | –                            | (689,805)                |
| <b>Segment revenue</b>  | <b>6,496</b>                      | <b>(689,805)</b>                                     | <b>10,528</b>                | <b>(672,781)</b>         |
| <b>Segment (loss) profit</b>                                  | <b>(34,897)</b>                   | <b>(735,795)</b>                                     | <b>4,938</b>                 | <b>(765,754)</b>         |
| Unallocated other income                                      |                                   |  |                              | 12,342                   |
| Other gains and losses  |                                   |  |                              | 3,594                    |
| Central corporate expenses                                    |                                   |  |                              | (25,540)                 |
| <b>Loss before taxation</b>                                   |                                   |  |                              | <b>(775,358)</b>         |

Segment revenue includes revenue from financial services and money lending operations. In addition, the chief operation decision makers also consider gain or loss on financial assets at fair value through profit or loss as segment revenue.

The accounting policies of the reportable and operating segment are the same as the Group's accounting policies. Segment result represents the profit earned or loss incurred by each segment without allocation of certain other income, gain on bargain purchases of subsidiaries, share of results of an associate and central corporate expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.



## 3. REVENUE AND SEGMENT INFORMATION (continued)

**Segment assets and liabilities**

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

**At 30 June 2017 (unaudited)**

|   | Financial<br>services<br>HK\$'000 | Securities<br>trading and<br>investments<br>HK\$'000 | Money<br>lending<br>HK\$'000 | Consolidated<br>HK\$'000 |
|---|-----------------------------------|--|------------------------------|--------------------------|
| Segment assets  | <b>263,620</b>                    | <b>1,893,330</b>                                     | <b>930,536</b>               | <b>3,087,486</b>         |
| Unallocated property and equipment                      |                                   |  |                              | 150,805                  |
| Deposit paid for acquisition of property and equipment  |                                   |  |                              | 25,654                   |
| Unallocated other receivables, deposits and prepayments |                                   |  |                              | 1,478,937                |
| Interests in an associate                               |                                   |  |                              | 558,758                  |
| Cash and cash equivalents                               |                                   |  |                              | 1,259,797                |
| Consolidated assets                                     |                                   |  |                              | <b>6,561,437</b>         |
| Segment liabilities                                     | <b>106,724</b>                    | <b>277,206</b>                                       | <b>202,758</b>               | <b>586,688</b>           |
| Unallocated other payables                              |                                   |  |                              | 13,824                   |
| Income tax payable                                      |                                   |  |                              | 148                      |
| Promissory notes payable                                |                                   |  |                              | 669,045                  |
| Consolidated liabilities                                |                                   |  |                              | <b>1,269,705</b>         |

## 3. REVENUE AND SEGMENT INFORMATION (continued)

## Segment assets and liabilities (continued)

At 31 December 2016 (audited)

|  | Financial<br>services<br>HK\$'000 | Securities<br>trading and<br>investments<br>HK\$'000 | Money<br>lending<br>HK\$'000 | Consolidated<br>HK\$'000 |
|--|-----------------------------------|--|------------------------------|--------------------------|
| Segment assets   | 506,412                           | 3,907,578  | 314,637                      | 4,728,627                |
| Unallocated property and<br>equipment                      |                                   |  |                              | 13,998                   |
| Deposit paid for acquisition of<br>property and equipment  |                                   |  |                              | 68,397                   |
| Unallocated other receivables,<br>deposits and prepayments |                                   |  |                              | 78,545                   |
| Interests in an associate                                  |                                   |  |                              | 529,449                  |
| Cash and cash equivalents                                  |                                   |  |                              | 743,898                  |
| Structured deposit   |                                   |  |                              | 223,464                  |
| Consolidated assets  |                                   |  |                              | 6,386,378                |
| Segment liabilities  | 41,229                            | 261,118  | 250,988                      | 553,335                  |
| Unallocated other payables                                 |                                   |  |                              | 7,099                    |
| Income tax payable   |                                   |  |                              | 67,864                   |
| Deferred taxation  |                                   |  |                              | 109,986                  |
| Promissory notes payable                                   |                                   |  |                              | 1,046,378                |
| Consolidated liabilities                                   |                                   |  |                              | 1,784,662                |

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

- all assets are allocated to operating and reportable segments other than certain property and equipment, deposit paid for acquisition of property and equipment, certain other receivables, deposits and prepayments, investment in associate, structured deposits, short-term bank deposits and bank balances (general accounts) and cash.
- all liabilities are allocated to operating and reportable segments other than certain other payables, income tax payable, deferred tax liabilities and promissory notes liability.

## 4. OTHER INCOME

|   | Six months ended                     |                                      |
|---|--------------------------------------|--------------------------------------|
|   | 30.6.2017<br>HK\$'000<br>(Unaudited) | 30.6.2016<br>HK\$'000<br>(Unaudited) |
| Interest income on:   |                                      |                                      |
| – bank deposits   | 9,127                                | 8,730                                |
| – listed bonds at fair value through profit or loss                         | –                                    | 3,612                                |
| – others  | 2,928                                | –                                    |
|   | <b>12,055</b>                        | 12,342                               |
| Dividend income from financial assets at fair value through profit or loss: |                                      |                                      |
| – listed investments held for trading                                       | 1,775                                | 2,798                                |
| Dividend income from unlisted available-for-sale investment                 | –                                    | 6,766                                |
| Others  | 3,541                                | 1,954                                |
|   | <b>17,371</b>                        | 23,860                               |

## 5. FINANCE COSTS

|   | Six months ended                     |                                      |
|---|--------------------------------------|--------------------------------------|
|   | 30.6.2017<br>HK\$'000<br>(Unaudited) | 30.6.2016<br>HK\$'000<br>(Unaudited) |
| Interest on promissory notes payable            | (32,585)                             | –                                    |
| Interest on other borrowings                    | (5,447)                              | (70)                                 |
| Effective interest expense on convertible notes | –                                    | (8,170)                              |
|   | <b>(38,032)</b>                      | (8,240)                              |

## 6. INCOME TAX CREDIT

|                                    | Six months ended |             |
|------------------------------------|------------------|-------------|
|                                    | 30.6.2017        | 30.6.2016   |
|                                    | HK\$'000         | HK\$'000    |
|                                    | (Unaudited)      | (Unaudited) |
| Taxation for the period comprises: |                  |             |
| Hong Kong Profits Tax              | (16,042)         | 5,087       |
| Deferred tax credit                | 23,787           | 111,068     |
|                                    | <b>7,745</b>     | 116,155     |

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2017 (six months ended 30 June 2016: 16.5%).

## 7. LOSS FOR THE PERIOD

|  | Six months ended |             |
|--|------------------|-------------|
|  | 30.6.2017        | 30.6.2016   |
|  | HK\$'000         | HK\$'000    |
|  | (Unaudited)      | (Unaudited) |
| Loss for the period has been arrived at after (crediting) charging the following items:              |                  |             |
| Net exchange gain (included in other gains and losses)   | (20,906)         | (1,266)     |
| Rebates (included in other expenses)   | –                | 2,150       |
| Release of provisions of financial guarantees<br>(included in other gains and losses)                | –                | (2,328)     |
| Impairment losses in respect of trade receivables<br>(included in other gains and losses) (note 13)  | 12,701           | 3,789       |
| Impairment loss in respect of available-for-sale<br>investments (included in other gains and losses) | –                | 49,400      |
| Net loss on disposal of subsidiaries<br>(included in other gains and losses)                         | –                | 2,169       |

Note: Amount represented the rebates granted to the Group's Financial Services and money lending customers based on certain percentage of the income generated from the customers during the period ended 30 June 2016.

## 8. DIVIDENDS

The directors of the Company (the "Directors") have resolved to declare an interim dividend for the six months ended 30 June 2017 of HK0.4 cents (six month ended 30 June 2016: nil) per share respectively to the shareholders whose names appear on the register of members of the Company on Friday, 15 September 2017. The interim dividend will be payable in cash, with an option to receive new and fully paid shares in lieu of cash.

## 9. LOSS PER SHARE

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

|   | Six months ended |             |
|---|------------------|-------------|
|   | 30.6.2017        | 30.6.2016   |
|   | HK\$'000         | HK\$'000    |
|   | (Unaudited)      | (Unaudited) |
| <b>Loss</b>   |                  |             |
| Loss for the period attributable to owners of the Company, for the purposes of basic and diluted loss per share | <b>(373,450)</b> | (659,203)   |

|  | Six months ended     |               |
|--|----------------------|---------------|
|  | 30.6.2017            | 30.6.2016     |
|  | (Unaudited)          | (Unaudited)   |
|  |                      | (Restated)    |
| <b>Number of shares</b>  |                      |               |
| Weighted average number of ordinary shares in issue during the period, for the purpose of basic loss per share   | <b>9,678,535,430</b> | 7,406,682,364 |
| Effect of dilutive potential ordinary shares:  |                      |               |
| – Share options  | –                    | –             |
| Weighted average number of ordinary shares in issue during the period, for the purpose of diluted loss per share | <b>9,678,535,430</b> | 7,406,682,364 |

For the six months ended 30 June 2017, the computation of diluted loss per share has not assumed the exercise of the Company's options and warrants as these would reduce loss per share during that period.

## 10. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property and equipment of approximately HK\$62,000 (six months ended 30 June 2016: approximately HK\$48,000).

## 11. AVAILABLE-FOR-SALE INVESTMENTS

|   | 30.6.2017<br>HK\$'000<br>(Unaudited) | 31.12.2016<br>HK\$'000<br>(Audited) |
|---|--------------------------------------|-------------------------------------|
| Unlisted shares in overseas, at cost (note i)                       | <b>659,600</b>                       | 659,600                             |
| Unlisted shares in the People's Republic of China, at cost (note i) | <b>52,483</b>                        | 17,121                              |
| Unlisted shares in overseas, at fair value (note ii)                | <b>100,000</b>                       | 100,000                             |
| Listed shares in Hong Kong, at fair value                           | <b>259,320</b>                       | 190,190                             |
|   | <b>1,071,403</b>                     | 966,911                             |

Notes:

- (i) Investments in unlisted equity securities issued by private entities are held for an identified long term strategic purpose. The available-for-sale investments are measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates are so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

As at 30 June 2017, the Group has an effective ownership of approximately 6.87% (31 December 2016: 6.87%) of the issued shares of Satinu Resources Group Ltd. ("Satinu"), an unlisted private company incorporated in the British Virgin Islands ("BVI"), with a carrying amount of HK\$500,000,000 (31 December 2016: HK\$500,000,000). The principal business activities of Satinu and its subsidiaries include providing integrated financial services, securities brokerage services, money lending, securities and other direct investments.

For the available-for-sale investments at cost less impairment, the management considers no objective evidence of impairment was identified at 30 June 2017 and 31 December 2016.

- (ii) As at 30 June 2017, the Group owned approximately 4.29% (31 December 2016: 5.48%) of the issued shares of Co-Lead Holdings Limited ("Co-Lead"), an unlisted private company incorporated in the BVI, with a fair value of HK\$100,000,000 (31 December 2016: HK\$100,000,000). Co-Lead and its subsidiaries are principally engaged in securities trading and investment holding in Hong Kong.

**12. INVESTMENT IN ASSOCIATE**

In December 2016, Enerchine Capital Limited (currently known as Uptown Enerchine Capital Limited), a wholly-owned subsidiary of the Company, acquired 30% of HEC Securities Company Limited (“HECSC”) and its subsidiaries from HEC International Group Limited, an entity incorporated in the BVI in which the Company has approximately 6.06% indirect interest, at a cash consideration of HK\$525,000,000.

On 21 March 2017, Uptown Enerchine Capital Limited (“Uptown Enerchine”) entered into an acquisition agreement with Satinu, pursuant to which Uptown Enerchine conditionally agreed to acquire and Satinu conditionally agreed to sell an aggregate of 70% of the entire issued share capital of HECSC, in two tranches at the total consideration of HK\$1,225,000,000, HK\$200,000,000 of which was paid as the first tranche upon signing the acquisition agreed. The acquisition has not yet been completed as at the date of this report. Upon the completion of the acquisition, HECSC and its subsidiaries will become wholly-owned subsidiaries of the Company.

**13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

|  | <b>30.6.2017</b><br><b>HK\$'000</b><br><b>(Unaudited)</b> | 31.12.2016<br>HK\$'000<br>(Audited) |
|--|---|-------------------------------------|
| Trade receivables arising from the business of advisory for corporate finance and investment management                                    | <b>300</b>  | 300                                 |
| Trade receivables from cash clients  | <b>1,301</b>  | 55                                  |
| Trade receivables from margin clients  | <b>155,217</b>  | 299,533                             |
| Trade receivables arising from the provision of securities brokerage business with Hong Kong Securities Clearing Company Limited (“HKSCC”) | –   | 560                                 |
| Loans and interest receivable to independent third parties (note (a))  | <b>819,093</b>  | 314,637                             |
| Deposits with securities brokers (note (b))  | <b>2,242</b>  | 20,899                              |
| Receivable arising from the disposal of subsidiaries   | –   | 50,000                              |
| Other receivables, deposits and prepayments  | <b>22,609</b>   | 22,498                              |
|  | <b>1,000,762</b>  | 708,482                             |
| Less: Non-current portion for loans to independent third parties   | <b>17,561</b>   | 3,823                               |
|  | <b>983,201</b>  | 704,659                             |

**13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS** (continued)

Notes:

- (a) Loan receivables of HK\$819,093,000 (31 December 2016: HK\$314,637,000), net of impairment of HK\$15,244,000 (2016: HK\$2,898,000), as at 30 June 2017. The amount is unsecured, a substantial portion of which was settled subsequent to the end of the period. The average interest rate for the loan receivables as at 30 June 2017 ranged between 2% to 12% (31 December 2016: 5% to 36%) per annum.

The amount granted to individuals is based on management's assessment of the credit risk of the borrower by performing a background check (such as their profession, source of income and current position) and the borrower's repayment abilities by means of analysing the market value of the securities portfolio of the customers in the Group's brokerage accounts. The Group determines the allowance of impaired debts based on the evaluation of collectability and aged analysis of accounts and on the management's judgement, including assessment of the change of credit quality and the past collection history of each customer.

**Movement in allowance for bad and doubtful debts**

|   | <b>30.6.2017</b><br><b>HK\$'000</b><br><b>(Unaudited)</b> | 31.12.2016<br>HK\$'000<br>(Audited) |
|---|---|-------------------------------------|
| Balance at the beginning of the period/year | <b>2,898</b>  | 4,231                               |
| Impairment loss recognised (note 7)         | <b>12,701</b>   | 12,529                              |
| Written off                                 | <b>(355)</b>  | (13,862)                            |
| Balance at the end of the period/year       | <b>15,244</b>   | 2,898                               |

Included in the allowance for doubtful debts are individually impaired loan receivables with an aggregate balance of HK\$12,701,000 as at 30 June 2017 (31 December 2016: HK\$12,529,000), representing loans and interest receivable from independent third parties which have been in severe financial difficulties in repaying their outstanding balances. The Group does not hold any collateral over these balances.

In determining the recoverability of the loan receivables, the Group considers any change in the credit quality of the loan receivables from the date credit was initially granted, subsequent settlement and the fair value of pledged marketable securities up to the reporting date. In the opinion of the Directors, no further impairment is required in excess of the allowance for doubtful debt.



**13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS** (continued)

Notes: (continued)

- (b) Deposits with securities brokers represented the funds deposits with the brokers' houses for securities trading purpose.

During the period ended 30 June 2017 and year ended 31 December 2016, no margin loans were granted to the Directors and directors of the subsidiaries.

The Group offsets certain trade receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.

**14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

|  | <b>30.6.2017</b><br><b>HK\$'000</b><br><b>(Unaudited)</b> | 31.12.2016<br>HK\$'000<br>(Audited) |
|--|---|-------------------------------------|
| Investment as held for trading:                                |   |                                     |
| Listed shares in Hong Kong                                     | <b>1,837,952</b>  | 2,623,080                           |
| Listed shares in overseas                                      | <b>100,219</b>  | –                                   |
| Listed share options   | <b>1,423</b>  | –                                   |
| Unlisted investment funds                                      | –   | 296,687                             |
| Listed bonds in Hong Kong issued<br>by listed companies (Note) | <b>51,340</b>   | –                                   |
|  | <b>1,990,934</b>  | 2,919,767                           |

Note: These bonds bear interest from 8.75% to 13.25% per annum (31 December 2016: Nil) and mature from year 2018 to year 2025 (31 December 2016: Nil).

## 15. TRADE AND OTHER PAYABLES

|   | 30.6.2017<br>HK\$'000<br>(Unaudited) | 31.12.2016<br>HK\$'000<br>(Audited) |
|---|--------------------------------------|-------------------------------------|
| Trade payables arising from the provision of securities brokerage business with HKSCC | 1,265                                | –                                   |
| Trade payables to cash clients  | 2,161                                | 14,674                              |
| Trade payables to margin clients  | 10,775                               | 25,384                              |
| Secured margin loan from securities brokers   | 150,055                              | 261,118                             |
| Other payables and accrued charges  | 16,427                               | 9,258                               |
|   | <b>180,683</b>                       | 310,434                             |

The settlement terms of trade payables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. No aged analysis is disclosed as in the opinion of the Directors, the aged analysis does not give additional value in view of the nature of brokerage business.

Trade payables to cash and margin clients are repayable on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

For secured margin loans from securities brokers, the loans are repayable on demand (except certain balances arising from trades pending settlement or margin deposits) and are interest-bearing at the prevailing market interest rate. Only the amounts in excess of the required margin deposits are repayable on demand. The total market value of debt securities pledged as collateral in respect of the loans was approximately HK\$1,053,044,000 as at 30 June 2017 (31 December 2016: approximately HK\$1,495,319,000).

## 16. PROMISSORY NOTES PAYABLE

On 15 August 2016, Win Wind Capital Limited (“Win Wind”), a non-wholly owned subsidiary as to 88.22% held by the Company entered into the sale and purchase agreement with an independent third party in relation to the acquisition of Smart Jump Corporation and its subsidiaries (the “Acquisition”). Pursuant to the Acquisition, Win Wind agreed to settle the total consideration for the Acquisition in the following manner:

- (i) issuing a new zero-coupon promissory note (“New Zero-coupon Promissory Note”) with total face value of HK\$95,000,000 on 15 November 2016 to replace and supersede an old zero-coupon promissory note which was issued on 15 August 2016 and lapsed on 14 November 2016. The maturity date of New Zero-coupon Promissory Note was on 15 December 2016 and was settled on the maturity date; and
- (ii) issuing three promissory notes with 5% coupon (the “Promissory Notes”) per annum with total face value of HK\$1,200,000,000 on the completion date of the Acquisition as part of the consideration for the Acquisition. The Promissory Notes bear interest rate of 5% per annum and will be matured on 6 months, 12 months and 18 months from the issue date respectively.

The Company may repay all or part of the Promissory Notes at any time without penalty provided that the Company shall have given not less than seven business days notice to the holder prior to the respective maturity dates at 100% of their face value together with all interest accrued on the principal. The early repayment option is closely related to the host contract. The aggregate fair values of the New Zero-coupon Promissory Note and the Promissory Notes were approximately HK\$1,141,080,000 at 8 December 2016 based on the valuation carried out by an independent professional valuer.

As at 30 June 2017, the aggregate principal amount of the Promissory Notes was approximately HK\$669,045,000 and the whole amount would be classified as current liabilities.

As at 31 December 2016, the aggregate principal amount of the promissory notes was HK\$1,046,378,000, of which HK\$320,642,000 is classified as non-current liabilities.

## 17. RELATED PARTY TRANSACTION

The Group does not have any related party transactions and balances during the reporting periods and as at the end of the reporting periods.

The key management personnel are the directors of the Company. During the six months ended 30 June 2017, the emoluments of key management personnel were HK\$1,918,000 (six months ended 30 June 2016: HK\$4,205,000).

## 18. SHARE CAPITAL

|   | Note | Number of share | Share capital<br>HK\$'000 |
|---|------|-----------------|---------------------------|
| Ordinary shares of HK\$0.01 each          |      |                 |                           |
| Authorised:                               |      |                 |                           |
| At 1 January 2017 and 30 June 2017        |      | 100,000,000,000 | 1,000,000                 |
| Issued and fully paid:                    |      |                 |                           |
| At 1 January 2017                         |      | 7,193,846,664   | 71,939                    |
| Issue of shares for rights issue          | (a)  | 3,596,923,332   | 35,969                    |
| Issue of shares for share swap with Imagi | (b)  | 378,000,000     | 3,780                     |
| At 30 June 2017                           |      | 11,168,769,996  | 111,688                   |

Note :

**(a) Rights issue**

On 30 November 2016, the Company announced a proposed rights issue on the basis of one rights share for every two shares in issue at a subscription price of HK\$0.265 per rights share to raise not less than HK\$953,185,000 before expenses (the "Rights Issue"). Details of the Rights Issue is set out in the prospectus dated 20 February 2017. Upon completion of the Rights Issue on 13 March 2017, the issued share capital of the Company was increased from 7,193,846,664 shares to 10,790,769,996 shares.

**(b) Share swap agreement with Imagi International Holdings Limited ("Imagi")**

On 16 March 2017, the Company entered into a share swap agreement with Imagi whereby Imagi allotted and issued new Imagi shares in exchange for new shares of the Company. Upon completion of the share swap agreement, the Group held an 19.78% equity interest in Imagi. Details of the transaction are set out in the Company's announcement dated 16 March 2017. On 22 March 2017, the share swap was completed.

## 19. CAPITAL COMMITMENTS

|   | 30.6.2017<br>HK\$'000<br>(Unaudited) | 31.12.2016<br>HK\$'000<br>(Audited) |
|---|--------------------------------------|-------------------------------------|
| Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of<br>– acquisition of property and equipment | –                                    | 7,600                               |

## 20. SHARE-BASED PAYMENTS

A share option scheme was adopted by shareholders of the Company on 17 May 2012 (the "2012 Share Option Scheme"), under which the board of directors may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme has a life of 10 years.

The table below discloses movement of the Company's share options:

|  | Number of<br>share options |
|--|----------------------------|
| At 1 January 2017                              | 143,599,000                |
| Share Options Adjustments (Note)               | 71,799,500                 |
| At 30 June 2017 (unaudited)                    | 215,398,500                |
| Exercisable at the end of the reporting period | 215,398,500                |

At the end of each reporting period, the Group revised its estimates of the number of options that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to the share options reserves.

During the six months ended 30 June 2017, no share-based payments (six months ended 30 June 2016: HK\$1,361,000) has been recognised in the profit or loss.

Note:

As a result of the Rights Issue (Note 18(a)), adjustments were made to the number of Share falling to be allotted and issued in respect of the outstanding Share Options in accordance with the terms of the share option schemes adopted on 24 May 2002 and 17 May 2012 and in compliance with Rule 17.03(13) of the Listing Rules and the supplementary guidance dated 5 September 2005 issued by the Stock Exchange (the "Share Options Adjustments"). The Share Options Adjustments came into effect on Tuesday, 14 March 2017, being the date on which the fully-paid Rights Shares were allotted and issued.

## 21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### **Fair value of the Group's financial assets that are measured at fair value on a recurring basis**

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

**Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)**

| Financial assets   | Fair value as at  |   | Fair value hierarchy | Valuation technique and key input  |
|--|---|---|----------------------|--|
|  | 30.6.2017<br>(unaudited)  | 31.12.2016<br>(Audited)   |                      |  |
| 1) Investments in listed equity securities classified as financial assets at fair value through profit or loss ("FVTPL") | Listed equity securities in:<br>– Hong Kong<br>HK\$1,837,952,000<br>– Overseas<br>HK\$100,219,000 | Listed equity securities in:<br>– Hong Kong<br>HK\$2,623,080,000<br>– Overseas<br>Nil | Level 1              | Quoted bid prices in an active market  |
| 2) Investments in listed bonds issued by listed companies classified as financial assets designated at FVTPL             | Listed bonds in:<br>– Hong Kong<br>HK\$51,340,000<br>– Overseas<br>Nil                            | Listed bonds in:<br>– Hong Kong<br>Nil<br>– Overseas<br>Nil                           | Level 2              | Recent transaction prices or derived from quoted prices from inactive market           |
| 3) Investments in listed share options classified as financial assets at FVTPL   | Listed share options in:<br>– Hong Kong<br>Nil<br>– Overseas<br>HK\$1,423,000                     | Nil   | Level 2              | Recent transaction prices or derived from quoted prices from inactive market           |
| 4) Investments in unlisted investment funds classified as financial assets at FVTPL                                      | Nil   | HK\$296,687,000   | Level 2              | Derived from quoted prices from pricing services based on net asset value of the funds |
| 5) Investments in listed equity securities classified as available for-sale investments                                  | Listed equity securities in Hong Kong<br>– HK\$259,320,000  | Listed equity securities in Hong Kong<br>– HK\$190,190,000                            | Level 1              | Quoted from quoted price in an active market   |
| 6) Investment in unlisted equity interest classified as available-for sale investments                                   | HK\$100,000,000   | HK\$100,000,000   | Level 2              | Recent transaction price   |

**21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS** *(continued)***Fair value of the Group's financial assets that are measured at fair value on a recurring basis**

There were no transfers between Level 1 and 2 during both years.

*Valuation process*

The chief financial officer of the Company is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the valuation if necessary. The chief financial officer reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the assets if any.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

**22. EVENTS AFTER THE REPORTING PERIOD****(i) Grant of share options**

On 5 July 2017, the Company granted, pursuant to its share option scheme adopted on 17 May 2012, a total of 1,116,876,999 share options to such eligible person(s) at an exercise price of HK\$0.1764 to subscribe for one ordinary share of HK\$0.01 each in the share capital of the Company.

On 11 July 2017, the Company issued 1,116,876,999 shares pursuant to exercise of share options which were granted on 5 July 2017. Upon completion of the issue of shares, the issued share capital of the Company increased from 11,168,769,996 shares to 12,285,646,995 shares.

**(ii) Settlement agreement with warrant holders of unlisted warrants**

On 12 July 2017, the Company entered into a settlement agreement with the warrant holders, pursuant to which the Company agreed to accept an ex-gratia payment of HK\$0.05 per warrant from the warrant holders in exchange for the Company not taking legal action to enforce the mandatory exercise rights. The Company received a total sum of HK\$66,797,506.60 from the warrant holders upon the signing of the settlement agreement.



**22. EVENTS AFTER THE REPORTING PERIOD** *(continued)***(iii) Placing of new shares under general mandate**

On 14 July 2017, the Company entered into a placing agreement with Enhanced Securities Limited, the placing agent, in relation to the placing of a total of 2,233,753,999 new shares (the "Placing Share(s)") under the general mandate (the "Placing"). Pursuant to the placing agreement, the placing agent conditionally agreed to place the Placing Shares on a fully underwritten basis, to not less than six places, at a price of HK\$0.15 per Placing Share.

The aggregate gross proceeds from the Placing are approximately HK\$335.06 million, and the aggregate net proceeds from the Placing, after deducting the placing commission and other related expenses, are approximately HK\$326.61 million, which is intended to be used as general working capital of the Group.

On 26 July 2017, the Company issued 2,233,753,999 shares pursuant to the placing agreement dated 14 July 2017. Upon completion of the issue of shares, the issued share capital of the Company increased from 12,285,646,995 shares to 14,519,400,994 shares.

**(iv) Proposed share consolidation**

Subsequent to the date of this Interim Report, the Company proposes that every five (5) issued and unissued Existing Shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.05 each in the share capital of the Company on 5 September 2017. Upon the Share Consolidation becoming effective and assuming that no further Existing Shares will be issued or repurchased from the date of this report until the effective date of the Share Consolidation, the authorised share capital of the Company shall become HK\$1,000,000,000 divided into 20,000,000,000 Consolidated Shares of par value of HK\$0.05 each, of which 2,903,880,198 Consolidated Shares will be in issue. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 3,000 Consolidated Shares.