



FUTURE WORLD FINANCIAL HOLDINGS LIMITED
未來世界金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 572)

**Interim
Report**

2017



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Siu Yun Fat (Chairman)
 Mr. Cai Linzhan¹ (Chief Executive Officer)
 Mr. Chen Xiaodong⁶
 Ms. Cheng So Sheung (Chief Financial Officer)
 Mr. Lau Fai Lawrence
 Mr. Yu Qingrui
 Mr. Liu Steven Qiang² (Chief Executive Officer)

Independent Non-Executive Directors

Mr. Hon Hak Ka⁴
 Mr. Siu Siu Ling, Robert
 Mr. Tam Tak Wah
 Mr. Cheng Yong Yau⁵
 Mr. Michael John Viotto²

AUDIT COMMITTEE

Mr. Tam Tak Wah (Chairman)
 Mr. Hon Hak Ka⁴
 Mr. Siu Siu Ling, Robert
 Mr. Cheng Yong Yau⁵
 Mr. Michael John Viotto²

REMUNERATION COMMITTEE

Mr. Siu Siu Ling, Robert³ (Chairman)
 Mr. Hon Hak Ka⁴
 Mr. Tam Tak Wah
 Mr. Michael John Viotto² (Chairman)
 Mr. Cheng Yong Yau⁵

NOMINATION COMMITTEE

Mr. Tam Tak Wah³ (Chairman)
 Mr. Hon Hak Ka⁴
 Mr. Siu Siu Ling, Robert
 Mr. Michael John Viotto² (Chairman)
 Mr. Cheng Yong Yau⁵

¹ Appointed on 24 June 2017

² Resigned on 24 June 2017

³ Appointed as Chairman on 24 June 2017

⁴ Appointed on 20 July 2017

⁵ Resigned on 20 July 2017

⁶ Appointed on 11 August 2017

COMPANY SECRETARY

Mr. Lau Cheuk Pun

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 912, 9th Floor
 New East Ocean Centre
 9 Science Museum Road
 Kowloon, Hong Kong

REGISTERED OFFICE

Cricket Square
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 Grand Cayman KY1-1111
 Cayman Islands

AUDITOR

Moore Stephens CPA Limited
 801-806 Silvercord, Tower 1
 30 Canton Road, Tsimshatsui
 Kowloon, Hong Kong

SHARE REGISTRAR

Hong Kong

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

Cayman Islands

Conyers Trust Company (Cayman) Limited
 Cricket Square
 Hutchins Drive
 P.O. Box 2681
 Grand Cayman KY1-1111
 Cayman Islands

PRINCIPAL BANKERS

Public Bank (Hong Kong) Limited
 Chong Hing Bank Limited
 The Hongkong and Shanghai Banking
 Corporation Limited

COMPANY WEBSITE

www.fw-fh.com

The Board of Directors (the “**Board**” or “**Directors**”) of Future World Financial Holdings Limited (the “**Company**”) hereby present the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2017 (the “**Period**”).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The Company is an investment holding company. The Group are principally engaged in (i) securities trading and investment; (ii) provision of financing services; (iii) investment property in Hong Kong; (iv) e-commerce business; and (v) trading business and related services.

In regard to the operational front, the Group recorded a revenue of approximately HKD83,076,000 for the Period, representing an increase of 2,300% compared with the corresponding period of last year. The increase in revenue was mainly due to the increase in dividend revenue from securities trading and investment and interest income from provision of financing service businesses.

The Group reported a net profit of approximately HKD307,805,000 attributable to shareholders of the Company (2016: net loss of HKD16,719,000) and basic earnings per share of HK4.82 cents (2016: basic losses per share of HK0.29 cents) for the Period. The profit was mainly attributed to (i) net profit of approximately HKD343,654,000 from the securities trading and investment business segment which included net unrealised gain of held-for trading investments approximately of HKD266,514,000; (ii) net profit of approximately HKD2,291,000 from provision of financing service business segment; and (iii) fair value gain of approximately HKD6,000,000 on investment property.

Treasury Business

The treasury business includes securities trading and money lending businesses.

Securities trading and investment business

The Group's securities investments portfolio comprised of equity securities listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") which comprised of four listed companies in sectors of (1) securities and brokerage; (2) information technology; and (3) financial industry during the Period. The Group identified its investments based on the share price, the gain potential and the future prospect of the investments. The Company has specific investment objective for each investment. The securities investments were classified under available-for-sale financial assets and held-for-trading investments in the condensed consolidated statement of financial position.

For the Period, the revenue, which included dividend income on investment in listed equity securities, from securities trading and investment segment increased to approximately HKD79,574,000 (2016: HKD334,000). The increase in revenue was due to an increase in dividend income from approximately HKD69,880,000 to approximately HKD70,214,000 (2016: HKD334,000) and the Group recorded a realise gain on investment of approximately HKD9,360,000 (2016: Nil). As a whole, the segment recorded a profit of approximately HKD343,654,000 (2016: loss of approximately HKD7,944,000).

The dividend income comprised of (i) cash dividend of approximately HKD42,315,000; (ii) distribution of approximately HKD22,668,000 in form of listed shares of China Soft Power Technology Holdings Limited ("**CSPT**"); and (iii) 21,796,320 shares of the Company of approximately HKD5,231,000 from CMBC Capital Holding Limited ("**CMBC**"). The amount of distribution shares of approximately HKD22,668,000 in form of listed shares of CSPT and of approximately HKD5,231,000 in form of shares of the Company were classified under available-for-sale financial assets and the treasury shares in condensed consolidated statement of financial position respectively.

During the Period, the Group recorded a net unrealised gain of investments at fair value through profit or loss of approximately HKD266,514,000 (i.e. unrealised gain of approximately HKD266,640,000 and unrealised loss of approximately HKD126,000) (2016: net unrealised loss of approximately HKD7,775,000) and unrealised loss of investments at fair value through reserve of approximately HKD7,833,000 (2016: Nil). Approximately 99.95% of the unrealised gain of investments of fair value through profit or loss was attributable to the Group's investment in securities of CMBC and approximately 88.96% of the unrealised loss of investments at fair value through reserve was attributable to the Group's investment in securities of CSPT. As at 30 June 2017, the details of the investments held are as follows:

Name of the investees	Number of shares held	Percentage of equity interests as at 30 June 2017	Closing	Market	Fair value	Dividend income for the Period	Realised gain for the Period
			value as at 30 June 2017	value of the interests as at 30 June 2017	gain/(loss) for the Period		
			HKD	HKD'000	HKD'000	HKD'000	HKD'000
<i>Under available-for-sale financial assets</i>							
CMBC (Stock code: 1141)	65,000,000	0.142%	0.410	26,650	(865)	-	-
CSPT (Stock code: 139)	83,954,650	0.818%	0.187	15,700	(6,968)	-	-
Total				<u>42,350</u>	<u>(7,833)</u>	<u>-</u>	<u>-</u>
<i>Under held-for-trading investments</i>							
CMBC	1,300,000,000	2.840%	0.410	533,000	266,500	70,214	-
Hong Kong Exchanges and Clearing Limited (Stock code: 388)	100,000	0.008%	201.800	20,180	140	-	1,357
Tencent Holdings Limited (Stock code: 700)	70,000	0.001%	279.200	19,544	(126)	-	3,500
CSPT	-	-	0.187	-	-	-	4,503
Total				<u>572,724</u>	<u>266,514</u>	<u>70,214</u>	<u>9,360</u>

As at 30 June 2017, the Group held an investment portfolio with market value of approximately HKD615,074,000 (i.e. available-for-sale financial assets of approximately HKD42,350,000 and held-for-trading investment of approximately HKD572,724,000) (31 December 2016: HKD310,256,000). Except for the investment in CMBC, at 30 June 2017, there was no investment held by the Group which value was more than 5% of the net assets of the Group.

Performance and prospects of the investees

CMBC

CMBC is a company incorporated in Bermuda with limited liability which together with its subsidiaries (the “**CMBC Group**”) are principally engaged in the business of brokerage and related services, securities investment and provision of finance. With completion of the mandatory general offer of the CMBC shares made by CMBC International Investment Limited (“**CMBCI**”), a wholly owned subsidiary of China Minsheng Banking Corporation Limited (“**China Minsheng**”) in 2017, the Company is optimistic on the prospect of the securities industry in Hong Kong and also the future business prospect of CMBC.

As mentioned in its annual report for the year ended 31 March 2017, the CMBC Group recorded a loss attributable to owners of approximately HKD1,042.1 million and basic losses of HK6.73 cents per CMBC share for the year ended 31 March 2017. The results were mainly contributed by the substantial impairment loss in respect of goodwill and intangible assets and loss on disposal of available-for-sale investments recorded by the CMBC Group. For the year ended 31 March 2017, the CMBC Group reported a revenue of approximately HKD87.5 million, increased by approximately 53.2% over last year, and a gross profit of approximately HKD63.4 million, increased by approximately 34.1% compared to the previous year. The increases in the CMBC Group’s revenue and gross profit were mainly due to the full year contribution from brokerage and other related services.

The annual report of CMBC for the year ended 31 March 2017 also stated that, upon the completion of the mandatory general offer of the CMBC shares, CMBCI is interested in more than 60% of the enlarged issued shares capital of CMBC. The transactions have introduced CMBCI as a new controlling shareholder. The ultimate controlling shareholder of CMBCI, which is China Minsheng, may lead CMBC to enjoy more potential strategic benefits especially for the potential of increasing in business exposures and business confidence of CMBC to its shareholders.

CSPT

CSPT and its subsidiaries (the “**CSPT Group**”) are principally engaged in investment holdings, trading and distribution of electronic and accessory products and other merchandise, financial investments and trading and money lending business. The Company holds positive view toward the future prospect of CSPT.

As mentioned in its annual report for the year ended 31 March 2017, the CSPT Group recorded a negative revenue of approximately HKD52.1 million for the year ended 31 March 2017. It was mainly attributable to the realized loss on the disposal of listed equity investments of approximately HKD59.4 million in the financial investments and services segment. The net loss for the year ended 31 March 2017 of CSPT was approximately HKD156.4 million. Basic losses per CSPT share attributable to ordinary equity holders of the parent for the year ended 31 March 2017 was approximately HKD0.02. The CSPT Group’s net loss for that year was mainly attributable to the realized losses on the disposal of listed equity investments and available-for-sale equity investments of approximately HKD107.6 million in the financial investments and services segment and the net equity-settled share option arrangement expenses of approximately HKD60.6 million in corporate and others segment.

As stated in CSPT’s annual report for the year ended 31 March 2017, since the property market may enter into consolidation phase with downward price pressure, the CSPT Group has been monitoring the property market in Hong Kong and the PRC to seize investment opportunities. With a view of capitalizing on the business opportunities created by the Shanghai-HK Stock Connect and Shenzhen-HK Stock Connect and imminent launch of the HK-China Bond Connect later this year, the CSPT Group has recently acquired 34% equity interest in a target company carrying on business in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 5 (advising on futures contracts) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This acquisition is a vital step in which the CSPT Group intends to diversify into securities brokerage industries.

However, the uncertain US monetary policies and the rising expectation of US interest hike, devaluation of RMB and the slowdown of the PRC economy remain key factors dragging on the global economic recovery. As broad macroeconomic challenge persists, the CSPT Group will closely monitor its investment portfolio.

Hong Kong Exchanges and Clearing Limited (“HKEx”)

HKEx together with its subsidiaries (the “**HKEx Group**”) own and operate the only stock and futures markets in Hong Kong and clearing houses.

It was mentioned in HKEx’s interim report for the six months ended 30 June 2017, that the global financial markets started the year strong, driven by positive sentiment on improved global economic growth and stronger-than-expected economic performance in the PRC. Nonetheless, uncertainty over the pace of the US Federal Reserve’s interest rate increases and balance sheet normalisation, Brexit talks and geopolitical tensions across the world have continued to cloud global economic prospects and increase market vulnerability.

Against this mixed backdrop, the Hong Kong securities market saw active trading in the first half of 2017, with an increase in average daily turnover of 13% from the same period last year. Its IPO market also recorded growth in the number of new listings and funds raised by 80% and 26% respectively. Although the average daily number of derivatives contracts traded on the Futures Exchange decreased by 13%, trading of its RMB Currency Futures stayed strong, with average daily volume up 37%. Stock Options trading was strong as well, rising 21%. In London, the average daily volume of metals contracts traded on the LME fell by 6% amid continued weakness in the global metals market. For the six months ended 30 June 2017, the HKEx Group recorded consolidated revenue and other income of HKD6,203 million and a profit attributable to shareholders of approximately HKD3,493 million, up 10% and 17% respectively from the corresponding period of 2016.

In order to diversify its own business and to support Hong Kong becoming the PRC’s offshore risk management centre, HKEx continues to expand its capabilities in fixed income, currency and commodities.

As an exchange operator, HKEx is committed to continuing improvement of its market quality as well as competitiveness in response to the evolving market environment. In tackling the challenges and opportunities ahead, HKEx will continue to work closely with their regulators and other stakeholders. The Group believe that HKEx is committed to providing a quality and diversified market which can help transform Hong Kong into the PRC’s global wealth management centre. It is believed that the future prospect of HKEx is warranted.

Tencent Holdings Limited (“**Tencent**”)

Tencent and its subsidiaries (the “**Tencent Group**”) engage in the provision of value-added services and online advertising services to users in the PRC. As one of the leaders in the market, the Company holds positive view toward Tencent.

As mentioned in its interim result announcement for the six months ended 30 June 2017, the Tencent Group’s profit attributable to equity holders of Tencent for the six months ended 30 June 2017 was approximately RMB32,707 million. Basic and diluted earnings per Tencent share for the six months ended 30 June 2017 were approximately RMB3,480 and approximately RMB3,436 respectively.

It was mentioned in its annual report for the year ended 31 December 2016 that, during 2017, Tencent intends to further its “Connection” strategy by expanding its ecosystem around its core social and communication platforms via initiatives including but not limited to adding more services within their social platforms to bring more convenience to its end users.

Money lending business

A wholly-owned subsidiary of the Group, Globally Finance Limited (“**Globally Finance**”), which held the Money Lenders Licence in Hong Kong since early of 2015, carries a money lending business in Hong Kong. During the Period, Globally Finance generated a revenue with amount of approximately HKD2,302,000 (2016: HKD427,000) and a profit of approximately HKD2,291,000 (2016: HKD392,000).

Investment property

The Group is currently holding a residential property located at No. 19, Cumberland Road, Kowloon, Hong Kong.

During the Period, the Group recorded rental income of HKD1,200,000 (2016: HKD2,700,000) and fair value gain of HKD6,000,000 (2016: Nil) arising from change in fair value of investment property from the property investment segment.

The Group will continue to look for opportunity to expand its investment property portfolio in Hong Kong with an aim to generate stable rental income and/or for capital appreciation.

E-commerce business

In September 2016, Sky Faith International Investment Limited (“**Sky Faith**”), a direct wholly-owned subsidiary of the Company entered into a license agreement (the “**License Agreement**”) with a licensee (the “**Licensee**”) in relation to the operation of the e-commerce platform (the “**E-Platform**”) as a membership points redemption online store which allows the users thereof to use their membership points to acquire goods and/or services on the E-Platform with the relevant merchants, suppliers, traders and/or service providers lined up by the Licensee.

On 13 January 2017, Sky Faith and the Licensee have entered into a termination agreement, pursuant to which both parties have agreed to terminate the License Agreement and the transactions contemplated thereunder with effect on 1 January 2017 (the “**Termination**”). Pursuant to a supplementary promotion agreement to the License Agreement, Sky Faith agreed to bear the design and decoration costs of display store for promotion of the E-Platform up to the amount, in aggregate, not more than HKD30,000,000 by end of 31 December 2018. Subsequent to the Termination and after further arm’s length negotiations, Future Fintech Limited, an indirect wholly-owned subsidiary of the Company entered into a memorandum of understanding with the Licensee in relation to providing technical support for blockchain application technology and setting up business system to the Licensee on online shopping platform on 26 January 2017. The memorandum of understanding are expired on 25 July 2017 and no formal agreement has been signed.

As the Group is still in the process of the blockchain business model, no revenue was generated from this business during the Period. For the Period, a loss of approximately HKD27,763,000 was recorded for the segment of E-commerce business. Such a loss included the impairment loss on property, plant and equipment of approximately HKD14,760,000 and the provision for the onerous contract of the committed lease and other payments of approximately HKD8,445,000.

Investment in film industry

On 12 July 2016, China Wisdom Group Limited (“**China Wisdom**”), a wholly-owned subsidiary of the Company, entered into a film agreement (the “**Film Agreement**”) in relation to the investment in a film project (the “**Film**”) tentatively known as “Girls 2” (《閨蜜2》). As at 30 June 2017, China Wisdom has invested RMB10,800,000 (equivalent to approximately HKD12,960,000) in cash for investment in the Film. The Film is targeted for release in the second half of 2017.

The PRC film industry has experienced strong and consistent growth in recent years. The Company considers that the entering into of the Film Agreement allows the Group to have a stake in the Film as a passive investor whilst the Group needs not to invest the whole Film project on its own account or to involve in the production of the Film.

Trading business and related services

Due to continuous adverse market conditions and the low profit margin in the trading business, no revenue was generated from this business segment during the Period (2016: Nil). The Directors would like to concentrate on the businesses of (i) securities trading and investment; (ii) provision of financing services; and (iii) properties investment that yield a much higher profit margin. For the Period, the loss of approximately HKD1,003,000 (2016: HKD298,000) was recorded for the segment of trading business and related services.

Interests in associates – Securities brokerage

The Group invested in securities brokerage business in Hong Kong through investment in associates, Central Wealth Securities Investment Limited (“CWSI”) and Central Wealth Futures Limited (“CWF”). CWSI and CWF are incorporated in Hong Kong with limited liability and are wholly owned by Instant Achieve Limited (“IAL”), which in turn is owned as to 34% by the Group. IAL, CWSI and CWF (collectively referred to “**Instant Achieve Group**”) were treated as associated companies of the Group and the Company adopted equity accounting method in preparing the consolidated financial statements of the Group.

CWSI has obtained the Stock Exchange Trading Right from the Stock Exchange and licenses from the Securities and Futures Commission to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities.

CWF has obtained the licenses from the Securities and Futures Commission to carry out Type 2 (Dealing in futures contracts) and Type 5 (advising on futures contracts) regulated activities.

On 3 April 2017, the Group entered into an agreement with CSPT for the transfer of shares equivalent to 34% equity interest of IAL for a total consideration of HKD7,000,000. The transfer was completed on 7 April 2017 and the Group recorded a gain on disposal of approximately HKD216,000. Upon completion of the disposal, the Group did not hold any equity interest on IAL.

During the Period and up to the completion of disposal of 34% equity interest of IAL, Instant Achieve Group recorded a profit of approximately HKD5,277,000 (2016: HKD2,139,000) and the share of profit of associated companies by the Group was approximately HKD1,794,000 (2016: HKD727,000).

On 30 September 2015, Globally Finance granted a loan facility (“**Loan Facility**”) with the call option (“**Call Option**”) in the amount up to HKD29,000,000 to IAL and increased the principal amount of the Loan Facility to HKD90,000,000 on 27 October 2015 subsequently. As at 30 June 2017, Globally Finance provided HKD90,000,000 of loan to financing IAL. For more information of the Loan Facility and Call Option, please refer to the Company’s announcements dated 30 September 2015 and 27 October 2015. The grant of Loan Facility to IAL with the Call Option will allow the Group to have a stake in CWSI and CWF but will also limit the risks exposure of the Group as the Group will be entitled to recover the principal amount of the Loan(s) in the unlikely event that the business of CWSI and CWF would not perform as expected.

Subsequent to the completion of disposal of 34% equity interest of IAL, all shareholders of IAL (including CSPT and a shareholder of IAL), IAL and Globally Finance has entered into a shareholder agreement on 7 April 2017. Pursuant to the terms of the shareholder agreement, each shareholders of IAL undertakes, inter alia, that Instant Achieve Group shall continue the business of carrying out the relevant licensed regulated activities under the Securities and Futures Ordinance and no changes of shareholdings structure and nature of business, no disposal and charging of assets nor entering into any partnership or joint venture arrangement except with the prior written approval of Globally Finance.

The fair value gain arising from the Call Option granted from the shareholder of IAL to a subsidiary of the Company to acquire 66% issued share capital of IAL of approximately HKD600,000 (2016: fair value loss of HKD3,415,000) was recorded through profit and loss from Call Option during the Period.

LIQUIDITY, FINANCIAL, RESOURCES AND FUNDING

The Group had total cash and bank balances of approximately HKD18,419,000 as at 30 June 2017 (31 December 2016: HKD29,169,000). The gearing ratio, which is calculated as total borrowings divided by total equity, was 19.5% as at 30 June 2017 (31 December 2016: 18.2%). Net assets were approximately HKD926,624,000 (31 December 2016: HKD628,520,000).

The Group has total current assets of approximately HKD845,895,000 as at 30 June 2017 (31 December 2016: HKD488,792,000) and total current liabilities of approximately HKD243,409,000 (31 December 2016: HKD168,414,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 3.48 as at 30 June 2017 (31 December 2016: 2.90).

The Group's finance costs for the Period under review was approximately HKD1,565,000 (2016: HKD2,452,000) and was mainly related to interests paid on the bank borrowings. The decrease in finance costs was due to decrease in bank borrowings.

As at 30 June 2017, the total borrowing of approximately HKD180,739,000 comprised with bank borrowing of approximately HKD113,270,000 (31 December 2016: HKD114,569,000) and margin loan payable of approximately HKD67,469,000 (31 December 2016: Nil). Among bank borrowings, approximately HKD2,645,000 are repayable within one year, HKD2,703,000 are repayable over one year but not exceeding two years, HKD8,628,000 are repayable over two years but not exceeding five years and HKD99,294,000 are repayable over five years. The bank borrowings bear interest at the lower of HKD Prime Rate – 2.5% and HIBOR (1 month) + 2.5% per annum.

The margin loan payable bears fixed interest at 7% per annum. The margin loan payable is repayable within one year and was guaranteed by the Company. The margin loan was obtained at late of June 2017 to finance the securities investment. Details are set out in Note 21 to the condensed consolidated financial statements.

Foreign Currency Management

The Group has minimal exposure to foreign currency risks as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars.

The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

Pledge of Assets

At 30 June 2017, the Group's investment property, with carrying amount of HKD278,000,000 (31 December 2016: HKD272,000,000), has been pledged to secure the bank borrowings granted to the Group.

At 30 June 2017, the Group had pledged held-for-trading investments of approximately HKD572,724,000 (31 December 2016: HKD310,256,000) and available-for-sale financial assets of approximately HKD42,350,000 (31 December 2016: Nil) to secure the margin loan payable under the margin account.

LITIGATIONS AND CONTINGENCIES

Update regarding the disputes for receivables from Ease Faith

Details of the disputes are set out in Notes 18(ii) and 25 to the condensed consolidated financial statements.

On 7 August 2017, the High Court of The Hong Kong Special Administrative Region issued a judgement that Great Rich has failed to prove its case on unjust enrichment, and accordingly dismiss Great Rich's claim. The Group is now seeking legal advice for further action.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

Disposal of IAL

Details of disposal of IAL are set out under "Interests in associates-Securities brokerage" section on page 11.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2017, the Group had 21 employees including Directors (31 December 2016: 18) situated in Hong Kong, Malaysia, Taiwan and the United States of America. The Group's emoluments policies are formulated based on industry practices and performance of individual employees. For the Period, the total staff costs including remuneration of Directors and chief executive amounted to approximately HKD17,054,000 (2016: HKD2,508,000).

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the Period (2016: Nil).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in Note 29 to the condensed consolidated financial statement, the Group had no other material event after the reporting period.

UPDATE REGARDING THE LATEST DEVELOPMENT OF THE RETAKING CONTROL OF THE DECONSOLIDATED SUBSIDIARIES

The Board wishes to provide an update regarding the latest development of the legal action for retaking control of two deconsolidated subsidiaries of the Company, namely Bloxworth Enterprises Limited and Shanxi Zhanpen Metal Products Co., Ltd (山西展鵬金屬製品有限公司) (“**Zhanpen**”). The Group deconsolidated such two subsidiaries from its consolidated financial statements since 1 January 2013 due to the reason of not able to obtain and access their books and records. Further details are set out in the annual reports of the Company for the years ended 31 December 2013, 2014, 2015 and 2016 respectively.

Upon the judgement of the People’s court of Fenyang county (汾陽市人民法院) (the “**Court**”) issued on 12 September 2016, former directors of Zhanpen (the “**Former Directors**”) are obliged to return the official seal and business certificates of Zhanpen to the Group. The Former Directors filed an appeal to the Court on 23 September 2016. After seeking legal advice from its external legal counsel, the Group has also filed an appeal to the Court on 8 October 2016. On 21 February 2017, the appeals were heard at the Lvliang City Intermediate People’s Court (呂梁市中級人民法院), and the judgment (the “**Judgment**”) was issued on 23 May 2017. In the Judgment, the Intermediate People’s Court has dismissed the appeal from the Former Directors. Accordingly, the Former Directors are still obliged to return the official seal and business certificates of Zhanpen to the Group. Up to the date of this report, the former directors of Zhanpen still not yet returned the official seal and business certificates of Zhanpen to the Group and the Group is now seeking legal advice to enforce the Judgment.

PROSPECTS

Looking ahead, the Group will continue to focus on the development of securities trading and investments, provision of financing services and investment property in Hong Kong. The Board believes that such core businesses of the Group are able to produce steady income stream given the existing market conditions and the resources available. The stock market in Hong Kong sustained a general uptrend in the first half of 2017. Besides, the residential property market in Hong Kong stayed largely active in the reporting period. The number of residential property transactions and overall flat prices also increased notwithstanding the Government’s tighten up of the exemption arrangement regarding the acquisition of more than one residential property under a single instrument in respect of the New Residential Stamp Duty.

Barring unforeseen circumstances, the Board will continue implementing cost control measures across all its businesses and managing risks exposures to the Group. Furthermore, the Group will prudently explore new potential projects and new business opportunities in order to provide new and sustainable drivers for the Group’s overall performance.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HKD'000	2016 HKD'000
Revenue	4	83,076	3,461
Cost of sales		<u>(1,653)</u>	<u>(102)</u>
Gross profit		81,423	3,359
Other income		1,486	165
Gain on disposal of a subsidiary	6(a)	19	–
Gain on disposal of associates	6(b)	216	–
Administrative expenses		(14,609)	(7,284)
Impairment loss on property, plant and equipment	12	(14,760)	–
Provision for the onerous contract of the committed lease and other payments	12	(8,445)	–
Change in fair value of held-for-trading investments	16	266,514	(7,775)
Change in fair value of derivative financial instrument		600	(3,415)
Change in fair value of investment property	12	6,000	–
Share of profit of associates		1,794	727
Share-based payment expenses	23	(10,490)	–
Operating profit/(loss)		309,748	(14,223)
Finance costs	7	(1,565)	(2,452)
Profit/(Loss) before income tax	8	308,183	(16,675)
Income tax expenses	9	(378)	(44)
Profit/(Loss) for the period		<u>307,805</u>	<u>(16,719)</u>

	Six months ended 30 June	
	2017	2016
<i>Notes</i>	<i>HKD'000</i>	<i>HKD'000</i>
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale financial assets	<u>(7,833)</u>	<u>–</u>
Other comprehensive income for the period, net of income tax	<u>(7,833)</u>	<u>–</u>
Total comprehensive income for the period, net of income tax	<u>299,972</u>	<u>(16,719)</u>
Profit/(Loss) for the period attributable to:		
– Owners of the Company	307,805	(16,719)
– Non-controlling interests	<u>–</u>	<u>–</u>
	<u>307,805</u>	<u>(16,719)</u>
Total comprehensive income for the period attributable to:		
– Owners of the Company	299,972	(16,719)
– Non-controlling interests	<u>–</u>	<u>–</u>
	<u>299,972</u>	<u>(16,719)</u>
Earnings/(Losses) per share		
– Basic	<i>11</i> HK4.82 cents	(HK0.29 cents)
– Diluted	<u>HK4.64 cents</u>	<u>(HK0.29 cents)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*At 30 June 2017*

		30 June	31 December
		2017	2016
	<i>Notes</i>	HKD'000	HKD'000
NON-CURRENT ASSETS			
Property, plant and equipment	<i>12</i>	3,788	3,352
Investment property	<i>12</i>	278,000	272,000
Interests in associates	<i>13</i>	–	4,990
Promissory note receivable	<i>14</i>	–	27,800
Available-for-sale financial assets	<i>15</i>	42,350	–
		324,138	308,142
CURRENT ASSETS			
Held-for-trading investments	<i>16</i>	572,724	310,256
Interest in a film in progress	<i>17</i>	12,960	12,960
Trade and other receivables	<i>18</i>	2,642	30,324
Loan and interest receivables	<i>18</i>	147,057	14,590
Loan receivable from a former associate/an associate	<i>13</i>	90,000	90,000
Derivative financial instrument		2,093	1,493
Cash and bank balances		18,419	29,169
		845,895	488,792
CURRENT LIABILITIES			
Accruals, other payables and provision for other liabilities	<i>19</i>	31,571	21,968
Bank borrowings	<i>20</i>	113,270	114,569
Other borrowings	<i>21</i>	67,469	–
Income tax payable		31,099	31,877
		243,409	168,414
NET CURRENT ASSETS		602,486	320,378
NET ASSETS		926,624	628,520

		30 June 2017	31 December 2016
	<i>Notes</i>	<i>HKD'000</i>	<i>HKD'000</i>
CAPITAL AND RESERVES			
Share capital	22	6,485	6,485
Treasury shares	22	(22)	–
Reserves		920,165	622,039
		<hr/>	<hr/>
Equity attributable to owners of the Company		926,628	628,524
Non-controlling interests		(4)	(4)
		<hr/>	<hr/>
Total equity		926,624	628,520
		<hr/> <hr/>	<hr/> <hr/>

On behalf of the board of directors

Siu Yun Fat
Director

Lau Fai Lawrence
Director

CONDENSED CONSOLIDATED STATEMENT CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the Company										
	Share capital HKD '000	Treasury shares HKD '000	Share premium HKD '000 <i>(note)</i>	Share options reserve HKD '000	Translation reserve HKD '000	Available-for-sale investment reserve HKD '000	Shares held under share award scheme HKD '000	(Accumulated losses)/ Retained earnings HKD '000	Total HKD '000	Non-controlling interests HKD '000	Total HKD '000
At 1 January 2016	5,778	-	575,380	29,381	(2)	-	(17,228)	(164,090)	429,219	(4)	429,215
Loss and total comprehensive expenses for the period, net of income tax	-	-	-	-	-	-	-	(16,719)	(16,719)	-	(16,719)
At 30 June 2016	<u>5,778</u>	<u>-</u>	<u>575,380</u>	<u>29,381</u>	<u>(2)</u>	<u>-</u>	<u>(17,228)</u>	<u>(180,809)</u>	<u>412,500</u>	<u>(4)</u>	<u>412,496</u>
At 1 January 2017	6,485	-	686,647	38,654	(3)	-	(36,620)	(66,639)	628,524	(4)	628,520
Profit for the period	-	-	-	-	-	-	-	307,805	307,805	-	307,805
Other comprehensive income, net of income tax: - Change in fair value of available-for-sale financial assets <i>(Note 15)</i>	-	-	-	-	-	(7,833)	-	-	(7,833)	-	(7,833)
Total comprehensive income for the period	-	-	-	-	-	(7,833)	-	307,805	299,972	-	299,972
Receipt of treasury shares <i>(Note 22)</i>	-	(22)	(5,209)	-	-	-	-	-	(5,231)	-	(5,231)
Recognition of equity-settled share-based payments <i>(Note 23)</i>	-	-	-	10,490	-	-	-	-	10,490	-	10,490
Lapse of share options	-	-	-	(1,964)	-	-	-	1,964	-	-	-
Shares purchased under the share award scheme	-	-	-	-	-	-	(7,127)	-	(7,127)	-	(7,127)
At 30 June 2017	<u>6,485</u>	<u>(22)</u>	<u>681,438</u>	<u>47,180</u>	<u>(3)</u>	<u>(7,833)</u>	<u>(43,747)</u>	<u>243,130</u>	<u>926,628</u>	<u>(4)</u>	<u>926,624</u>

Note:

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Associations and provided that immediately following the distribution or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the period ended 30 June 2017*

	Six months ended 30 June	
	2017	2016
	HKD'000	HKD'000
NET CASH USED IN OPERATING ACTIVITIES	(60,759)	(59,159)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	286	7
Loan to an associate	–	(10,000)
Net cash outflow arising on disposal of a subsidiary	(31)	–
Net cash inflow arising on disposals of associates	7,000	–
Receipt upon redemption of promissory notes	29,000	–
Purchase of property, plant and equipment	(16,221)	(2)
Purchase of available-for-sale financial assets	(27,515)	–
NET CASH USED IN INVESTING ACTIVITIES	(7,481)	(9,995)
CASH FROM FINANCING ACTIVITIES		
Interest paid	(1,565)	(2,452)
Repayment of bank borrowings	(1,299)	(3,796)
Proceeds from other borrowings	67,469	–
Shares purchased under share award scheme	(7,127)	–
NET CASH USED IN FINANCING ACTIVITIES	57,478	(6,248)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,762)	(75,402)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	29,169	98,114
Effect of foreign exchange rate changes	12	–
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by cash and bank balances	18,419	22,712

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2017

1. GENERAL

Future World Financial Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in securities trading and investment, provision of financing services, investment property in Hong Kong, e-commerce business and trading business and related services.

During the six months ended 30 June 2017, the Company disposed of New Generation Information Technology Sdn. Bhd. (“**New Generation**”), a wholly-owned subsidiary of the Company, and Instant Achieve Limited (“**IAL**”), an associate of the Group. Further details of the disposals are set out in Note 6.

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HKD**”), which is also the functional currency of the Company, and all values are rounded to the nearest thousand unless otherwise stated. This condensed consolidated financial information was approved for issue by the board of directors on 30 August 2017.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2017 (“**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2016.

2. BASIS OF PREPARATION (Continued)

Save as described in note 3, which are effective for the Group's financial year beginning on 1 January 2017, the accounting policies adopted in the Interim Financial Statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

The Interim Financial Statements have not been audited. In respect of the consolidated financial statements of the Group for the year ended 31 December 2016, the Group's auditor who has engaged to conduct an audit thereof had expressed a disclaimer of opinion. Details of which were set out in the annual report of the Company for the year ended 31 December 2016 dated 31 March 2017.

3. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis, except for the investment property, available-for-sale financial assets, held-for-trading investments and derivative financial instrument, which are measured at fair values, as appropriate.

Except as described below, 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 consolidated financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle (relating to Amendments to HKFRS 12 Disclosure of Interests in Other Entities)

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or the disclosures in the Interim Financial Statements.

4. REVENUE

Revenue represents the income received and receivable from the Group's principal activities including i) securities trading and investment; ii) provision of financing services; and iii) property investment during the periods. An analysis of the Group's revenue for the periods is as follows:

	Six months ended 30 June	
	2017	2016
	<i>HKD'000</i>	<i>HKD'000</i>
Gain on disposal of held-for-trading investments	9,360	–
Dividend income from investments	70,214	334
Interest income from provision of financing services	2,302	427
Rental income from property investment	1,200	2,700
	<u>83,076</u>	<u>3,461</u>

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Since September 2016, the Group commenced the licensing of e-commerce platform as a membership points redemption online store ("**Licensing of e-commerce platform**"). The Licensing of e-commerce platform became a new operating activity of the Group and this segment is separately assessed by the CODM. Therefore, this segment was reported as a new reportable and operating segment in the annual consolidated financial statements of the Group for the year ended 31 December 2016.

Specifically, the Group's reportable and operating segments under HKFRS 8 *Operating Segment* are as follows:

- Trading business and related services
- Securities trading and investment
- Provision of financing services
- Property investment
- Licensing of e-commerce platform

5. SEGMENT INFORMATION (Continued)

Segment revenues and financial performance

The following is an analysis of the Group's revenue and financial performance by reportable and operating segments:

	Trading business and related services		Securities trading and investment		Provision of financing services		Property investment		Licensing of e-commerce platform		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Revenue												
- External sales	-	-	79,574	334	2,302	427	1,200	2,700	-	-	83,076	3,461
Segment (loss)/profit	(1,003)	(298)	343,654	(7,944)	2,291	392	5,586	(132)	(27,763)	-	322,765	(7,982)
Unallocated corporate income											1,440	158
Unallocated corporate expenses											(8,160)	(6,163)
Change in fair values of derivative financial instrument											600	(3,415)
Gain on disposal of a subsidiary											19	-
Gain on disposals of associates											216	-
Share of profit of associates											1,794	727
Share-based payment expenses											(10,490)	-
Finance costs											(1)	-
Profit/(Loss) before income tax											308,183	(16,675)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned/(loss incurred) by each segment without allocation of certain administration costs, directors' emoluments, other income, certain gain on disposals of a subsidiary/associates, share-based payment expenses, change in fair value of derivative financial instrument, share of profit of associates and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	30 June 2017 HKD'000	31 December 2016 HKD'000
Segment assets		
Trading business and related services	613	724
Securities trading and investment	618,954	313,576
Provision of financing services	238,554	20,027
Property investment	279,962	300,951
Licensing of e-commerce platform	15,683	54,536
	<hr/>	<hr/>
Total segment assets	1,153,766	689,814
Unallocated corporate assets	16,267	107,120
	<hr/>	<hr/>
Consolidated assets	<u>1,170,033</u>	<u>796,934</u>
Segment liabilities		
Trading business and related services	1,134	1,017
Securities trading and investment	67,619	150
Provision of financing services	573	260
Property investment	115,435	115,610
Licensing of e-commerce platform	21,646	1,149
	<hr/>	<hr/>
Total segment liabilities	206,407	118,186
Unallocated corporate liabilities	37,002	50,228
	<hr/>	<hr/>
Consolidated liabilities	<u>243,409</u>	<u>168,414</u>

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

- all assets are allocated to operating segments other than interests in associates, derivative financial instrument, loan receivable from a former associate/an associate, certain other receivables and certain cash and bank balances; and
- all liabilities are allocated to operating segments other than certain other payables.

6. DISPOSALS

(a) Disposal of a subsidiary

During the six months ended 30 June 2017, the Group has disposed of its 100% equity interests in New Generation, a limited company incorporated in Malaysia, at a consideration of Malaysian ringgit 280,000 (equivalent to approximately HKD490,000). New Generation has not commenced business or commercial operations since its incorporation. The disposal was completed on 16 June 2017.

	<i>HKD'000</i>
Consideration received in cash	<u>490</u>
	<i>HKD'000</i>
Analysis of assets and liabilities disposed of:	
Cash and bank balances	521
Accruals	<u>(50)</u>
Net assets disposed of	471
Gain on disposal	<u>19</u>
Total consideration	<u>490</u>
Net cash outflow arising on disposal:	
Consideration received in cash	490
Less: cash and bank balances disposed of	<u>(521)</u>
	<u>(31)</u>

6. DISPOSALS (Continued)

(b) Disposal of associates

On 3 April 2017, the Company entered into a sale and purchase agreement with China Soft Power Technology Holdings Limited (“CSPT”), in which Mr. Yu Qingrui (“Mr. Yu”), a director of the Company, is a common director, in relation to the disposal of 34% issued share capital of IAL, an associate of the Company, at a consideration of HKD7,000,000 (the “Disposal of IAL”). Upon completion of the Disposal of IAL on 7 April 2017, the Group did not hold any equity interest of IAL and ceased to have significant influence over IAL and therefore, the Group derecognised IAL and its subsidiaries as the associates of the Group and ceased to share their results.

	<i>HKD'000</i>
Net carrying amount of interests in associates	6,784
Gain on disposal	216
	<hr/>
Total consideration, received in cash	<u>7,000</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	<i>HKD'000</i>	<i>HKD'000</i>
Interest expenses on:		
Bank borrowings	1,564	2,452
Others	1	–
	<hr/>	<hr/>
	<u>1,565</u>	<u>2,452</u>

8. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2017 <i>HKD'000</i>	2016 <i>HKD'000</i>
Directors' and chief executive's emoluments, including share-based payment expenses of HKD5,790,000 (2016: Nil)	9,427	1,596
Other staff costs	2,869	884
Contributions to retirement benefits scheme	58	28
Share-based payment expenses for employees	4,700	–
Total staff costs	17,054	2,508
Auditor's remuneration		
Audit services – (over)/under-provision in prior years	(81)	20
Non-audit services	769	555
Direct operating expenses arising from investment property that generated rental income during the period	28	94
Depreciation of property, plant and equipment	1,025	396
Minimum lease payments in respect of operating lease of office premises	1,764	522
Provision for legal cost (<i>Note 25</i>)*	1,000	–

* *The provision for legal cost of approximately HKD1,000,000 has been included as part of administrative expenses.*

9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2017 <i>HKD'000</i>	2016 <i>HKD'000</i>
Hong Kong Profits Tax		
– Charge for the period	378	65
– Over-provision in prior years	–	(21)
Total	378	44

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

10. DIVIDEND

The directors of the Company do not recommend for payment of a dividend for the six months ended 30 June 2017 (2016: Nil).

11. EARNINGS/(LOSSES) PER SHARE

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

	Six months ended 30 June	
	2017	2016
	HKD'000	HKD'000
Profit/(Loss) for the period attributable to owners of the Company for the purposes of basic and diluted earnings/(losses) per share	<u>307,805</u>	<u>(16,719)</u>
	Six months ended 30 June	
	2017	2016
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings/(losses) per share	6,382,770	5,777,588
Effect of dilutive potential ordinary shares:		
Share options issued by the Company (<i>Note</i>)	<u>252,783</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(losses) per share	<u>6,635,553</u>	<u>5,777,588</u>

Note:

The computation of diluted losses per share for the six months ended 30 June 2016 did not assume the exercise of the Company's outstanding share options since it would result in a decrease in the losses per share.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six months ended 30 June 2017, the Group paid approximately of HKD16,221,000 for the acquisition or addition of property, plant and equipment (six months ended 30 June 2016: HKD2,000).

During the six months ended 30 June 2017, the Group did not lease out the display store relating to the promotion of e-commerce platform. As at 30 June 2017, the directors of the Company consider that there are still no formal plan agreed with the major customer of the licensing of e-commerce platform and therefore, reassessed the recoverable amount of capital expenditure, with carrying amount approximately of HKD14,760,000, relating to the design and decoration cost of the display store, to be nil. Accordingly, an impairment loss on property, plant and equipment and provision for the onerous contract of the committed lease and other related payments of approximately HKD14,760,000 and HKD8,445,000, respectively, have been recognised during the current period.

The fair value of the Group's investment property at the end of the reporting period have been arrived at on the basis of a valuation carried out by A.G. Wilkinson & Associates (Surveyors) Limited, an independent firm of qualified professional valuers. The valuation using investment approach was arrived at by capitalise the net rental income derived from the existing tenancy with due allowance for the reversionary income potential of the property interest. Fair value gain of HKD6,000,000 on investment property has been recognised in profit or loss for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil). At 30 June 2017, the Group's investment property has been pledged to secure the bank borrowings granted to the Group (*Note 20*).

13. INTERESTS IN ASSOCIATES/LOAN RECEIVABLE FROM A FORMER ASSOCIATE/AN ASSOCIATE

	30 June 2017 <i>HKD'000</i>	31 December 2016 <i>HKD'000</i>
Cost of investment in associates	–	3,400
Share of post-acquisition profit and other comprehensive income, net of dividend received	–	1,590
	<u>–</u>	<u>1,590</u>
	<u>–</u>	<u>4,990</u>

On 30 September 2015, the Group entered into a call option deed (the “**Call Option Deed**”) with the major shareholder of IAL (the “**Grantor**”). Pursuant to the Call Option Deed, the Grantor granted a right to the Group to purchase 66% issued share capital of IAL. The Group is entitled to exercise the call option within five years from the date of grant of the call option.

As mentioned in Note 6(b), upon completion of Disposal of IAL on 7 April 2017, IAL and its subsidiaries ceased to be associates of the Group.

13. INTERESTS IN ASSOCIATES/LOAN RECEIVABLE FROM AN ASSOCIATE (Continued)

The loan to IAL is interest-free, unsecured and repayable on demand.

Details of the Group's associates at the end of the reporting period were as follow:

Name of entity	Place of incorporation	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities and place of operation
		30 June 2017	31 December 2016	30 June 2017	31 December 2016	
IAL	The British Virgin Islands (the "BVI")	-	34%	-	34%	Investment holding in Hong Kong
Central Wealth Securities Investment Limited ("CWSI") (Note)	Hong Kong	-	34%	-	34%	Dealing in securities and advising on securities in Hong Kong
Central Wealth Futures Limited ("CWF") (Note)	Hong Kong	-	34%	-	34%	Inactive

Note:

CWSI and CWF are the wholly-owned subsidiaries of IAL.

14. PROMISSORY NOTES RECEIVABLE

The promissory notes carried interest at a rate of 2% per annum with 2-year maturity issued on 15 July 2016. The fair value of the promissory notes as at issuance date was determined using an effective interest rate of 5.4% per annum.

	<i>HKD'000</i>
Carrying amount as at 1 January 2017	27,800
Unwinding of imputed interest as other income	1,200
Early redemption by the issuer	<u>(29,000)</u>
Carrying amount as at 30 June 2017	<u><u>-</u></u>

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2017 HKD'000	31 December 2016 HKD'000
Listed securities, at fair value:		
Equity securities listed in Hong Kong	<u>42,350</u>	<u>–</u>
		<i>HKD'000</i>
Carrying amount as at 31 December 2016		–
Additions		27,515
Additions as a result of receipt of dividend income (<i>Note 26</i>)		22,668
Changes in fair value		<u>(7,833)</u>
Carrying amount as at 30 June 2017		<u>42,350</u>

Note:

The fair values of the listed equity securities investments were determined based on the quoted market closing prices on the Stock Exchange.

All of the available-for-sale financial assets (31 December 2016: Nil) are pledged for the other borrowing granted to the Group as at 30 June 2017 (*Note 21*).

16. HELD-FOR-TRADING INVESTMENTS

	30 June 2017 HKD'000	31 December 2016 HKD'000
Listed securities held for trading, at fair value:		
Equity securities listed in Hong Kong	<u>572,724</u>	<u>310,256</u>
		<i>HKD'000</i>
Carrying amount as at 31 December 2016		310,256
Additions		39,710
Disposals		(43,756)
Changes in fair value		<u>266,514</u>
Carrying amount as at 30 June 2017		<u>572,724</u>

Note:

The fair values of the listed equity securities investments were determined based on the quoted market closing prices on the Stock Exchange.

All of the held-for-trading investments (31 December 2016: Nil) are pledged for the other borrowings granted to the Group as at 30 June 2017 (*Note 21*).

17. INTEREST IN A FILM IN PROGRESS

During the year ended 31 December 2016, China Wisdom Group Limited (“**China Wisdom**”), an indirect wholly-owned subsidiary of the Group, entered into an investing agreement to invest a total of RMB12,000,000 (equivalent to HKD14,400,000) in a film production with another film production investor (the “**Film Production Investor**”). Pursuant to the investing agreement, China Wisdom acts as a passive investor and does/will not involve in any of the activities of the film production. As at 31 December 2016 and 30 June 2017, a sum of RMB10,800,000 (equivalent to approximately HKD12,960,000) has been paid. The remaining balance of RMB1,200,000 (equivalent to approximately HKD1,440,000) is due for payment when the relevant approval is obtained from the government authority to publish such film. As at 30 June 2017, the production of the film is still in progress.

Mr. Chen Xiaodong (“**Mr. Chen**”), a director of the Company, is the sole director of the Film Production Investor, and he has indirect equity interest in the Film Production Investor. Mr. Chen also provided guarantee to China Wisdom that the box office of the film would not be less than RMB400 million.

18. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES

		30 June 2017	31 December 2016
	<i>Notes</i>	<i>HKD'000</i>	<i>HKD'000</i>
Trade receivables	<i>(i)</i>	600	23,347
Receivable from Ease Faith Limited <i>Less: allowance of doubtful debts</i>	<i>(ii)</i>	17,616 (17,616)	17,616 (17,616)
Other receivables, deposits and prepayments		2,042	6,977
Trade and other receivables		2,642	30,324
Loan and interest receivables:	<i>(iii)</i>		
– Loan receivables		145,000	14,000
– Interest receivables		2,057	590
		147,057	14,590

18. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES (Continued)

Notes:

(i) Trade receivables

Trade receivables at the end of the reporting period represent amounts receivable from the lease of investment property (31 December 2016: sales of goods supplied to customers). No interest is charged on the trade receivables.

During the six months ended 30 June 2017, the Group requires the tenant to pay in advance on the first day of each and every month. During the six months ended 30 June 2016, the Group generally allowed an average credit period of 120 days to its customers. The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	30 June 2017 HKD'000	31 December 2016 HKD'000
0 – 30 days	<u>600</u>	<u>23,347</u>

(ii) Receivable from Ease Faith Limited (“Ease Faith”)

Following the suspension of the position, functions and duties of Mr. He Jianhong (“**Mr. He**”), the former chairman and executive director of the Company, with effective from 27 January 2014, the directors conducted reviews of the major projects and transactions of the Group. During the course of the internal review, the Company noted that, Great Rich Trading Limited (“**Great Rich**”), a wholly-owned subsidiary of the Company, entered into two purchases contracts with Ease Faith to purchase raw materials for the purpose of trading (the “**Purchases Contracts**”) and paid a deposit of approximately HKD17,616,000 (the “**Receivable**”). Subsequently, Ease Faith failed to deliver the raw materials to Great Rich.

On 25 March 2014, Great Rich issued a writ of summons in the High Court of The Hong Kong Special Administrative Region as the plaintiff claiming against Ease Faith, the supplier, as the defendant, for breach of the Purchases Contracts or alternatively, unjust enrichment on money had and received. The representatives of the Group had taken part in the mediation with Ease Faith. The directors considered that the possibility of Great Rich to recover the outstanding Receivable from Ease Faith was remote. Therefore, impairment loss of approximately HKD17,616,000 has been recognised during the year ended 31 December 2015. Details of further developments of the claim are also set out in Note 25.

18. TRADE AND OTHER RECEIVABLES/LOAN AND INTEREST RECEIVABLES (Continued)

Notes: (Continued)

(iii) Loan and interest receivables

The loan receivables are unsecured, bearing fixed interest rate at 8% (31 December 2016: ranging from 8% – 10%) per annum and repayable according to the respective terms of the loan agreements.

The maturity profile of these loan receivables, net of impairment losses recognised, at the end of the reporting period, analysed by the remaining periods to their contracted maturity, is as follows:

	30 June 2017 HKD'000	31 December 2016 HKD'000
Within 1 year	<u>145,000</u>	<u>14,000</u>

As at 30 June 2017, included in loan and interest receivables was an amount of approximately HKD15,312,000 (31 December 2016: Nil) representing a loan receivable of HKD15,000,000 and interest receivable of approximately HKD312,000 due from the spouse of Mr. Chen. The loan is unsecured, bearing fixed interest rate at 8% per annum and repayable on 27 March 2018.

19. ACCRUALS, OTHER PAYABLES AND PROVISION FOR OTHER LIABILITIES

Material balances included in accruals, other payables and provision for other liabilities are as follows:

- (i) The amount due to the spouse of Mr. He of HKD310,000 as at 30 June 2017 and 31 December 2016.
- (ii) The amount due to Able Success Asia Limited (“**Able Success**”) of approximately HKD15,264,000 as at 30 June 2017 and 31 December 2016.
- (iii) Provision for the onerous contract of the committed lease and other payments for the lease and other commitments for the display store approximately HKD8,445,000 as at 30 June 2017 (31 December 2016: Nil). Details are included in Note 12.
- (iv) Provision for legal cost of approximately HKD1,000,000 as at 30 June 2017 (31 December 2016: Nil). Details are set out in Note 25.

20. BANK BORROWINGS

	30 June 2017 HKD'000	31 December 2016 HKD'000
Secured bank borrowings	<u>113,270</u>	<u>114,569</u>
	30 June 2017 HKD'000	31 December 2016 HKD'000
Carrying amount repayable:		
Within one year	2,645	2,609
More than one year, but not more than two years	2,703	2,665
More than two years, but not more than five years	8,628	8,511
More than five years	<u>99,294</u>	<u>100,784</u>
	<u>113,270</u>	<u>114,569</u>
	30 June 2017 HKD'000	31 December 2016 HKD'000
Carrying amount of the bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	110,625	111,960
Carrying amount repayable within one year	<u>2,645</u>	<u>2,609</u>
	<u>113,270</u>	<u>114,569</u>

The bank borrowings bear interest at lower of HKD Prime Rate – 2.5% and HIBOR (1 month) + 2.5% per annum at 30 June 2017 (31 December 2016: at lower of HKD Prime Rate – 1.75% and HIBOR (1 month) + 2% per annum).

At 30 June 2017 and 31 December 2016, the Group's bank borrowings are secured by the investment property (*Note 12*).

21. OTHER BORROWINGS

On 22 June 2017, Golden Horse Hong Kong Investment Limited, a wholly-owned subsidiary of the Group, entered into a margin loan account client agreement (“**Margin Loan Agreement**”) with CCB International Securities Limited, an independent securities broker (the “**Securities Broker**”). Pursuant to the Margin Loan Agreement, the Securities Broker provided a margin loan facility to the Group up to HKD100,000,000 at a fixed interest rate of 7% per annum payable in arrears.

The aforesaid loan can be utilised by the Group to acquire, on and/or off the Stock Exchange, the listed shares of CMBC Capital Holdings Limited (“**CMBC**”) (the “**CMBC Share(s)**”) no more than HKD60,000,000 and acquire specified listed shares (“**Specified Listed Shares**”) no more than HKD40,000,000.

Note: Specified Listed Shares means listed shares excluding, the listed shares of CSPT and CMBC.

As at 30 June 2017, the other borrowings are guaranteed by the Company and secured by the pledged of available-for-sale financial assets of approximately HKD42,350,000 (*Note 15*) and held-for-trading investments of approximately HKD572,724,000 (*Note 16*), respectively. The other borrowings are repayable within twelve months.

22. SHARE CAPITAL/TREASURY SHARES

	Number of ordinary shares <i>(Note a)</i>	Number of convertible preference shares	Amount HKD'000
Share capital			
Ordinary shares of HKD0.001 each			
Authorised:			
At 31 December 2016 and 30 June 2017	249,480,000,000	520,000,000	250,000
Issued and fully issued:			
At 31 December 2016 and 30 June 2017	6,485,187,998	–	6,485
Treasury shares			
At 31 December 2016 and 1 January 2017	–	–	–
Receipt during the period (<i>note b</i>)	(21,796,320)	–	(22)
At 30 June 2017	(21,796,320)	–	(22)

Notes:

- (a) All the ordinary shares issued rank pari passu with each other in all respects.
- (b) 21,796,320 treasury shares were received as part of dividend income received from an investment in a listed issuer, at a fair value of approximately HKD5,231,000.

23. SHARE OPTION SCHEME

Particulars of the Company's share option schemes adopted on 2 June 2003 (the "Scheme 2003") and 22 February 2012 (the "Scheme 2012") are set out in Note 28 to the consolidated financial statements of the Group for the year ended 31 December 2016 dated 31 March 2017.

During the current and prior interim periods, no share options were granted. During the year ended 31 December 2016, the fair value of share options granted to directors and employees amounted to approximately HKD20,980,000, of which HKD10,490,000 was included in the profit or loss for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil) in relation to share options granted by the Company.

As at 30 June 2017, the weighted average exercise price of share options under the Scheme 2003 and the Scheme 2012 are HKD2.03 and HKD0.24 (31 December 2016: HKD2.33 and HKD0.25) per share respectively.

The weighted average remaining contractual life of these outstanding share options is approximately 0.50 years (31 December 2016: 0.97 years).

24. COMMITMENTS

a) Operating lease arrangement – the Group as lessor

Investment property rental income earned during the six months ended 30 June 2017 was HKD1,200,000 (six months ended 30 June 2016: HKD2,700,000). The property is leased to a tenant for a term of 1 year.

At the end of the reporting period, the Group had contracted with tenant for the following futures minimum lease receivables:

	30 June 2017 HKD'000	31 December 2016 HKD'000
Within one year	<u>6,000</u>	<u>–</u>

24. COMMITMENTS (Continued)

b) Operating lease commitment – the Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	30 June 2017 HKD'000	31 December 2016 HKD'000
Within one year	481	3,668
After one year but within five years	–	5,712
	<u>481</u>	<u>9,380</u>

Operating lease payments represent rentals payable by the Group for certain of its premises, plant and machinery, office equipment and internet hardware and software. Leases are negotiated for an average term of 1 year (31 December 2016: 2 years) and no arrangements have been entered into for contingent rental payments.

c) Other commitment

For the registered capital of HKD500,000 for 深圳駿盛匯貿易有限公司 (“駿盛匯”), an indirectly wholly-owned subsidiary of the Company, the Group shall pay 20% of the registered capital within three months after the date of issuance of business license of 駿盛匯 and shall pay the remaining 80% of the registered capital within two years after the date of issuance of business license. Although the business license has been issued on 4 November 2014, the Group has yet to pay up any capital for 駿盛匯 at 30 June 2017. The board of directors of the Company considers that the risk to pay the penalty is remote and hence no provision has been provided for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

25. LITIGATION

Disputes for receivables from Ease Faith

As detailed in Note 18(ii), Great Rich issued a writ of summons in the High Court of The Hong Kong Special Administrative Region (the “**High Court**”) as the plaintiff claiming against Ease Faith, the supplier in the Purchases Contracts as the defendant, for breach of the Purchases Contracts or unjust enrichment on money had and received (the “**Claim**”).

After taking legal advice from the legal adviser, the Board was of the view that Great Rich had a reasonable chance on its claim against Ease Faith. However, after the representatives of the Group had taken part in mediation with Ease Faith during the year ended 31 December 2015, the directors of the Company considered that the possibility of Great Rich recovering the outstanding Receivable from Ease Faith was remote. Therefore, impairment loss of approximately HKD17,616,000 has been recognised during the year ended 31 December 2015.

25. LITIGATION (Continued)

Disputes for receivables from Ease Faith (Continued)

On 7 August 2017, the Claim was dismissed by the High Court Judge. The High Court Judge also made an order nisi that the costs of action are to be paid by Great Rich to the defendant, to be taxed if not agreed.

After taking legal advice from the legal adviser, the directors of the Company estimated the costs of action to be paid to the defendant are approximately HKD1,000,000, which has been recognised as legal and professional fee under administrative expenses in the profit or loss for the six months ended 30 June 2017.

26. MAJOR NON-CASH TRANSACTION

During the six months ended 30 June 2017, the Group received dividend income of approximately HKD27,899,000 in form of listed shares of another listed issuer amounting to approximately HKD22,668,000 (*Note 15*) and the shares of the Company of approximately HKD5,231,000 (*Note 22*). This dividend income was derived from an investment in a listed issuer classified as held-for-trading investments.

27. MATERIAL RELATED PARTY TRANSACTIONS

- (a) Save as disclosed elsewhere in the Interim Financial Statements, during the period, the Group also carried out the following transactions with related parties:

During the six months ended 30 June 2017, the Group had disposed of its entire equity interest in an associate to a company, in which Mr. Yu is a common director. Further details of the disposal are set out in Note 6(b).

During the six months ended 30 June 2017, the Group has entered into a loan agreement to lend HKD15,000,000 at a fixed interest rate at 8% per annum to and generated interest income of HKD312,000 from the spouse of Mr. Chen. Further details of the loan and interest receivables are set out in Note 18(iii).

(b) Compensation to key management personnel

The remuneration for key management personnel of the Group, including directors and other members of key management, during the period was as follows:

	Six months ended 30 June	
	2017	2016
	HKD'000	HKD'000
Short-term benefits	3,610	1,578
Post-employment benefits	27	18
Share-based payments	5,790	–
	<u>9,427</u>	<u>1,596</u>

28. FAIR VALUE MEASUREMENTS OF THE 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 technique(s) 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 measurement 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).

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30 June 2017 HKD'000	31 December 2016 HKD'000			
Financial assets					
Listed equity securities classified as available-for-sale financial assets	42,350	–	Level 1	Quoted bid prices in an active market	N/A
Listed equity securities classified as held-for-trading investments	572,724	310,256	Level 1	Quoted bid prices in an active market	N/A
Call option classified as derivative financial instrument	2,093	1,493	Level 3	Binomial Opinion Pricing Model – Risk free rate, expected option period and expected volatility	Discount rate and option exercise price

There were no transfers between Level 1, 2 and 3 in current interim period and prior year.

An increase in the option exercise price used in valuation would result in a decrease in the fair value measurement of the derivative financial instrument, and vice versa. A 5% increase/decrease in the option exercise price and holding all other variables constant would decrease/increase the carrying amount of the derivative financial instrument by approximately of HKD74,000 and HKD74,000, respectively (31 December 2016: HKD1,447,000 and HKD1,548,000).

28. FAIR VALUE MEASUREMENTS OF THE FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 fair value measurements of derivative financial instrument on recurring basis

	<i>HKD'000</i>
At 1 January 2017	1,493
Fair value change	<u>600</u>
At 30 June 2017	<u><u>2,093</u></u>

The above fair value change for the period recognised in profit or loss as change in fair value of derivative financial instrument.

Except as detailed in the above table, the directors consider that carrying amounts of financial assets and financial liabilities recognised in condensed consolidated financial statements approximate their fair values.

29. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Discloseable transactions – Acquisition of CMBC Shares and Tencent Shares

During the period from 26 June 2017 to 6 July 2017, the Group, through its wholly owned subsidiary, acquired 98,000,000 CMBC Shares on the open market at a total consideration of approximately HKD40,725,000 (excluding stamp duty and related expenses), at the price between HKD0.390 to HKD0.445 per CMBC Share. Among the 98,000,000 CMBC Shares, 65,000,000 CMBC Shares were acquired on or before 30 June 2017 and have been recognised as part of the available-for-sale financial assets.

During the period from 23 June 2017 to 16 August 2017, the Group, through its wholly owned subsidiary, acquired 223,000 shares of Tencent Holdings Limited (“**Tencent Share(s)**”) on the open market at a total consideration of approximately HKD68,924,000 (excluding stamp duty and related expenses), at the price between HKD281.00 to HKD323.2 per Tencent Share. Among the 223,000 Tencent Shares, 70,000 Tencent Shares were acquired on or before 30 June 2017 and have been recognised as part of the held-for-trading investments.

Further details of the transactions are set out in the Company’s announcements dated 6 July 2017 and 16 August 2017.

29. EVENTS AFTER THE END OF THE REPORTING PERIOD (Continued)

(b) Grant of share awards

On 7 July 2017, the board of directors of the Company resolved to grant 98,568,000 share awards to certain employee and consultants of the Company. The awarded shares were fully vested on the date of grant. The closing price of the Company's shares immediately before the grant of the share awards on 7 July 2017 was HKD0.126 per share.

During the six months ended 30 June 2017, the trustee of the share award scheme (the "**Share Award Scheme**") (the "**Trustee**"), pursuant to the terms of the trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 11,464,000 shares of the Company at a total consideration of approximately HKD7,127,000. The number of ordinary shares of the Company held by the Trustee as at 30 June 2017 and the date of approval of the Interim Financial Statements were 98,568,000 shares and 0 share respectively (31 December 2016: 87,104,000 ordinary shares).

(c) Placing of new shares (the "**Placing**")

On 26 July 2017, the Company entered into a placing agreement with CWSI, a former associate of the Group and acting as a placing agent, (the "**Placing Agent**") (the "**Placing Agreement**"). Pursuant to the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent up to 400,000,000 placing shares at the placing price of HKD0.090 per placing share to not less than six placees who and whose beneficial owners shall be independent third parties. The Placing was completed on 7 August 2017. The net proceeds from the Placing amounted to HKD34.6 million.

Further details of the Placing are set out in the Company's announcements dated 26 July 2017 and 7 August 2017.

29. EVENTS AFTER THE END OF THE REPORTING PERIOD (Continued)

(d) Share swap between the Company and CSPT (the “Share Swap”)

On 27 July 2017, the Company entered into a share swap agreement with CSPT, (the “**Share Swap Agreement**”). Pursuant to the Share Swap Agreement, subject to fulfilment of the conditions set out in the Share Swap Agreement, the parties agreed that:

- (i) the Company shall subscribe for and CSPT shall allot and issue 470,000,000 CSPT subscription shares (“**CSPT Subscription Shares(s)**”) at the CSPT subscription price of HKD0.110 per CSPT Subscription Share for a total consideration of HKD51,700,000;
- (ii) CSPT shall subscribe for and the Company shall allot and issue 470,000,000 subscription shares of the Company (“**FW Subscription Shares(s)**”) at the subscription price of HKD0.110 per FW Subscription Share for a total consideration of HKD51,700,000; and
- (iii) as certain applicable percentage ratios (as defined under the Listing Rules) in respect of the acquisitions exceed 5% but less than 25%, the acquisitions constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

The Share Swap was completed on 7 August 2017. As a result of the Share Swap, CSPT has become a substantial shareholder (as defined in the Listing Rules) of the Company.

Further details of the transaction are set out in the Company’s announcements dated 27 July 2017 and 7 August 2017 respectively.

(e) Grant of share options

On 28 July 2017, the Company granted share options to certain eligible persons to subscribe for a total of 640,000,000 ordinary shares of the Company (the “**Share Options**”), subject to and upon the terms and conditions of Scheme 2012. Among the Share Options granted, 192,000,000 Share Options were granted to the directors of the Company.

Particulars of the Scheme 2012 are set out in Note 28 to the consolidated financial statements of the Group for the year ended 31 December 2016 dated 31 March 2017.

Further details of the grant of share options transaction are set out in the Company’s announcements dated 28 July 2017 and 10 August 2017 respectively.

ADDITIONAL INFORMATION

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") were as follows:

Long positions in the ordinary shares and the underlying shares of the Company

Name of Directors	Capacity	Personal Interest	Other Interest	Total Interest	Percentage of Company's issued share capital
Siu Yun Fat (" Mr. Siu ")	Beneficial owner	32,800,000	71,000,000 <i>(Notes 1 & 6)</i>	103,800,000	1.600%
Cai Linzhan (" Mr. Cai ")	Beneficial owner	1,289,144	31,000,000 <i>(Notes 2 & 6)</i>	32,289,144	0.498%
Yu Qingrui (" Mr. Yu ")	Beneficial owner	54,404,425	71,000,000 <i>(Notes 3 & 6)</i>	125,404,425	1.933%
Tam Tak Wah	Beneficial owner	267,340	–	267,340	0.004%

Notes:

- Share options granted to Mr. Siu pursuant to a share option scheme of the Company. On 27 July 2017, 35,000,000 share options granted to Mr. Siu were lapsed. On 28 July 2017, the Board resolved to grant 64,000,000 share options to Mr. Siu which will be subject to the approval by the independent shareholders of the Company in an extraordinary general meeting. As at the date of this report, Mr. Siu has a total interest of 132,800,000 shares in the Company.

2. Share options granted to Mr. Cai pursuant to a share option scheme of the Company. Mr. Cai is the Chief Strategy Officer (Film Production) of China Wisdom since August 2016 and has been appointed as a director of the Company with effect from 24 June 2017. On 28 July 2017, the Board resolved to grant 64,000,000 share options to Mr. Cai which will be subject to the approval by the independent shareholders of the Company in an extraordinary general meeting. As at the date of this report, Mr. Cai has a total interest of 96,289,144 shares in the Company.
3. Share options granted to Mr. Yu pursuant to a share option scheme of the Company. On 27 July 2017, 35,000,000 share options granted to Mr. Yu were lapsed. On 28 July 2017, the Board resolved to grant 64,000,000 share options to Mr. Yu which will be subject to the approval by the independent shareholders of the Company in an extraordinary general meeting. As at the date of this report, Mr. Yu has a total interest of 154,404,425 shares in the Company.
4. Mr. Hon Hak Ka (“**Mr. Hon**”) has been appointed as an independent non-executive director of the Company with effect from 20 July 2017. As at the date of this report, Mr. Hon and his spouse are interested in 2,020,000 and 1,316,000 shares in the Company, respectively.
5. Mr. Chen Xiaodong (“**Mr. Chen**”) has been appointed as a director of the Company with effect from 11 August 2017. As at the date of this report, Mr. Chen is interested in 1,005,313 shares in the Company.
6. Details of the interests of the Directors in the share options of the Company are disclosed in the section headed “Share Option Scheme” below.

Save as disclosed above, as at 30 June 2017, none of the directors or chief executive of the Company had registered an interest or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme and Share Award Scheme disclosed below, at no time during the six months ended 30 June 2017 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

Pursuant to the written resolutions passed by all shareholders of the Company on 2 June 2003, the Company adopted the Scheme 2003. Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 22 February 2012, the Scheme 2003 was terminated and the Scheme 2012 was adopted. The adoption of the Scheme 2012 will not in any event affect the terms of the grant of such outstanding options that has already been granted under the Scheme 2003 and shall continue to be valid and subject to the provisions of the Scheme 2003. The remaining life of the Scheme 2012, which will expire on 21 February 2022, is approximately 4.5 years from the date of this report.

The existing scheme mandate limit in respect of the granting of options to subscribe for shares of the Company under the Scheme 2012 has been refreshed at the annual general meeting held on 31 May 2017 which the total number of shares of the Company may be allotted and issued pursuant to the grant or exercises of the options under the Scheme 2012 shall not be exceed 10% of the shares of the Company in issue as at 31 May 2017.

Movements in share options during the Period are as follows:

Grantee	Date of grant (Note 1)	Exercise price per shares HKD	Number of share options				As at 30.06.2017	Exercise period	Vesting date
			As at 1.1.2017	Granted during the period	Exercised during the period	Lapsed during the period			
Scheme 2003									
Senior management	02.05.2007	2.924	467,852	-	-	467,852	0	02.05.2007 – 01.05.2017	02.05.2007
Employees	02.05.2007	2.924	311,903	-	-	311,903	0	02.05.2007 – 01.05.2017	02.05.2007
	30.01.2008	2.0263	1,559,513	-	-	-	1,559,513	30.01.2008 – 29.01.2018	30.01.2008
Total			2,339,268	-	-	779,755	1,559,513		

Weighted average exercise price as at 30 June 2017 is HKD2.0263.

Grantee	Date of grant (Note 1)	Exercise price per shares HKD	Number of share options				As at 30.06.2017	Exercise period	Vesting date
			As at 1.1.2017	Granted during the period	Exercised during the period	Lapsed during the period			
Scheme 2012									
Directors									
Mr. Siu	27.07.2015	0.335	35,000,000	-	-	-	35,000,000	27.07.2015 – 26.07.2017	27.07.2015
	31.08.2016	0.210	36,000,000	-	-	-	36,000,000	31.08.2016 – 30.08.2018	01.05.2017
Mr. Cai (Note 2)	31.08.2016	0.210	31,000,000	-	-	-	31,000,000	31.08.2016 – 30.08.2018	01.05.2017
Mr. Yu	27.07.2015	0.335	35,000,000	-	-	-	35,000,000	27.07.2015 – 26.07.2017	27.07.2015
	31.08.2016	0.210	36,000,000	-	-	-	36,000,000	31.08.2016 – 30.08.2018	01.05.2017
Yang Yang (Ex-Director) (Note 3)	13.07.2015	0.270	35,000,000	-	-	-	35,000,000	13.07.2015 – 12.07.2017	13.07.2015
	31.08.2016	0.210	36,000,000	-	-	-	36,000,000	31.08.2016 – 30.08.2018	01.05.2017
Employees									
In aggregate	27.07.2015	0.335	35,000,000	-	-	-	35,000,000	27.07.2015 – 26.07.2017	27.07.2015
In aggregate	31.08.2016	0.210	61,000,000	-	-	-	61,000,000	31.08.2016 – 30.08.2018	01.05.2017
Consultants									
In aggregate	22.06.2015	0.319	26,800,000	-	-	26,800,000	-	22.06.2015 – 21.06.2017	22.06.2015
In aggregate	27.07.2015	0.335	35,000,000	-	-	-	35,000,000	27.07.2015 – 26.07.2017	27.07.2015
In aggregate	04.09.2015	0.201	175,000,000	-	-	-	175,000,000	04.09.2015 – 03.09.2017	04.09.2015
Total			576,800,000	-	-	26,800,000	550,000,000		

Weighted average exercise price as at 30 June 2017 is HKD0.243.

Notes:

1. The closing price of the shares immediately before 2 May 2007 was HKD0.900.
The closing price of the shares immediately before 30 January 2008 was HKD0.630.
The closing price of the shares immediately before 13 July 2015 was HKD0.215.
The closing price of the shares immediately before 27 July 2015 was HKD0.350.
The closing price of the shares immediately before 4 September 2015 was HKD0.188.
The closing price of the shares immediately before 31 August 2016 is HKD0.215.
2. Mr. Cai has been appointed as a director of the Company with effect from 24 June 2017.
3. Mr. Yang Yang has resigned as a director of the Company with effect from 30 September 2016.

Apart from the above movements, no share options were granted, exercised, lapsed or cancelled under the Scheme 2003 and the Scheme 2012 during the Period.

As at 30 June 2017, an aggregate of 551,559,513 shares are issuable for share options granted (all fully-vested) under the Scheme 2003 and the Scheme 2012, representing approximately 8.50% of the total number of issued shares of the Company. The weighted average remaining contractual life of these outstanding share options is approximately 0.50 years (31 December 2016: 0.97 years).

During the Period, no expenses was recognised by the Group (six months period ended 30 June 2016: Nil) in relation to share options granted by the Company.

On 28 July 2017, the Board resolved to grant 640,000,000 share options to certain directors and employees of the Company of which 64,000,000 share options each to Mr. Siu, Mr. Cai and Mr. Yu who are executive directors of the Company and 64,000,000 share options to Ms. Lam Hay Yin, an investment manager of the Company (collectively the “**Relevant Grantees**”). The grant of the share options to each of the Relevant Grantees would result in the securities issued and to be issued upon exercise of all share options already granted and to be granted to each of them in the 12-month period representing in aggregate over 1% of the relevant class of securities in issue. Pursuant to Rule 17.03(4) of the Listing Rules, such grant will be subject to the approval by the independent shareholders of the Company in an extraordinary general meeting. As at the date of this report, the total number of shares available for issue under the Scheme 2003 and the Scheme 2012 is 1,016,559,513 shares, representing approximately 13.82% of the total number of issued shares of the Company. More details are set out in Events After The End of the Reporting Period in Note 29(e) to the condensed consolidated financial statements.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 15 July 2015. The purposes and objectives of the Share Award Scheme are to recognise the contributions by certain employees and persons to the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of and contribution to the Group.

The existing scheme mandate limit in respect of the total number of Shares which may be granted under the Share Award Scheme has been refreshed at the annual general meeting held on 31 May 2017 which (i) the total number of shares of the Company may be granted under the Share Award Scheme shall not exceed 10% of the shares of the Company in issue as at 31 May 2017 and (ii) the overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other incentive or share option schemes and may be issued under the Share Award Scheme of the Company must not exceed 30% of the shares in issue from time to time.

During the Period, the trustee of the Share Award Scheme, pursuant to the terms of the trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 11,464,000 shares of the Company at a total consideration of approximately HKD7,127,000. No share award has been granted, vested, lapsed and cancelled during the Period.

On 7 July 2017, the Board resolved to grant 98,568,000 share awards to certain employee and consultants of the Company. More details are set out in Events After The Reporting Period in Note 29(b) to the condensed consolidated financial statements.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2017, no one interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

Save as disclosed above, the Company had not been notified of other relevant interests or short positions in the shares and underlying shares of the Company as at 30 June 2017 as required pursuant to section 336 of the SFO.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with the existing directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code since their appointment as a Director and throughout the Period under review. The spouse of Mr. Hon Hak Ka (“**Mr. Hon**”), an independent non-executive director of the Company appointed on 20 July 2017, has disposed 500,000 shares of the Company on 16 August 2017, which was within the Black-Out Period and without Mr. Hon first notifying the designated director of the Company and obtaining a dated written acknowledgement. The Company has explained to Mr. Hon and his spouse the standard and requirements to be complied with in securities dealing to ensure no recurrence of similar event in future.

The Company also adopted a code on no less exacting terms than the Model Code to regulate dealings in the securities of the Company by certain employees of the Group who are considered to be likely in possession of inside information in relation to the Company or its securities.

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Corporate Governance Code (the “**CG Code**”) throughout the Period as set out in Appendix 14 of the Listing Rules except for the following deviations:

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term. Two independent non-executive directors, namely Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah are appointed with no specific term. All independent non-executive directors are subject to the requirement to retire by rotation at least once every three years. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company, except that the receipt of dividend income approximately HKD5,231,000 from CMBC and the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 11,464,000 shares of the Company at a total consideration of approximately HKD7,127,000.

REVIEW OF INTERIM RESULTS

The unaudited interim results for the Period have been reviewed by the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the relevant code provisions of the CG Code as set out in Appendix 14 to the Listing Rules. The Audit Committee comprises all the independent non-executive directors of the Company including Mr. Hon Hak Ka, Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah.

UPDATES ON DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of the Directors' details since the date of the last annual report of the Company are set out below:

Mr. Liu Steven Qiang resigned as an executive director and the chief executive officer of the Company with effect from 24 June 2017.

Mr. Michael John Viotto resigned as an independent non-executive director and ceased to be the member of the Audit Committee and the chairman and member of each of the Nomination Committee and the Remuneration Committee of the Company with effect from 24 June 2017.

Mr. Cai Linzhan has been appointed as an executive director and the chief executive officer of the Company with effect from 24 June 2017.

Mr. Tam Tak Wah, being an independent non-executive director of the Company, has been appointed as the chairman of the Nomination Committee of the Company with effect from 24 June 2017.

Mr. Siu Siu Ling, Robert, being an independent non-executive director of the Company, has been appointed as the chairman of the Remuneration Committee of the Company with effect from 24 June 2017.

Mr. Siu Siu Ling, Robert resigned as an independent non-executive director of CMBC with effect from 28 June 2017.

Mr. Cheng Yong Yau resigned as an independent non-executive director and ceased to be a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company with effect from 20 July 2017.

Mr. Hon Hak Ka has been appointed as an independent non-executive director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company with effect from 20 July 2017.

Mr. Chen Xiaodong has been appointed as an executive director of the Company with effect from 11 August 2017.

By Order of the Board

Siu Yun Fat

Chairman

Hong Kong, 30 August 2017