



中国金控 CFIH

China Finance Investment Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code : 875)



Interim Report
2017

CONTENTS

- 2 Corporate information
- 3 Management discussion and analysis
- 9 Review report on the interim financial information
- 10 Condensed consolidated statement of profit or loss and other comprehensive income
- 12 Condensed consolidated statement of financial position
- 14 Condensed consolidated statement of changes in equity
- 15 Condensed consolidated statement of cash flows
- 16 Notes to the unaudited condensed consolidated interim financial information
- 46 Other information



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr. YAU Yik Ming Leao (*Chief Executive Officer*)

Mr. XU Bin (*Deputy Chairman*)

Ms. DIAO Hong

Ms. DIAO Jing (*appointed on 5 Sep 2017*)

Mr. TSANG King Sun (*resigned on 31 Aug 2017*)

Non-executive director

Mr. LIN Yuhao (*Chairman*)

Independent non-executive directors

Mr. LI Shaohua

Ms. ZHU Rouxiang

Ms. LI Yang

AUDIT COMMITTEE

Ms. LI Yang (*Committee Chairlady*)

Mr. LI Shaohua

Ms. ZHU Rouxiang

REMUNERATION COMMITTEE

Ms. ZHU Rouxiang (*Committee Chairlady*)

Mr. XU Bin

Ms. DIAO Jing (*appointed on 5 Sep 2017*)

Mr. LI Shaohua

Ms. LI Yang

Mr. TSANG King Sun (*resigned on 31 Aug 2017*)

NOMINATION COMMITTEE

Mr. LIN Yuhao (*Committee Chairman*)

Mr. XU Bin

Mr. LI Shaohua

Ms. ZHU Rouxiang

Ms. LI Yang

CORPORATE GOVERNANCE COMMITTEE

Ms. LI Yang (*Committee Chairlady*)

Mr. LI Shaohua

Ms. ZHU Rouxiang

AUTHORISED REPRESENTATIVES

Mr. YAU Yik Ming Leao

Mr. TSANG King Sun (*resigned on 31 Aug 2017*)

COMPANY SECRETARY

Mr. TSANG King Sun (*resigned on 31 Aug 2017*)

REGISTERED OFFICE

Canon's Court

22 Victoria Street

PO Box 1624, Hamilton HM EX

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1510, 15/F

Ocean Centre

Harbour City

5 Canton Road

Tsim Sha Tsui

Kowloon, Hong Kong

AUDITOR

Elite Partners CPA Limited

LEGAL ADVISOR

P.C. Woo & Co. (as to Hong Kong laws)

PRINCIPAL SHARE REGISTRAR

Esteria Services (Bermuda) Limited

Canon's Court

22 Victoria Street

PO Box 1624, Hamilton HM EX

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

SHARE LISTING

The Stock Exchange of Hong Kong Limited

Stock Code: 875

CORPORATE WEBSITE

<http://www.cfi.hk>

INVESTOR RELATIONS

Email: ir@cfih.hk





MANAGEMENT DISCUSSION AND ANALYSIS

The board (the “Board”) of directors (the “Directors”) of China Finance Investment Holdings Limited (the “Company”), is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2017 (the “Reporting Period”).

The Group is principally engaged in (i) growing and trading agricultural produce (“Agriculture Business”); and (ii) provision of money lending services (“Money Lending Business”).

FINANCIAL REVIEW

Results of continuing operations

During the Reporting Period, the Group’s revenue generated from continuing operations amounted to approximately HK\$31.0 million, representing a decrease of HK\$7.2 million or 18.8% from HK\$38.2 million for the six months ended 30 June 2016 (the “Corresponding Period”). Such decrease was mainly attributable to the decrease in revenue generated from the Agriculture Business of approximately HK\$23.9 million, partially offset by the increase in revenue approximately HK\$16.7 million from the Money Lending Business.

Gross profit of the Group during the Reporting Period was approximately HK\$17.5 million, representing an increase of HK\$11.0 million or 170.6% as compared to HK\$6.5 million for the Corresponding Period, and the gross profit margin was 56.6% (2016: 17.0%). The improvement of profitability during the Reporting Period was mainly from the increase in revenue from Money Lending Business with high profit margins compared with other business segments.

The Group recorded other income and gains in the net amount of approximately HK\$14.2 million during the Reporting Period, representing an increase of HK\$10.2 million or 256.1% as compared to HK\$4.0 million for the Corresponding Period. Such growth was mainly attributable to the exchange gain.

Selling and distribution expenses decreased by HK\$0.9 million or 13.5% to approximately HK\$5.4 million (2016: HK\$6.3 million). Such improvement was mainly attributable to business restructuring of Agriculture Business in Hong Kong.

Administrative expenses increased by HK\$3.3 million or 17.7% to approximately HK\$22.2 million (2016: HK\$18.9 million). This increase was mainly attributable to the increase in number of directors of the Board and number of employees in the Money Lending Business in Mainland China.

Other operating expenses was approximately HK\$0.02 million as compared with HK\$254.0 million in the Corresponding Period. This significant decrease in operating expenses was mainly attributable to the absence of material once-off expenses (includes loss on expiration of other financial asset, loss on early redemption of promissory notes and impairment losses for property, plant and equipment) in the Reporting Period as compared to the Corresponding Period.



Results of discontinued operation

The securities brokerage services (“Securities Brokerage Business”) generated a revenue of approximately HK\$0.6 million during the Reporting Period, which was insufficient to cover its expenses, resulting in a net loss of approximately HK\$4.0 million.

Having considered that there is no clear potential for material improvement on the performance of the Securities Brokerage Business under the current operation scale, the Group believed that the disposal of the Securities Brokerage Business represented a good opportunity for the Group to improve its overall returns and would provide a greater value to the shareholders of the Company by focusing its resources on other profitable business segments.

As such, on 25 May 2017, the Group entered into a sale and purchase agreement (the “Agreement”) with an independent third party, pursuant to which the Group has conditionally agreed to sell the Securities Brokerage Business at the consideration of net asset value of the Securities Brokerage Business as at the date of the Agreement plus HK\$12.0 million. The Company is expected to record a gain on disposal in the amount of approximately HK\$6.0 million and a loss from discontinued operation of approximately HK\$4.0 million.

In the light of the above, the Group recorded a net loss of approximately HK\$3.9 million for the Reporting Period as compared to a net loss of approximately HK\$277.2 million for the Corresponding Period. Such loss for the Reporting Period was mainly attributable to (i) net loss arising from the Agriculture Business and Securities Brokerage Business of approximately HK\$10.4 million and HK\$4.0 million, respectively and (ii) partially offset by the segment profits arising from the Money Lending Business in Mainland China and Hong Kong of approximately HK\$14.3 million.

The adjusted LBITDA¹ for the Reporting Period decreased by HK\$7.3 million to approximately HK\$7.8 million when compared with the Corresponding Period. Such improvement for the Reporting Period is mainly attributable to the new segment profits from the Money Lending Business in Mainland China.

BUSINESS REVIEW

Agriculture business

Due to fierce competition in the agriculture industry, the average selling price in the vegetable market drop significantly, thereby lowering the profit margins. The Group thus decided to focus on cultivating agricultural produce and downsize the trading in agricultural produce during the Reporting Period.

Coupled with the decrease in average selling price, increase in production costs and downsizing the trading in agricultural produce, the Agriculture Business recorded a significant drop in revenue of HK\$23.9 million to approximately HK\$11.3 million (2016: 35.2 million) and a gross loss of approximately HK\$1.5 million in the Reporting Period (2016: gross profit of HK\$4.3 million).

¹ The adjusted LBITDA represents loss before net finance income and costs, income tax expense, depreciation and amortisation, impairment losses of property, plant and equipment, loss on expiration of other financial assets, recognition of share-based payment, and exchange gain/loss.



Money lending business

The Group commenced the Money Lending Business in September 2015 by providing loan financing services including but not limited to personal loans and mortgage loans in Hong Kong. To accommodate and facilitate this business development, the Group applied for a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

Following the completion of the acquisition of Shengzhen Taihengfeng Technology Co. Ltd. and its subsidiaries (the "Taihengfeng" Group) in November 2016, the Group expanded into the micro finance business sector in Shenzhen, the People's Republic of China (the "PRC") through the provision of personal loans and corporate loans services. The Taihengfeng Group has generated significant segment profits and contributed to the stability of the overall results of the Group during the Reporting Period.

During the Reporting Period, loan interest income and gross profit under the Money Lending Business amounted to approximately HK\$19.7 million and HK\$19.1 million, respectively. Outstanding loan principal and interest receivables amounted to approximately HK\$273.8 million. No material default event occurred as at 30 June 2017 and no provision for the impairment of loan receivables was considered necessary during the Reporting Period.

The Group will continue to develop its Money Lending Business by retaining prudent credit control procedures and strategies to balance between business growth and risk management.

Investment in internet finance business

The Group owns 25% equity interest in Shenzhen Qianhai Gelin Internet Financial Services Company Limited (the "GLQH"), which is engaged in internet finance business in Mainland China.

During the Reporting Period, the revenue and net loss under internet finance business amounted to approximately HK\$4.7 million and HK\$0.2 million, respectively.

After the implementation of the rules on internet finance industry by the PRC government with its efforts in reforming the financial system, the internet finance industry has undergone the stable development stage. Given the challenges and opportunities on internet finance industry, GLQH developed new businesses including but not limited to boosting the development progress of internet financial platform, providing management consultancy, marketing strategy, IT support and data processing services in order to diversify the income stream and bring higher returns to shareholders.



LIQUIDITY AND FINANCIAL RESOURCES

Except for equity fund raising from the Company, the Group finances its business operations with internally generated cash flows and general banking facilities. As at 30 June 2017, the Group had bank balances and cash of approximately HK\$7.7 million (31 December 2016: HK\$18.1 million). The Group's quick ratio (calculated by total current assets less inventories, biological assets, deposits and prepayments and other financial assets divided by total current liabilities) as at 30 June 2017 was approximately 2.9 times (31 December 2016: 3.2 times).

As at 30 June 2017, the total borrowings of the Group amounted to approximately HK\$59.6 million (31 December 2016: HK\$60.9 million), of which, HK\$8.6 million (31 December 2016: HK\$19.4 million) was secured by several properties and motor vehicles of the Group and guaranteed by an ex-director of the Company. The borrowings in the amount of approximately HK\$36.1 million (31 December 2016: HK\$38.6 million) was repayable within one year.

As at 30 June 2017, the Group had capital expenditure commitments of approximately HK\$1.1 million (31 December 2016: HK\$1.0 million) which comprised of acquisition of property, plant and equipment.

The Group will continue to adopt a positive but prudent approach in managing its financial resources. The Company may consider any debt and equity financing methods which would be in the interest of the Company and its shareholders as a whole.

CAPITAL STRUCTURE AND GEARING RATIO

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The Group reviews the capital structure on a regular basis. As a part of this review, the Group monitors capital on the basis of net debt to adjusted equity ratio, the ratio is calculated by net debt divided by total capital. Net debt is calculated by total borrowings less cash and cash equivalents. Total capital is calculated by "adjusted equity", as shown in the unaudited condensed consolidated statement of financial position, plus net debt. The Group considers the cost of capital and the risks associated with issued share capital. To maintain or adjust the capital structure, the Group may adjust the ratio through dividend payments, issuing new shares, raising new debt financing or selling assets to reduce existing debts.

There was no change in the Company's share capital during the six months ended 30 June 2017.





As at 30 June 2017, the net debt to equity ratio was 0.2 times (31 December 2016: 0.1 times). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group's gearing ratio as at 30 June 2017 was 0.2 times (31 December 2016: 0.2 times), which was calculated by total debt to total shareholders' equity.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during the six months ended 30 June 2017.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group has no material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 June 2017.

CHARGES ON GROUP'S ASSETS

As at 30 June 2017, leasehold land and buildings with carrying amount of HK\$6.2 million (31 December 2016: HK\$6.2 million) were pledged to secure banking facilities granted to the Group.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs costs in Hong Kong dollars and Renminbi. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary. As at 30 June 2017, the Group has not used any derivatives to hedge its exposure to the foreign currency risk.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2017, the Group had a total of 596 (30 June 2016: 500) full time employees in Hong Kong and Mainland China. Total staff costs (including directors' remuneration) for the six months ended 30 June 2017 amounted to approximately HK\$20.1 million (six months ended 30 June 2016: HK\$14.5 million). The employees are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Apart from the basic remuneration package, the Company also participates in the mandatory provident fund scheme in Hong Kong and the central provident fund scheme in Mainland China. The Company has adopted a share option scheme on 6 June 2013 (the "Scheme"). Pursuant to the Scheme, the Board may, at its discretion, grant options to eligible employees, executive and non-executive directors (including independent non-executive director) of the Group.





PROSPECT

The Group will seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new lines of business with growth potential. The Group will pursue diversification in its business and income streams by exploring opportunities with promising prospects which could complement or create potential synergies to its existing core operations.

To diversify its income streams and counter balance the cyclical nature of the Group's agricultural business, the Company has been actively developing its business blueprint in the realm of financial business since 2015.

Apart from the aforesaid investments, the Group will also consider other related profitable businesses which could boost profitability in the future including but not limited to financial and agricultural sector in Mainland China and Hong Kong.

INTERIM DIVIDEND

No dividend was paid, declared or proposed during the Reporting Period. The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).





REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION



INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF CHINA FINANCE INVESTMENT HOLDINGS LIMITED (Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 10 to 45 which comprises the condensed consolidated statement of financial position of China Finance Investment Holdings Limited (“the Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors are responsible for the preparation and presentation of the interim financial information in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 June 2017 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, “Interim Financial Reporting”.

ELITE PARTNERS CPA LIMITED

Certified Public Accountants

Chan Wai Nam, William

Practising Certificate Number P05957

Hong Kong, 25 August 2017

10/F, 8 Observatory Road
Tsim Sha Tsui, Kowloon, Hong Kong



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 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Represented)
Continuing operations			
Revenue	3	30,998	38,170
Cost of sales and services rendered		(13,450)	(31,684)
Gross profit		17,548	6,486
Other income and gains	4	14,197	3,987
Loss arising from change in fair value less costs to sell of biological assets		(184)	(449)
Selling and distribution expenses		(5,419)	(6,267)
Administrative expenses		(22,239)	(18,900)
Other operating expenses		(15)	(254,002)
Share of (loss)/profit of an associate		(57)	917
Finance costs	4	(3,364)	(5,274)
Profit/(Loss) before taxation	4	467	(273,502)
Income tax expense	5	(372)	–
Profit/(Loss) from continuing operations		95	(273,502)
Discontinued operation			
Loss from discontinued operation, net of tax	6	(3,988)	(3,697)
Loss for the period		(3,893)	(277,199)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(1,179)	546
Total comprehensive income for the period		(5,072)	(276,653)



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

For the six months ended 30 June 2017

		Six months ended 30 June	
	Notes	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Represented)
Profit/(Loss) attributable to equity shareholders of the Company			
		95	(273,502)
		(3,988)	(3,697)
		(3,893)	(277,199)
Total comprehensive income attributable to equity shareholders of the Company:			
		(1,083)	(272,956)
		(3,989)	(3,697)
		(5,072)	(276,653)
Loss per share			
Basic (HK cents)			
	7	0.001	(4.414)
		(0.042)	(0.060)
		(0.041)	(4.474)
Diluted (HK cents)			
	7	0.001	(4.414)
		(0.042)	(0.060)
		(0.041)	(4.474)

The notes on pages 16 to 45 form part of this interim financial report.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	56,989	62,406
Goodwill		68,317	68,317
Intangible asset		–	500
Interest in an associate	10	39,563	38,000
Other non-current assets		–	205
		164,869	169,428
Current assets			
Inventories		1,073	493
Biological assets		1,838	51
Trade and other receivables	11	26,609	31,226
Loan receivables	12	267,544	252,049
Interest receivables	13	6,263	4,919
Cash held on behalf of brokerage clients	14	–	3,903
Cash and cash equivalents		7,658	18,073
		310,985	310,714
Assets associated with disposal group held for sale		15,029	–
		326,014	310,714
Current liabilities			
Trade and other payables	15	66,409	52,787
Bonds	16	26,539	–
Interest-bearing bank and other borrowings	17	9,358	38,447
Obligations under a finance lease		160	210
Tax payables		1,517	1,172
		103,983	92,616
Liabilities associated with disposal group held for sale		3,292	–
		107,275	92,616
Net current assets		218,739	218,098
Total assets less current liabilities		383,608	387,526



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Capital and reserves			
Share capital	18	96,120	96,120
Reserves		254,915	259,987
Total equity		351,035	356,107
Non-current liabilities			
Promissory notes	19	23,189	21,731
Government grants		9,057	9,136
Obligations under a finance lease		327	552
		32,573	31,419
		383,608	387,526

The notes on pages 16 to 45 form part of this interim financial report.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Share options reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2016 (Audited)	57,449	317,874	59,339	7,320	136,533	(239,573)	338,942
Loss for the period	-	-	-	-	-	(277,199)	(277,199)
Other comprehensive income for the period	-	-	-	546	-	-	546
Total comprehensive income for the period	-	-	-	546	-	(277,199)	(276,653)
Issue of ordinary shares for settlement of promissory notes	7,197	81,275	-	-	-	-	88,472
Issue of ordinary shares under placement of shares	4,200	36,890	-	-	-	-	41,090
At 30 June 2016 (Unaudited)	68,846	436,039	59,339	7,866	136,533	(516,772)	191,851
At 1 January 2017 (Audited)	96,120	744,079	59,668	9,358	207,467	(760,585)	356,107
Loss for the period	-	-	-	-	-	(3,893)	(3,893)
Other comprehensive income for the period	-	-	-	(1,179)	-	-	(1,179)
Total comprehensive income for the period	-	-	-	(1,179)	-	(3,893)	(5,072)
At 30 June 2017 (Unaudited)	96,120	744,079	59,668	8,179	207,467	(764,478)	351,035

The notes on pages 16 to 45 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	1,708	(27,077)
Net cash generated from/(used in) investing activities	350	(22,132)
Net cash (used in)/generated from financing activities	(5,806)	38,271
Net decrease in cash and cash equivalents	(3,748)	(10,938)
Cash and cash equivalents at the beginning of the period	18,073	44,074
Effect of foreign exchange rate changes	304	1,257
Cash and cash equivalents at the end of the period	14,629	34,393
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	7,658	34,393
Cash and cash equivalents included in disposal group held for sale	6,971	–
	14,629	34,393

The notes on pages 16 to 45 form part of this interim financial report.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) Interim Financial Reporting issued by the HKICPA, as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The unaudited condensed consolidated interim financial information has been prepared in accordance with the same accounting policies adopted in the 2016 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual consolidated financial statements.

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

This unaudited condensed consolidated interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual consolidated financial statements. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of consolidated financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

2 CHANGES IN ACCOUNTING POLICIES

- (a) The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:
- Annual Improvements HKFRS 2014-2016 Cycle
 - Amendments to HKAS 7, Statement of cash flows: Disclosure initiative
 - Amendments to HKAS 12, Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) (Continued)

Annual Improvements to HKFRSs 2014-2016 Cycle

This cycle of annual improvements contains amendments to three standards, namely HKFRS 1, HKFRS 12 and HKAS 28. Among them, the amendments to HKFRS 12 clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5. The amendments do not have an impact on the Group's interim financial information as the Group does not present the relevant required disclosures outside the unaudited condensed consolidated interim financial statements.

Amendments to HKAS 7, Statement of cash flows: Disclosure initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not have a material impact on the presentation and disclosure of the Group's unaudited condensed consolidated interim financial information.

Amendments to HKAS 12, Income taxes: Recognition of deferred tax assets for unrealised losses

The amendments stemmed from a request to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments do not have a material impact on the presentation and disclosure of the Group's unaudited condensed consolidated interim financial information.

- (b) The HKICPA has issued a number of amendments and new standards which are not yet effective for the year ending 31 December 2017. These include the following which may be relevant to the Group:

		Effective for accounting periods beginning on or after
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results and financial position.

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





3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in cultivating and trading of agricultural produce and provision of money lending services.

Revenue represents the revenue from trading of agricultural produce and money lending business. The amount of each significant category of revenue recognised in revenue during the period is as follows:

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<i>Continuing operations</i>		
Revenue from sale of agricultural produce	11,331	35,220
Revenue from money lending	19,667	2,950
	30,998	38,170

(b) Segment reporting

The Group manages its business by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following 3 reportable segments. No operating segments have been aggregated to form the following reportable segments.

Agricultural produce: Cultivating and trading of agricultural produce

Money lending: Loan financing

Securities broking: Broking services in securities traded in Hong Kong

The operating segment of securities broking was classified as discontinued operation in current period under review, for detail, please refer to note 6.



3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(i) Information about profit or loss

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Continuing operations			Discontinued operation		Total HK\$'000
	Agricultural produce HK\$'000	Money lending HK\$'000	Unallocated HK\$'000	Sub-total HK\$'000	Securities broking HK\$'000	
For the six months ended 30 June 2017 (Unaudited)						
Revenue						
Reportable segment revenue	11,331	19,667	-	30,998	591	31,589
Elimination of inter-segment revenue	-	-	-	-	-	-
Consolidated revenue	11,331	19,667	-	30,998	591	31,589
Loss						
Reportable segment (loss)/profit (adjusted (LBITDA)/EBITDA)	(7,926)	14,398	-	6,472	(3,521)	2,951
Depreciation	(3,180)	(160)	(1,807)	(5,147)	(428)	(5,575)
Finance costs	(1,416)	-	(1,948)	(3,364)	(39)	(3,403)
Government grants	2,136	-	-	2,136	-	2,136
Impairment of other receivables	(15)	-	-	(15)	-	(15)
Interest income	2	13	305	320	-	320
Share of loss of an associate	-	-	(57)	(57)	-	(57)
Unallocated head office and corporate incomes	-	-	10,779	10,779	-	10,779
Unallocated head office and corporate expenses	-	-	(10,657)	(10,657)	-	(10,657)
Consolidated (loss)/profit before taxation	(10,399)	14,251	(3,385)	467	(3,988)	(3,521)



3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(i) Information about profit or loss (Continued)

	Continuing operations			Sub-total HK\$'000	Discontinued operation	Total HK\$'000
	Agricultural produce HK\$'000	Money lending HK\$'000	Unallocated HK\$'000		Securities broking HK\$'000	
For the six months ended						
30 June 2016 (Unaudited)						
Revenue						
Reportable segment revenue	35,220	2,950	-	38,170	111	38,281
Elimination of inter-segment revenue	-	-	-	-	-	-
Consolidated revenue	35,220	2,950	-	38,170	111	38,281
Loss						
Reportable segment (loss)/profit (adjusted (LBITDA)/EBITDA)	(5,736)	673	-	(5,063)	(3,235)	(8,298)
Depreciation	(3,851)	(5)	(1,728)	(5,584)	(462)	(6,046)
Finance costs	(2,426)	(39)	(2,809)	(5,274)	-	(5,274)
Government grants	2,490	-	-	2,490	-	2,490
Impairment of property, plant and equipment	(8,076)	-	-	(8,076)	-	(8,076)
Interest income	7	-	398	405	-	405
Loss on expiration of other financial asset	-	-	(215,489)	(215,489)	-	(215,489)
Loss on early redemption of promissory notes	-	-	(29,442)	(29,442)	-	(29,442)
Share of profit of an associate	-	-	917	917	-	917
Unallocated head office and corporate expenses	-	-	(8,386)	(8,386)	-	(8,386)
Consolidated (loss)/profit before taxation	(17,592)	629	(256,539)	(273,502)	(3,697)	(277,199)

The measure used for reporting segment (loss)/profit is "adjusted (LBITDA)/EBITDA" i.e. "adjusted (loss)/profit before interest, taxes, depreciation and amortisation, impairment losses of property, plant and equipment, other financial assets, inventories and promissory notes", where "interest" is regarded as not including interest income from money lending business. To arrive at adjusted LBITDA the Group's loss are further adjusted for items not specifically attributed to individual segments, such as share of result of associates, directors' and auditors' remuneration and other head office or corporate administration costs.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(ii) Reconciliations of reportable segment assets and liabilities

	Continuing operations			Discontinued operation		Total HK\$'000
	Agricultural produce HK\$'000	Money lending HK\$'000	Unallocated HK\$'000	Sub-total HK\$'000	Securities broking HK\$'000	
At 30 June 2017 (Unaudited)						
Assets						
Reportable segment assets	70,391	278,985	–	349,376	15,029	364,405
Goodwill	–	68,317	–	68,317	–	68,317
Interest in an associate	–	–	39,563	39,563	–	39,563
Unallocated head office and corporate assets	–	–	18,598	18,598	–	18,598
Consolidated total assets	70,391	347,302	58,161	475,854	15,029	490,883
Liabilities						
Reportable segment liabilities	74,520	3,642	–	78,162	3,292	81,454
Bonds	–	–	26,539	26,539	–	26,539
Promissory notes	–	–	23,189	23,189	–	23,189
Unallocated head office and corporate liabilities	–	–	8,666	8,666	–	8,666
Consolidated total liabilities	74,520	3,642	58,394	136,556	3,292	139,848
Other segment information						
Capital expenditure*	65	–	–	65	–	65
Income tax expense	–	372	–	372	–	372

* Capital expenditure consists of additions to property, plant and equipment.



3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(ii) Reconciliations of reportable segment assets and liabilities (Continued)

	Continuing operations			Discontinued operation		Total HK\$'000
	Agricultural produce HK\$'000	Money lending HK\$'000	Unallocated HK\$'000	Sub-total HK\$'000	Securities broking HK\$'000	
At 31 December 2016 (Audited)						
Assets						
Reportable segment assets	62,108	265,778	-	327,886	23,407	351,293
Goodwill	-	68,317	-	68,317	-	68,317
Interest in an associate	-	-	38,000	38,000	-	38,000
Unallocated head office and corporate assets	-	-	22,532	22,532	-	22,532
Consolidated total assets	62,108	334,095	60,532	456,735	23,407	480,142
Liabilities						
Reportable segment liabilities	79,641	10,692	-	90,333	7,763	98,096
Promissory notes	-	-	21,731	21,731	-	21,731
Unallocated head office and corporate liabilities	-	-	4,208	4,208	-	4,208
Consolidated total liabilities	79,641	10,692	25,939	116,272	7,763	124,035
Other segment information						
Capital expenditure*	775	150	926	1,851	3,882	5,733
Income tax expense	-	1,104	-	1,104	-	1,104

* Capital expenditure consists of additions to property, plant and equipment and intangible asset.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(iii) Geographical information

Revenue from external customers, based on locations of customers, attributable to the Group by geographical areas is as follows:

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Represented)
<i>Continuing operations</i>		
Revenue		
– Hong Kong	2,613	9,247
– Mainland China	28,385	28,923
	30,998	38,170

An analysis of the Group's non-current assets by their geographical location is as follows:

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
<i>Continuing operations</i>		
Non-current assets		
– Hong Kong	4,140	9,031
– Mainland China	160,729	160,397
	164,869	169,428



4 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Represented)
<i>Continuing operations</i>		
(a) Finance costs		
– Imputed interest expenses on promissory notes	1,458	3,174
– Interest on bank loans wholly repayable within five years	1,383	2,039
– Interest on bonds	490	–
– Interest on finance lease	1	22
– Interest on other loans	32	39
	3,364	5,274
(b) Other income and gains		
– Bank interest received	(15)	(7)
– Exchange gain, net	(10,776)	–
– Government grants	(2,136)	(2,490)
– Other interest income	(305)	(398)
– Rental income	(856)	(535)
– Sundry income	(109)	(557)
	(14,197)	(3,987)
(c) Other items		
– Depreciation of property, plant and equipment	5,147	5,584
– Impairment of property, plant and equipment	–	8,076
– Impairment of other receivables	15	–
– Interest receivables written off	1	–
– Loan receivables written off	10	–
– Loss arising from on change in fair value less costs to sell of biological assets	184	449
– Loss on early redemption of promissory notes	–	29,442
– Loss on expiration of other financial asset	–	215,489



5 INCOME TAX EXPENSE (RELATING TO CONTINUING OPERATIONS)

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands (“BVI”), the Group is not subject to any taxation under the jurisdictions of the Bermuda and the BVI during the Reporting Period.

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the Reporting Period.

PRC enterprise income tax is provided at the rates applicable to the subsidiaries in the People’s Republic of China (the “PRC”) of the income for statutory reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practices and interpretations thereof.

According to the PRC tax law and its interpretation rules (the “PRC tax law”), enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption or half reduction of enterprise income tax on profits derived from such business. The Group’s PRC subsidiaries engaged in qualifying agricultural business, which includes cultivating and selling of vegetables, are entitled to full exemption of enterprise income tax.

	Six months ended 30 June	
	2017	2016
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
		(Represented)
Current tax – PRC	372	–



6 DISCONTINUED OPERATION

During the six months ended 30 June 2017, the Group entered into a sale and purchase agreement (“Agreement”) with Ace Jumbo Ventures Limited, an independent third party, pursuant to which the Group has conditionally agreed to sell Golden Rich Securities Limited, at the consideration of net asset value of Golden Rich Securities Limited as at the date of the Agreement plus HK\$12,000,000 on 25 May 2017. Accordingly, all assets and liabilities attributable to Golden Rich Securities Limited and its subsidiary (“Disposal Group”) have been classified as a disposal group held for sale and are presented separately in the unaudited condensed consolidated statement of financial position as at 30 June 2017. The Disposal Group has been presented as a discontinued operation in the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2017.

Accordingly, the comparative figures have been represented in accordance with HKFRS 5 “Non-Current Asset Held for Sale and Discontinued Operations” issued by HKICPA.

(a) Analysis of the results of discontinued operation is as follows:

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Represented)
Revenue	591	111
Cost of services	(624)	(355)
Gross loss	(33)	(244)
Other income and gains	66	8
Administrative expenses	(3,982)	(3,461)
Finance costs	(39)	–
Loss before taxation	(3,988)	(3,697)
Income tax expense	–	–
Loss after taxation	(3,988)	(3,697)
Loss for the period from discontinued operation attributable to equity holders of the Company	(3,988)	(3,697)

6 DISCONTINUED OPERATION (CONTINUED)

(b) Analysis of expenses of discontinued operation is as follows:

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited) (Represented)
Depreciation of property, plant and equipment	428	462

(c) Analysis of cash flows from discontinued operation is as follows:

	Six months ended 30 June 2017 HK\$'000 (Unaudited)
Net cash inflows from operating activities	311
Net cash outflows from investing activities	(725)
Net cash outflows for the period	(414)

(d) Analysis of value of the identifiable assets and liabilities of the Disposal Group is as follows:

	30 June 2017 HK\$'000 (Unaudited)
Property, plant and equipment	1,791
Intangible asset	500
Other non-current assets	930
Trade and other receivables	1,190
Cash held on behalf of brokerage clients	3,647
Cash and cash equivalents	6,971
Total assets classified as held for sale	15,029
Trade and other payables	3,292
Total liabilities classified as held for sale	3,292



7 LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to the equity holders of the Company of HK\$3,893,000 (2016: loss of HK\$277,199,000) and the weighted average number of 9,609,016,000 (2016: 6,196,063,000) ordinary shares in issue during the period.

The computation of diluted loss per share for the six months ended 30 June 2017 and 2016 does not assume the conversion of the Company's preference shares and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share. Therefore, the basic and diluted loss per share are the same.

From continuing operations

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended 30 June 2017, the Company has outstanding preference shares that will potentially dilute the ordinary shares. Since the exercise price of share options was higher than the average market price during the period, the Company does not assume the exercise of the share options.

For the six months ended 30 June 2016, the Company does not assume the conversion of the Company's preference shares and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share.





7 LOSS PER SHARE (CONTINUED)
From continuing operations (Continued)

The calculation of basic and diluted earnings/(loss) per share is based on the following:

	At 30 June 2017 (Unaudited)	At 30 June 2016 (Unaudited)
Profit/(loss) attributable to equity holders of the Company (HK\$'000)	95	(273,502)
Weighted average number of shares for basic earnings/(loss) per share ('000 shares)	9,609,016	6,196,063
Adjustments for preference shares ('000 shares)	3,030	–
Weighted average number of shares for diluted earnings/(loss) per share ('000 shares)	9,612,046	6,196,063

From discontinued operation

The calculation of basic loss per share is based on the Group's loss attributable to the equity holders of the Company of HK\$3,988,000 (2016: loss of HK\$3,697,000) and the weighted average number of 9,609,016,000 (2016: 6,196,063,000) ordinary shares in issue during the period.

The computation of diluted loss per share for the six months ended 30 June 2017 and 2016 does not assume the conversion of the Company's preference shares and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share. Therefore, the basic and diluted loss per share are the same.

8 DIVIDEND

No dividend was paid, declared or proposed during the Reporting Period. The Directors do not recommend the payment of an interim dividend (2016: Nil).



9 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2017, the Group acquired items of plant and equipment with a cost of HK\$65,000 (six months ended 30 June 2016: HK\$5,061,000). No item of plant and equipment was disposed of during the six months ended 30 June 2017 and 30 June 2016.

10 INTEREST IN AN ASSOCIATE

	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Audited)
At 1 January	38,000	110,841
Cost of investment	–	17,774
Share of post-acquisition profit and other comprehensive income	1,563	5,190
Impairment on interest in an associate	–	(95,805)
At 30 June/31 December	39,563	38,000

The Group's associate, which is unlisted and established in a form of limited company, is as follows:

Name	Place of incorporation/ business	Particular of registered capital	Percentage of ownership interest held by the Company	Principal activities
Shenzhen Qianhai Gelin Internet Financial Services Company Limited*	PRC/PRC	RMB100,000,000	25%	Provision of internet financing service

The associate is accounted for using the equity method in the unaudited condensed consolidated financial statements.

There are no contingent liabilities relating to the Group's interest in the associate.

* For identification only

10 INTEREST IN AN ASSOCIATE (CONTINUED)

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the condensed consolidated financial statements are disclosed below:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Current assets	192,770	190,475
Non-current assets	209	216
Total assets	192,979	190,691
Current liabilities	(1,001)	(5,302)
Net assets	191,978	185,389
	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	4,774	13,641
(Loss)/Profit for the period	(227)	3,669
Other comprehensive income for the period	6,480	(2,133)
(Loss)/Profit and total comprehensive income for the period attributable to equity holders	6,253	1,536
Share of total comprehensive income (25%) (2016: 25%)	1,563	384



11 TRADE AND OTHER RECEIVABLES

	Notes	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Trade receivables arising from trading of agricultural produce		7,035	4,098
Less: Impairment		(691)	(666)
Total trade receivables	(a)	6,344	3,432
Account receivables arising from dealing in securities			
– Cash clients		–	249
– Margin clients		–	5,158
– Clearing houses		–	3,485
Total account receivables	(b)	–	8,892
Other receivables		12,914	10,438
Less: Impairment		(217)	(195)
Total other receivables		12,697	10,243
Deposits and prepayments		35,818	36,729
Less: Impairment		(28,250)	(28,250)
Total deposits and prepayments		7,568	8,479
Amount due from an associate	(c)	–	180
		26,609	31,226



11 TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) The average credit period on sales of agricultural produce is 60 days. As at the end of the reporting period, the ageing analysis of trade receivables from trading of agricultural produce, based on the invoice date and net of impairment losses, is as follows:

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Current	3,320	130
61 – 120 days	2	3,160
Over 120 days	3,022	142
	6,344	3,432

- (b) The normal settlement terms of account receivables from cash clients and clearing houses are within two days after trade date.

Account receivables from cash clients arising from the securities broking are repayable on demand subsequent to settlement date. No ageing analysis is disclosed as the ageing analysis does not give additional value in view of the nature of these account receivables.

Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by discounted value accepted by the Group.

There is trading limit for all clients. The Group strictly monitors outstanding account receivables in order to minimise the credit risk. The management reviews the account receivables regularly to ensure that the listed stocks held by the Group on clients' behalf is able to offset their debts owed to the Group.

The balance of account receivables is reclassified to "Assets associated with disposal group held for sale".

- (c) Amount due from an associate was unsecured, interest-free and recoverable on demand.



12 LOAN RECEIVABLES

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Carrying amount receivables based on scheduled repayment dates set out in the loan agreements		
Within one year	265,892	251,743
Repayment on demand clause (shown under current assets)	1,652	306
	267,544	252,049
Less: current portion	(267,544)	(252,049)
Non-current portion	–	–

The Group's loan receivables, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong and in Mainland China, are denominated in Hong Kong dollars with amount of HK\$18,526,000 (2016: HK\$16,188,000) and in Renminbi ("RMB") with amount of approximately HK\$249,018,000 (2016: HK\$235,861,000).

Except for loan receivables of HK\$250,738,000 (2016: HK\$236,623,000) as at 30 June 2017, which are unsecured, bear interest and are repayable with fixed terms agreed with customers, all loan receivables are secured by collaterals provided by customers, bear interest and are repayable within fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the loans receivable mentioned above.

A maturity profile of the loan receivables as at the end of the reporting period, based on the maturity date, net of provision, is as follows:

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Within 3 months	12,785	34,465
3 months to 1 year	253,107	217,278
Over 1 year	1,652	306
Classified as current assets	267,544	252,049
Classified as non-current assets	–	–



13 INTEREST RECEIVABLES

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Interest receivables	6,263	4,919

The Group's interest receivables, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong and in Mainland China, are denominated in Hong Kong dollars and in RMB, respectively.

Except for interest receivables of HK\$4,838,000 (2016: HK\$4,053,000) as at 30 June 2017, which are unsecured, and repayable with fixed terms agreed with customers, the remainings are secured by collaterals provided by customers, bear interest and are repayable within fixed terms agreed with the customers.

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Current	214	2,067
0 – 30 days	2,156	2,413
31 – 90 days	1,575	288
Over 90 days	2,318	151
	6,263	4,919

14 CASH HELD ON BEHALF OF BROKERAGE CLIENTS

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as "Cash held on behalf of brokerage clients" under the current assets section of the unaudited condensed consolidated statement of financial position and recognised the corresponding account payables (note 15) to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

The balance of "Cash held on behalf of brokerage clients" is reclassified to "Assets associated with disposal group held for sales".





15 TRADE AND OTHER PAYABLES

	Notes	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Trade payables arising from trading of agricultural produce	(a)	19,126	17,034
Account payables arising from dealing in securities			
– Cash clients		–	3,598
– Clearing houses		–	4,051
Total account payables	(b)	–	7,649
Accruals and other payables		40,594	15,256
Amounts due to directors of subsidiaries in Mainland China	(c)	5,506	11,135
Government grants		10,240	10,849
		75,466	61,923
Less: current portion		(66,409)	(52,787)
Non-current portion – government grants		9,057	9,136





15 TRADE AND OTHER PAYABLES (CONTINUED)

- (a) Trade payables arising from trading of agricultural produce principally comprise amounts outstanding for trade purchases and have an average credit period of 30 days. The ageing analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
0 – 60 days	4,806	519
61 – 120 days	918	3,164
Over 120 days	13,402	13,351
	19,126	17,034

- (b) The normal settlement terms of account payables to cash clients, clearing houses are two days after the trade date.

No ageing analysis is disclosed as the ageing analysis does not give additional value in view of the nature of this business.

The Group has a practice to satisfy all the requests for payments immediately within the credit period. All account payables are non-interest bearing.

Account payables to clients also include those payables placed in trust accounts with authorised institutions of HK\$ 3,647,000 (31 December 2016: HK\$3,903,000).

The balance of account payables is reclassified to “Liabilities associated with disposal group held for sale”.

- (c) The amounts due to directors of subsidiaries in Mainland China are unsecured, interest-free and repayable on demand.



16 BONDS

	Notes	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Audited)
Issue of Bonds	(a) & (b)	31,081	–
Interest expenses		490	–
Early redemption of Bond 1	(a)	(5,161)	–
Exchange realignment		129	–
At 30 June/ 31 December		26,539	–

Notes:

- (a) On 4 May 2017, the Company issued unsecured bond (“Bond 1”) with principal value of RMB13,548,000 (approximately HK\$15,538,000) to an independent third party (“Subscriber 1”). The Bond 1 bears interest at 10% per annum and is repayable on 3 November 2017.

During the six months ended 30 June 2017, interest expense of RMB215,000 (approximately HK\$247,000) was charged to profit or loss of the Group. In addition, no interest has been paid in connection to this Bond 1.

On 30 June 2017, principal value of RMB4,500,000 (approximately HK\$5,161,000) has been repaid to Subscriber 1.

- (b) On 5 May 2017, the Company issued unsecured bond (“Bond 2”) with principal value of RMB13,552,000 (approximately HK\$15,543,000) to an independent third party (“Subscriber 2”). The Bond 2 bears interest at 10% per annum and is repayable on 4 November 2017.

During the six months ended 30 June 2017, interest expense of RMB212,000 (approximately HK\$243,000) was charged to profit or loss of the Group. In addition, no interest has been paid in connection to this Bond 2.



17 INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Bank loans	(a)	8,115	37,249
Other loan	(b)	1,243	1,198
		9,358	38,447
Secured		8,115	18,680
Unsecured		1,243	19,767
Carrying amount		9,358	38,447
Repayable			
Within one year		9,358	38,447
More than one year, but not exceeding than two years		–	–
		9,358	38,447
Less: Amounts shown under current liabilities		(9,358)	(38,447)
Non-current liabilities		–	–

Notes:

- (a) The bank loan amounted to HK\$8,115,000 is secured by several Group's properties. The loan interest of loan amounted to approximately HK\$6,305,000 is charged at benchmark interest rate quoted by the People's Bank of China plus 25% of interest rate per annum. The loan interest of loan amounted to approximately HK\$1,810,000 is charged at National Interbank Offered Loan Prime Rate plus 1.79% per annum.
- (b) Other loan is unsecured, interest-free and has no fixed term of repayment.



18 SHARE CAPITAL

Notes	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Authorised:		
150,000,000,000 (31 December 2016: 150,000,000,000) ordinary shares of HK\$0.01 each	1,500,000	1,500,000
10,000,000,000 (31 December 2016: 10,000,000,000) preference shares of HK\$0.01 each	100,000	100,000
Issued and fully paid:		
9,609,015,652 (31 December 2016: 9,609,015,652) ordinary shares of HK\$0.01 each	96,090	96,090
3,030,000 (31 December 2016: 3,030,000) Class B preference shares of HK\$0.01 each	30	30
(a)		
	96,120	96,120

A summary of the transactions during the current period with reference to the movements in the Company's issued ordinary share capital is as follows:

	No. of shares	Amount HK\$'000
At 31 December 2016 and 1 January 2017 (audited) and 30 June 2017 (unaudited)	9,609,015,652	96,090

Note:

- (a) The preference shares are non-redeemable with par value of HK\$0.01 each credited as fully paid up are issued and allotted to vendors as part of the considerations for the acquisitions occurred in Year 2012. According to the terms of the preference share policy, one preference share is eligible to convert into one new ordinary share any time no earlier than one year from the date of issue.



19 PROMISSORY NOTES

	Notes	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Audited)
At 1 January		21,731	76,251
Issue of promissory notes	(a) & (b)	–	80,912
Imputed interest expenses		1,458	5,021
Loss on early redemption of promissory notes		–	36,178
Early settlement by cash		–	(88,109)
Early settlement by issuing of shares		–	(88,522)
At 30 June/31 December		23,189	21,731

Notes:

- (a) On 24 September 2015, the Company issued unsecured promissory notes (“PN1”) with principal value of HK\$100,000,000 as a partial consideration for the acquisition of an associate. The PN1 bears interest at 3% per annum and is payable on 23 September 2018. The fair values of the PN1 at the date of issuance was approximately HK\$73,599,000.

The PN1 is subsequently measured at amortised cost, using effective interest rate of 14%. As at 31 December 2016, the carrying amount of the PN1 was approximately HK\$21,731,000 (2015: HK\$76,251,000).

On 31 March 2016, the Company early redeemed the principal amount of HK\$75,000,000 by way of issuing share of 719,696,958 ordinary shares at the subscription price of HK\$0.099 per share and all interest accrued were agreed to be waived. The fair value of the relevant ordinary shares was approximately HK\$88,522,000 and the amortised cost of the said promissory note was approximately HK\$59,080,000. As such, loss on early redemption of promissory notes of approximately HK\$29,442,000 was recognised during the year ended 31 December 2016.

During the year ended 31 December 2016, imputed interest of approximately HK\$4,560,000 (2015: HK\$2,652,000) was charged to profit or loss of the Group. In addition, no interest has been paid in connection to this PN1.

During the six-month period ended 30 June 2017, imputed interest of approximately HK\$1,458,000 (2016: HK\$3,174,000) was charged to profit or loss of the Group. In addition, no interest has been paid in connection to this PN1.



19 PROMISSORY NOTES (CONTINUED)

Notes: (Continued)

- (b) On 15 November 2016, the company issued unsecured promissory notes (“PN2”) with principal value of HK\$96,900,000 as the consideration for the acquisition of Shengzhen Taihengfeng Technology Co. Ltd*. The PN2 bears interest at 6% per annum and is payable on 14 November 2019 (the “PN2 Maturity Date”). The fair values of the PN2 at the date of issuance was approximately HK\$80,912,000.

The PN2 is subsequently measured at amortised cost, using effective interest rate of 13%.

On 1 December 2016, The Company early redeemed the principal amount of the PN2 in full by cash of approximately RMB78,679,000 (equivalent to HK\$88,109,000) and all interest accrued were agreed to be waived. The amortised cost of the PN2 was approximately HK\$81,373,000. As such, loss on early redemption of promissory note of approximately HK\$6,736,000 was recognised during the year ended 31 December 2016.

During the year ended 31 December 2016, imputed interest of approximately HK\$461,000 was charged to profit or loss of the Group. In addition, no interest paid in connection to this PN2.

20 SHARE-BASED PAYMENT TRANSACTIONS

A share option scheme (the “Scheme”) was adopted pursuant to a resolution passed at the annual general meeting of the Company held on 6 June 2013 (“Adoption Date”) for the primary purpose of providing incentives or rewards to eligible participants. Under the Scheme, the Company may grant options to any participant of certain defined categories. Saved as determined by the Directors and provided in the offer of the grant of the relevant option, there is no performance target requirement which must be achieved before the option can be exercised but the participant must remain in the categories upon exercise.

The total number of shares in respect of which options may be granted under the Scheme must not exceed 10% of the shares of the Company in issue as at the Adoption Date. The total number of shares issued and to be issued upon exercise of the options granted to a participant in any 12-month period must not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of the individual limit must be subject to shareholders’ approval.

The option price is determined by the Board of Directors in its absolute discretion which, in any event, shall be at least the higher of (a) the closing price of the shares on the offer date; (b) the average closing price of the shares for the five business days immediately preceding the offer date; and (c) the nominal amount for the time being of each share.



20 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The table below discloses movement of the Company's share options held by the Group's Directors, employees and consultants:

Name of category/ participant	Number of share options			At 30 June 2017	Date of granted	Exercise period	Exercise price HK\$
	At 1 January 2017	Granted during the period	Exercised during the period				
Directors							
In aggregate	58,964,806	-	-	58,964,806	3/7/2015	3/7/2015 – 2/7/2025	0.495
In aggregate	213,280,000	-	-	213,280,000	22/7/2016	22/7/2016 – 21/7/2026	0.198
	272,244,806	-	-	272,244,806			
Employees							
In aggregate	102,601,025	-	-	102,601,025	3/7/2015	3/7/2015 – 2/7/2025	0.495
In aggregate	515,000	-	-	515,000	10/9/2015	10/9/2015 – 9/9/2025	0.349
In aggregate	462,379,762	-	-	462,379,762	22/7/2016	22/7/2016 – 21/7/2026	0.198
	565,495,787	-	-	565,495,787			
Consultants							
In aggregate	355,729,673	-	-	355,729,673	3/7/2015	3/7/2015 – 2/7/2025	0.495
	355,729,673	-	-	355,729,673			
	1,193,470,266	-	-	1,193,470,266			





20 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The fair value of share options is determined at the date of grant using Binominal Option Pricing Model by an independent valuer and the following assumptions were used to calculate the fair value of share options:

	22 July 2016	10 September 2015	3 July 2015
Fair value at measurement date	HK\$72,732,958	HK\$87,497	HK\$135,904,419
Share price	HK\$0.198	HK\$0.325	HK\$0.465
Exercise price	HK\$0.198	HK\$0.349	HK\$0.495
Expected volatility (expressed as weighted average Volatility used in the modeling under the Binominal Option Price Model)	59%	65%	65%
Option life (expressed as weighted average life used in the modeling under the Binominal Option Price Model)	10years	10 years	10 years
Expected dividends	0%	0%	0%
Risk-free interest rate (based on exchange fund notes)	1.01%	1.53%	1.87%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

At the end of the reporting period, the Company has 1,193,470,266 share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in issue of 1,193,470,266 additional ordinary shares of the Company and additional share capital of approximately HK\$11,935,000.





21 CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Authorised but not contracted for	1,082	1,035

22 MATERIAL RELATED PARTY TRANSACTIONS

The Group paid key management personnel compensation as follows:

	At 30 June 2017 HK\$'000 (Unaudited)	At 30 June 2016 HK\$'000 (Unaudited)
Salaries and other short-term employee benefits	6,696	4,796
Contribution to defined contribution retirement scheme plans	106	86
	6,802	4,882

23 SUBSEQUENT EVENT

At the end of July 2017, there was a fire accident in one the agricultural production base in Ningxia. The Group is in the process of making an assessment of what the impact of the fire accident is expected to be in the financial statements of the year ending 31 December 2017. So far it has concluded that the fire accident is unlikely to have a significant impact on the Group's results and financial position. No loss on fire accident has been made in this unaudited condensed consolidated interim financial information in this regard.



OTHER INFORMATION

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

As at 30 June 2017, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and 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 under section 352 of the SFO or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in the shares of the Company:

Name of directors	Capacity	Class of shares	Number of Shares held	Approximate percentage of shareholding in class
Yau Yik Ming Leao	Interest of controlled corporation and beneficial owner	Ordinary share (Note 1)	151,500,000	1.58%
	Beneficial owner	Share Option (Note 2)	79,713,479	0.83%
Tsang King Sun	Beneficial owner	Share Option (Note 2)	102,713,479	1.07%
Xu Bin	Beneficial owner	Share Option (Note 2)	82,937,848	0.86%
Lin Yuhao	Interest of controlled corporation	Ordinary share (Note 3)	863,017,507	8.98%
	Beneficial owner	Share Option (Note 2)	6,880,000	0.07%

Notes:

- 108,500,000 shares were held by Asiatic International Holdings Ltd, which is wholly and beneficially owned by Mr. Yau Yik Ming Leao, executive Director.
- These represented the interests in underlying shares in respect of share options granted by the Company, details of which are disclosed in section headed "SHARE OPTION SCHEME" below.
- 863,017,507 shares were held by Sino Richest Investment Holdings Limited, which is wholly and beneficially owned by Mr. Lin Yuhao, non-executive Director and Chairman.

Save as disclosed above, as at 30 June 2017, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company during the Reporting Period and up to the date of this report are as follows:

Name of directors	Particulars	Effective date
Mr. Lin Yuhao	Redesignation as non-executive Director	10 March 2017
Ms. Diao Hong	Redesignation as executive Director	8 May 2017
Ms. Zhu Rouxiang	Appointment as independent non-executive Director	8 May 2017
Mr. Xu Bin	Appointment as Deputy Chairman	8 May 2017
Ms. Tang Shui Man	Resignation as independent non-executive Director	16 June 2017
Ms. Li Yang	Appointment as independent non-executive Director	3 July 2017
Mr. Yau Yik Ming Leao	Resignation as Deputy Chairman	7 July 2017

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors and chief executives of the Company, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

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

Name of shareholder	Capacity	Class of shares	Number of shares held	Percentage of shareholding in class
Sino Richest Investment Holdings Limited (Note 1)	Beneficial owner	Ordinary shares	863,017,507	8.98%
Lin Yuhao (Note 1)	Interest of controlled corporation	Ordinary shares	863,017,507	8.98%
Deng Suling (Note 2)	Beneficial owner	Ordinary shares	523,939,393	5.45%

Note:

- Sino Richest Investment Holdings Limited is wholly beneficially owned by Mr. Lin Yuhao.
- Pursuant to the subscription agreement dated 24 May 2017 (the "Subscription Agreement"), Ms. Deng Suling (the "Subscriber") agreed to subscribe for the convertible bonds in an aggregated principal amount of HK\$17,290,000 (the "Subscription"). Based on the initial conversion price of HK\$0.033, a maximum number of 523,939,393 conversion shares will be allotted and issued upon exercise of the conversion rights attached to the convertible bonds in full. As certain condition of the Subscription have not been fulfilled by the subscription long stop date, the Subscription Agreement lapsed on 7 August 2017. Following such, the Subscriber no longer has any interests in the shares or underlying shares of the Company.

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



SHARE OPTION SCHEME

On 6 June 2013, the Company adopted a share option scheme (the “Scheme”) under which the Board may, at its discretion, grant options to eligible participants under the Scheme. On 25 April 2013, listing approval was granted by the Stock Exchange in respect of the Scheme.

Movements of the share options, which were granted under the Scheme, during the six months ended 30 June 2017 are set out below:

Category of participant	Number of Share Options			Outstanding at 30 June 2017	Date of grant	Share options duration	Exercise Price
	Outstanding at 1 January 2017	Granted during the Reporting Period	Exercised during the Reporting Period				
Directors	58,964,806	Nil	Nil	58,964,806	3 July 2015	3 July 2015 to 2 July 2025	HK\$0.495
Other eligible participants	458,330,698	Nil	Nil	458,330,698	3 July 2015	3 July 2015 to 2 July 2025	HK\$0.495
Other eligible participants	515,000	Nil	Nil	515,000	10 September 2015	10 September 2015 to 9 September 2025	HK\$0.349
Directors	213,280,000	Nil	Nil	213,280,000	22 July 2016	22 July 2016 to 21 July 2026	HK\$0.198
Other eligible participants	462,379,762	Nil	Nil	462,379,762	22 July 2016	22 July 2016 to 21 July 2026	HK\$0.198
Total	1,193,470,266	-	-	1,193,470,266			

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Further details of the Scheme are disclosed in note 20 to the unaudited condensed consolidated interim financial information.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the Model Code as set out in Appendix 10 to the Listing Rules. Based on specific enquiry of the Directors of the Company, all the Directors confirmed that they had complied with the required standards as set out in the Model Code during the Reporting Period.



CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has complied with the Code Provisions and mandatory disclosure requirement as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules, except for the following deviations in respect of which remedial steps for compliance have been taken or considered reasons are given below.

Following the retirement of Ms. Tang Shui Man at the annual general meeting of the Company held on 16 June 2017, she also ceased to be the member and the chairlady of the Audit Committee, the member and the chairlady of Corporate Governance Committee, the member of the Remuneration Committee and the member of the Nomination Committee of the Company. As a result, the chairman of the Audit Committee became vacant, and the Audit Committee did not have a minimum of three members and at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.21 of the Listing Rules. Further, the Remuneration Committee and the Nomination Committee did not have a majority of independent non-executive directors, as required under Rule 3.25 of the Listing Rules and the Code Provision A.5.1 as set out in Appendix 14 of the Listing Rules respectively. After the changes to the composition of the Board of Directors of the Company as mentioned above, the Company has two independent non-executive directors, which fell below the minimum number, qualification and proportion required under Rule 3.10(1), Rule 3.10(2) and Rule 3.10A of the Listing Rules respectively.

Following the announcement of the Company made on 3 July 2017 regarding the appointment of Ms. Li Yang as an Independent Non-Executive Director of the Company and a member of each of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee of the Board and the chairlady of the Audit Committee and Corporate Governance Committee of the Board, the Company has complied with Rule 3.10(1), Rule 3.10(2), Rule 3.10A, Rule 3.21 of the Listing Rules and Code Provision A.5.1 of the CG Code.

The Company periodically reviews its corporate governance practices to ensure they continue to meet the requirements of the CG Code during the Reporting Period.



AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017. At the request of the Board, the Company's external auditor, Elite Partners CPA Limited, has carried out a review of the unaudited condensed consolidated interim financial statements in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

As at the date of this report, the Audit Committee comprises all independent non-executive directors, namely Ms. LI Yang (Chairlady), Mr. LI Shaohua and Ms. ZHU Rouxiang.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express gratitude to our employees for their contribution and dedication to the Group, and our shareholders, customers and business partners for their continuous support.

On behalf of the Board
China Finance Investment Holdings Limited
Lin Yuhao
Chairman

Hong Kong, 25 August 2017

