



匯銀控股集團有限公司

Huiyin Holdings Group Limited

(香港股份代號：1178)

(HK STOCK CODE: 1178)

中期報告
Interim Report
2017/18



於開曼群島註冊成立之有限公司
Incorporated in the Cayman Islands with limited liability

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Huiyin Holdings Group Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2017 (the "Period") together with comparative figures for the corresponding period in 2016 are as follows:

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

	Notes	Six months ended 31 December	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	4	17,515	36,104
Cost of sales		(13,048)	(25,121)
Gross profit		4,467	10,983
Other income		3,172	1,269
Selling and distribution costs		(2,097)	(2,631)
Administrative expenses		(23,497)	(34,277)
Other operating expenses		(2,120)	(4,827)
LOSS FROM OPERATIONS	5	(20,075)	(29,483)
Finance costs		(247)	(8)
LOSS BEFORE TAX		(20,322)	(29,491)
Income tax credit	6	347	792
LOSS FOR THE PERIOD		(19,975)	(28,699)
Other comprehensive expense <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		8,320	(6,547)
Total comprehensive expense for the period		(11,655)	(35,246)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Notes	Six months ended 31 December	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Loss for the period attributable to:			
Owners of the Company		(19,603)	(27,931)
Non-controlling interests		(372)	(768)
		<u>(19,975)</u>	<u>(28,699)</u>
Total comprehensive expense attributable to:			
Owners of the Company		(11,305)	(34,536)
Non-controlling interests		(350)	(710)
		<u>(11,655)</u>	<u>(35,246)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	8	<u>HK(0.34) cent</u>	<u>HK(0.58) cent</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2017 (Unaudited) HK\$'000	30 June 2017 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	9	4,136	2,578
Investment properties		31,543	30,287
Intangible assets		11,903	14,021
Goodwill		3,703	3,703
Other receivables		21,589	30,550
Other assets	10	110,039	110,039
		182,913	191,178
Current assets			
Inventories	11	18,208	19,153
Trade receivables	12	44,842	37,446
Loan receivables		10,000	–
Deposits, prepayments and other receivables		102,458	82,466
Cash and bank balances		32,417	18,069
		207,925	157,134
Current liabilities			
Trade payables	13	20,500	13,181
Trade deposits received		8,639	8,366
Accrued liabilities and other payables		5,918	5,700
Amounts due to directors		–	4,728
Borrowings	14	–	16,000
Tax payables		277	70
		35,334	48,045
Net current assets		172,591	109,089
Total assets less current liabilities		355,504	300,267
Non-current liabilities			
Deferred tax liabilities		1,955	2,302
Net assets		353,549	297,965

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		31 December 2017 (Unaudited) HK\$'000	30 June 2017 (Audited) HK\$'000
	Notes		
Capital and reserves			
Share capital	15	148,828	124,107
Reserves		204,291	173,078
		<u>353,119</u>	<u>297,185</u>
Non-controlling interests		430	780
		<u>353,549</u>	<u>297,965</u>
Total equity		<u>353,549</u>	<u>297,965</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Statutory reserve	Capital redemption reserve	Share option reserve	Capital reserve	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2016 (Audited)	111,407	399,845	8,789	29	13,624	28,764	11,155	(304,105)	269,508	1,251	270,759
Issue of shares pursuant to acquisition	12,200	78,079	-	-	-	-	-	-	90,279	-	90,279
Issue of share pursuant to share option exercise	500	3,440	-	-	(1,040)	-	-	-	2,900	-	2,900
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	5,515	5,515
Total comprehensive loss for the period	-	-	-	-	-	-	(6,605)	(27,931)	(34,536)	(710)	(35,246)
At 31 December 2016 (Unaudited)	124,107	481,364	8,789	29	12,584	28,764	4,550	(332,036)	328,151	6,056	334,207
At 1 July 2017 (Audited)	124,107	491,124	8,789	29	12,584	28,764	6,398	(374,610)	297,185	780	297,965
Placing of Shares	24,721	42,518	-	-	-	-	-	-	67,239	-	67,239
Total comprehensive loss for the period	-	-	-	-	-	-	8,298	(19,603)	(11,305)	(350)	(11,655)
At 31 December 2017 (Unaudited)	148,828	533,642	8,789	29	12,584	28,764	14,696	(394,213)	353,119	430	353,549

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended	
	31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(40,358)	1,110
Net cash generated from/(used in) investing activities	285	(10,493)
Net cash generated from/(used in) financing activities	50,992	(2,426)
Increase/(decrease) in cash and cash equivalents	10,919	(11,809)
Cash and cash equivalents at 1 July	18,069	39,680
Effect of foreign exchange	3,429	(5,774)
Cash and cash equivalents at 31 December	32,417	22,097
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	32,417	22,097

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 15 February 2001 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company withdrew the listing of its shares on The GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 February 2003, and on the same date, by way of introduction, listed its entire issued share capital on the Main Board of the Stock Exchange.

The Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is Room 3501-3502, 35/F., Bank of America Tower, No. 12 Harcourt Road, Central, Hong Kong.

Pursuant to a special resolution passed by the shareholders at the annual general meeting of the Company held on 7 December 2017 and upon obtaining the Certificate of Incorporation on Change of Name issued by the Registrar of Companies in the Cayman Islands, the English name of the Company was changed from "Share Economy Group Limited" to "Huiyin Holdings Group Limited", and the Chinese name "匯銀控股集團有限公司" was adopted as the dual foreign name of the Company in place of its existing Chinese name "共享經濟集團有限公司", both with effect from 11 December 2017.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are manufacture and sales of BIOenergy products; trading of healthcare food products, electronic products and other products; properties investments in People's Republic of China (the "PRC") and Hong Kong; and provision of loan financing in Hong Kong.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

(a) Basis of Preparation

The Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the Unaudited Condensed Consolidated Interim Financial Statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

These Condensed Consolidated Financial Statements are unaudited but have been reviewed by the Company’s audit committee and external auditor, Elite Partners CPA Limited, of the Company.

(b) Principal Accounting Policies

The Unaudited Condensed Consolidated Interim Financial Statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 30 June 2017 which were prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA. The accounting policies and methods of computation used in the Unaudited Condensed Consolidated Financial Statements for the six months ended 31 December 2017 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 June 2017.

These Condensed Consolidated Financial Statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

In the current interim period, the Group has applied, for the first time, a number of amendments to HKFRSs issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 July 2017.

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these Unaudited Condensed Consolidated Financial Statements and/or disclosures set out in these Unaudited Condensed Consolidated Financial Statements.

3. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provides information about components of the Group.

During the period ended 31 December 2017, certain operating segments have been rearranged, the business activities of the Group has been re-organised into four reportable segments accordingly — (1) manufacture and sales of products, (2) trading of goods, (3) property rental and (4) others. These revenue streams are the basis for regularly review in order to allocate resources to segments and to access their performance.

The four reportable operating segments are listed as follows:

Manufacture and sales of products:	manufacture and sales of BIOenergy products including bedding products, underclothing and body protection accessories, and multi-functional water generators
Trading of goods:	trading of electronic products and healthcare food products, including honey and polypeptide products
Property rental:	letting properties for rental income
Others:	provision of loan financing in Hong Kong and others

	Manufacture and sales of products		Trading of goods		Property rental		Others		Consolidated	
	2017		2016		2017		2016		2017	
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:										
Sales to external customers	7,279	21,616	10,029	14,465	141	-	66	23	17,515	36,104
Segment results	618	(118)	(575)	3,511	141	-	66	3	250	3,396
Unallocated other income									3,172	1,269
Unallocated expenses									(23,497)	(34,148)
Loss from operations									(20,075)	(29,483)
Finance costs									(247)	(8)
Loss before tax									(20,322)	(29,491)
Income tax credit									347	792
Loss for the period									(19,975)	(28,699)

3. SEGMENT INFORMATION (CONTINUED)

Geographical information

Revenue from external customers

	For the six months ended 31 December	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Hong Kong (domicile)	9,911	2,383
The PRC	7,604	33,721
	<u>17,515</u>	<u>36,104</u>

4. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and services rendered, after allowances for returns and trade discounts where applicable; the rental income represents the properties leasing income; interest income represents the loan financing interest income. All significant intragroup transactions have been eliminated on consolidation.

Revenue made in the PRC is subject to value added tax ("VAT") at a rate of 17% ("output VAT"). Such output VAT is payable after offsetting VAT paid by the Group on purchases ("input VAT").

5. LOSS FROM OPERATIONS

The Group's unaudited loss from operations is arrived at after charging:

	Six months ended	
	31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	13,048	24,995
Amortisation of intangible assets*	2,120	4,801
Depreciation of property, plant and equipment [#]	277	208
Operating lease charges in respect of land and building [#]	2,942	2,016

[#] included in administrative expenses

* included in other operating expenses

6. INCOME TAX CREDIT

No provision of Hong Kong Profits Tax has been provided as no assessable profits arising in Hong Kong during the Period (2016: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the Period. The PRC subsidiaries are subject to the PRC Enterprise Income Tax at 25% (2016: 25%).

7. DIVIDENDS

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

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss attributable to owners for the Period of approximately HK\$19.60 million (2016: loss of approximately HK\$27.93 million) and the weighted average number of 5,775,785,935 (2016: the weighted average number of 4,833,111,921) ordinary shares in issue during the Period.

No adjustment has been made to the basic loss per share amounts presented for the periods ended 31 December 2017 and 2016 in arriving at diluted loss per share in respect of potential dilution impact of share option as these options had an anti-dilutive effect on the basic loss per share amount presented.

9. PROPERTY, PLANT AND EQUIPMENT

	Total HK\$'000
At 1 July 2017 (audited)	2,578
Additions	1,759
Depreciation	(277)
Exchange realignment	76
	<hr/>
At 31 December 2017 (unaudited)	4,136

10. OTHER ASSETS

Reference shall be made to Incident Relating to the Group's Acquisition of YSK 1860 Investment Company Limited and ECrent (Hong Kong) Limited under the section "MANAGEMENT DISCUSSION & ANALYSIS". The Board takes the current view that no impairment is required for its investment made in the Acquisition at this stage. The Company is in the process of seeking professional advice including that from its legal advisers, which will enable the Company to consider and assess whether any loss incurred from its investment in the Acquisition is recoverable and any impairment would be required.

11. INVENTORIES

	31 December 2017 (Unaudited) HK\$'000	30 June 2017 (Audited) HK\$'000
Raw materials	5,566	6,056
Work in progress	4,294	4,096
Finished goods	64,215	63,475
	<u>74,075</u>	<u>73,627</u>
Less: Provision for obsolete and slow-moving finished goods	(55,867)	(54,474)
	<u>18,208</u>	<u>19,153</u>

12. TRADE RECEIVABLES

The credit terms that the Group offers to customers are generally not more than 90 days. Details of the ageing analysis of trade receivables (net of impairment losses for bad and doubtful debts) based on the invoice dates, are as follows:

	31 December 2017 (Unaudited) HK\$'000	30 June 2017 (Audited) HK\$'000
Outstanding balances with ages:		
0–30 days	8,611	1,290
31–60 days	118	6
61–180 days	142	2,062
Over 180 days	35,971	34,088
	<u>44,842</u>	<u>37,446</u>

12. TRADE RECEIVABLES (CONTINUED)

Included in the balances are trade receivables with an aggregate carrying amount of HK\$35.97 million (30 June 2017: HK\$34.09 million) which are past due at the reporting date for which the Group has not provided impairment loss as there has been no significant change in credit quality and the amounts are still considered fully recoverable. The Group does not hold any collateral over these balances. No interest is charged on the trade receivables.

13. TRADE PAYABLES

The credit terms of trade payables varies according to the terms agreed with different suppliers. The ageing analysis of the Group's trade payables as at the end of reporting periods based on the due date, are as follows:

	31 December 2017 (Unaudited) HK\$'000	30 June 2017 (Audited) HK\$'000
0–30 days	7,571	426
31–60 days	318	264
61–180 days	793	5,503
Over 180 days	11,818	6,988
	<u>20,500</u>	<u>13,181</u>

14. BORROWINGS

	31 December 2017 (Unaudited) HK\$'000	30 June 2017 (Audited) HK\$'000
Borrowings	<u>–</u>	<u>16,000</u>

At 30 June 2017, borrowings of HK\$16 million were guaranteed by the Company. The effective interest rate for borrowings of HK\$6 million is 10% per annum and repayable within one month; and the effective interest rate for borrowings of HK\$10 million is 12% per annum and repayable within one year.

15. SHARE CAPITAL

	Number of ordinary shares (Unaudited)	Share capital HK\$'000 (Unaudited)
Authorised:		
Ordinary shares of HK\$0.025 each		
At 30 June 2017 and 31 December 2017	<u>20,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.025 each		
At 30 June 2017	4,964,284,033	124,107
Placing of new shares	<u>988,850,000</u>	<u>24,721</u>
At 31 December 2017	<u>5,953,134,033</u>	<u>148,828</u>

16. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group leases certain of its offices and warehouses under non-cancellable operating lease arrangements with lease terms ranging from one to five years.

As at 31 December 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	31 December 2017 (Unaudited) HK\$'000	30 June 2017 (Audited) HK\$'000
Within one year	4,305	5,343
In the second to fifth years inclusive	3,654	3,529
	7,959	8,872

The Group as lessor

As at 31 December 2017, the Group had contracted with tenants for the following minimum lease payments under non-cancellable operating leases in respect of the rented premises which fall due as follows:

	31 December 2017 (Unaudited) HK\$'000	30 June 2017 (Audited) HK\$'000
Within one year	288	617
In the second to fifth years inclusive	3,724	2,695
After fifth years	5,887	7,083
	9,899	10,395

17. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these financial statements, the Group had the following material transactions with certain related parties:

Compensation of Key Management Personnel of the Group:

	Six months ended 31 December	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Total remuneration of directors and other members of key management during the period		
— Short term employee benefits	3,657	4,467
— Pension scheme contribution	40	7
	<u>3,697</u>	<u>4,474</u>

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

During the second half of 2017, Huiyin Holdings Group Limited has commenced on adjusting its business plan in response to the changing economic environment.

After years of rapid development, the Chinese economy has slowed down and entered into a phase of adaptation in the past few years. Under such circumstances, the traditional industries have generally slide into a downward trend. Meanwhile, due to the implementation of new economic policies in both PRC and Hong Kong and the ever intensifying competition in the industry, the sales volume of the Group's BIOenergy products and healthcare accessories has decreased, resulting in unsatisfactory profitability. Accordingly, the Group has been actively restructuring its BIOenergy products business segment during the Period through exercising stringent control over costs and expenditures. At the same time, the Group has been optimizing its marketing efforts and expanding sales channels in order to strengthen and develop its own brand business and improve the performance of its existing healthcare products trading business.

Overall, the Group focused on studying and evaluating the external market conditions and took a hard look on its business in order to constantly realign its business in the past six months. The Group has been actively scaling down underperforming business and has commenced its electronic products trading business, and exercising strict control over expenditures for strengthened risk management. The Group has been continuously expanding the comparatively profitable business among its existing business segments with a view to lay a strong foundation for the Group's future business development. Although the Group's consolidated revenue and gross profit for the Period decreased as compared to that of the same period in 2016, our costs have been lowered significantly as compared with the corresponding period last year. As a result, the Group's net loss has also decreased significantly during the Period.

FINANCIAL REVIEW

The Group's consolidated revenue for the Period was approximately HK\$17.52 million (2016: approximately HK\$36.10 million), approximately 51.47% lower than the same period of last year. Gross profit decreased to approximately HK\$4.47 million (2016: approximately HK\$10.98 million), approximately 59.29% lower than the same period in 2016, with a gross profit margin of approximately 25.51%.

Selling and distribution costs

Selling and distribution costs for the Period amounted to approximately HK\$2.10 million (2016: approximately HK\$2.63 million), representing a decrease of approximately 20.15% or approximately HK\$0.53 million as compared to the corresponding period in 2016. The decrease was mainly attributed to the decrease in advertising and promotion expenses.

Administrative expenses

During the Period, administrative expenses amounted to approximately HK\$23.50 million (2016: approximately HK\$34.28 million), representing a decrease of approximately 31.45% or approximately HK\$10.78 million as compared to the corresponding period in 2016, which were the result of management restructuring commenced in July 2017.

Loss for the Period

The Group's loss for the Period amounted to approximately HK\$19.98 million (2016: loss of approximately HK\$28.70 million), representing a decrease of approximately 30.38% or approximately HK\$8.72 million as compared to the corresponding period in 2016. The decrease of the Group's loss was mainly attributed to the downsizing of its underperforming trading business and the Group's strict control on its costs and expenses.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders at the annual general meeting of the Company held on 7 December 2017 and upon obtaining the Certificate of Incorporation on Change of Name issued by the Registrar of Companies in the Cayman Islands, the English name of the Company was changed from "Share Economy Group Limited" to "Huiyin Holdings Group Limited", and the Chinese name "匯銀控股集團有限公司" was adopted as the dual foreign name of the Company in place of its existing Chinese name "共享經濟集團有限公司", both with effect from 11 December 2017.

INCIDENT RELATING TO THE GROUP'S ACQUISITION OF YSK 1860 INVESTMENT COMPANY LIMITED AND ECREDIT (HONG KONG) LIMITED

As set out in the Company's announcements dated 3 May 2016, 31 May 2016, 20 July 2016, 30 July 2016 and 12 August 2016, the Group acquired (the "Acquisition") 407,106 issued shares of YSK 1860 Investment Company Limited and 100% of the equity interest in ECredit (Hong Kong) Limited from ECredit Holdings Limited, an independent third party (as defined in the Listing Rules). Upon the Acquisition, YSK 1860 Investment Company Limited would be treated as an investment while ECredit (Hong Kong) Limited would become a wholly-owned subsidiary of the Company.

During the course of the preparation of the Group's consolidated financial statements for the period ended 31 December 2017, the Directors were aware that the Group was unable to obtain the books and records from ECredit (Hong Kong) Limited and its subsidiary ECredit (HK) Company Limited ("ECredit Group"). Despite repeated negotiation and demand for cooperation from the management of ECredit Group for provision of the accounting records and make available of other documents which the Directors considered necessary (the "Books and Records") for their inspection, no such Books and Records were provided. Due to the non-cooperation of the management of ECredit Group, the Directors considered that the Group might have lost control in ECredit Group (the "Incident"). Further, the Directors became aware that the register of members in relation to ECredit (Hong Kong) Limited has not been updated in the British Virgin Islands to reflect the transfer of shares in ECredit (Hong Kong) Limited upon the Acquisition. The Company is currently consulting its legal advisers as to, amongst other things, whether and when the relevant register of members can be updated. The Company will make further disclosure on the matter in relation to the status of the registration as and when appropriate.

During the course of the preparation of the Group's consolidated financial statements for the period ended 31 December 2017, the Directors were aware that the Group was unable to obtain appropriate evidence for the ownership of equity interests in YSK 1860 Investment Company Limited including but not limited to the relevant share certificate(s) of YSK 1860 Investment Company Limited.

INVESTIGATION OF THE SPECIAL INVESTIGATION COMMITTEE OF THE COMPANY

On 21 September 2017, the Board resolved, among others, to form a special investigation committee of the Company for conducting a review (the "Investigation") on whether the investment process made by the former board members of the Company at the material times in relation to the Acquisition was sufficient, proper and reasonable. In order to assist the Board on this matter, the Board has engaged Ascenda Cachet CPA Limited ("Ascenda"), an independent certified public accountant firm, to carry out a review on (i) the chronology of events leading to the Acquisition; (ii) the documentation and rationale of the Group's decision on the Acquisition; (iii) the basis of the valuation of the Acquisition; (iv) the due care of the directors at the material times in approving the Acquisition; (v) the compliance of the Acquisition in accordance with the Listing Rules and other relevant rules and regulations; (vi) the chronology of events leading to the Incident and its consequent effect; and (vii) the internal control of the Group in subsidiaries.

The Company received the investigation report issued by Ascenda on 14 March 2018. For more details in this respect, please refer to the Company's announcement dated 21 March 2018.

FUTURE PROSPECTS

Currently, two trends emerged in the global economy: the first trend is protectionism, in which countries would try to profit themselves at the expense of neighboring countries and give priorities to their own products. The other trend is regional cooperation, which creates mutual benefits and win-win situations. Such global economic patterns have resulted in constant adjustments in the world's macro economy, and gave rise to complicated and ever-changing economic situations among countries and regions. Under such influence, the economy of China including the Hong Kong Special Administrative Region has also been affected by various factors arising from the above adjustments.

To cope with such complicated and ever-changing economic environment, the Group will continue to restructure and reorganize its business, adopting measures that are beneficial to the growth of its trading business, constantly enriching the products categories of the Company, expanding its marketing channels and customer base, strictly controlling its business risks, while studying the feasibility of promoting new business. In addition, the Group will continue to develop a more diversified product portfolio (including electronic products), implementing strict cost control, pursuing quality suppliers, enhancing its income source, and taking a proactive role to boost business and profit growth.

In the past years, the real estate market of the Greater China region have been thriving and prospering. Therefore, the Group will continue to consider the development of its existing rental business, allocate resources into different real estates, properties and projects to pursue growth opportunities in business and profit, continue to drive the development of our small loan business to enhance its profitability, study the feasibility of developing investment management business to increase the overall level of the Group's assets management.

Looking ahead, the Group will seize the opportunities to maintain our existing business and develop new business opportunities as always, and endeavor to achieve better returns for all shareholders.

FOREIGN EXCHANGE RISK AND MANAGEMENT

During the Period, the Group's operations were located in the PRC and Hong Kong, and the main operational currencies were Hong Kong Dollars and Renminbi. The Company paid regular and active attention to Renminbi exchange rate fluctuations and consistently assess exchange risks.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, net current assets were approximately HK\$172.59 million (30 June 2017: approximately HK\$109.09 million). The Group's cash and bank balance as at 31 December 2017 amounted to approximately HK\$32.42 million (30 June 2017: approximately HK\$18.07 million).

As at 31 December 2017, the Group's current ratio and quick ratio were 5.88 (30 June 2017: 3.27) and 5.37 (30 June 2017: 2.87) respectively.

All borrowings were repaid in the Period. The gearing ratio, total borrowings divided by total assets at 30 June 2017 was 4.59%.

The Group continued to have no structured investment products, foreign exchange contracts and investments in listed shares, bonds and debentures.

As at 31 December 2017, the Group had no other material capital commitments (30 June 2017: Nil) or investment commitments. The operating lease commitment for the Group as at 31 December 2017 was approximately HK\$7.96 million (30 June 2017: approximately HK\$8.87 million).

It is the Group's policy to adopt a prudent financial management strategy and maintain a suitable level of liquidity to meet operation requirements, expansion of the existing business and to capture potential business development opportunities.

INTERIM DIVIDEND

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group employed a total of 76 (30 June 2017: 87) employees, of which 42 (30 June 2017: 61) were working in the PRC and New Zealand and 34 (30 June 2017: 26) were stationed in Hong Kong. The total salaries (excluding directors' emoluments) for the Period was HK\$9.75 million (30 June 2017: HK\$11.26 million). Remuneration packages comprises salary, mandatory provident fund, bonus, statutory contributions and medical allowance.

CONTINGENT LIABILITIES

Neither the Group nor the Company had any significant contingent liabilities at the end of the Period.

CAPITAL STRUCTURE

On 12 July 2017, the Company entered into a placing agreement (the “Placing Agreement”) with Kingston Securities Limited as the placing agent (the “Placing Agent”), pursuant to which the Company had conditionally agreed to place through the Placing Agent, on a best effort basis, up to 988,850,000 placing shares to then expected not less than six placees who and whose beneficial owners are independent third parties (as defined in the Listing Rules) at a placing price of HK\$0.07 per placing share. All the conditions set out in the Placing Agreement have been fulfilled and completion of the placing took place on 3 August 2017. The Placing Agent has successfully placed 988,850,000 placing shares at the placing price of HK\$0.07 per placing share to not less than six placees. The net proceeds from the placing amounted to approximately HK\$67.24 million, which were intended to be used as general working capital for the Group’s expansion of the existing business and/or other potential business development opportunities. As at the date of this report, the net proceeds from the Placing of approximately HK\$51.13 million had been utilised as intended.

As at 31 December 2017, the capital structure of the Company comprised 5,953,134,033 ordinary shares of HK\$0.025 each.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 2 December 2014 (the “Share Option Scheme”). The purpose of the Share Option Scheme is to enable the Company to grant options to the directors (including executive director(s), non-executive director(s) and independent non-executive director(s)) and employees of the Group and any advisors, consultants, business partners, joint venture business partners, promoters, service providers whom the Board considers, in its sole discretion, have contributed or will contribute to the Group as well as to provide incentives and help the Group in retaining its existing employees and recruiting new employees and to provide them with a direct economics interest in attaining the long term business objectives of the Group.

During the Period, no share options were exercised pursuant to the Share Option Scheme. As at 31 December 2017, there were 242,000,000 share options entitling the grantees to subscribe for an aggregate of 242,000,000 shares of the Company at the exercise price of HK\$0.145 per share under the Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 December 2017, none of the Directors or chief executive of the Company had any interests and/or short positions in shares, underlying shares or debentures of the Company and/or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code").

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 31 December 2017, the interests and/or short positions of each of substantial shareholders and other persons of the Company in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are set out below:

Name	Capacity	Number of shares held	Approximate percentage of interest
Li Wenjun	Beneficial owner	1,211,570,000	20.35%
Zhang Vincent W S	Beneficial owner	980,120,000	16.46%
Chen Chunhui	Beneficial owner	450,960,000	7.58%

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 31 December 2017, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

Overview of Corporate Governance

The Company is committed to establish and maintain high standards of corporate governance and the Directors believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests.

Code on Corporate Governance Practices

During the six months ended 31 December 2017, the Company has applied the principles and complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, except for the deviations of code provisions A.4.1, C.1.2 and D.1.4 as explained below:

Code provision A.4.1

Under this code provision, non-executive directors should be appointed for a specific term and be subject to re-election. During the Period, one independent non-executive Director was not appointed for a specific term. However, under the articles of association of the Company, one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting of the Company provided that every Director shall retire by rotation at least once every three years. Hence, the terms of appointment of the independent non-executive Director is limited accordingly.

Code provision C.1.2

Under this code provision, the management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. Although the management of the Company did not provide a regular monthly update to the members of the Board, the management provides information and updates to the members of the Board as and when appropriate.

Code provision D.1.4

Under this code provision, the Company should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. The Company has entered into service agreement or letter of appointment with certain Directors. Nevertheless, each of the Directors, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years pursuant to articles of association of the Company. The Company will continually review its corporate governance framework to ensure best corporate governance practices.

Directors' Securities Transactions

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the period under review.

REVIEW OF THIS INTERIM REPORT

The unaudited condensed consolidated interim financial information set out in this report has been reviewed by the audit committee of the Company and the Company's external auditor, Elite Partners CPA Limited.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to the Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors are as follows:

- (i) The annual remuneration of each of Ms. Meng Xiaoqian and Ms. Christina Chan has been adjusted to HK\$1,300,000;
- (ii) Ms. Christina Chan has been appointed as a member of the strategic development committee of the Company on 1 December 2017; and
- (iii) Ms. Wong Chi Yan has been re-designated as the chairman of each of the audit committee and remuneration committee of the Company on 1 December 2017.

MEMBERS OF THE BOARD

As at the date of this report, the Board comprises Dr. Meng Zhaoyi, Mr. Wong Kui Shing, Danny, Ms. Meng Xiaoqian and Ms. Christina Chan as executive Directors; Ms. Li Wenjun as non-executive Director; and Mr. Chen Zhihua, Ms. Wong Chi Yan and Mr. Chan Wai Kit as independent non-executive Directors.

By Order of the Board
Huiyin Holdings Group Limited
Meng Zhaoyi
Executive Director

Hong Kong, 26 February 2018



匯銀控股集團有限公司

Huiyin Holdings Group Limited

(香港股份代號：1178)

(HK STOCK CODE: 1178)