



**China Financial International Investments Limited**

**中國金融國際投資有限公司**

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 721)



**BOARD OF DIRECTORS****Executive Directors**

Mr. Du Lin Dong  
*(Chairman and Chief Executive Officer)*  
 Mr. Pong Po Lam

**Non-executive Director**

Mr. Ding Xiaobin

**Independent Non-executive Directors**

Dr. Cheung Wai Bun Charles, *J. P.*  
 Mr. Zeng Xianggao  
 Mr. Li Cailin

**EXECUTIVE COMMITTEE**

Mr. Du Lin Dong *(Chairman)*  
 Mr. Pong Po Lam

**AUDIT COMMITTEE**

Dr. Cheung Wai Bun Charles, *J. P. (Chairman)*  
 Mr. Zeng Xianggao  
 Mr. Li Cailin

**REMUNERATION COMMITTEE**

Mr. Li Cailin *(Chairman)*  
 Mr. Du Lin Dong  
 Dr. Cheung Wai Bun Charles, *J. P.*

**NOMINATION COMMITTEE**

Dr. Cheung Wai Bun Charles, *J. P. (Chairman)*  
 Mr. Zeng Xianggao  
 Mr. Li Cailin

**RISK MANAGEMENT COMMITTEE**

Mr. Du Lin Dong *(Chairman)*  
 Dr. Cheung Wai Bun Charles, *J. P.*

**AUTHORISED REPRESENTATIVES**

Mr. Pong Po Lam  
 Mr. Li Chi Chung

**COMPANY SECRETARY**

Mr. Li Chi Chung

**AUDITORS**

BDO Limited  
*Certified Public Accountants*

**INVESTMENT MANAGER**

China Financial International Investments &  
 Managements Limited

**CUSTODIAN**

Bank of Communications Trustee Limited

**LEGAL ADVISER**

*As to Bermuda law*  
 Conyers Dill & Pearman

**REGISTERED OFFICE**

Clarendon House  
 2 Church Street  
 Hamilton  
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 Bermuda

**PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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 18 Harbour Road  
 Wanchai, Hong Kong

**SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA**

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

**SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG**

Tricor Tengis Limited  
 Level 22, Hopewell Centre  
 183 Queen's Road East  
 Hong Kong

**PRINCIPAL BANKER**

The Hongkong and Shanghai Banking  
 Corporation Limited

**TRADING CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED**

0721

**COMPANY WEBSITE**

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## INDEPENDENT REVIEW REPORT

### To the board of directors of China Financial International Investments Limited

*(An exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

#### Introduction

We have reviewed the interim condensed consolidated financial statements set out on pages 3 to 28 which comprise the condensed consolidated statement of financial position of China Financial International Investments Limited (the “Company”) and its subsidiaries as of 31 December 2017 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the interim condensed consolidated financial statements 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. The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review 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 Hong Kong Institute of Certified Public Accountants. A review of interim condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

#### BDO Limited

*Certified Public Accountants*

Leung Tze Wai  
Practising Certificate Number: P06158

Hong Kong, 27 February 2018

# Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2017

	Notes	Unaudited Six months ended 31 December	
		2017 HK\$'000	2016 HK\$'000
Revenue	5	32,084	12,312
Other income and gains	5	888	3,118
Net change in fair value of financial assets	6	23,694	(58,436)
Finance costs	7	(1,601)	(1,597)
Administrative and other operating expenses		(23,860)	(27,910)
Share of profit of an associate		205	111
		<hr/>	<hr/>
Profit/(loss) before tax	8	31,410	(72,402)
Taxation	9	(3)	(949)
		<hr/>	<hr/>
Profit/(loss) for the period		<b>31,407</b>	<b>(73,351)</b>
		<hr/> <hr/>	<hr/> <hr/>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale financial assets:			
Change in fair value		(58,229)	(45,392)
Income tax effect		–	116
		<hr/>	<hr/>
		(58,229)	(45,276)
Exchange differences on translation of foreign operations		11,413	(10,061)
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<b>(46,816)</b>	<b>(55,337)</b>
		<hr/> <hr/>	<hr/> <hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<b>(15,409)</b>	<b>(128,688)</b>
		<hr/> <hr/>	<hr/> <hr/>
Earnings/(loss) per share attributable to ordinary equity holders of the Company			
– Basic	11(a)	<b>HK0.29 cents</b>	HK(0.67) cents
		<hr/> <hr/>	<hr/> <hr/>
– Diluted	11(b)	<b>HK0.29 cents</b>	HK(0.67) cents
		<hr/> <hr/>	<hr/> <hr/>

# Interim Condensed Consolidated Statement of Financial Position

31 December 2017

	<i>Notes</i>	<b>Unaudited 31 December 2017 HK\$'000</b>	Audited 30 June 2017 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	913	1,052
Investment in an associate	13	748	543
Available-for-sale financial assets	14	184,280	242,509
Financial assets at fair value through profit or loss	15	652,198	654,802
Deposits paid	16	39,495	–
		<hr/>	<hr/>
Total non-current assets		877,634	898,906
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	15	446,878	300,754
Prepayments, deposits and other receivables	16	27,999	56,396
Cash and cash equivalents		320,735	416,047
		<hr/>	<hr/>
Total current assets		795,612	773,197
<b>CURRENT LIABILITIES</b>			
Due to a related company		–	73
Due to an associate	13	255	141
Other payables and accruals		1,508	22,875
Receipt in advance		30,717	2,500
Provision	17	10,000	–
Tax payable		4,200	4,552
		<hr/>	<hr/>
Total current liabilities		46,680	30,141
<b>NET CURRENT ASSETS</b>		<hr/>	<hr/>
		748,932	743,056
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/>	<hr/>
		1,626,566	1,641,962
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans	18	62,988	62,975
		<hr/>	<hr/>
<b>NET ASSETS</b>		<hr/>	<hr/>
		1,563,578	1,578,987
<b>EQUITY</b>			
Share capital	19	109,717	109,717
Reserves		1,453,861	1,469,270
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<hr/>	<hr/>
		1,563,578	1,578,987
		<hr/>	<hr/>
Net asset value per share	20	HK14.25 cents	HK14.39 cents
		<hr/>	<hr/>

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2017

	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Available-for-sale financial asset revaluation reserve HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Retained profits/(Accumulated losses) HK\$'000	Total HK\$'000
At 1 July 2017 (audited)	109,717	2,067,672	278,979	2,766	30,726	-	(14,764)	(896,109)	1,578,987
Profit for the period	-	-	-	-	-	-	-	31,407	31,407
Other comprehensive income for the period:									
Change in fair value of available-for-sale financial assets, net of tax	-	-	-	-	(58,229)	-	-	-	(58,229)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	11,413	-	11,413
Total comprehensive income for the period	-	-	-	-	(58,229)	-	11,413	31,407	(15,409)
At 31 December 2017 (unaudited)	<u>109,717</u>	<u>2,067,672*</u>	<u>278,979*</u>	<u>2,766*</u>	<u>(27,503)*</u>	<u>-*</u>	<u>(3,351)*</u>	<u>(864,702)*</u>	<u>1,563,578</u>
At 1 July 2016 (audited)	109,717	2,067,672	278,979	2,766	48,817	60,698	(11,735)	(771,826)	1,785,088
Loss for the period	-	-	-	-	-	-	-	(73,351)	(73,351)
Other comprehensive income for the period:									
Change in fair value of available-for-sale financial assets, net of tax	-	-	-	-	(45,276)	-	-	-	(45,276)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(10,061)	-	(10,061)
Total comprehensive income for the period	-	-	-	-	(45,276)	-	(10,061)	(73,351)	(128,688)
Lapse of share options	-	-	-	-	-	(628)	-	628	-
At 31 December 2016 (unaudited)	<u>109,717</u>	<u>2,067,672</u>	<u>278,979</u>	<u>2,766</u>	<u>3,541</u>	<u>60,070</u>	<u>(21,796)</u>	<u>(844,549)</u>	<u>1,656,400</u>

\* These reserve accounts comprise the consolidated reserves of HK\$1,453,861,000 (30 June 2017: HK\$1,469,270,000) in the interim condensed consolidated statement of financial position

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2017

	Unaudited	
	Six months ended 31 December	
	2017 HK\$'000	2016 HK\$'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	31,410	(72,402)
Adjustments for:		
Share of profit of an associate	(205)	(111)
Interest income	(25,574)	(13,707)
Dividend income	(6,565)	(1,723)
Finance costs	1,601	1,597
Depreciation	142	316
Provision for guarantee liability	10,000	–
Net realised gain on disposal of financial assets at fair value through profit or loss	(3,429)	–
Net unrealised (gain)/loss on financial assets at fair value through profit or loss	(20,265)	58,436
<b>Operating loss before working capital changes</b>	(12,885)	(27,594)
(Increase)/decrease in prepayments, deposits and other receivables	(12,665)	412,473
Increase/(decrease) in other payables and accruals and receipt in advance	7,773	(889)
(Decrease)/increase in amount due to a related company	(73)	342
Increase in amount due to an associate	114	66
Purchase of financial assets at fair value through profit or loss	(137,630)	(714,412)
Sales of financial assets at fair value through profit or loss	17,804	–
<b>Cash used in operations</b>	(137,562)	(330,014)
Interest received	24,508	3,118
Dividend received	9,198	3,634
Oversea tax paid	(355)	(548)
<b>Net cash used in operating activities</b>	(104,211)	(323,810)
<b>Cash flows from investing activities</b>		
Purchases of items of property, plant and equipment	(3)	–
<b>Net cash used in investing activities</b>	(3)	–
<b>Cash flows from financing activities</b>		
Interest paid	(1,588)	(1,584)
<b>Net cash used in financing activities</b>	(1,588)	(1,584)
<b>Net cash decrease in cash and cash equivalents</b>	(105,802)	(325,394)
Cash and cash equivalents at beginning of the year	416,047	657,542
Effect of foreign exchange rate changes	10,490	(9,568)
<b>Cash and cash equivalents at end of the year</b>	<u>320,735</u>	<u>322,580</u>
<b>Analysis of the balance of cash and cash equivalents</b>		
Cash and bank balances	<u>320,735</u>	<u>322,580</u>

# Notes to Interim Condensed Consolidated Financial Statements

For the six months ended 31 December 2017

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION

China Financial International Investments Limited (the “Company”) was previously incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). With effect from 9 May 2006, the Company was de-registered from the Cayman Islands under the Cayman Islands Companies Law and re-domiciled in Bermuda under the Companies Act 1981 of Bermuda as an exempted company. The Company’s registered office address is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and the Company’s principal place of business is Suite 6504, 65/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company and its subsidiaries (the “Group”) are principally engaged in the investment of listed and unlisted companies established and/or doing business in Hong Kong and the People’s Republic of China (the “PRC”).

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2017 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). They have been prepared on the historical cost convention, except for financial assets at fair value through profit or loss (“FVTPL”) and available-for-sale financial assets which have been measured at fair value. These interim condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated. The interim condensed consolidated financial statements are unaudited, but have been reviewed by BDO Limited 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. The independent review report on the review of interim financial information issued by BDO Limited to the Board of Directors (the “Board”) is included on page 2.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual consolidated financial statements for the year ended 30 June 2017. The accounting policies adopted in the interim condensed consolidated financial statements are consistent with those followed in the Group’s annual financial statements for the year ended 30 June 2017, except for the adoption of the revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include individual Hong Kong Financial Reporting Standards, HKASs and Interpretations) as disclosed below.

### *Adoption of Revised HKFRSs – effective 1 July 2017*

In the current period, the Group has applied for the first time the following revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual financial period beginning on 1 July 2017.

Amendments to HKAS 7  
Amendments to HKAS 12

*Disclosure Initiative*  
*Recognition of Deferred Tax Assets for Unrealised Losses*

### *Amendments to HKAS 7:*

Disclosure Initiative Amendments to HKAS 7 requires an entity 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 will result in additional disclosures to be provided in the Group’s annual financial statements. The Group is not required to provide the additional disclosures in the interim condensed consolidated financial statements.



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Amendments to HKAS 12:**

Recognition of Deferred Tax Assets for Unrealised Losses Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situation. The amendments clarify that an entity, when assessing whether taxable profit will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The adoption of these amendments to HKFRSs has no significant impact on the interim condensed consolidated financial statements.

**Issued but not yet effective HKFRSs**

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these interim condensed consolidated financial statements.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions<sup>1</sup></i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts<sup>1</sup></i>
HKFRS 9	<i>Financial Instruments<sup>1</sup></i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
HKFRS 15	<i>Revenue from Contracts with Customers<sup>1</sup></i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers<sup>1</sup></i>
HKFRS 16	<i>Leases<sup>2</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> No mandatory effective date yet determined but available for adoption

The directors do not expect the adoption of HKFRS 9, HKFRS 15 and HKFRS 16 would result in significant impact on the amounts reported on the Group's consolidated financial statements.

Other new/revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

The Group has not applied any new HKFRSs or amendments that are not yet effective for the current accounting period.

**3. OPERATING SEGMENT INFORMATION**

Management has determined the operating segments based on the reports reviewed by management for making investment decisions. These segments are based on the underlying businesses of the Group's investments and category of investments as follows:

- a) micro-loan service
- b) real estate and natural gas
- c) investment in fixed income financial assets
- d) others (includes guarantee service, investments and management consultation service and other businesses)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 3. OPERATING SEGMENT INFORMATION (Continued)

### Segment results

	Micro-loan service HK\$'000	Real estate and natural gas HK\$'000	Investment in fixed income financial assets HK\$'000	Others HK\$'000	Total HK\$'000
<b>Six months ended 31 December 2017</b>					
Segment results	<u>(27,774)</u>	<u>(5,821)</u>	<u>46,426</u>	<u>42,947</u>	55,778
Share of profit of an associate					205
Unallocated income					888
Unallocated expenses					<u>(25,461)</u>
Profit before tax					31,410
Taxation					<u>(3)</u>
Profit for the period					<u>31,407</u>
<b>Six months ended 31 December 2016</b>					
Segment results	<u>15,261</u>	<u>(68,167)</u>	<u>8,506</u>	<u>(1,724)</u>	(46,124)
Share of profit of an associate					111
Unallocated income and gains					3,118
Unallocated expenses					<u>(29,507)</u>
Loss before tax					(72,402)
Taxation					<u>(949)</u>
Loss for the period					<u>(73,351)</u>

Segment results represent the gain realised on disposal of listed investments, net unrealised gain/(loss) on financial assets at FVTPL, the corresponding dividend income from listed investments and interest income from unlisted investments without allocation of finance costs, central administration and other operating expenses to each of the operating segments.

### Segment assets

The following is an analysis of the Group's assets by reportable segment:

	Unaudited 31 December 2017 HK\$'000	Audited 30 June 2017 HK\$'000
Micro-loan service	181,035	208,815
Real estate and natural gas	447,398	476,320
Investment in fixed income financial assets	468,979	447,492
Others	<u>185,944</u>	<u>65,438</u>
Total segment assets	1,283,356	1,198,065
Unallocated assets	<u>389,890</u>	<u>474,038</u>
	<u>1,673,246</u>	<u>1,672,103</u>

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 3. OPERATING SEGMENT INFORMATION (Continued)

### Segment assets (Continued)

For the purpose of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than property, plant and equipment, an investment in an associate, prepayments, deposits and other receivables and cash and cash equivalents.

All liabilities as at 31 December 2017 and 30 June 2017 were unallocated liabilities.

Given that the nature of the Group's operation is investment holding, there was no information regarding major customers as determined by the Group.

## 4. (LOSS)/GAIN ON INVESTMENTS

	Unaudited Listed securities <i>HK\$'000</i>	Unaudited Unlisted investments <i>HK\$'000</i>	Unaudited Total <i>HK\$'000</i>
<b>Six months ended 31 December 2017</b>			
<i>Included in profit or loss:</i>			
Realised gain:			
Financial assets at FVTPL	3,429	–	3,429
Unrealised gain/(loss):			
Financial assets at FVTPL	33,014	(12,749)	20,265
Total gain/(loss) included in profit or loss	36,443	(12,749)	23,694
<i>Included in other comprehensive income ("OCI"):</i>			
Unrealised loss:			
Available-for-sale financial assets	(49,780)	(8,449)	(58,229)
Total loss for the period	<u>(13,337)</u>	<u>(21,198)</u>	<u>(34,535)</u>
<b>Six months ended 31 December 2016</b>			
<i>Included in profit or loss:</i>			
Unrealised loss:			
Financial assets at FVTPL	(46,518)	(11,918)	(58,436)
<i>Included in OCI:</i>			
Unrealised (loss)/gain:			
Available-for-sale financial assets	(51,090)	5,698	(45,392)
Total loss for the period	<u>(97,608)</u>	<u>(6,220)</u>	<u>(103,828)</u>

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	Unaudited Six months ended 31 December	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Revenue</b>		
Dividend income from listed investments	6,565	1,723
Interest income from unlisted investments	25,519	10,589
	<u>32,084</u>	<u>12,312</u>
<b>Other income and gains</b>		
Bank interest income	55	3,118
Exchange gains	833	–
	<u>888</u>	<u>3,118</u>

## 6. NET CHANGE IN FAIR VALUE OF FINANCIAL ASSETS

	Unaudited Six months ended 31 December	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Net realised gain on disposal of financial assets at FVTPL	3,429	–
Net unrealised gain/(loss) on financial assets at FVTPL	20,265	(58,436)
	<u>23,694</u>	<u>(58,436)</u>

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	Unaudited Six months ended 31 December	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on interest bearing loans	1,601	1,597

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 8. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	Unaudited	
	Six months ended 31 December	
	2017	2016
	HK\$'000	HK\$'000
Custodian fee	94	98
Depreciation	142	316
Investment management fee	1,368	918
Minimum operating lease payments in respect of properties	1,154	1,210
Provision for guarantee liability (note 17)	10,000	–
Staff costs, including directors' remuneration:		
– Salaries, wages and benefits in kind	6,603	11,253
– Pension scheme contributions	81	82
– Staff quarters expenses	627	1,307
	<u>627</u>	<u>1,307</u>

## 9. TAXATION

	Unaudited	
	Six months ended 31 December	
	2017	2016
	HK\$'000	HK\$'000
Current – the PRC Enterprise Income Tax		
– Charge for the period	3	949
	<u>3</u>	<u>949</u>

No provision for Hong Kong Profits Tax has been made as the Group has available tax losses from prior years to offset the assessable profits generated during the period ended 31 December 2017.

No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax for the period ended 31 December 2016.

The provision for the PRC Enterprise Income Tax for the Group's subsidiary in the PRC is estimated on the statutory rate of 25% of the assessable profit as determined in accordance with the relevant tax rules and regulations of the PRC (31 December 2016: 25%).

## 10. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 31 December 2017 (31 December 2016: Nil).

## 11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

### (a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit for the six months ended 31 December 2017 attributable to ordinary equity holders of the Company of HK\$31,407,000 (31 December 2016: loss of HK\$73,351,000), and the weighted average number of ordinary shares of 10,971,634,000 (31 December 2016: 10,971,634,000) in issue during the period.

### (b) Diluted earnings/(loss) per share

No adjustment has been made to the basic loss per share amount presented for the six months ended 31 December 2016 in respect of a dilution as the outstanding share options had an anti-dilutive effect on the basic loss per share amounts presented. There is no dilutive potential ordinary shares for the six months ended 31 December 2017.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 12. PROPERTY, PLANT AND EQUIPMENT

	Unaudited 31 December 2017 HK\$'000	Audited 30 June 2017 HK\$'000
Opening net carrying amount	1,052	1,864
Additions	3	1,111
Disposal/Write-off	–	(1,253)
Depreciation provided during the period/year	(142)	(642)
Exchange realignment	–	(28)
	<hr/>	<hr/>
Closing net carrying amount	<b>913</b>	<b>1,052</b>

## 13. INTEREST IN AN ASSOCIATE

	Unaudited 31 December 2017 HK\$'000	Audited 30 June 2017 HK\$'000
Share of net assets	748	543
Due to an associate	(255)	(141)
	<hr/>	<hr/>
Total	<b>493</b>	<b>402</b>

The balance due is unsecured, interest free and repayable within one month.

Particulars of the associate are as follows:

Name	Place of incorporation and business	Particulars of issued shares held	Percentage of ownership attributable to the Group	Principal activity
China Financial International Investments & Managements Limited ("CFIIM")	Hong Kong	Ordinary shares	29%	Asset management

## 14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited 31 December 2017 HK\$'000	Audited 30 June 2017 HK\$'000
	<i>Notes</i>	<i>HK\$'000</i>
Listed securities, at fair value	(i) 110,040	159,820
Unlisted investments, at fair value	(ii) 74,240	82,689
	<hr/>	<hr/>
	<b>184,280</b>	<b>242,509</b>

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 14. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

For the year ended 30 June 2017, the gross loss in respect of the Group's available-for-sale financial assets recognised in OCI amounted to HK\$38,806,000, of which an impairment loss of HK\$23,628,000 was reclassified from OCI to profit or loss. No impairment loss of the Group's available-for-sale financial assets was recognised and reclassified from OCI to profit or loss for the six months ended 31 December 2017.

The above investments consist of investments in a listed securities and unlisted investments (including equity interest and convertible bond) which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate, except the convertible bond as explained in note (ii)(e) below.

Notes:

- (i) The fair values of listed securities are determined based on the quoted market bid prices available on the relevant exchange at the end of the reporting period.

Particulars of the investment as at 31 December 2017, in terms of the carrying value of the listed investment, are as follows:

*China City Infrastructure Group Limited ("China City Infrastructure")*

On 21 June 2016, the Company and China City Infrastructure, a company listed on the Stock Exchange, entered into the share subscription agreement to subscribe for 262,000,000 shares of China City Infrastructure with a one-year lock-up period for a total subscription price of HK\$131,000,000 at HK\$0.50 per share. The transaction was completed on 28 June 2016. At 31 December 2017, the 262,000,000 shares (30 June 2017: 262,000,000 shares) represented approximately 8.50% (30 June 2017: 9.14%) of the entire issued share capital in China City Infrastructure. China City Infrastructure is principally engaged in infrastructure businesses, property investment, property development, hotel business, property management and natural gas businesses in the PRC.

- (ii) As at 31 December 2017, the Group held the following unlisted investments:

Name	Notes	Place of incorporation/ registration and business	Group's effective interest		Principal activities	Unaudited 31 December 2017		Audited 30 June 2017	
			Unaudited 31 December 2017	Audited 30 June 2017		Fair value HK\$'000	Cost HK\$'000	Fair value HK\$'000	Cost HK\$'000
<i>Micro-loan service</i>									
Jingdezhen CFI Guosen Microfinance Co., Ltd. ("Jingdezhen CFI Guosen")	(a)	PRC	40%	40%	Provision of small loan and financial consultation services	406	188,690	412	188,690
TianJin XEDA Microfinance Co., Ltd. ("TianJin XEDA")	(b)	PRC	30%	30%	Provision of small loan and financial consultation services	20,000	72,450	20,000	72,450
<i>Others</i>									
Jiangxi Huazhang Hanchen Guarantee Group Limited ("Jiangxi Huazhang")	(c)	PRC	2.98%	2.98%	Provision of financing guarantees to small and medium enterprises ("SMEs")	32,478	43,150	42,820	43,150
Shenzhen Zhongtounxin Asset Management Company Limited ("Zhongtounxin")	(d)	PRC	30%	30%	Provision of consultation services on project investments	-	18,350	-	18,350
China City Infrastructure	(e)	Cayman Islands	N/A	N/A	Infrastructure businesses, property investment, property development, hotel business, property management and natural gas businesses in the PRC	21,356	17,633	19,457	17,633

**14. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)**

Notes: (Continued)

(ii) As at 31 December 2017, the Group held the following unlisted investments:

- (a) On 26 May 2011 and 28 November 2012, the Group invested in 23.33% and 6.67% equity interests of Jingdezhen CFI Guosen, respectively, a joint venture established in the PRC. Jingdezhen CFI Guosen is principally engaged in the provision of small loan and financial consultation services in Jingdezhen, the PRC.

On 1 June 2016, the Group's equity interests in Jingdezhen CFI Guosen changed from 30% to 40% due to previous shareholders of Jingdezhen CFI Guosen withdrew their capital commitment in the sum of RMB125,000,000 in Jingdezhen CFI Guosen and the registered capital of Jingdezhen CFI Guosen was reduced from RMB500,000,000 to RMB375,000,000. Due to the reduction in registered capital, the shareholding of the Company in Jingdezhen CFI Guosen inevitably and automatically increased from 30% to 40%. In order to comply with Rule 21.04(3)(a) of the Listing Rules, the Company voluntarily relinquished the voting rights beyond 30%.

Given that the reduction in the registered capital of Jingdezhen CFI Guosen is beyond the control of the Company, the Company is in the passive role in respect of its increase in the shareholdings in Jingdezhen CFI Guosen. The relinquishment of the voting rights is an interim arrangement and the Company still possesses other rights such as the rights to receive dividends. The directors of the Company consider that the relinquishment of the voting rights arrangement is in the interest of the Company and its shareholders as a whole.

The Company is now actively seeking potential buyers to dispose of the additional non-voting shareholdings in Jingdezhen CFI Guosen or to restore the shareholdings in Jingdezhen CFI Guosen to 30%.

- (b) On 21 June 2011, the Group invested in a 30% equity interest of TianJin XEDA, a joint venture established in the PRC. TianJin XEDA is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.

On 27 September 2017, the Company entered into an agreement with independent third parties to dispose of 30% equity interest in TianJin XEDA for a cash consideration of HK\$45,557,000. The Company has received a non-refundable deposit of HK\$20,000,000 which was included in receipt in advance under current liabilities as at 31 December 2017. As at the date of this interim report, this disposal transaction has not been completed. The directors expect this disposal transaction will be completed within one year.

- (c) On 13 April 2011, the Group acquired a 30% equity interest of Jiangxi Huazhang, a joint venture established in the PRC. The Group's equity interest in Jiangxi Huazhang became 7.2% on 15 July 2013 and reduced to 2.98% on 19 August 2016, as the registered capital of Jiangxi Huazhang was enlarged by the new capital subscribed by its other shareholders on those dates. Jiangxi Huazhang is principally engaged in the provision of financing guarantees to SMEs in the Jiangxi Province, the PRC.

- (d) On 29 April 2011, the Group invested in a 30% equity interest of Zhongtounjin, a joint venture established in the PRC. The first contribution of RMB6,000,000 (equivalent to HK\$7,200,000) was made by the Company in 2011 and the second contribution of RMB9,000,000 (equivalent to HK\$11,150,000) was made on 10 May 2012. Zhongtounjin is principally engaged in the provision of consultation services for project investments in the PRC.

- (e) On 21 June 2016, the Company and China City Infrastructure entered into the convertible bond subscription agreement (the "CB Subscription Agreement") to subscribe for the convertible bond issued by China City Infrastructure (the "China City Infrastructure Convertible Bond").

On 28 June 2016, the Company purchased the China City Infrastructure Convertible Bond with a principal amount of HK\$73,000,000. The China City Infrastructure Convertible Bond bears interest at 5% per annum, is convertible into 146,000,000 ordinary shares of China City Infrastructure at HK\$0.50 per share (subject to adjustment upon the change in the capital structure of China City Infrastructure) and will mature in three years from the date of issuance.

The China City Infrastructure Convertible Bond is a hybrid instrument that includes non-derivative host contract and embedded derivatives. The non-derivative host contract, representing the bond component (the "China City Infrastructure Bond"), has been designated as an available-for-sale investment. The embedded derivative, representing the conversion option which allows the Company to convert the China City Infrastructure Convertible Bond into ordinary shares of China City Infrastructure at an established conversion rate (i.e., HK\$0.50 per share), has been designated as a derivative financial instrument (the "China City Infrastructure Derivative").

On 30 June 2017, the Company converted an aggregate principal amount of HK\$50,000,000 into 100,000,000 shares in China City Infrastructure at the conversion price of HK\$0.50 each, when the closing market price of shares of China City Infrastructure was HK\$0.61 per share. At 31 December 2017, the 100,000,000 shares (30 June 2017: 100,000,000 shares) represented approximately 3.24% (30 June 2017: 3.49%) of the entire issued share capital in China City Infrastructure.

As at 31 December 2017, the remaining 46,000,000 conversion shares (30 June 2017: 46,000,000 conversion shares) upon exercise of the conversion right would represent approximately 1.49% (30 June 2017: 1.60%) of the issued share capital in China City Infrastructure.



# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 14. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

Notes: (Continued)

(ii) As at 31 December 2017, the Group held the following unlisted investments: (Continued)

The fair values of all the above investments were determined by the directors of the Company with reference to the professional valuation carried out by Asset Appraisal Limited, an independent valuer.

The Group does not hold more than 20% of the controlling power in the board of directors in any of these investee companies. In the opinion of the directors, the Group is not able to exercise any significant influence on the financial and operating policies of these investee companies, and therefore all of these investments are not regarded as associates of the Group and are accounted for as available-for-sale financial assets for the six months ended 31 December 2017 and for the year ended 30 June 2017.

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	Unaudited 31 December 2017 HK\$'000	Audited 30 June 2017 HK\$'000
Financial assets held for trading:			
Listed securities	(i)	442,306	286,037
Derivative financial instrument	(ii)	4,572	14,717
		<b>446,878</b>	<b>300,754</b>
Financial assets designated as at FVTPL:			
Unlisted equity investments	(iii)	183,219	207,310
Unlisted bond investments, secured	(iv)	468,979	447,492
		<b>652,198</b>	<b>654,802</b>

The above financial assets at 31 December 2017 and 30 June 2017 are classified as held for trading and are upon initial recognition, designated by the Group as financial assets at FVTPL.

Notes:

- (i) The fair values of listed securities are determined based on the quoted market bid prices available on the relevant stock exchange at the end of the reporting period.
- (ii) The Group's derivative financial instrument is managed and its performance is evaluated on a fair value basis. Any fair value gain or loss is recognised in profit or loss.

The fair value of the derivative financial instrument has been estimated using a valuation technique based on assumptions that are supported by observable market inputs. The valuation requires the directors to make estimates, including credit spread and volatility of the underlying securities. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair value, which are recorded in profit or loss, are reasonable, and that they are the most appropriate values at the end of the reporting period.

The China City Infrastructure Derivative represents the derivative embedded in the China City Infrastructure Convertible Bond. On 30 June 2017, the Company partially converted the China City Infrastructure Convertible Bond into the ordinary shares of China City Infrastructure. These details are set out in note 14(ii)(e) to the interim condensed consolidated financial statements.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Notes: (Continued)

(iii) As at 31 December 2017, the Group had the following unlisted equity investments:

Name	Notes	Place of incorporation/ registration/ and business	Group's effective interest		Principal activities	Unaudited 31 December 2017		Audited 30 June 2017	
			Unaudited 31 December 2017	Audited 30 June 2017		Fair value HK\$'000	Cost HK\$'000	Fair value HK\$'000	Cost HK\$'000
<i>Micro-loan service</i>									
Tianjin Rongshun Microfinance Limited ("Tianjin Rongshun")	(a)	PRC	30%	30%	Provision of small loan and financial consultation services	2,777	36,606	3,776	36,606
TIIC RongShun Micro-Loan Company Limited ("TIIC Rongshun")	(b)	PRC	10%	10%	Provision of small loan and financial consultation services	6,544	12,189	2,974	12,189
Harbin Zhongjinguoxin Microfinance Co., Ltd. ("Harbin Zhongjinguoxin")	(c)	PRC	30%	30%	Provision of small loan and financial consultation services	-	36,693	-	36,693
Tianjin Binlian Microfinance Limited ("Tianjin Binlian")	(d)	PRC	3.3%	3.3%	Provision of small loan and financial consultation services	3,799	12,271	4,564	12,271
Ezhou Zhongjinguotou Microfinance Limited ("Ezhou Zhongjinguotou")	(e)	PRC	50%	30%	Provision of small loan and financial consultation services	100,762	185,000	123,549	185,000
Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd. ("Ziyang Yanjiang")	(f)	PRC	30%	30%	Provision of small loan and financial consultation services	203	73,730	245	73,730
Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd. ("Nanjing Jiangning")	(g)	PRC	30%	30%	Provision of small loan and financial consultation services	13,070	36,673	12,926	36,673
Tianjin Rongyang Micro-Loan Limited ("Tianjin Rongyang")	(h)	PRC	30%	30%	Provision of small loan and financial consultation services	6,700	36,741	6,700	36,741
Zhenjiang CFI Guosen Technology Microfinance Corporation Limited ("Zhenjiang CFI")	(i)	PRC	30%	30%	Provision of small loan and financial consultation services	26,774	56,874	33,669	56,874
<i>Others</i>									
Xi'an Kairong Financial Service Limited ("Xi'an Kairong")	(j)	PRC	30%	30%	Provision of financial management services	16,400	18,724	11,156	18,724
Hubei Zhongjin Tech Financial Services Co., Ltd. ("Hubei Zhongjin")	(k)	PRC	30%	30%	Provision of financial management services	6,190	19,030	7,751	19,030

A brief description of the business and financial information of the unlisted equity investments is as follows:

Notes:

- (a) On 24 August 2011, the Group invested in a 30% equity interest of Tianjin Rongshun, a joint venture established in the PRC. Tianjin Rongshun is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.
- (b) On 2 September 2011, the Group invested in a 10% equity interest of TIIC Rongshun, a joint venture established in the PRC. TIIC Rongshun is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Notes: (Continued)

(iii) As at 31 December 2017, the Group had the following unlisted equity investments: (Continued)

A brief description of the business and financial information of the unlisted equity investments is as follows: (Continued)

Notes: (Continued)

(c) On 29 August 2011, the Group invested in a 30% equity interest of Harbin Zhongjinguoxin, a joint venture established in the PRC. Harbin Zhongjinguoxin is principally engaged in the provision of small loan and financial consultation services in Harbin, Heilongjiang Province, the PRC.

On 22 December 2016, the Company entered into a disposal agreement to dispose of all of its equity interest in Harbin Zhongjinguoxin to an independent third party for a cash consideration of RMB25,000,000. A deposit of HK\$2,500,000 has been received which was included in receipt in advance under current liabilities as at 31 December 2017 and 30 June 2017. As at the date of this interim report, this disposal transaction has not been completed. The directors expect this disposal transaction will be completed within one year.

(d) On 13 January 2012, the Group invested in a 10% equity interest of Tianjin Binlian, a joint venture established in the PRC. The Group's equity interest in Tianjin Binlian was reduced to 3.3% on 22 January 2014, as the registered capital of Tianjin Binlian was enlarged by the new registered capital subscribed by its other shareholders on that date. Tianjin Binlian is principally engaged in the provision of small loan and financial consultation services in Tianjin, especially Dongli District, the PRC.

(e) On 2 March 2012, the Group invested in a 30% equity interest of Ezhou Zhongjinguotou, a joint venture established in the PRC. Ezhou Zhongjinguotou is principally engaged in the provision of small loan and financial consultation services in Ezhou, Hubei Province, the PRC.

On 18 December 2016, the shareholders' resolution of Ezhou Zhongjinguotou approved some existing shareholders of Ezhou Zhongjinguotou to withdraw their capital commitment in the sum of RMB200,000,000 in Ezhou Zhongjinguotou so that the registered capital of Ezhou Zhongjinguotou was reduced from RMB500,000,000 to RMB300,000,000. Due to the reduction in the registered capital of Ezhou Zhongjinguotou, the shareholding of the Company in Ezhou Zhongjinguotou inevitably increased from 30% to 50%. In order to comply with Rule 21.04(3)(a) of the Listing Rules, the Company voluntarily relinquished the voting rights beyond 30%.

Given that the reduction in the registered capital of Ezhou Zhongjinguotou is beyond the control of the Company, the Company is in the passive role in respect of its increase in the shareholdings in Ezhou Zhongjinguotou. The relinquishment of the voting rights is an interim arrangement and the Company still possesses other rights such as the rights to receive dividends. The directors consider that the relinquishment of the voting rights arrangement is in the interest of the Company and its shareholders as a whole.

The Company is now actively seeking potential buyers to dispose of the additional non-voting shareholdings in Ezhou Zhongjinguotou or to restore the shareholdings in Ezhou Zhongjinguotou to 30%.

(f) On 6 August 2012, the Group invested in a 30% equity interest of Ziyang Yanjiang, a joint venture established in the PRC. Ziyang Yanjiang is principally engaged in the provision of small loan and financial consultation services in Ziyang, Sichuan Province, the PRC.

(g) On 31 August 2012, the Group invested in a 30% equity interest of Nanjing Jiangning, a joint venture established in the PRC. Nanjing Jiangning is principally engaged in the provision of small loan and financial consultation services in Jiangning District, Nanjing, Jiangsu Province, the PRC.

(h) On 13 September 2012, the Group invested in a 30% equity interest of Tianjin Rongyang, a joint venture established in the PRC. Tianjin Rongyang is principally engaged in the provision of small loan and financial consultation services in Tianjin, the PRC.

On 27 September 2017, the Company entered into an agreement with independent third parties to dispose of 30% equity interest in Tianjin Rongyang for a cash consideration of HK\$17,644,000. The Company has received a non-refundable deposit of RMB7,000,000 (equivalent to approximately HK\$8,217,000) which was included in receipt in advance under current liabilities as at 31 December 2017. As at the date of this interim report, this disposal transaction has not been completed. The directors expect this disposal transaction will be completed within one year.

(i) On 22 November 2013, the Group invested in a 30% equity interest of Zhenjiang CFI, a joint venture established in the PRC. Zhenjiang CFI is principally engaged in the provision of small loan and financial consultation services in Zhenjiang, Jiangsu Province, the PRC.

(j) On 18 December 2012, the Group invested in a 30% equity interest of Xi'an Kairong, a joint venture established in the PRC. Xi'an Kairong is principally engaged in the provision of financial management services to SMEs in Xi'an Economic Development Zone, Shaanxi Province, the PRC.

(k) On 22 September 2014, the Group invested in a 30% equity interest of Hubei Zhongjin, a joint venture established in the PRC. Hubei Zhongjin is principally engaged in the provision of financial management services to SMEs in Wuhan, Hubei Province, the PRC.

**15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)**

Notes: (Continued)

- (iii) As at 31 December 2017, the Group had the following unlisted equity investments: (Continued)

The fair values of all the above investments were determined by the directors of the Company with reference to the professional valuation carried out by Asset Appraisal Limited, an independent valuer.

The Group does not hold more than 20% of the controlling power in the board of directors in any of these investee companies. In the opinion of the directors, the Group is not able to exercise any significant influence on the financial and operating policies of these investee companies, and therefore all of these investments are not regarded as associates of the Group and are accounted for as financial assets at FVTPL for the six months ended 31 December 2017 and for the year ended 30 June 2017.

- (iv) As at 31 December 2017, The Group invested in three unlisted bonds for the purpose of engaging in the medium term investments and earning the stable return. The details of the bond investments are as follows:

Name of company	Notes	Business nature	Unaudited 31 December 2017		Audited 30 June 2017	
			Fair value HK\$'000	Cost HK\$'000	Fair value HK\$'000	Cost HK\$'000
Hollys (China) Limited ("Hollys")	(i)	Engaged in coffee shop franchise in the PRC	197,925	200,000	195,745	200,000
Pure Unity Investments Limited ("Pure Unity")	(ii)	Investment holding	161,181	190,000	150,965	190,000
Talent Trend Global Limited ("Talent Trend")	(iii)	Investment holding	109,873	160,000	100,782	160,000

Notes:

- (i) On 8 September 2016, Joy State Holdings Limited, a wholly-owned subsidiary of the Company, entered into a subscription agreement to subscribe a three-year bond issued by Hollys. The nominal value of the bond is HK\$200,000,000. The bond carries interest at a rate of 9% per annum, which is receivable by the Group semi-annually in arrears.

As at 31 December 2017, Mr. Xiao Yan is the sole shareholder and the sole director of Hollys. The bond is secured by 100% unlisted equity interests in Hollys pledged to the Group by Mr. Xiao Yan.

- (ii) On 21 November 2016, China Financial International Investments (Nanchang) Limited, a wholly-owned subsidiary of the Company, entered into a subscription agreement to subscribe a three-year bond issued by Pure Unity. The nominal value of the bond is HK\$200,000,000. The bond carries interest at a rate of 9% per annum, which is receivable by the Group semi-annually in arrears. Pure Unity redeemed HK\$10,000,000 during the year ended 30 June 2017, accordingly, the nominal value of the bond is reduced to HK\$190,000,000 as at 31 December 2017 and 30 June 2017.

As at 31 December 2017, Mr. Zhu Mingliang is the sole shareholder and the sole director of Pure Unity. The bond is secured by (1) 100% unlisted equity interests in Pure Unity pledged to the Group by Mr. Zhu Mingliang; (2) 500,000,000 shares of the Company, with a market value of HK\$116,000,000 (30 June 2017: HK\$150,000,000), held by Rightfirst Holdings Limited, which is beneficially owned by Mr. Du Lin Dong, the executive director of the Company; and (3) a property in the PRC with market value of HK\$67,151,000 (30 June 2017: HK\$67,200,000).

- (iii) On 21 November 2016, China Financial International Investments (Henan) Limited, a wholly-owned subsidiary of the Company, entered into a subscription agreement to subscribe a three-year bond issued by Talent Trend. The nominal value of the bond is HK\$160,000,000. The bond carries interest at a rate of 9% per annum, which is receivable by the Group semi-annually in arrears.

As at 31 December 2017, Mr. Huang Xianli is the sole shareholder and the sole director of Talent Trend. The bond is secured by (1) 100% unlisted equity interests in Talent Trend pledged to the Group by Mr. Huang Xianli; and (2) 620,000,000 shares of the Company, with a market value of HK\$143,840,000 (30 June 2017: HK\$186,000,000), held by Ruixin Taifu Investment Group Co., Limited.

The fair values of all the above investments were determined by the directors of the Company with reference to the professional valuation carried out by Asset Appraisal Limited, an independent valuer.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<i>Notes</i>	<b>Unaudited 31 December 2017 HK\$'000</b>	Audited 30 June 2017 HK\$'000
Current portion:			
Prepayments and deposits		1,691	1,667
Other receivables	(i)	<b>26,308</b>	54,729
		<b>27,999</b>	56,396
Non-current portion:			
Deposits paid	(ii)	<b>39,495</b>	–

### Notes:

- (i) As at 31 December 2017, other receivables included dividend receivables of HK\$600,000 (30 June 2017: HK\$3,233,000). This balance is unsecured, interest-free and repayable on demand.

As at 30 June 2017, other receivables included a balance of HK\$26,852,000 in respect of the disposal of a 30% equity interest of Nanchang Donghu Zhongjincaixin Microfinance Co., Ltd., the amount has been settled during the period ended 31 December 2017.

- (ii) During the period, the Company has entered into an agreement (the "Agreement 1") with an independent third party, 深圳市新宇天帆礦業開發有限公司 (transliterated as Shenzhen Xinyu Tianfan Mining Development Company Limited, "Xinyu Tianfan"). Pursuant to the Agreement 1, Xinyu Tianfan is responsible for assisting to seek and recommend potential investments to the Company with a term of two years, the Company agreed to provide the deposit to Xinyu Tianfan amounted to RMB16,000,000 (equivalent to approximately HK\$18,878,000) during the period as agreed, the deposit will be refunded after the period expired and is interest free.

During the period, the Company has entered into an agreement (the "Agreement 2") with an independent third party, Mr. Peng Kexi ("Mr. Peng"). Pursuant to the Agreement 2, Mr. Peng is responsible for assisting to seek and recommend potential investments in the PRC to the Company with a term of two years, and the Company agreed to provide the deposit to Mr. Peng amounted to HK\$20,000,000 during the period as agreed, the deposit will be refunded after the period expired and is interest free.

## 17. PROVISION

Pursuant to an irrevocable guarantee provided by the Company in 2012, the Company's entire equity interests in TianJin XEDA and Tianjin Rongyang have been used to secure the loans granted to certain customers of Tianjin XEDA and Tianjin Rongyang referred by 南京新寧光電自動化有限公司 (transliterated as Nanjing Xinning Guangdian Zidonghua Limited, "Xinning Guangdian"), an independent third party of the Group. At the end of the reporting period, the loans granted to the customers of TianJin XEDA and Tianjin Rongyang under such guarantee were approximately RMB75,000,000 (30 June 2017: RMB75,000,000). The Group holds 30% equity interest in each of TianJin XEDA and Tianjin Rongyang as of 31 December 2017 and 30 June 2017. Pursuant to an indemnity agreement signed between Xinning Guangdian and the Company in 2012, the Company is indemnified against any loss or damage arising from the non-performance of the aforesaid loans. For the six months ended 31 December 2017, a provision for guarantee liability amounted to HK\$10,000,000 have been made against the potential exposures may be borne by the Group under such guarantee (31 December 2016: Nil).

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 18. BORROWINGS

	Unaudited 31 December 2017 HK\$'000	Audited 30 June 2017 HK\$'000
Interest bearing loans – unsecured	<u>62,988</u>	<u>62,975</u>
Analysed into:		
Loans repayable:		
In the second to fifth years, inclusive	<u>62,988</u>	<u>62,975</u>

As at 31 December 2017 and 30 June 2017, bonds with a total nominal amount of HK\$63,000,000 were issued to independent third parties at 5% interest rate per annum with maturity dates ranging from years 2020 to 2021, being 7 years' maturity from the date of issue.

## 19. SHARE CAPITAL

	Number of shares '000	HK\$'000
<b>Authorised:</b>		
At 31 December 2017 and 30 June 2017		
Ordinary shares of HK\$0.01 each	<u>30,000,000</u>	<u>300,000</u>
<b>Issued and fully paid:</b>		
At 31 December 2017 and 30 June 2017		
Ordinary shares of HK\$0.01 each	<u>10,971,634</u>	<u>109,717</u>

## 20. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Group as at 31 December 2017 of HK\$1,563,578,000 (30 June 2017: HK\$1,578,987,000) and 10,971,634,000 ordinary shares in issue as at 31 December 2017 (30 June 2017: 10,971,634,000 ordinary shares).

## 21. COMMITMENTS

The Group leases its office premises under an operating lease arrangement with a negotiated term of three years. At 31 December 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Unaudited 31 December 2017 HK\$'000	Audited 30 June 2017 HK\$'000
Within one year	2,161	2,390
In the second to fifth years, inclusive	<u>2,341</u>	<u>3,415</u>
	<u>4,502</u>	<u>5,805</u>

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 22. SHARE OPTIONS

### (a) Share option scheme

The Company has a share option scheme for eligible employees of the Group. During the year ended 30 June 2017, 4,700,000 share options were lapsed and no share options were granted, exercised or forfeited.

### (b) Share options

On 7 April 2014, the Company granted each of 200,000,000 share options to United Truth Group Limited and GCA Special Situations (A) Limited, respectively, under a specific mandate (the "Specific Mandate") for their provision of consultancy services to the Company.

During the year ended 30 June 2017, 400,000,000 share options under a Specific Mandate were lapsed and no share options were granted, exercised or forfeited.

No share option was outstanding as at 31 December 2017 and 30 June 2017.

## 23. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these interim condensed consolidated financial statements, the Group had the following transactions with related parties during the period:

	Notes	Unaudited Six months ended 31 December	
		2017 HK\$'000	2016 HK\$'000
Investment management fee paid/payable to CFIIIM	(i)	1,368	918
Legal advisory fees paid/payable to Michael Li & Co	(ii)	–	342

Notes:

- (i) An investment management agreement (the "Investment Management Agreement") was entered into between the Company and an associate, CFIIIM on 25 April 2014 to renew the appointment of CFIIIM as the investment manager of the Company for a further period of three years effective from 29 April 2014 to 28 April 2017. Pursuant to the Investment Management Agreement, CFIIIM is entitled to a management fee which is receivable monthly in arrears at the rate of 0.75% per annum of the aggregate market value of the portfolio managed by CFIIIM on the last business day of each calendar month.

The Investment Management Agreement expired on 28 April 2017 and a new investment management agreement (the "New Investment Management Agreement") was entered into accordingly on 26 April 2017 to renew the appointment of CFIIIM as the investment manager of the Company for a further period of three years effective from 29 April 2017 to 28 April 2020. Pursuant to the New Investment Management Agreement, CFIIIM is entitled to a management fee which is receivable monthly in arrears at the rate of 0.75% per annum of the aggregate market value of the portfolio managed by CFIIIM on the last business day of each calendar month.

- (ii) Michael Li & Co, a company controlled by the company secretary of the Company, Mr. Li Chi Chung, provided various legal advisory services to the Group.

At 30 June 2017, the balance due to Michael Li & Co of HK\$73,000 was unsecured, interest-free and repayable on demand. It was fully settled during the period.

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 23. RELATED PARTY TRANSACTIONS (Continued)

### (b) Compensation of key management personnel of the Group

	Unaudited	
	Six months ended 31 December	
	2017 HK\$'000	2016 HK\$'000
Salaries, allowances and benefits in kind	5,516	9,705
Pension scheme contributions	54	47
	<u>5,570</u>	<u>9,752</u>

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<b>Assets measured at fair value</b>				
<i>As at 31 December 2017 (unaudited)</i>				
Available-for-sale financial assets:				
– Listed securities	110,040	–	–	110,040
– Unlisted investments	–	21,356	52,884	74,240
Financial assets at FVTPL				
– Listed securities	442,306	–	–	442,306
– Derivative financial instrument	–	4,572	–	4,572
– Unlisted equity investments	–	–	183,219	183,219
– Unlisted bond investments, secured	–	–	468,979	468,979
	<u>552,346</u>	<u>25,928</u>	<u>705,082</u>	<u>1,283,356</u>
<i>As at 30 June 2017 (audited)</i>				
Available-for-sale financial assets:				
– Listed securities	159,820	–	–	159,820
– Unlisted investments	–	19,457	63,232	82,689
Financial assets at FVTPL				
– Listed securities	286,037	–	–	286,037
– Derivative financial instrument	–	14,717	–	14,717
– Unlisted equity investments	–	–	207,310	207,310
– Unlisted bond investments, secured	–	–	447,492	447,492
	<u>445,857</u>	<u>34,174</u>	<u>718,034</u>	<u>1,198,065</u>



# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

During the six months ended 31 December 2017 and the year ended 30 June 2017, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets and financial liabilities.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, financial assets included in prepayments, deposits and other receivables; and financial liabilities included in other payables and accruals, due to a related company and due to an associate, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the interest bearing loans approximate their carrying amounts.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2017 and 30 June 2017:

	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
<u>Available-for-sale financial assets in unlisted investments</u>				
<i>Micro-loan service</i>	Market comparable companies	Price to book ratio ("PB ratio")	31 December 2017: 0.5930 to 0.9485	The fair values of companies are determined with reference to multiples of comparable listed companies, using the average of the PB ratios of comparables. The fair value measurement is positively correlated to the PB ratios. Had the highest PB ratio among the comparables been used as at 31 December 2017, the Group's OCI would have increased by HK\$63,000 (30 June 2017: HK\$54,558,000). Had the lowest PB ratio among the comparables been used as at 31 December 2017, the Group's OCI would have decreased by HK\$112,000 (30 June 2017: HK\$27,429,000).
			30 June 2017: 0.3913 to 2.3136	
		Lack of marketability discount ("LOMD")	31 December 2017: 30.00%	The fair values of companies are also determined with reference to LOMD. The fair value measurement is positively correlated to the LOMD. Had the LOMD decreased by 5% as at 31 December 2017, the Group's OCI would have increased by HK\$29,000 (30 June 2017: HK\$3,284,000). Had the LOMD increased by 5% as at 31 December 2017, the Group's OCI would have decreased by HK\$29,000 (30 June 2017: HK\$3,284,000).
			30 June 2017: 30.00%	

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2017 and 30 June 2017: (Continued)

	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
<i>Others</i>	Market comparable companies	PB ratio	31 December 2017: 0.5930 to 0.9485	The fair values of companies are determined with reference to multiples of comparable listed companies, using the average of the PB ratios of comparables. The fair value measurement is positively correlated to the PB ratios. Had the highest PB ratio among the comparables been used as at 31 December 2017, the Group's OCI would have increased by HK\$4,974,000 (30 June 2017: HK\$52,137,000). Had the lowest PB ratio among the comparables been used as at 31 December 2017, the Group's OCI would have decreased by HK\$8,791,000 (30 June 2017: HK\$26,212,000).
			30 June 2017: 0.3913 to 2.3136	
		LOMD	31 December 2017: 30.00%  30 June 2017: 30.00%	The fair values of companies are also determined with reference to LOMD. The fair value measurement is positively correlated to the LOMD. Had the LOMD decreased by 5% as at 31 December 2017, the Group's OCI would have increased by HK\$2,317,000 (30 June 2017: HK\$3,059,000). Had the LOMD increased by 5% as at 31 December 2017, the Group's OCI would have decreased by HK\$2,317,000 (30 June 2017: HK\$3,059,000).
<u>Financial assets at FVTPL in unlisted investments</u>				
<i>Micro-loan service</i>	Market comparable companies	PB ratio	31 December 2017: 0.5930 to 0.9485	The fair values of companies are determined with reference to multiples of comparable listed companies, using the average of the PB ratios of comparables. The fair value measurement is positively correlated to the PB ratios. Had the highest PB ratio among the comparables been used as at 31 December 2017, the Group's profit or loss would have increased by HK\$23,945,000 (30 June 2017: HK\$246,526,000). Had the lowest PB ratio among the comparables been used as at 31 December 2017, the Group's profit or loss would have decreased by HK\$42,319,000 (30 June 2017: HK\$123,940,000).
			30 June 2017: 0.3913 to 2.3136	
		LOMD	31 December 2017: 30.00%  30 June 2017: 30.00%	The fair values of companies are also determined with reference to LOMD. The fair value measurement is positively correlated to the LOMD. Had the LOMD decreased by 5% as at 31 December 2017, the Group's profit or loss would have increased by HK\$10,981,000 (30 June 2017: HK\$14,239,000). Had the LOMD increased by 5% as at 31 December 2017, the Group's profit or loss would have decreased by HK\$10,981,000 (30 June 2017: HK\$14,239,000).

# Notes to Interim Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2017

## 24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2017 and 30 June 2017: (Continued)

	Valuation technique	Significant unobservable inputs	Range/value	Sensitivity of fair value to the input
<i>Others</i>	Market comparable companies	PB ratio	31 December 2017: 0.5930 to 0.9485  30 June 2017: 0.3913 to 2.3136	The fair values of companies are determined with reference to multiples of comparable listed companies, using the average of the PB ratios of comparables. The fair value measurement is positively correlated to the PB ratios. Had the highest PB ratio among the comparables been used as at 31 December 2017, the Group's profit or loss would have increased by HK\$969,000 (30 June 2017: HK\$16,496,000). Had the lowest PB ratio among the comparables been used as at 31 December 2017, the Group's profit or loss would have decreased by HK\$1,712,000 (30 June 2017: HK\$12,919,000).
		LOMD	31 December 2017: 30.00%  30 June 2017: 30.00%	The fair values of companies are also determined with reference to LOMD. The fair value measurement is positively correlated to the LOMD. Had the LOMD decreased by 5% as at 31 December 2017, the Group's profit or loss would have increased by HK\$442,000 (30 June 2017: HK\$1,948,000). Had the LOMD increased by 5% as at 31 December 2017, the Group's profit or loss would have decreased by HK\$442,000 (30 June 2017: HK\$4,209,000).
<u>Unlisted bond investments</u>				
<i>Hollys</i>	Hull-White-One-Factor interest rate model	Credit spread	31 December 2017: 8.26%  30 June 2017: 9.17%	The fair values of companies are determined with reference to Hull-White-One Factor interest rate model, using the credit spread for valuation. The fair value measurement is positively correlated to the credit spread. Had the credit spread decreased by 5% as at 31 December 2017, the Group's profit or loss would have increased by HK\$2,024,000 (30 June 2017: HK\$4,255,000). Had the credit spread increased by 5% as at 31 December 2017, the Group's profit or loss would have decreased by HK\$14,015,000 (30 June 2017: HK\$17,159,000).
<i>Pure Unity and Talent Trend</i>	Monte Carlo simulation	Volatility	31 December 2017: 47.48%  30 June 2017: 76.06%	The fair values of companies are determined with reference to Monte Carlo simulation, using the volatility for valuation. Had the volatility decreased by 5% as at 31 December 2017, the Group's profit or loss would have increased by HK\$6,626,000 (30 June 2017: HK\$15,285,000). Had the volatility increased by 5% as at 31 December 2017, the Group's profit or loss would have decreased by HK\$4,142,000 (30 June 2017: HK\$6,629,000).

**24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)**

The movements in fair value measurements within Level 3 during the period were as follows:

<b>Available-for-sale financial assets (unlisted investments):</b>	<i>HK\$'000</i>
At 1 July 2016 (audited)	97,318
Total losses recognised in profit or loss	(23,628)
Reclassification from OCI to profit or loss	23,628
Total losses recognised in OCI	(34,086)
	<hr/>
At 30 June 2017 and 1 July 2017 (audited)	63,232
Total losses recognised in OCI	(10,348)
	<hr/>
At 31 December 2017 (unaudited)	52,884
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<b>Financial assets at FVTPL (unlisted investments):</b>	<i>HK\$'000</i>
At 1 July 2016 (audited)	276,418
Total losses recognised in profit or loss	(134,715)
Purchases	560,000
Disposals	(46,901)
	<hr/>
At 30 June 2017 and 1 July 2017 (audited)	654,802
Total losses recognised in profit or loss	(2,604)
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At 31 December 2017 (unaudited)	652,198
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The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted available-for-sale equity investments and unlisted equity investments designated as at FVTPL have been estimated using a valuation technique with reference to multiples of comparable listed companies, prices of recent transactions or net asset value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in OCI, are reasonable, and that they were the most appropriate values at the end of the reporting period.

## 25. EVENTS AFTER THE REPORTING PERIOD

- (1) On 14 February 2018 (after trading hours of the Stock Exchange), Best Joy Asia Investment Limited, a wholly-owned subsidiary of the Company (the "Purchaser"), entered into a memorandum of agreement ("MOA") with the vendor (the "Vendor"), pursuant to which the Vendor intends to sell, and the Purchaser intends to acquire the certain equity interest (the "Sale Interest") in a company which, together with its subsidiaries (the "Target Group"), is engaged in transportation and logistics sector (the "Possible Acquisition"). As at the date of the MOA, the Vendor is the legal and beneficial owner of the Sale Interest, each of which and its ultimate beneficial owner(s) is an independent third party not connected to the Company and its connected persons. The Purchaser will commence the due diligence of the Target Group as soon as practicable after the execution of the MOA. Other than the provisions relating to confidentiality and non-disclosure, assignment, counterparts, governing law and contract of third parties rights, the MOA is non-legally binding in respect of the Possible Acquisition.
- (2) On 25 February 2018, the Company and the potential investor (the "Potential Investor") entered into the non-legally binding letter of intent (the "LOI"), pursuant to which the Potential Investor (or the fund which shall be managed by the Potential Investor or its designated party (the "Fund")) intends to subscribe for and the Company intends to allot and issue the subscription shares (the "Subscription Shares"), less than 30% of the issued share capital of the Company as enlarged by the Subscription Shares, at a consideration of approximately US\$150,000,000 (equivalent to approximately HK\$1,170,000,000) (the "Possible Subscription").

The Subscription Shares will be issued pursuant to the specific mandate to be sought from the Shareholders at the special general meeting. Proceeds from the Possible Subscription shall be applied by the Company towards the possible acquisition of certain equity interest in company(ies) which conduct(s) business in the transportation and logistics sector having become unconditional.

The Potential Investor (or the Fund or its designated party) shall irrevocably undertake to the Company that from the date of issue of the Subscription Shares until the fifth anniversary thereof, it shall not dispose of any of the Subscription Shares in the secondary market (which, for the avoidance of doubt, shall not include disposals through block trade or placing arrangements), to support the continuous development of the Group.

## 26. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 27 February 2018.

## BUSINESS REVIEW

China Financial International Investments Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are principally engaged in the investments in the listed and unlisted companies established and/or doing business in Hong Kong and the People’s Republic of China (the “PRC”).

The Group recorded a profit of HK\$31,407,000 for the six months ended 31 December 2017 (the “Period”), as compared to a loss of HK\$73,351,000 for the same period last year. The gain was mainly attributable to the following reasons:

- (i) realised and unrealised gain of approximately HK\$36,443,000 on listed investments at fair value through profit or loss;
- (ii) dividend income from listed investments of HK\$6,565,000; and
- (iii) the interest income of HK\$25,519,000 from the unlisted investments.

## LISTED INVESTMENT REVIEW

During the Period, the Group recorded the total loss of HK\$13,337,000 on listed securities business as compared to a loss of HK\$97,608,000 for the same period last year. Dividend income of HK\$6,565,000 from listed investments was recorded for the Period (31 December 2016: HK\$1,723,000).

As at 31 December 2017, the market value of the listed securities amounted to HK\$552,346,000 (30 June 2017: HK\$445,857,000). All the listed securities were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

### Listed Securities Portfolio

Name of listed securities	Nature of business	Number of shares held	Group's effective interest	Market value at 31 December 2017 HK\$'000	Dividend received during the Period HK\$'000	% to the Group's net assets as at 31 December 2017
Hidili Industry International Development Limited	Coal mining and manufacture and sale of clean coal	12,369,000	0.60%	2,857	–	0.18%
China City Infrastructure Group Limited (“China City Infrastructure”)	Infrastructure businesses, property investment, property development, hotel business, property management and natural gas in the PRC	558,735,429	18.13%	234,669	–	15.01%
Sino-Ocean Group Holding Limited	Investment holding, property development and property investment in the PRC	34,657,000	0.46%	186,801	6,050	11.95%
Wynn Macau, Limited	Hotel and casino resorts in Macau	2,288,000	0.04%	56,628	471	3.62%
Geely Automobile Holdings Limited	Research and development, manufacturing and trading of automobiles, automobile parts and related automobile components, and investment holding	1,412,000	0.02%	38,265	–	2.45%
Sino Biopharmaceutical Limited	Research, development, production and sale of a series of modernised Chinese medicines and chemical medicines for the treatment of hepatitis and cardio-cerebral diseases	2,390,000	0.03%	33,126	44	2.12%
				552,346	6,565	

## UNLISTED INVESTMENT REVIEW

For the six months ended 31 December 2017, the total loss on the Group's unlisted investment portfolio recorded as HK\$21,198,000 (31 December 2016: HK\$6,220,000). The loss was mainly attributable to the decrease in fair value of small loan companies and a guarantee service company. No dividend income was recorded for both periods ended 31 December 2017 and 2016, the interest income of HK\$25,519,000 from the unlisted investments was recorded (31 December 2016: HK\$10,589,000).

The fair value of the Group's unlisted investments decreased by 2.82% to HK\$731,010,000 (30 June 2017: HK\$752,208,000).

### Unlisted Equity Investments and Unlisted Convertible Bond Investment

The Group's unlisted equity investments are mainly concentrated on small loan companies in the PRC. Small loan industry in the PRC is still facing worries of the decreasing interest rate of private lending and the increase of operation risks, resulting in certain small loan companies continue to generate overdue loans and incur losses. In view of the slipping performance of the small loan industry, the Group has decided identify potential investors to dispose of part of small loan business. The Group shall from time to time monitor the performance and the progress of downscaling of this segment.

#### Unlisted equity investment and unlisted convertible bond investment portfolio

Name of company	Notes	Location	Group's effective interest	Business nature	Fair value at		% to the Group's net assets as at	
					Cost	31 December 2017		
					HK\$'000	HK\$'000	31 December 2017	
<b>Micro-loan service</b>								
1	Jingdezhen CFI Guosen Microfinance Co., Ltd. ("Jingdezhen CFI Guosen")	(1)	Jingdezhen, Jiangxi Province	40%	Provision of small loan and financial consultation services	188,690	406	0.03%
2	TianJin XEDA Microfinance Co., Ltd. ("TianJin XEDA")	(2)	Tianjin	30%	Provision of small loan and financial consultation services	72,450	20,000	1.28%
3	Tianjin Rongshun Microfinance Limited		Tianjin	30%	Provision of small loan and financial consultation services	36,606	2,777	0.18%
4	TIIC RongShun Micro-Loan Company Limited		Tianjin	10%	Provision of small loan and financial consultation services	12,189	6,544	0.42%
5	Harbin Zhongjinguoxin Microfinance Co., Ltd. ("Harbin Zhongjinguoxin")	(3)	Harbin, Heilongjiang Province	30%	Provision of small loan and financial consultation services	36,693	–	0%
6	Tianjin Binlian Microfinance Limited		Tianjin	3.3%	Provision of small loan and financial consultation services	12,271	3,799	0.24%
7	Ezhou Zhongjinguotou Microfinance Limited ("Ezhou Zhongjinguotou")	(4)	Ezhou, Hubei Province	50%	Provision of small loan and financial consultation services	185,000	100,762	6.44%
8	Ziyang Yanjiang CFI GuoSen Microfinance Co., Ltd.		Ziyang, Sichuan Province	30%	Provision of small loan and financial consultation services	73,730	203	0.01%
9	Nanjing Jiangning MingYangRongTong Agricultural Microfinance Co., Ltd.		Nanjing, Jiangsu Province	30%	Provision of small loan and financial consultation service	36,673	13,070	0.84%

**UNLISTED INVESTMENT REVIEW (Continued)**
**Unlisted Equity Investments and Unlisted Convertible Bond Investment (Continued)**

Unlisted equity investment and unlisted convertible bond investment portfolio (Continued)

Name of company	Notes	Location	Group's effective interest	Business nature	Cost HK\$'000	Fair value at 31 December 2017 HK\$'000	% to the Group's net assets as at 31 December 2017
10	(5)	Tianjin	30%	Provision of small loan and financial consultation services	36,741	6,700	0.43%
11		Zhenjiang, Jiangsu Province	30%	Provision of small loan and financial consultation service	56,874	26,774	1.71%
				Sub-total:	<u>747,917</u>	<u>181,035</u>	
<b>Guarantee Service</b>							
12		Nanchang, Jiangxi Province	2.98%	Provision of financing guarantees to small and medium enterprises	43,150	32,478	2.08%
<b>Investment and management consultation service</b>							
13		Shenzhen, Guangdong Province	30%	Provision of consultation services on project investments	18,350	–	0%
14		Xi'an, Shaanxi Province	30%	Provision of financial management services	18,724	16,400	1.05%
15		Wuhan, Hubei Province	30%	Provision of financial management services	19,030	6,190	0.40%
				Sub-total:	<u>56,104</u>	<u>22,590</u>	
<b>Real estate and natural gas</b>							
16		Cayman Islands	N/A	Infrastructure businesses, property investment, property development, hotel business, property management and natural gas in the PRC	23,000	25,928	1.66%
				Total:	<u><u>870,171</u></u>	<u><u>262,031</u></u>	



## UNLISTED INVESTMENT REVIEW (Continued)

### Unlisted Equity Investments and Unlisted Convertible Bond Investment (Continued)

#### *Unlisted equity investment and unlisted convertible bond investment portfolio (Continued)*

*Notes:*

- (1) On 1 June 2016, the Group's equity interests in Jingdezhen CFI Guosen changed from 30% to 40% due to previous shareholders of Jingdezhen CFI Guosen withdrew their capital commitment in the sum of RMB125,000,000 in Jingdezhen CFI Guosen and the registered capital of Jingdezhen CFI Guosen was reduced from RMB500,000,000 to RMB375,000,000. Due to the reduction in registered capital, the shareholding of the Company in Jingdezhen CFI Guosen inevitably and automatically increased from 30% to 40%. In order to comply with Rule 21.04(3)(a) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Company voluntarily relinquished the voting rights beyond 30%.

Given that the reduction in the registered capital of Jingdezhen CFI Guosen is beyond the control of the Company, the Company is in the passive role in respect of its increase in the shareholdings in Jingdezhen CFI Guosen. The relinquishment of the voting rights is an interim arrangement and the Company still possesses other rights such as the rights to receive dividends. The Directors consider that the relinquishment of the voting rights arrangement is in the interest of the Company and its shareholders (the "Shareholders") as a whole.

The Company is now actively seeking potential buyers to dispose of the additional non-voting shareholdings in Jingdezhen CFI Guosen or to restore the shareholdings in Jingdezhen CFI Guosen to 30%.

- (2) On 27 September 2017, the Company entered into an agreement with independent third parties to dispose of 30% equity interest in TianJin XEDA for a cash consideration of HK\$45,557,000. The Company has received a non-refundable deposit of HK\$20,000,000 which was included in receipt in advance under current liabilities as at 31 December 2017. As at the date of this interim report, this disposal transaction has not been completed. The directors of the Company (the "Directors") expect this disposal transaction will be completed within one year.
- (3) On 22 December 2016, the Company entered into a disposal agreement to dispose of all of its equity interest in Harbin Zhongjinguoxin to an independent third party for a cash consideration of RMB25,000,000. A deposit of HK\$2,500,000 has been received which was included in receipt in advance under current liabilities as at 31 December 2017 and 30 June 2017. As at the date of this interim report, this disposal transaction has not been completed. The Directors expect this disposal transaction will be completed within one year.
- (4) On 18 December 2016, the shareholders' resolution of Ezhou Zhongjinguotou approved some existing shareholders of Ezhou Zhongjinguotou to withdraw their capital commitment in the sum of RMB200,000,000 in Ezhou Zhongjinguotou so that the registered capital of Ezhou Zhongjinguotou was reduced from RMB500,000,000 to RMB300,000,000. Due to the reduction in the registered capital, the shareholding of the Company in Ezhou Zhongjinguotou inevitably increased from 30% to 50%. In order to comply with Rule 21.04(3)(a) of the Listing Rules, the Company voluntarily relinquished the voting rights beyond 30%.

Given that the reduction in the registered capital of Ezhou Zhongjinguotou is beyond the control of the Company, the Company is in the passive role in respect of its increase in the shareholdings in Ezhou Zhongjinguotou. The relinquishment of the voting rights is an interim arrangement and the Company still possesses other rights such as the rights to receive dividends. The Directors consider that the relinquishment of the voting rights arrangement is in the interest of the Company and the Shareholders as a whole.

The Company is now actively seeking potential buyers to dispose of the additional non-voting shareholdings in Ezhou Zhongjinguotou or to restore the shareholdings in Ezhou Zhongjinguotou to 30%.

- (5) On 27 September 2017, the Company entered into an agreement with independent third parties to dispose of 30% equity interest in Tianjin Rongyang for a cash consideration of HK\$17,644,000. The Company has received a non-refundable deposit of RMB7,000,000 (equivalent to approximately HK\$8,217,000) which was included in receipt in advance under current liabilities as at 31 December 2017. As at the date of this interim report, this disposal transaction has not been completed. The Directors expect this disposal transaction will be completed within one year.

## UNLISTED INVESTMENT REVIEW (Continued)

### Unlisted Bond Investments

The Group invested three unlisted bonds for the purpose of engaging in the medium term investments and earning the stable return. The details of the bond investments are as follows:

#### Unlisted bond portfolio

Name of company	Notes	Business nature	Fair value at		% to the Group's net assets as at 31 December 2017
			Cost HK\$'000	31 December 2017 HK\$'000	
Hollys (China) Limited ("Hollys")	(1)	Engaged in coffee shop franchise in the PRC	200,000	197,925	12.66%
Pure Unity Investments Limited ("Pure Unity")	(2)	Investment holding	190,000	161,181	10.31%
Talent Trend Global Limited ("Talent Trend")	(3)	Investment holding	160,000	109,873	7.03%
			550,000	468,979	

#### Notes:

- (1) On 8 September 2016, Joy State Holdings Limited, a wholly-owned subsidiary of the Company, entered into a subscription agreement to subscribe a three-year bond issued by Hollys. The nominal value of the bond is HK\$200,000,000. The bond carries interest at a rate of 9% per annum, which is receivable by the Group semi-annually in arrears.

As at 31 December 2017, Mr. Xiao Yan is the sole shareholder and the sole director of Hollys. The bond is secured by 100% unlisted equity interests in Hollys pledged to the Group by Mr. Xiao Yan.

- (2) On 21 November 2016, China Financial International Investments (Nanchang) Limited, a wholly-owned subsidiary of the Company, entered into a subscription agreement to subscribe a three-year bond issued by Pure Unity. The nominal value of the bond is HK\$200,000,000. The bond carries interest at a rate of 9% per annum, which is receivable by the Group semi-annually in arrears. Pure Unity redeemed HK\$10,000,000 during the year ended 30 June 2017, accordingly, the nominal value of the bond is reduced to HK\$190,000,000 as at 31 December 2017 and 30 June 2017.

As at 31 December 2017, Mr. Zhu Mingliang is the sole shareholder and the sole director of Pure Unity. The bond is secured by (1) 100% unlisted equity interests in Pure Unity pledged to the Group by Mr. Zhu Mingliang; (2) 500,000,000 shares of the Company, with a market value of HK\$116,000,000 (30 June 2017: HK\$150,000,000), held by Rightfirst Holdings Limited ("Rightfirst"), which is beneficially owned by Mr. Du Lin Dong, the executive director of the Company; and (3) a property in the PRC with market value of HK\$67,151,000 (30 June 2017: HK\$67,200,000).

- (3) On 21 November 2016, China Financial International Investments (Henan) Limited, a wholly-owned subsidiary of the Company, entered into a subscription agreement to subscribe a three-year bond issued by Talent Trend. The nominal value of the bond is HK\$160,000,000. The bond carries interest at a rate of 9% per annum, which is receivable by the Group semi-annually in arrears.

As at 31 December 2017, Mr. Huang Xianli is the sole shareholder and the sole director of Talent Trend. The bond is secured by (1) 100% unlisted equity interests in Talent Trend pledged to the Group by Mr. Huang Xianli; and (2) 620,000,000 shares of the Company, with a market value of HK\$143,840,000 (30 June 2017: HK\$186,000,000), held by Ruixin Taifu Investment Group Co., Limited.

## PROSPECT

Looking forward, the board (the “Board”) of the Directors will continue to evaluate the overall performance of the Group and carefully assess all potential investments which ensure that the investment risk is under manageable level and at the same time maximize the Group’s returns and offer stable returns for the Shareholders.

## MAJOR ACQUISITIONS AND DISPOSALS

The Group had no major acquisitions and disposals of subsidiary or associate during the Period.

## LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 31 December 2017, the Group had cash and cash equivalents of HK\$320,735,000 (30 June 2017: HK\$416,047,000). Majority of the cash and bank balances denominated in Hong Kong dollars, United States dollars and Renminbi are placed with banks in Hong Kong and the PRC. The current ratio (calculated as the current assets to the current liabilities) of the Group as at 31 December 2017 was approximately 17.04 times (30 June 2017: 25.65 times), gearing ratio (total liabilities to total assets) of the Group as at 31 December 2017 was approximately 6.55% (30 June 2017: 5.57%).

The Group did not have any bank borrowing as at 31 December 2017 (30 June 2017: Nil). The capital commitments of the Group are set out in note 21 to the interim condensed consolidated financial statements.

## INTERIM DIVIDEND

The Board of the Directors does not recommend the payment of interim dividend for the Period (2016: Nil).

## CHARGES ON THE GROUP’S ASSETS

As at 31 December 2017, there were no charges on the Group’s assets.

## CONTINGENT LIABILITIES

Contingent liabilities of the Group are set out in note 17 to the financial statements.

## CAPITAL STRUCTURE

As at 31 December 2017, the Shareholders’ equity and total number of shares in issue for the Company stood at HK\$1,563,578,000 (30 June 2017: HK\$1,578,987,000) and approximately 10,971,634,000 (30 June 2017: 10,971,634,000), respectively.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Hong Kong dollars and Renminbi are the main currencies of the Group to carry out its business transactions. During the Period, transactions in Renminbi were not significant, the Board considers that the Group’s exposure to fluctuation in exchange rates was insignificant.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, the Group had 17 employees (including Directors). The total staff cost (including Directors’ remuneration) of the Group for the Period was HK\$7,311,000 (31 December 2016: HK\$12,642,000). The remuneration package of the employees is determined by various factors including the employees’ experience and performance, the market condition, industry practice and applicable employment law.

## DISCLOSURE ON CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in details of Directors' information for the Period are set out below:

Name	Details of Changes
Dr. Cheung Wai Bun Charles	appointed as an independent non-executive director of Fullsun International Holdings Group Co., Limited (formerly known as U-Right International Holdings Limited) (stock code: 0627) with effect from 14 December 2017; and  resigned as an executive director and chairman of the board of Roma Group Limited (stock code: 8072) with effect from 18 December 2017

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2017, the interests and short positions of the Directors and the chief executive of the Company and their respective associates in the ordinary shares, share options, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Listing Rules, were as follows:

### Long positions in ordinary shares of the Company

Name of Director	Capacity	Number of issued ordinary shares held			Total interests	Approximate percentage of shareholding in the Company
		Personal interests	Interests of spouse	Corporate interests		
Du Lin Dong ( <i>note</i> )	Beneficial owner, interests of spouse and interests of controlled corporation	185,914,830	34,400,000	500,000,000	720,314,830	6.57%
Ding Xiaobin	Beneficial owner	1,300,000	–	–	1,300,000	0.01%
Zeng Xianggao	Beneficial owner	1,000,000	–	–	1,000,000	0.01%

*Note:* Mr. Du Lin Dong is personally holding 185,914,830 ordinary shares. The 34,400,000 ordinary shares were held by Ms. Liu Zan, who is the spouse of Mr. Du Lin Dong, and the 500,000,000 ordinary shares were held by Rightfirst, a company wholly owned by Mr. Du Lin Dong. Under the SFO, Mr. Du Lin Dong is deemed to be interested in the ordinary shares in which Ms. Liu Zan and Rightfirst are interested.

Save as disclosed above, as at 31 December 2017, none of the Directors nor the chief executive of the Company and their respective associates had or was deemed to have any interests and short positions in the ordinary shares, share options, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

The register of substantial Shareholders maintained under Section 336 of the SFO shows that as at 31 December 2017, the Company had been notified of the following substantial Shareholders' interests or short positions, being 5% or more of the Company's ordinary shares and underlying shares:

### Long positions in the ordinary shares of the Company

Name of Shareholder	Capacity	Notes	Number of issued ordinary shares held				Approximately percentage of shareholding in the Company
			Personal interests	Interests of spouse	Corporate interests	Total interests	
Du Lin Dong	Beneficial owner, interests of spouse and interests of controlled corporation	(1) & (2)	185,914,830	34,400,000	500,000,000	720,314,830	6.57%
Rightfirst	Beneficial owner	(1)	500,000,000	–	–	500,000,000	4.56%
Liu Zan	Beneficial owner and interests of spouse	(1) & (2)	34,400,000	685,914,830	–	720,314,830	6.57%
Excel Gainer International Limited	Beneficial owner	(3)	1,865,130,000	–	–	1,865,130,000	16.99%
Treasure Vanguard Investments Limited	Interests of controlled corporation	(3)	–	–	1,865,130,000	1,865,130,000	16.99%
Chen Meishu	Interests of controlled corporation	(3)	–	–	1,865,130,000	1,865,130,000	16.99%
Hong Rui Holdings Limited	Beneficial owner	(4)	1,100,000,000	–	–	1,100,000,000	10.03%
Lan Heng	Interests of controlled corporation	(4)	–	–	1,100,000,000	1,100,000,000	10.03%
Ruixin Taifu Investment Group Co., Ltd	Beneficial owner	(5)	825,000,000	–	–	825,000,000	7.52%
Xu Rongta	Interests of controlled corporation	(5)	–	–	825,000,000	825,000,000	7.52%
Century Golden Resources Investment Co., Ltd	Beneficial owner	(6)	1,000,000,000	–	–	1,000,000,000	9.11%
Huang Rulun	Interests of controlled corporation	(6)	–	–	1,000,000,000	1,000,000,000	9.11%

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)**

### **Long positions in the ordinary shares of the Company (Continued)**

*Notes:*

- (1) The entire issued share capital of Rightfirst is beneficially owned by Mr. Du Lin Dong, and Mr. Du Lin Dong is therefore deemed to be interested in the ordinary shares held by Rightfirst.
- (2) Ms. Liu Zan is the spouse of Mr. Du Lin Dong and she is deemed to be interested in the ordinary shares held by Mr. Du Lin Dong and vice versa.
- (3) The entire issued share capital of Excel Gainer International Limited is owned by Treasure Vanguard Investments Limited, while the entire issued share capital of Treasure Vanguard Investments Limited is beneficially owned by Miss Chen Meishu, and Miss Chen Meishu is therefore deemed to be interested in the ordinary shares held by Excel Gainer International Limited.
- (4) The entire issued share capital of Hong Rui Holdings Limited is beneficially owned by Mr. Lan Heng, and Mr. Lan Heng is therefore deemed to be interested in the ordinary shares held by Hong Rui Holdings Limited.
- (5) The entire issued share capital of Ruixin Taifu Investment Group Co., Ltd is beneficially owned by Mr. Xu Rongta, and Mr. Xu Rongta is therefore deemed to be interested in the ordinary shares held by Ruixin Taifu Investment Group Co., Ltd.
- (6) 60% of the issued share capital of Century Golden Resources Investment Co., Limited is owned by Mr. Huang Rulun, and Mr. Huang Rulun is therefore deemed to be interested in the ordinary shares held by Century Golden Resources Investment Co., Limited.

Save as disclosed above, as at 31 December 2017, the Company has not been notified by any other persons, not being a Director or chief executive of the Company, who has interests or short positions in the ordinary shares and underlying shares of the Company representing 5% or more of the Company's issued share capital.

### **SHARE OPTION SCHEME**

In light of the requirements of Chapter 17 of the Listing Rules, the Company adopted a share option scheme on 15 January 2008. At the annual general meeting of the Company on 15 December 2017, the shareholders approved to terminate the share option scheme adopted on 15 January 2008 and to adopt the new share option scheme of the Company (the "Scheme"). Under the Scheme, the Directors may grant options to those participants who, in the opinion of the Board, have contributed or may contribute to the development and growth of the Group and any entity in which the Group holds any equity interest. As at 31 December 2017, no any share options were granted, exercised, lapsed, forfeited or outstanding.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the Period was the Company or any of its subsidiaries or fellow subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **PURCHASES, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

## CORPORATE GOVERNANCE

The Board is responsible for ensuring high standards of corporate governance are maintained and for accounting to Shareholders. During the six months ended 31 December 2017, the Company complied with the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 of the Listing Rules except for the following deviations:

- (a) The code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The positions of both chairman and chief executive officer have been held by Mr. Du Lin Dong. Given the Group’s current stage of development, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. Mr. Du Lin Dong possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company’s strategies.
- (b) The code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meeting. Due to other important business engagement at the relevant time, Mr. Ding Xiaobin, Mr. Zeng Xianggao and Mr. Li Cailin was unable to attend the annual general meeting of the Company held on 15 December 2017.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry by the Company, all Directors have confirmed that they have fully complied with the Model Code throughout the Period.

## AUDIT COMMITTEE

The Audit Committee, comprising three independent non-executive Directors namely, Dr. Cheung Wai Bun Charles (*chairman of the audit committee*), Mr. Zeng Xianggao and Mr. Li Cailin, has approved the change of auditor of the Group, reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, risk management system, internal control systems and financial reporting matters including the review of the unaudited interim consolidated financial statements for the Period before recommending them to the Board for approval.

## REVIEW BY AUDITOR

The interim condensed consolidated financial statements of the Company for the Period have been reviewed by BDO Limited, the auditor of the Company, 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 Hong Kong Institute of Certified Public Accountants.

## APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the external professionals to provide their professional services to the Group throughout the financial period. I would like to thank my fellow Directors for their valuable contribution and the staff of the Company for their commitment and dedicated services throughout the Period. I would like to express our gratitude to our Shareholders and business partners for their support to the Group.

On behalf of the Board  
**China Financial International Investments Limited**  
**Du Lin Dong**  
*Chairman and Chief Executive Director*

Hong Kong, 27 February 2018