CHINA FINANCE INVESTMENT HOLDINGS LIMITED
中 國 金 控 投 資 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 875)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board (the "Board") of directors (the "Directors") of China Finance Investment Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2016 (the "Reporting Period"), along with the comparative figures and selected explanatory notes, which are prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	*3*	**38,281**	32,431
Cost of sales and services rendered		**(32,039)**	(40,210)
Gross profit/(loss)		**6,242**	(7,779)
Other income and gains	*4*	**3,995**	5,574
(Loss)/gain on change in fair value less costs to sell of biological assets		**(449)**	190
Selling and distribution expenses		**(6,267)**	(9,888)
Administrative expenses		**(22,361)**	(36,171)
Other operating expenses		**(254,002)**	(36,370)
Share of profit of an associate		**917**	–
Finance costs	*4*	**(5,274)**	(3,089)
Loss before taxation	*4*	**(277,199)**	(87,533)
Income tax expense		**–**	(20)
Loss from continuing operations		**(277,199)**	(87,553)
Discontinued operation			
Loss from discontinued operation, net of tax		**–**	(3,349)
Loss for the period		**(277,199)**	(90,902)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		**546**	(129)
Total comprehensive income for the period		**(276,653)**	(91,031)

	Notes	Six months ended 30 June **2016** ***HK$'000*** **(Unaudited)**	 2015 *HK$'000* (Unaudited)
Loss attributable to equity shareholders of the Company			
– from continuing operations		**(277,199)**	(87,553)
– from discontinued operation		**–**	(3,349)
		(277,199)	(90,902)
Total comprehensive income attributable to:			
Equity shareholders of the Company		**(276,653)**	(91,031)
Loss per share			
Basic (HK cents)	*5*		
– from continuing operations		**(4.47)**	(1.94)
– from discontinued operation		**–**	(0.07)
		(4.47)	(2.01)
Diluted (HK cents)	*5*		
– from continuing operations		**(4.47)**	(1.94)
– from discontinued operation		**–**	(0.07)
		(4.47)	(2.01)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	**At 30 June 2016 *HK$'000* (Unaudited)**	At 31 December 2015 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**72,374**	82,496
Goodwill		**–**	–
Intangible asset		**500**	–
Interest in an associate	*7*	**128,999**	110,841
Other non-current assets		**205**	–
		202,078	193,337
Current assets			
Inventories		**2,438**	1,073
Biological assets		**4,858**	1,174
Trade and other receivables	*8*	**63,416**	56,687
Loan receivables	*9*	**19,180**	9,056
Interest receivables	*10*	**305**	64
Other financial asset	*11*	**–**	215,489
Cash held on behalf of brokerage clients		**2,387**	–
Cash and cash equivalents		**34,393**	44,074
		126,977	327,617
Current liabilities			
Trade and other payables	*12*	**57,480**	44,005
Interest-bearing bank and other borrowings		**48,106**	49,235
Obligations under a finance lease		**205**	200
Tax payables		**76**	76
		105,867	93,516
Net current assets		**21,110**	234,101
Total assets less current liabilities		**223,188**	427,438

	Notes	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
Capital and reserves			
Share capital	*13*	**68,846**	57,449
Reserves		**123,005**	281,493
Total equity		**191,851**	338,942
Non-current liabilities			
Promissory notes	*14*	**20,345**	76,251
Government grants	*12*	**10,334**	11,483
Obligations under a finance lease		**658**	762
		31,337	88,496
		223,188	427,438

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the HKICPA as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). It was authorised for issue on 30 August 2016.

The unaudited condensed consolidated interim financial information has been prepared in accordance with the same accounting policies adopted in the 2015 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual consolidated financial statements. Details of any changes in accounting policies are set out in note 2.

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

This unaudited condensed consolidated interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual consolidated financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of consolidated financial statements prepared in accordance with HKFRSs.

The unaudited condensed consolidated interim financial information is unaudited, but has been reviewed by Elite Partners CPA 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.

2 CHANGES IN ACCOUNTING POLICIES

(a) The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Annual Improvements to HKFRSs 2012-2014 Cycle
- Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative

Annual Improvements to HKFRSs 2012-2014 Cycle

This cycle of annual improvements contains amendments to four standards. Among them, HKAS 34, "Interim Financial Reporting", has been amended to clarify that if an entity discloses the information required by the standard outside the condensed consolidated interim financial statements by a cross-reference to the information in another statements of the interim financial information, then users of the condensed consolidated interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group's interim financial information as the Group does not present the relevant required disclosures outside the condensed consolidated interim financial statements.

Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative

The amendments to HKAS 1 introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group's interim financial information.

(b) The HKICPA has issued a number of amendments and new standards which are not yet effective for the year ending 31 December 2016. These include the following which may be relevant to the Group:

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

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

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

3 REVENUE

The Group is principally engaged in cultivating, and trading of agricultural produce and financial business including but not limited to money lending and securities broking.

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

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Revenue from sale of agricultural produce	**35,220**	32,431
Revenue from money lending	**2,950**	–
Revenue from securities broking	**111**	–
	38,281	32,431

4 LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
(a) Finance costs		
– Imputed interest expenses on convertible bonds	**–**	760
– Imputed interest expenses on promissory notes	**3,174**	–
– Interest on bank loans wholly repayable within five years	**2,039**	2,284
– Interest on finance lease	**22**	–
– Interest on other loans	**39**	45
	5,274	3,089
(b) Other income and gains		
– Bank interest received	**(7)**	(5)
– Government grants	**(2,490)**	(3,986)
– Other interest income	**(398)**	(53)
– Rental income	**(535)**	(633)
– Reversal of impairment of trade receivables	**–**	(85)
– Sundry income	**(565)**	(812)
	(3,995)	(5,574)
(c) Other items		
– Bad debts written off	**–**	4
– Depreciation of property, plant and equipment	**6,046**	6,508
– Impairment of property, plant and equipment	**8,076**	35,743
– Loss/(gain) on change in fair value less costs to sell of biological assets	**449**	(190)
– Loss on disposal of property, plant and equipment	**–**	119
– Loss on early redemption of the promissory notes	**29,442**	–
– Loss on derecognition of other financial asset	**215,489**	–
– Written down of inventories	**–**	867

5 LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to the equity holders of the Company of HK$277,199,000 (2015: HK$90,902,000) and the weighted average number of 6,196,063,000 (2015: 4,520,200,000) ordinary shares in issue during the period.

The computation of diluted loss per share for the six months ended 30 June 2016 and 2015 does not assume the conversion of the Company's preference shares and convertible bonds, and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share. Therefore, the basic and diluted loss per share are the same.

From continuing operations

The calculation of basic loss per share is based on the Group's loss attributable to the equity holders of the Company of HK$277,199,000 (2015: HK$87,553,000) and the weighted average number of 6,196,063,000 (2015: 4,520,200,000) ordinary shares in issue during the period.

The computation of diluted loss per share for the six months ended 30 June 2016 and 2015 does not assume the conversion of the Company's preference shares and convertible bonds, and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share. Therefore, the basic and diluted loss per share are the same.

From discontinued operation

The calculation of basic loss per share is based on the Group's loss attributable to the equity holders of the Company of HK$Nil (2015: loss of HK$3,349,000) and the weighted average number of 6,196,063,000 (2015: 4,520,200,000) ordinary shares in issue during the period.

The computation of diluted loss per share for the six months ended 30 June 2016 and 2015 does not assume the conversion of the Company's preference shares and convertible bonds, and the exercise of the Company's share options since their assumed conversion and exercise would result in a change in loss per share. Therefore, the basic and diluted loss per share are the same.

6 DIVIDEND

No dividend was paid, declared or proposed during the period. The Directors do not recommend the payment of an interim dividend (2015: Nil).

7 INTEREST IN AN ASSOCIATE

	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
At 1 January	**110,841**	–
Cost of investment	**17,774**	110,057
Share of post-acquisition profit and other comprehensive income	**384**	784
	128,999	110,841

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

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

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

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

* *For identification purpose only*

8 TRADE AND OTHER RECEIVABLES

	Notes	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
Trade receivables arising from trading of agricultural produce		**8,823**	4,036
Impairment		**(729)**	(738)
Total trade receivables	*(a)*	**8,094**	3,298
Account receivables arising from dealing in securities			
– Cash clients		**177**	–
– Clearing houses		**3,927**	–
Total account receivables	*(b)*	**4,104**	–
Other receivables		**9,909**	10,235
Impairment		**(203)**	(206)
		9,706	10,029
Deposits and prepayments		**41,512**	43,360
		63,416	56,687

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

	At 30 June 2016 *HK$'000* (Unaudited)	At 31 December 2015 *HK$'000* (Audited)
Current	**7,186**	2,849
61 – 120 days	**601**	446
Over 120 days	**307**	3
	8,094	3,298

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

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

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

9 LOAN RECEIVABLES

	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
Carrying amount receivables based on scheduled repayment dates set out in the loan agreements		
Within one year	**15,781**	1,370
After one year which contain a repayment on demand clause (shown under current assets)	**3,399**	7,686
	19,180	9,056
Less: current portion	**(19,180)**	(9,056)
Non-current portion	**–**	–

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

10 INTEREST RECEIVABLES

	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
Interest receivables	**305**	64

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

11 OTHER FINANCIAL ASSET

On 30 June 2015, the Company entered into the subscription agreement with Shenzhen Qianhai Zhongjin Institute of International Education Limited* ("Zhongjin") pursuant to which Zhongjin has agreed to subscribe for the convertible bonds in the aggregate principal amount of HK$463 million upon written request from the Company at any time within the first anniversary of the date of the subscription agreement (the "Option"). The proposed convertible bonds are interest-free with maturity date falling on the third anniversary of the date of issue.

On 31 December 2015, the fair value of the option was HK$215,489,000. It is based on valuation performed by Access Partner Consultancy & Appraisals Limited, by using a Black-Scholes Merton Option Pricing model.

On 30 June 2016, the Company entered into a supplemental agreement with Zhongjin. According to the supplemental agreement, subject to the approval from the Company's shareholders at a special general meeting, the Company has the right to request Zhongjin to subscribe for the convertible bonds in aggregate principal amount of HK$463 million, bearing interest at 12% per annum payable annually in arrears with maturity date falling on the third anniversary of the date of issue, at any time and from time to time on or prior to 31 May 2017. The Company's contractual right and Zhongjin's contractual obligation in respect of subscription of convertible bonds would become valid provided that the Company has been granted the approval from shareholders. As at the Reporting Period, the Option cannot provide certain economic benefit inflow towards the Company, the Option shall be derecognised as a financial asset. The carrying amount of the Option of HK$215,489,000 is recognised as 'Loss on derecognition of other financial asset' in other operating expenses for the six months ended 30 June 2016.

* *For identification purpose only*

12 TRADE AND OTHER PAYABLES

	Notes	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
Trade payables arising from trading of agricultural produce	*(a)*	**22,655**	20,347
Account payables arising from dealing in securities			
– Cash clients		**3,306**	–
– Clearing houses		**2,960**	–
Total account payables	*(b)*	**6,266**	–
Accruals and other payables		**26,496**	21,512
Government grants		**12,397**	13,629
		67,814	55,488
Less: current portion		**(57,480)**	(44,005)
Non-current portion – government grants		**10,334**	11,483

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

	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
0 – 60 days	**8,540**	4,812
61 – 120 days	**2,420**	5,970
Over 120 days	**11,695**	9,565
	22,655	20,347

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

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of this business.

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

Account payables to clients also include those payables placed in trust accounts with authorised institutions of HK$ 2,387,000 (31 December 2015: HK$Nil).

13 SHARE CAPITAL

	Notes	At 30 June 2016 HK$'000 (Unaudited)	At 31 December 2015 HK$'000 (Audited)
Authorised:			
150,000,000,000 (31 December 2015:150,000,000,000) ordinary shares of HK$0.01 each		**1,500,000**	1,500,000
10,000,000,000 (31 December 2015: 10,000,000,000) preference shares at HK$0.01 each		**100,000**	100,000
Issued and fully paid:			
6,881,597,622 (31 December 2015: 5,741,900,654) ordinary shares of HK$0.01 each		**68,816**	57,419
3,030,000 (31 December 2015:3,030,000) preference shares of HK$0.01 each	*(a)*	**30**	30
		68,846	57,449

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

	Notes	**No. of shares**	**Amount** *HK$'000*
At 31 December 2015 and 1 January 2016 (audited)		5,741,900,654	57,419
Issue of ordinary shares under placement	*(b)*	719,696,968	7,197
Issue of ordinary shares under placement	*(c)*	420,000,000	4,200
At 30 June 2016 (unaudited)		6,881,597,622	68,816

Notes:

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

(b) On 31 March 2016, the Company entered into a subscription agreement with independent third parties, Mr. Zhu Yuanbiao and Ms. Wen Xiaojun (the "Subscribers") to allot and issue a total of 719,696,968 new ordinary shares of the Company (the "Shares") at the subscription price of HK$0.099 per share. The new Shares were issued under the general mandate granted to the Directors by the shareholders at the special general meeting held on 16 September 2015. The 719,696,968 new Shares of HK$0.01 each, was settled by setting off against 95% of the aggregate principal amount of promissory notes of value of HK$75,000,000. The 719,696,968 new Shares were allotted and issued to the Subscribers on 18 April 2016.

(c) On 1 April 2016, the Company entered into a share subscription agreement with an independent third party, Mr. Huang Yuankai (the "Subscriber") to allot and issue a total of 420,000,000 new ordinary shares of the Company (the "Shares") at the subscription price of HK$0.098 per share. The new Shares were issued under the general mandate granted to the Directors by the shareholders at the special general meeting held on 16 September 2015. The 420,000,000 new Shares of HK$0.01 each, credited as fully paid, were allotted and issued to the Subscriber on 22 April 2016 with the net proceeds of approximately HK$41.08 million principally for general working capital and future business development of the Group.

14 PROMISSORY NOTES

	HK$'000
Issue of promissory notes	100,000
Fair value change on issuance of promissory notes	(26,401)
Imputed interest expense	2,652
At 31 December 2015 (audited)	76,251
Loss on early redemption of promissory notes	29,442
Imputed interest expense	3,174
Settled off ordinary shares consideration	(88,522)
At 30 June 2016 (unaudited)	**20,345**

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

The PN is subsequently measured at amortised cost, using effective interest rate of approximately 14%. As at 31 December 2015, the carrying amount of the PN was approximately HK$76,251,000.

During the year ended 31 December 2015, imputed interest of approximately HK$2,652,000 was charged to profit or loss of the Group. In addition, no interest has been paid in connection to this PN.

During the Reporting Period, 95% of the aggregate principal amount of PN of value of HK$75,000,000 was settled by setting off against issue of 719,696,968 shares of ordinary shares at the subscription price of HK$0.099 per share. Payment of 5% of the aggregate principal amount of HK$75,000,000 of the PN and payment of interests accrued were agreed to be waived.

During the Reporting Period, imputed interest of approximately HK$3,174,000 was charged to profit or loss of the Group. In addition, no interest has been paid in connection to this PN.

As at 30 June 2016, the carrying amount of the remaining 25% PN was approximately HK$20,345,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

During the Reporting Period, the Group recorded a turnover of approximately HK$38.3 million, representing an increase of 18.0% compared with approximately HK$32.4 million for the six months ended 30 June 2015 (the "Corresponding Period"). The Group recorded a gross profit of approximately HK$6.2 million for the Reporting Period as compared to a gross loss of approximately HK$7.8 million of the Corresponding Period. The improvement of the profitability for the six months ended 30 June 2016 was mainly attributable to: (i) increase in the average selling price in the vegetable markets in Hong Kong and China; (ii) the restructuring of production scale of plantation segment; and (iii) high profit margin from money lending business.

A net loss of approximately HK$277.2 million was recorded for the six months ended 30 June 2016 as compared to a net loss of approximately HK$90.9 million for the Corresponding Period in 2015. Such loss for the six months ended 30 June 2016 was mainly attributable to (i) loss on derecognition of other financial asset of approximately HK$215.5 million; (ii) loss of approximately HK$29.4 million as a result of early redemption of the promissory notes; (iii) the recognition of impairment losses for property, plant and equipment of approximately HK$8.1 million; and (iv) the recognition of imputed interest expenses on promissory notes of approximately HK$3.2 million.

The adjusted LBITDA[1] for the six months ended 30 June 2016 was decreased by approximately HK$29.3 million to approximately HK$15.8 million when compared with the Corresponding Period in 2015. Such improvement for the six months ended 30 June 2016 was mainly attributable to: (i) improvement on gross profit of approximately HK$14.0 million; and (ii) decrease in selling, administrative and other operating expenses of approximately HK$17.1 million.

[1] *The adjusted LBITDA represents loss before net finance income and costs, income tax expense, depreciation and amortisation, impairment losses of property, plant and equipment, and inventories, loss on early redemption of promissory notes, and loss on derecognition of other financial asset.*

Agriculture Business

The agriculture business made a contribution to the Group's earnings with a turnover of approximately HK$35.2 million and a gross profit of approximately HK$4.3 million during the Reporting Period.

In light of the unsatisfactory results in previous years, the Group has been rationalising the agricultural business which has undergone a series of downsizing and restructuring exercises for its loss making and non-core operations in Hong Kong and PRC. In 2015, the Group disposed and ceased several loss making operations in Hong Kong and PRC with aims to more focus on promising businesses and minimise the operating losses.

During the period under review, the Group decided to temporarily cease the operation of Jiangxi Anyi Congyu Agricultural Development Company Limited ("Jiangxi Anyi") and Ningxia Cypress Jade Agricultural Development Company Limited ("Ningxia") which principally engaged in growing and selling vegetables in PRC, due to a number of factors including but not limited to the increasingly competitive operating environment, a squeeze on profit margins as a result of rising production costs and inclement weather. The Board considers that the cessation of the operation will enable the Group to better utilise resources to core and potential business. From 1 January 2016 onwards, the Group has leased out the farm land of Jiangxi Anyi to an independent third party with an aim to bringing a steady rental income and optimising the utilisation of resources of the Group.

As a result, the remaining production bases of the agricultural businesses were further improved. The overall revenue and gross profit increased by approximately HK$2.8 million and approximately HK$12.1 million respectively as compared to the Corresponding Period.

Meanwhile, the Group will continue to control the costs and focus on existing resources to further strengthen and grow the Group's businesses, both organically and through acquisitions when appropriate opportunities arise.

Money Lending Business

In September 2015, the Group began to provide money lending business in Hong Kong primarily targeting loan financing including but not limited to personal loans and mortgage loans upon obtaining the money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

During the Reporting Period, loan interest income and net profit under money lending business amounted to approximately HK$3.0 million and approximately HK$0.6 million respectively. Outstanding loan principal and interest receivables amounted to approximately HK$19.5 million. Interests of the loan receivables were charged at the rates ranging from 18.0% to 48.0% per annum. No significant default event occurred as of the date of this announcement and no provision for the impairment of loan receivables was considered necessary during the Reporting Period.

The Board considers it will be beneficial to the Group to explore new opportunities in the money lending business to broaden its source of income and expand the business operations in order to provide stable income and positive contribution to the financial results for the Company and the Shareholders. The Group will keep on developing the money lending business by retaining prudent credit control procedures and strategies that hold a balance between business growth and risk management.

Securities Brokerage

In April 2016, the Group commenced to provide securities broking services including but not limited to trading in securities, initial public offering, and private placements upon obtaining the Type 1 licence from the Securities and Futures Commission of Hong Kong to carry out Type 1 regulated activities (Dealing in Securities) under the Securities and Futures Ordinance ("SFO") (Cap. 571 of the Laws of Hong Kong).

The turnover of the securities broking service, being mainly the brokerage commission income amounted to approximately HK$0.1 million for the Reporting Period. Since the securities brokerage business is in the early stage of development, it does not have a significant impact to the Group's performance. The Board believes that the securities brokerage business can contribute more turnover for the Group in the future.

Investment in Internet Finance Business in PRC

The Group owned 25% equity interest in Shenzhen Qianhai Gelin Internet Financial Services Company Limited ("GLQH"), which was engaged in internet finance business in PRC. Since publication of the《網絡借貸信息中介機構業務活動管理暫行辦法(征求意見稿)》(the Interim Measures on the Administration of the Business Activities of Network Loan Information Agencies ("Draft for Public Comment")*) on 28 December 2015, China government promulgated a series of emerging plans and regulations in order to standardise this industry. With the tighter policy, the whole P2P industry is undergoing a shakeout and may face transition from growth to recession.

Against the challenge and uncertainty on internet finance industry, GLQH developed new businesses including but not limited to providing management consultancy, marketing strategy, IT supports and data processing services in order to diversify the income stream and bring higher returns to shareholders.

Liquidity and Financial Resources

Except for equity fund raising from the Company, the Group finances its business operations with internally generated cash flows and general banking facilities. As at 30 June 2016, the Group had bank balances and cash of HK$34.4 million (31 December 2015: HK$44.1 million). The Group's quick ratio (measured as total current assets less inventories, biological assets and prepayments and other financial asset divided by total current liabilities) was approximately 0.7 times (31 December 2015: 0.7 times).

As at 30 June 2016, the total borrowings of the Group amounted to HK$69.3 million (31 December 2015: HK$126.4 million), of which, HK$30.3 million (31 December 2015: HK$31.3) were secured by several properties and motor vehicles of the Company. The borrowings in the amount of HK$48.3 million (31 December 2015: HK$49.4 million) were repayable within one year.

At the end of the Reporting Period, the Group had capital expenditure commitments of HK$1.1 million (31 December 2015: HK$1.1 million) in respect of acquisition of property, plant and equipment.

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

* *For identification purpose only*

Capital Structure and Gearing Ratio

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

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

On 31 March, 2016, the Company entered into a subscription agreement with Mr. Zhu Yuanbiao and Ms. Wen Xiaojun (the "Subscribers") to allot and issue 719,696,968 new shares at the subscription price of HK$0.099 per share. The new shares were issued under the general mandate granted to the Directors by the shareholders at the special general meeting held on 16 September 2015. The 719,696,968 new shares of HK$0.01 each, was settled by setting off against 95% of the aggregate principal amount of promissory notes of value of HK$75,000,000. The 719,696,968 new shares were allotted and issued to the Subscribers on 18 April 2016.

On 1 April 2016, the Company entered into a share subscription agreement with Mr. Huang Yuankai (the "Subscriber") to allot and issue a total of 420,000,000 new shares at the price of HK$0.098 per share. The new shares were issued under the general mandate granted to the Directors by the shareholders at the special general meeting held on 16 September 2015. The 420,000,000 new shares of HK$0.01 each, credited as fully paid, were allotted and issued to the Subscriber on 22 April 2016 with the net proceeds of approximately HK$41.08 million principally for general working capital and future business development of the Group. Out of the net proceeds of HK$41.08 million, approximately HK$13.5 million for investment in an associate; HK$6.0 million for money lending drawdown; HK$14.0 million for business development of security broking services and the balance is held as bank deposit.

At the end of the Reporting Period, the Group's bank and other borrowings amounted to HK$69.3 million (31 December 2015: HK$126.4 million). Included in the above amounts, an amount of HK$46.9 (31 December 2015: HK$48.0 million) is charged at floating interest rates. The Group's interest rate risk primarily relates to the interest bearing bank balances and borrowings. The Group currently has not used any interest rate swaps to hedge its exposure to interest rate. The Group continues to monitor its exposure to interest rate risk closely, and may employ derivative financial instruments to hedge against risk when necessary.

As at 30 June 2016, the net debt to equity ratio was 0.2 (31 December 2015: 0.2). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group's gearing ratio as at 30 June 2016 was 0.4 (31 December 2015: 0.4), which was measured as total debt to total shareholders' equity.

Significant Investments

The Group did not have any significant investments during the six months ended 30 June 2016.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

Acquisitions

On 7 June 2015, Robust Canton Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with an independent third party to acquire an investment holding company which indirectly holds 3 properties in the Mainland China (the "Properties") (the "Properties Acquisition") at a consideration of HK$37.5 million. The Group is currently developing its trading and financial business in Shenzhen, Mainland China and the Properties Acquisition provides an opportunity to the Group to acquire the Properties at a discount to the market price. The Properties are intended for the Group's own use and/or for investment purpose. If the conditions precedent set out in the Agreement were not satisfied or waived (as the case may be) on or before 30 September 2016, or such later date as the vendor and the Company may agree, the Agreement shall cease and determine.

Details of the Properties Acquisition are set out in the announcements of the Company dated 7 June 2015, 7 August 2015, 14 October 2015, 29 January 2016, 1 April 2016 and 30 June 2016.

On 15 July 2015, Trade Zone Global Limited ("Trade Zone"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Acquisition Agreement") with an independent third party (the "Vendor") to acquire Rise Glorious Investment Development Limited and its subsidiaries (the "Target Group"), at the consideration of HK$250,000,000 to be settled by the Company by issuing the convertible notes (the "Finance Lease Acquisition"). The Target Group is principally engaged in the finance leasing business in the PRC. Upon completion, the Target Group will become the indirect wholly-owned subsidiaries of the Company. The Vendor has guaranteed and warranted to Trade Zone that the audited consolidated adjusted earnings before interest, taxes, depreciation and amortisation of the Target Group for the financial periods ending 31 December 2016, 2017 and 2018 shall not be less than RMB20,000,000 per each financial period. If the conditions precedent set out in the Acquisition Agreement are not satisfied or waived (as the case may be) on or before 30 September 2016, or such later date as the Vendor and the Company may agree, the Acquisition Agreement shall cease and determine.

Details of the Finance Lease Acquisition are set out in the announcements of the Company dated 15 July 2015, 4 September 2015, 31 December 2015, 31 March 2016 and 30 June 2016.

On 2 February 2016, Shenzhen GLYD Internet Finance Services Company Limited ("Shenzhen GLYD"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Micro Finance Agreement") with the independent third parties (the "Vendors") to acquire Shengzhen Taihengfeng Technology Co. Ltd. and its subsidiaries (the "Taihengfeng Group") at the consideration of RMB86,292,000 which is to be satisfied by the issue of the consideration shares (the "Micro Finance Acquisition"). Further to announcement on 16 August 2016, Shenzhen GLYD and Vendors agreed to revised the consideration to RMB82,820,000 to be satisfied by the issue of promissory note. The Taihengfeng Group will be principally engaged in the micro finance business in the PRC. Upon completion, the Taihengfeng Group will become the indirect wholly-owned subsidiaries of the Company. If the conditions precedent set out in the Micro Finance Agreement were not satisfied or waived (as the case may be) on or before 31 December 2016, or such later date as the Vendors and the Company may agree, the Micro Finance Agreement shall cease and determine.

Details of the Micro Finance Acquisition are set out in the announcements of the Company dated 2 February 2016, 30 June 2016, 16 August 2016 and 23 August 2016.

Save as disclosed above, no material acquisitions or disposals of subsidiaries and associated companies have been made by the Company during the six months ended 30 June 2016.

Charges On Group's Assets

As at 30 June 2016, leasehold land and buildings and motor vehicles with carrying amount of HK$7.6 million (31 December 2015: HK$8.0 million) were pledged to secure banking facilities granted to the Group.

Foreign Exchange Exposure

The Group mainly earns revenue and incurs costs in Hong Kong dollars and Renminbi. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary.

Contingent Liabilities

As at 30 June 2016, the Group did not have any material contingent liabilities.

Employee and Remuneration Policy

As at 30 June 2016, the Group had a total of 500 (30 June 2015: 1,300) full time employees in Hong Kong and the Mainland China. Such change is mainly due to minimising the cost and group restructuring during the period. Total staff costs (including directors' remuneration) for the six months ended 30 June 2016 amounted to HK$14.5 million (six months ended 30 June 2015: HK$39.5 million). The employees are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Apart from the basic remuneration package, the Company also participates in the mandatory provident fund scheme in Hong Kong and the central provident fund scheme in the Mainland China. The Company has adopted a share option scheme on 6 June 2013 (the "Scheme"). Pursuant to the Scheme, the Board may, at its discretion, grant options to eligible employees, executive and non-executive directors (including independent non-executive director) of the Group.

Prospect

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

To diversify its income streams and counter balance the cyclical nature of the Group's agricultural business, the Company has been actively developing its business blueprint in the realm of internet finance, money lending and securities brokerage business since 2015. Meanwhile, the Group is eager to explore the market potential of China's burgeoning micro finance industry.

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

INTERIM DIVIDEND

No dividend was paid, declared or proposed during the Reporting Period. The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil)

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

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

CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has complied with the Code Provisions and mandatory disclosure requirement as set out in the CG Code, except for the following deviations in respect of which remedial steps for compliance have been taken or considered reasons are given below.

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established set out in writing.

Mr. Yau Yik Ming Leao became the Chief Executive Officer and the Deputy Chairman of the Company since 31 December 2014. He was responsible for the overall management of the Group as well as part of the duties of Chairman of the Board which constitutes a deviation from the code provisions A.2 of the CG Code.

As at 13 May 2016, Mr. Lin Yuhao was appointed as the Chairman of the Board and Executive Director. At the same time, Mr. Yau Yik Ming Leao still held the post of Chief Executive Officer of the Company. They are not related to each other and there are clear divisions among their responsibilities with a view to achieving a balance of power and authority. The Chairman provides leadership to the Board in terms of formulating policies and strategies, and discharges those duties set out in code provision A.2 of the CG Code. The Chief Executive Officer of the Company has the overall responsibility of implementing the decisions, policies and strategies approved by the Board, and overseeing the Group's business and operations.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2016. At the request of the Board, the Company's external auditor, Elite Partners CPA Limited, has carried out a review of the unaudited interim financial information in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

As at the date of this announcement, the Audit Committee comprises all independent non-executive directors, namely, Ms. TANG Shui Man (Chairlady), Mr. LI Shaohua and Ms. DIAO Hong.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Company (www.cfih.hk) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2016 will be dispatched to the shareholders of the Company and will be available at the above websites in due course.

By order of the Board
China Finance Investment Holdings Limited
LIN Yuhao
Chairman

Hong Kong, 30 August 2016

As at the date of this announcement, the board of directors of the Company comprises seven directors, including four executive directors, namely Mr. Lin Yuhao, Mr. Yau Yik Ming Leao, Mr. Tsang King Sun and Mr. Xu Bin; and three independent non-executive directors, namely, Ms. Tang Shui Man, Mr. Li Shaohua and Ms. Diao Hong.