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ENERCHINA HOLDINGS LIMITED

威華達控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 622)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board of directors (the “Board”) of Enerchina Holdings Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2017 as follow:

* *for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

		Six months ended	
	NOTES	30.6.2017	30.6.2016
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	58,336	17,024
Other income	4	17,371	23,860
Other gains and losses		8,212	(51,764)
Loss on financial assets at fair value through profit or loss	3	(370,418)	(689,805)
Depreciation of property and equipment		(12,799)	(12,640)
Employee benefits expenses		(12,473)	(16,606)
Other expenses		(89,325)	(37,187)
Share of results of an associate		29,309	—
Finance costs	5	(38,032)	(8,240)
Loss before taxation		(409,819)	(775,358)
Income tax credit	6	7,745	116,155
Loss for the period	7	(402,074)	(659,203)
Other comprehensive expense for the period			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		8,931	(18,570)
Fair value change in available-for-sale investments		27,915	(329)
		36,846	(18,899)
Total comprehensive expense for the period		(365,228)	(678,102)

	<i>NOTES</i>	Six months ended	
		30.6.2017	30.6.2016
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Loss for the period attributable to:			
Owners of the Company		(373,450)	(659,203)
Non-controlling interests		(28,624)	—
		<u>(402,074)</u>	<u>(659,203)</u>
Total comprehensive expense for the period attributable to:			
Owners of the Company		(329,842)	(678,102)
Non-controlling interests		(35,386)	—
		<u>(365,228)</u>	<u>(678,102)</u>
		<i>HK cents</i>	<i>HK cents</i>
			(Restated)
Loss per share	9		
Basic		<u>(4.15)</u>	<u>(8.90)</u>
Diluted		<u>(4.15)</u>	<u>(8.90)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

	NOTES	30.6.2017 HK\$'000 (Unaudited)	31.12.2016 HK\$'000 (Audited)
Non-current assets			
Property and equipment		150,959	163,453
Available-for-sale investments	10	1,071,403	966,911
Interests in an associate		558,758	529,449
Intangible assets		3,908	3,908
Deposit paid for an investment		200,000	15,000
Other deposits		6,469	478
Loan receivables	11	17,561	3,823
Deposit paid for acquisition of property and equipment		77,014	68,397
		<u>2,086,072</u>	<u>1,751,419</u>
Current assets			
Trade and other receivables, deposits and prepayments	11	983,201	704,659
Financial assets at fair value through profit or loss	12	1,990,934	2,919,767
Promissory notes receivable		3,400	–
Structured deposit		–	223,464
Bank balances – trust and segregated accounts		12,936	43,171
Cash and cash equivalents		1,484,894	743,898
		<u>4,475,365</u>	<u>4,634,959</u>
Current liabilities			
Trade and other payables	13	180,683	310,434
Income tax payable		83,035	67,864
Loan payable		250,000	250,000
Promissory notes payable	14	669,045	725,736
		<u>1,182,763</u>	<u>1,354,034</u>
Net current assets		<u>3,292,602</u>	<u>3,280,925</u>
Total assets less current liabilities		<u>5,378,674</u>	<u>5,032,344</u>

	<i>NOTES</i>	30.6.2017 HK\$'000 (Unaudited)	31.12.2016 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Deferred taxation		86,942	109,986
Promissory notes payable	<i>14</i>	<u>—</u>	<u>320,642</u>
		86,942	430,628
Net assets		5,291,732	4,601,716
Capital and reserves			
Share capital		111,688	71,939
Reserves		4,979,192	4,293,539
Equity attributable to owners of the Company		5,090,880	4,365,478
Non-controlling interests		200,852	236,238
Total equity		5,291,732	4,601,716

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (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”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segment and measurement of segment profit based on the internal reports to the executive directors, the Group’s chief operating decision maker, for the purposes of resource allocation and performance assessment.

During the six months ended 30 June 2017, the Group’s reportable and operating segments are as follows:

- (a) the provision of securities brokerage and provision of financial, consultancy and corporate financial advisory services (“financial services”);
- (b) securities trading and investments; and
- (c) money lending.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the six months ended 30 June 2017 (unaudited)

	Financial services <i>HK\$'000</i>	Securities trading and investments <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue				
Revenue from financial services	36,643	–	–	36,643
Revenue from money lending	–	–	21,693	21,693
Total revenue	36,643	–	21,693	58,336
Loss on financial assets at fair value through profit or loss	–	(370,418)	–	(370,418)
Segment revenue	36,643	(370,418)	21,693	(312,082)
Segment profit (loss)	33,755	(388,469)	(11,528)	(366,242)
Unallocated other income				8,842
Net exchange gain				20,906
Gain on bargain purchase of subsidiaries				7
Share of results of an associate				29,309
Central corporate expenses				(102,641)
Loss before taxation				(409,819)

For the six months ended 30 June 2016 (unaudited)

	Financial services HK\$'000	Securities trading and investments HK\$'000	Money lending HK\$'000	Consolidated HK\$'000
Revenue				
Revenue from financial services	6,496	–	–	6,496
Revenue from money lending	–	–	10,528	10,528
Total revenue	6,496	–	10,528	17,024
Loss on financial assets at fair value through profit or loss	–	(689,805)	–	(689,805)
Segment revenue	6,496	(689,805)	10,528	(672,781)
Segment (loss) profit	(34,897)	(735,795)	4,938	(765,754)
Unallocated other income				12,342
Other gains and losses				3,594
Central corporate expenses				(25,540)
Loss before taxation				(775,358)

Segment revenue includes revenue from financial services and money lending operations. In addition, the chief operation decision makers also consider gain or loss on financial assets at fair value through profit or loss as segment revenue.

The accounting policies of the reportable and operating segment are the same as the Group's accounting policies. Segment result represents the profit earned or loss incurred by each segment without allocation of certain other income, other gains and losses, share of results of an associate and central corporate expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

4. OTHER INCOME

	Six months ended	
	30.6.2017	30.6.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income on:		
– bank deposits	9,127	8,730
– listed bonds at fair value through profit or loss	–	3,612
– others	2,928	–
	<u>12,055</u>	<u>12,342</u>
Dividend income from financial assets		
at fair value through profit or loss:		
– listed investments held for trading	1,775	2,798
Dividend income from unlisted available-for-sale investment	–	6,766
Others	3,541	1,954
	<u>17,371</u>	<u>23,860</u>

5. FINANCE COSTS

	Six months ended	
	30.6.2017	30.6.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on promissory notes	(32,585)	–
Interest on other borrowings	(5,447)	(70)
Effective interest expense on convertible notes	(–)	(8,170)
	<u>(38,032)</u>	<u>(8,240)</u>

6. INCOME TAX CREDIT

	Six months ended	
	30.6.2017	30.6.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Taxation for the period comprises:		
Hong Kong Profits Tax	(16,042)	5,087
Deferred tax credit	23,787	111,068
	<u>7,745</u>	<u>116,155</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2017 (six months ended 30 June 2016: 16.5%).

7. LOSS FOR THE PERIOD

	Six months ended	
	30.6.2017	30.6.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after (crediting) charging the following items:		
Net exchange gain (included in other gains and losses)	(20,906)	(1,266)
Rebates (included in other expenses)	–	2,150
Release of provisions of financial guarantees (included in other gains and losses)	–	(2,328)
Impairment losses in respect of trade receivables (included in other gains and losses) (<i>note 11</i>)	12,701	3,789
Impairment loss in respect of available-for-sale investments (included in other gains and losses)	–	49,400
Net loss on disposal of subsidiaries (included in other gains and losses)	–	2,169
	<u> </u>	<u> </u>

8. DIVIDENDS

The directors of the Company (the “Directors”) have resolved to declare an interim dividend for the six months ended 30 June 2017 of HK0.04 cents (six month ended 30 June 2016: nil) per share respectively to the shareholders whose names appear on the register of members of the Company on Friday, 15 September 2017. The interim dividend will be payable in cash, with an option to receive new and fully paid shares in lieu of cash.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2017	30.6.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company, for the purposes of basic and diluted loss per share	<u>(402,074)</u>	<u>(659,203)</u>
	Six months ended	
	30.6.2017	30.6.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Number of shares		
Weighted average number of ordinary shares in issue during the period, for the purpose of basic loss per share	9,678,535,430	7,406,682,364
Effect of dilutive potential ordinary shares:		
– Share options	–	–
Weighted average number of ordinary shares in issue during the period, for the purpose of diluted loss per share	<u>9,678,535,430</u>	<u>7,406,682,364</u>

For the six months ended 30 June 2017, the computation of diluted loss per share has not assumed the exercise of the Company's options and warrants as these would reduce loss per share during that period.

10. AVAILABLE-FOR-SALE INVESTMENTS

	30.6.2017	31.12.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Unlisted shares in overseas, at cost (<i>note i</i>)	659,600	659,600
Unlisted shares in the People's Republic of China, at cost (<i>note i</i>)	52,483	17,121
Unlisted shares in overseas, at fair value (<i>note ii</i>)	100,000	100,000
Listed shares in Hong Kong, at fair value	<u>259,320</u>	<u>190,190</u>
	<u>1,071,403</u>	<u>966,911</u>

Notes:

- (i) Investments in unlisted equity securities issued by private entities are held for an identified long term strategic purpose. The available-for-sale investments are measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates are so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

For the available-for-sale investments at cost less impairment, the management considers no objective evidence of impairment was identified at 30 June 2017 and 31 December 2016.

- (ii) As at 30 June 2017, the Group owns approximately 5.48% (31 December 2016: 5.48%) of the share capital of Co-Lead Holdings Limited (“Co-Lead”), an unlisted private company incorporated in the British Virgin Islands (“BVI”), with a fair value of HK\$100,000,000 (31 December 2016: HK\$100,000,000). Co-Lead and its subsidiaries are principally engaged in securities investment in Hong Kong.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2017	31.12.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables arising from the business of advisory for corporate finance and investment management	300	300
Trade receivables from cash clients	1,301	55
Trade receivables from margin clients	155,217	299,533
Trade receivables arising from the provision of securities brokerage business with Hong Kong Securities Clearing Company Limited (“HKSCC”)	–	560
Loans and interest receivable to independent third parties (<i>note (a)</i>)	819,093	314,637
Deposits with securities brokers (<i>note (b)</i>)	2,242	20,899
Receivable arising from the disposal of subsidiaries	–	50,000
Other receivables, deposits and prepayments	22,609	22,498
	1,000,762	708,482
Less: Non-current portion for loans to independent third parties	17,561	3,823
	983,201	704,659

Notes:

- (a) Loan receivables of HK\$819,093,000 (31 December 2016: HK\$314,637,000), net of impairment of HK\$15,244,000 (2016: HK\$2,898,000), as at 30 June 2017. The amount is unsecured, a substantial portion of which was settled subsequent to the end of the period. The average interest rate for the loan receivables as at 30 June 2017 ranged between 2% to 12% (31 December 2016: 5% to 36%) per annum.

The amount granted to individuals is based on management's assessment of the credit risk of the borrower by performing a background check (such as their profession, source of income and current position) and the borrower's repayment abilities by means of analysing the market value of the securities portfolio of the customers in the Group's brokerage accounts. The Group determines the allowance of impaired debts based on the evaluation of collectability and aged analysis of accounts and on the management's judgement, including assessment of the change of credit quality and the past collection history of each customer.

Movement in allowance for bad and doubtful debts

	30.6.2017	31.12.2016
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	2,898	4,231
Impairment loss recognised (<i>note 7</i>)	12,701	12,529
Written off	(355)	(13,862)
Balance at the end of the period/year	15,244	2,898

Included in the allowance for doubtful debts are individually impaired loan receivables with an aggregate balance of HK\$12,701,000 as at 30 June 2017 (31 December 2016: HK\$12,529,000), representing loans and interest receivable from independent third parties which have been in severe financial difficulties in repaying their outstanding balances. The Group does not hold any collateral over these balances.

In determining the recoverability of the loan receivables, the Group considers any change in the credit quality of the loan receivables from the date credit was initially granted, subsequent settlement and the fair value of pledged marketable securities up to the reporting date. In the opinion of the Directors, no further impairment is required in excess of the allowance for doubtful debt.

- (b) Deposits with securities brokers represented the funds deposits with the brokers' houses for securities trading purpose.

During the period ended 30 June 2017 and year ended 31 December 2016, no margin loans were granted to the Directors and directors of the subsidiaries.

The Group offsets certain trade receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.6.2017 HK\$'000 (Unaudited)	31.12.2016 HK\$'000 (Audited)
Investment as held for trading:		
Listed shares in Hong Kong	1,837,952	2,623,080
Listed shares in overseas	100,219	–
Listed share options	1,423	–
Unlisted investment funds	–	296,687
Listed bonds in Hong Kong issued by listed companies (<i>Note</i>)	51,340	–
	<u>1,990,934</u>	<u>2,919,767</u>

Note: These bonds bear interest from 8.75% to 13.25% per annum (31 December 2016: Nil) and mature from year 2018 to year 2025 (31 December 2016: Nil).

13. TRADE AND OTHER PAYABLES

	30.6.2017 HK\$'000 (Unaudited)	31.12.2016 HK\$'000 (Audited)
Trade payables arising from the provision of securities brokerage business with HKSCC	1,265	–
Trade payables to cash clients	2,161	14,674
Trade payables to margin clients	10,775	25,384
Secured margin loan from securities brokers	150,055	261,118
Other payables and accrued charges	16,427	9,258
	<u>180,683</u>	<u>310,434</u>

The settlement terms of trade payables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. No aged analysis is disclosed as in the opinion of the Directors, the aged analysis does not give additional value in view of the nature of brokerage business.

Trade payables to cash and margin clients are repayable on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

For secured margin loans from securities brokers, the loans are repayable on demand (except certain balances arising from trades pending settlement or margin deposits) and are interest-bearing at the prevailing market interest rate. Only the amounts in excess of the required margin deposits are repayable on demand. The total market value of debt securities pledged as collateral in respect of the loans was approximately HK\$1,053,044,000 as at 30 June 2017 (31 December 2016: approximately HK\$1,495,319,000).

14. PROMISSORY NOTES PAYABLE

On 15 August 2016, Win Wind Capital Limited (“Win Wind”), a non-wholly owned subsidiary as to 88.22% held by the Company entered into the sale and purchase agreement with an independent third party in relation to the acquisition of Smart Jump Corporation and its subsidiaries (the “Acquisition”). Pursuant to the Acquisition, Win Wind agreed to settle the total consideration for the Acquisition in the following manner:

- (i) issuing a new zero-coupon promissory note (“New Zero-coupon Promissory Note”) with total face value of HK\$95,000,000 on 15 November 2016 to replace and supersede an old zero-coupon promissory note which was issued on 15 August 2016 and lapsed on 14 November 2016. The maturity date of New Zero-coupon Promissory Note was on 15 December 2016 and was settled on the maturity date; and
- (ii) issuing three promissory notes with 5% coupon (the “Promissory Notes”) per annum with total face value of HK\$1,200,000,000 on the completion date of the Acquisition as part of the consideration for the Acquisition. The Promissory Notes bear interest rate of 5% per annum and will be matured on 6 months, 12 months and 18 months from the issue date respectively.

The Company may repay all or part of the Promissory Notes at any time without penalty provided that the Company shall have given not less than seven business days notice to the holder prior to the respective maturity dates at 100% of their face value together with all interest accrued on the principal. The early repayment option is closely related to the host contract. The aggregate fair values of the New Zero-coupon Promissory Note and the Promissory Notes were approximately HK\$1,141,080,000 at 8 December 2016 based on the valuation carried out by an independent professional valuer.

As at 30 June 2017, the aggregate principal amount of the Promissory Notes was approximately HK\$669,045,000 and the whole amount would be classified as current liabilities.

As at 31 December 2016, the aggregate principal amount of the promissory notes was HK\$1,046,378,000, of which HK\$320,642,000 is classified as non-current liabilities.

15. EVENTS AFTER THE REPORTING PERIOD

(i) Grant of share options

On 5 July 2017, the Company granted, pursuant to its share option scheme adopted on 17 May 2012, a total of 1,116,876,999 share options to such eligible person(s) at an exercise price of HK\$0.1764 to subscribe for one ordinary share of HK\$0.01 each in the share capital of the Company.

On 11 July 2017, the Company issued 1,116,876,999 shares pursuant to exercise of share options which were granted on 5 July 2017. Upon completion of the issue of shares, the issued share capital of the Company increased from 11,168,769,996 shares to 12,285,646,995 shares.

(ii) Settlement agreement with warrant holders of unlisted warrants

On 12 July 2017, the Company entered into a settlement agreement with the warrant holders, pursuant to which the Company agreed to accept an ex-gratia payment of HK\$0.05 per warrant from the warrant holders in exchange for the Company not taking legal action to enforce the mandatory exercise rights. The Company received a total sum of HK\$66,797,506.60 from the warrant holders upon the signing of the settlement agreement.

(iii) Placing of new shares under general mandate

On 14 July 2017, the Company entered into a placing agreement with Enhanced Securities Limited, the placing agent, in relation to the placing of a total of 2,233,753,999 new shares (the “Placing Share(s)”) under the general mandate (the “Placing”). Pursuant to the placing agreement, the placing agent conditionally agreed to place the Placing Shares on a fully underwritten basis, to not less than six placees, at a price of HK\$0.15 per Placing Share.

The aggregate gross proceeds from the Placing are approximately HK\$335.06 million, and the aggregate net proceeds from the Placing, after deducting the placing commission and other related expenses, are approximately HK\$326.61 million, which is intended to be used as general working capital of the Group.

On 26 July 2017, the Company issued 2,233,753,999 shares pursuant to the placing agreement dated 14 July 2017. Upon completion of the issue of shares, the issued share capital of the Company increased from 12,285,646,995 shares to 14,519,400,994 shares.

16. CONTINGENT LIABILITIES AND PROVISION

The Company did not have any significant contingent liabilities at 30 June 2017 (31 December 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in the financial services sector, including the provision of securities brokerage services, placing and underwriting services, the provision of corporate finance advisory services, trading and investment of securities, provision of margin financing, money lending services, investment advisory and asset management services as well as investment holdings.

BUSINESS REVIEW

For the six months ended 30 June 2017, the Group's revenue amounted to a negative of approximately HK\$312.1 million, compared with the negative revenue of approximately HK\$672.8 million over the same period last year. Loss for the six months ended 30 June 2017 amounted to approximately HK\$402.1 million compared with the loss of approximately HK\$659.2 million for the same period last year. Basic loss per share amounted to HK4.15 cents compared with loss per share of HK8.90 cents (restated) for the same period last year. The loss was mainly attributable to loss on financial assets at fair value through profit or loss.

Brokerage Services

Brokerage commission income generated from provision of securities brokerage services amounted to approximately HK\$1.3 million for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK\$0.7 million).

Interest income generated from provision of margin financing services amounted to approximately HK\$16.3 million for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK\$1.0 million).

Money Lending

Interest income from the provision of money lending services amounted to approximately HK\$21.7 million for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK\$10.5 million).

Placing and Underwriting Services

During the period, Win Wind Securities Limited, a non-wholly owned subsidiary of the Company, has placed and underwritten securities with a value of approximately HK\$726.9 million, and generated placement commission income of approximately HK\$17.7 million for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK\$3.0 million). Win Wind Securities Limited has executed 8 placements and underwritings of securities on behalf of listed company clients during the period.

Corporate Finance

Investment advisory services income decreased by approximately 80% to approximately HK\$0.6 million compared to approximately HK\$3.0 million of income in the same period last year.

Investment Advisory

Investment advisory services income decreased by approximately 47% to HK\$0.9 million for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK\$1.7 million).

Proprietary Trading

The Group engages in proprietary trading of listed securities, listed bonds, and unlisted investment funds, which are classified as financial assets at fair value through profit or loss. The fair value of the portfolio amounted to approximately HK\$1,991 million (31 December 2016: approximately HK\$2,920 million), and a loss on fair value of approximately HK\$370.4 million was recognised, as compared to a loss on fair value of approximately HK\$689.8 million in the same period last year. Dividend income decreased by approximately 36% to HK\$1.8 million for the six months ended 30 June 2017, when compared to HK\$2.8 million in the same period last year, which was mainly due to lesser dividends having been received by the Group from listed securities.

PLACING OF UNLISTED WARRANTS WITH MANDATORY EXERCISE RIGHTS

The Company entered into a conditional placing agreement dated 11 May 2015 (the “Placing Agreement”) with Win Wind Securities Limited (the “Placing Agent”), a wholly-owned subsidiary of the Company, pursuant to which the Company agreed to grant and the Placing Agent agreed to procure not less than six professional investors (the “Placees”) to subscribe for 1,335,950,132 unlisted transferable warrants (“Warrant(s)”) to be issued by the Company at HK\$0.01 per Warrant pursuant to the Placing Agreement (as supplemented by two supplemental agreements dated 20 May 2015 and 15 June 2015). The Warrants entitle the holder thereof to subscribe for one new share to be allotted and issued by the Company upon the exercise of the subscription rights attaching to the Warrants (“Warrant Share(s)”) at HK\$0.65 per Warrant Share (subject to adjustment pursuant to the instrument) at any time for a period of 24 months from the issue of the Warrants and subject to the mandatory exercise rights.

The net proceeds from the placing of the Warrants amounts to approximately HK\$13.36 million and was used as the general working capital of the Group. Any additional proceeds from the issue of the Warrant Shares upon the exercise of the subscription rights attaching to the Warrants with mandatory exercise rights in the future up to a total amount of approximately HK\$846.16 million (after deduction of expenses) will also be applied towards the general working capital and/or as funds for the future business development of the Group. Details of the placing of the Warrants were detailed in the circular to shareholders on 19 June 2015. The placing was approved by shareholders of the Company at a special general meeting on 7 July 2015, authorizing the Board to allot and issue the Warrants and the related Warrant Shares.

As at 30 June 2017, no Warrant Shares have been allotted pursuant to the Warrants.

SIGNIFICANT INVESTMENTS

During the period, the Group had the following significant investments held which were classified as available-for-sale investments and financial assets at fair value through profit or loss:

Name of investments	Notes	Percentage of shareholding as at 30 Jun 2017 %	Percentage of shareholding as at 31 Dec 2016 %	Fair value/ carrying amount as at 30 Jun 2017 HK\$'000	Fair value/ carrying amount as at 31 Dec 2016 HK\$'000	Net gain/(loss) for the six months ended 30 Jun 2017 HK\$'000	Net gain/(loss) for the six months ended 30 Jun 2016 HK\$'000
Available-for-sale investments							
Unlisted shares in overseas, at cost							
– Satinu Resources Group Limited	1	6.87	6.87	500,000	500,000	–	–
– Freewill Holdings Limited	2	6.63	6.63	159,600	159,600	–	(49,400)
Unlisted shares in overseas, at fair value	3	5.44	5.44	100,000	100,000	–	–
Listed shares in Hong Kong, at fair value							
– China Vanke Co., Ltd. (stock code: 2202)	4	–	0.08	–	163,458	37,523	–
– Imagi International Holdings Limited (stock code: 585)	5	16.45	–	72,576	–	(29,484)	–
Financial assets at fair value through profit or loss							
Listed shares in Hong Kong							
– Freeman Fintech Corporation Limited (stock code: 279)	6	4.82	4.82	358,800	345,000	13,800	1,350
– C C Land Holdings Limited (stock code: 1224)	7	2.09	1.88	144,645	109,960	(30,302)	(7,250)
– Evergrande Health Industry Group Limited (stock code: 708)	8	0.89	0.89	121,126	113,411	7,715	(88,817)
– China Evergrande Group (stock code: 3333)	9	0.05	0.05	98,140	33,810	64,330	–
– Asia Standard International Group Limited (stock code: 129)	10	3.09	3.09	91,898	64,533	27,365	–
– Kingston Financial Group Limited (stock code: 1031)	11	0.18	0.18	70,500	83,750	(13,250)	4,750
– Dragonite International Limited (stock code: 329)	12	1.92	4.75	33,918	85,024	(13,606)	(10,062)
– Courage Marine Group Limited (stock code: 1145)	13	3.45	3.94	31,040	23,450	6,026	–
– Imagi International Holdings Limited (stock code: 585)	5	3.33	2.08	14,421	27,545	(29,548)	(53,373)
– China Vanke Co., Ltd. (stock code: 2202)	4	0.03	0.07	9,764	137,719	29,119	(3,416)
– HengTen Networks Group Limited (stock code: 136)	14	–	3.41	–	990,668	(408,375)	(323,418)

The above table lists the investments which principally formed a significant portion of the net assets of the Group. To give details of other investments would result in particulars of excessive length.

The performance and prospects of the Group's significant investments during the period were detailed as follows:

1. Satinu Resources Group Limited ("Satinu")

As at 31 December 2016, the Group held 6.87% of HEC Capital Limited ("HEC"). As a result of the internal corporate reorganization of HEC on 6 January 2017, the Group finally held approximately 6.87% of Satinu, which is a private company, amounting to HK\$500 million, as at 30 June 2017. The investment was booked at cost less any identified impairment losses.

Satinu engages in integrated financial services, securities, property and other direct investments. Given recent merger and acquisition deals of financial related companies by Chinese enterprises and low interest rate environment, Satinu has a strategic investment value.

2. Freewill Holdings Limited ("FHL")

The Group held 6.63% of FHL amounting to HK\$209 million as at 30 June 2017. During the year ended 31 December 2016, an impairment loss of HK\$49.4 million was recognised against its carrying amount of FHL due to the decrease in net asset value of FHL as of 31 December 2016.

FHL engages in the business of property investment, investment advisory and financial services, investment in securities trading and money lending. FHL is also a subsidiary of Freeman Financial Corporation Limited as stated in point 6 below.

3. Unlisted shares in overseas, at fair value

The Group held 5.44% of the share capital of an unlisted entity, which is a private company, amounting to HK\$100 million, as at 30 June 2017. The investment was carried at fair value subsequent to initial recognition.

The unlisted entity engages in securities trading and investment holding businesses. Its investment portfolio consists of listed and unlisted securities.

4. China Vanke Co., Ltd. (“Vanke”)

The Group held 7,780,717 (adjusted) shares of Vanke from year 2016, and 7,488,900 shares were sold during the period and regard as financial assets at fair value through profit or loss. The stock price increase from HK\$17.7 per share (adjusted) to HK\$22.1 per share (adjusted) and the value of the position decreased from HK\$137.7 million to HK\$9.8 million due to partial disposal.

The Group held 9,234,900 shares of Vanke from 2016 for long term investment and regard as available-for-sale financial assets. All such shares were fully sold during the period and the amount of HK\$37.5 million was recognized as realised gain.

Vanke engages in development and sale of properties, construction contract and property management and related services in the People’s Republic of China (the “PRC”).

5. Imagi International Holdings Limited (“Imagi”)

The Group held 22,954,200 shares of Imagi from year 2016 and regard as financial assets at fair value through profit or loss. The stock price decrease from HK\$1.20 per share (adjusted) to HK\$0.64 per share (adjusted) and the value of the position decreased from HK\$27.5 million to HK\$14.4 million.

The Group completed the share swap agreement with Imagi on 22 March 2017 and acquired additional 113,400,000 shares. Such shares were acquired for long term investment and regard as available-for-sale financial assets.

Imagi focuses on computer graphic imaging businesses, cultural and entertainment businesses, as well as the investment in corporate bonds and short-term deposits for interest income. The Company is also engaged in money lending, the investment in securities and the proprietary trading of listed securities.

6. Freeman Fintech Corporation Limited (“FFC”) (formerly known as Freeman Financial Corporation Limited)

During the period, the stock price rose from HK\$0.50 per share (adjusted) to HK\$0.52 per share (adjusted) and the value of the position increased from HK\$345.0 million to HK\$358.8 million.

FFC engages in the financial services sector, including the provision of securities and futures brokerage services, the provision of placing, underwriting and margin financing services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, the trading of securities and futures, the provision of finance, as well as investment holding.

7. CC Land Holdings Limited (“CC Land”)

The stock price has dropped from HK\$2.26 per share (adjusted) to HK\$1.78 per share (adjusted). During the period, the Group has additionally purchased 19,511,000 shares. The value of the position has increased from HK\$110 million to HK\$144.6 million.

CC Land principally engages in property development and investment; investments in securities and notes receivable and the provision of financial services.

8. Evergrande Health Industry Group Limited (“Evergrande Health”)

During the period, the stock price rose from HK\$1.47 per share (adjusted) to HK\$1.57 per share (adjusted) and the value of the position increased to HK\$121.1 million.

Evergrande Health principally engages in magazine publishing, distribution of magazines, digital business and provision for magazine content and “Internet+” community health management, international hospitals, elderly care and rehabilitation, medical cosmetology and anti-aging.

9. China Evergrande Group (“China Evergrande”)

The Group purchased 7,000,000 shares of China Evergrande during the period. The stock price rose from HK\$4.83 per share to HK\$14.02 per share, and the value of the position increased to HK\$98.1 million as at 30 June 2017.

China Evergrande focuses on property development and operates its business through four segments: property development, property investment, property management and other businesses. China Evergrande also is engaged in property construction, the provision of hotel and other property development related services, insurance and fast consuming products business.

10. Asia Standard International Group Limited (“Asia Standard”)

The Group purchased 40,843,373 shares of Asia Standard during the period. The stock price rose from HK\$1.58 per share to HK\$2.25 per share, and the value of the position increased to HK\$91.9 million as at 30 June 2017.

Asia Standard focuses on developing and investing properties in prime location in Hong Kong and first-tier cities in the PRC, which is divided into operation sectors including property development, property leasing, hotel and travel, and financial investments.

11. Kingston Financial Group Limited (“Kingston”)

During the period, the stock price dropped from HK\$3.35 per share (adjusted) to HK\$2.82 per share (adjusted). The value of the position of the stock decreased from HK\$83.8 million to HK\$70.5 million.

Kingston principally engages in the provision of securities brokerage, underwriting and placements, margin and initial public offering financing, other financial services, hotel ownership and management, food and beverage, casino and securities investment.

12. Dragonite International Limited (“Dragonite”)

During the period, the stock price dropped from HK\$1.69 per share (adjusted) to HK\$1.67 per share (adjusted). The Group disposed of 30,000,000 shares. The value of the position of the stock has decreased from HK\$85 million to HK\$33.9 million.

Dragonite principally engages in the production and sales of health care products, pharmaceutical products, securities trading and investments, money lending and trading of wines in Hong Kong.

13. Courage Marine Group Limited (“Courage Marine”)

The Group held 5,000,000 shares of Courage Marine on 31 December 2016 and additionally purchased 261,000 shares during the period. The shares of Courage Marine were classified as financial assets at fair value through profit or loss. During the period, its stock price has increased from HK\$4.69 per share to HK\$5.90 per share and the market value has also increased from HK\$23.5 million to HK\$31 million.

Courage Marine focuses on the provision of marine transportation services.

14. HengTen Networks Group Ltd. (“HengTen Networks”)

Since 2015, the Group holds 200 million bonus warrants of HengTen Networks. Each bonus warrants holder is entitled to subscribe, in cash, one new ordinary share of HengTen Networks for every two bonus warrants (adjusted) on or before 23 February 2017. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of HengTen Networks. In November 2016, the Group exercise its rights attached to the 200 million bonus warrants by subscribing 100 million shares of HengTen Networks at HK\$0.2 per share with the total amounts to HK\$20 million. The Group sold all the shares and recognised a loss of HK\$408.4 million during the period.

HengTen Networks engages in internet community services comprises three fundamental sectors, being property services, neighborhood social networking and life services, and two value-added sectors, being internet home and community finance as well as those sectors as might be derived in the future.

Going forward, the Group expects that the stock markets in Hong Kong and the PRC will remain challenging for the second half of 2017, as the global economy continues to face uncertainties resulting from the US macro policy, the progress of Brexit and global geopolitical conflicts. However, the launch of the Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect have strengthened the interconnectivity between the mutually complementary stock markets in Hong Kong and the PRC. The Board is of the view that Hong Kong's stock market will benefit from the Stock Connects with more demands for financial services rendered in Hong Kong.

FINANCIAL POSITION

The Group's financial services business is not exposed to foreign exchange risk as most of the transactions are denominated in Hong Kong Dollars ("HK\$"). No financial instruments were used for hedging purposes.

The Group's total cash and bank balances, represented by cash and cash equivalents, structured deposits, and short-term bank deposits, amounted to HK\$1,485 million as at 30 June 2017 and are mostly denominated in Renminbi ("RMB"), HK\$ and United States Dollar.

Capital commitments

As at 30 June 2017, the Group did not have any capital commitment.

MATERIAL TRANSACTIONS

(a) Rights issue

On 30 November 2016, the Company announced a proposed rights issue on the basis of one rights share for every two shares in issue at a subscription price of HK\$0.265 per share to raise not less than HK\$953,185,000 before expenses (the "Rights Issue"). Details of the Rights Issue is set out in the announcement of the Company dated 22 December 2016 and the prospectus dated 20 February 2017. Upon completion of the Rights Issue on 13 March 2017, the issued share capital of the Company was increased from 7,193,846,664 shares to 10,790,769,996 shares.

(b) Share swap agreement with Imagi International Holdings Limited ("Imagi")

On 16 March 2017, the Company entered into a share swap agreement with Imagi whereby Imagi allotted and issued new Imagi shares in exchange for new shares of the Company. Upon completion of the share swap agreement, the Group held an 19.78% equity interest in Imagi. Details of the transaction are set out in the Company's announcement dated 16 March 2017. On 22 March 2017, the share swap was completed.

(c) Acquisition of HEC Securities Company Limited and its subsidiaries

On 21 March 2017, Uptown Enerchine Capital Limited (“Uptown Enerchine”), a wholly-owned subsidiary of the Company entered into an acquisition agreement with Satinu Resources Group Ltd. (“Satinu”), pursuant to which Uptown Enerchine conditionally agreed to acquire and Satinu conditionally agreed to sell an aggregate of 70% of the entire issued share capital of the HEC Securities Company Limited and its subsidiaries (“HECSC”), in two tranches at the total consideration of HK\$1,225,000,000. Upon the completion of the acquisition, HECSC will become a wholly-owned subsidiary of the Company. Further details of the acquisition are set out in the Company’s announcement dated 21 March 2017, 30 June 2017 and 31 July 2017. The acquisition has not yet been completed as at the date hereof.

EVENT AFTER THE REPORTING PERIOD

(a) Grant of share options

On 5 July 2017, the Company granted, pursuant to its share option scheme adopted on 17 May 2012, a total of 1,116,876,999 share options to such eligible person(s) at an exercise price of HK\$0.1764 to subscribe for one ordinary share of HK\$0.01 each in the share capital of the Company.

On 11 July 2017, the Company issued 1,116,876,999 shares pursuant to exercise of share options which were granted on 5 July 2017. Upon completion of the issue of shares, the issued share capital of the Company increased from 11,168,769,996 shares to 12,285,646,995 shares.

(b) Settlement agreement with warrant holders of unlisted warrants

On 12 July 2017, the Company entered into a settlement agreement with the warrant holders, pursuant to which the Company agreed to accept an ex-gratia payment of HK\$0.05 per warrant from the warrant holders in exchange for the Company not taking legal action to enforce the mandatory exercise rights. The Company received a total sum of HK\$66,797,506.60 from the warrant holders upon the signing of the settlement agreement.

(c) Placing of new shares under general mandate

On 14 July 2017, the Company entered into a placing agreement with Enhanced Securities Limited, the placing agent, in relation to the placing of a total of 2,233,753,999 new shares (the “Placing Share(s)”) under the general mandate (the “Placing”). Pursuant to the placing agreement, the placing agent has conditionally agreed to place the Placing Shares on a fully underwritten basis, to not less than six placees, at a price of HK\$0.15 per Placing Share.

The aggregate gross proceeds from the Placing are approximately HK\$335.06 million, and the aggregate net proceeds from the Placing, after deducting the placing commission and other related expenses, are approximately HK\$326.61 million, which is intended to be used as general working capital of the Group.

On 26 July 2017, the Company issued 2,233,753,999 shares pursuant to the placing agreement dated 14 July 2017. Upon completion of the issue of shares, the issued share capital of the Company increased from 12,285,646,995 shares to 14,519,400,994 shares.

LITIGATION

(a) Updates on the previous disposal of shares in Shenzhen Fuhuade Electric Power Co., Ltd. (“Fuhuade”)

During the year ended 31 December 2011, the Group disposed of its 100% equity interest in Fuhuade to CNOOC Gas & Power Group (the “CNOOC Gas” or “Buyer”). The total consideration of the disposal of RMB1,037,642,000 (equivalent to approximately HK\$1,247,166,000) was payable in instalments, the payment of which was subject to finalisation and confirmation of the results of supplemental audit. As at 31 December 2012, the supplemental audit was not yet finalized and the outstanding instalments were not received from the Buyer. In view of this, the Group made a provision for doubtful consideration receivable of HK\$93,132,000 for the year ended 31 December 2012.

As at 31 December 2013, the Group was still not able to secure a satisfactory conclusion on the supplemental audit. Under the circumstances, the Board is of the opinion that the timing and eventual outcome of the finalisation of the supplemental audit and hence the settlement of the outstanding instalments cannot be estimated with reasonable certainty. It is determined that the receivable amount should be fully provided for until such time as the eventual outcome can be reliably estimated. Accordingly, the Group fully wrote down the receivable amount of HK\$255,185,000, being the amount of consideration receivable amounting to HK\$358,921,000 as originally stated after deducting estimated other taxes payable arising from the disposal of the subsidiary of HK\$103,736,000, in the profit and loss account for the year ended 31 December 2013.

During the period under review, legal recourse has been sought and the Group is currently awaiting a decision from the courts.

(b) Legal proceedings against Qin Jun

On 6 May 2016, Win Wind Resources Limited (“Win Wind Resources”), a wholly-owned subsidiary of the Company, commenced legal proceedings as creditor by filing a bankruptcy petition with the Court of First Instance of Hong Kong, against Mr. Qin Jun as debtor regarding an outstanding loan (and accrued interest) in the approximate sum of HK\$54.99 million pursuant to a loan agreement dated 29 September 2014 made between Win Wind Resources as lender and Mr. Qin Jun as borrower (as supplemented by a supplementary agreement made between the parties dated 29 March 2015). Mr. Qin Jun was declared bankrupt by the Court of First Instance on 27 July 2016. Mr. Qin Jun subsequently filed an application to annul the bankruptcy order, however such application was dismissed

by the Court of First Instance at a hearing on 10 April 2017 and costs relating to the application were ordered to be paid by Mr. Qin Jun to Win Wind Resources. On 5 May 2017, Mr. Qin Jun filed a Notice of Appeal with the Court of Appeal to appeal against the judgment made on 10 April 2017 by the Court of First Instance. The appeal has yet to be heard by the Court of Appeal.

(c) Legal proceedings against Green International Holdings Limited

On 9 February 2017, Nu Kenson Limited (“Nu Kenson”), a non-wholly owned subsidiary of the Company, commenced legal proceedings as plaintiff by filing a writ of summons with the Court of First Instance of Hong Kong, against Green International Holdings Limited (the “High Court Action”), a company listed on the Stock Exchange of Hong Kong Limited with stock code 2700 (“Green International”) regarding certain convertible bonds issued by Green International to a third party in the principal amount of HK\$40,000,000 and with an interest rate of 8% per annum, which were fully assigned to Nu Kenson by the said third party. On 28 April 2017, Nu Kenson and Green International signed a Deed of Settlement pursuant to which Green International agreed to pay a sum of HK\$44,000,000 to Nu Kenson in full and final settlement of the High Court Action. The said sum of HK\$44,000,000 was received by Nu Kenson in full.

PROSPECTS

The global economy for the second half of 2017 will continue to face uncertainties resulting from the US macro policy, the progress of Brexit and global geopolitical conflicts. The Federal Reserve Board is expected to conduct a balance sheet reduction in September 2017, and the European Central Bank will gradually normalize its monetary policy, both events may have a major impact on the global economic and financial situation. From a domestic perspective, the macro economy in the PRC should be able to strike a balance between financial deleveraging and steady economic growth, so as to promote the supply-side structural reform. Thus, the economy and securities market in Hong Kong may continue to be affected by both international and domestic factors in the second half of 2017.

During the first half of 2017, many overseas stock markets have witnessed a market rally and the Hong Kong local market has also enjoyed a mild increase in the first half year of 2017 and a significant gain from the beginning of July till now. To be more specific, the Hang Seng Index (“HSI”) increased from around 22,100 at the beginning of January 2017 to around 27,800 in early August 2017. The domestic stock market in the PRC has remained stable under a prudent and balanced liquidity risk control and a series supervision. The influx of investors from the PRC into the Hong Kong stock market has also contributed to the two-year high of the HSI as well as the average PE ratio. Currently, the combined southbound turnover of the Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect (the “Stock Connects”) programmes makes up approximately 5 percent of Hong Kong’s total market turnover and its importance is continuing to increase. This increase symbolizes the integration between the capital markets of the two regions. Approximately half the stocks listed in Shanghai

and Shenzhen and a quarter of Hong Kong listed stocks can be traded through the Stock Connects. They are primarily medium to large-cap companies, which represent over 80 percent of the three stock exchanges' combined market capitalization.

Accordingly, the Board is constantly seeking investment opportunities to enrich its investment portfolio and enhance the value of both the Company and its Shareholders. After the initial acquisition of the 30% equity investment in HECSC on 15 December 2016, the acquisition of the remaining 70% equity investment in HECSC was announced on 21 March 2017, and upon completion, HECSC will become a wholly-owned subsidiary of the Group.

The Board is cautiously optimistic of the growth of the financial services sector in both Hong Kong and the PRC, and has proceeded to enhance the capability of the Company to develop new businesses. The Group will continue to conduct fund-raising activities and invite competent staff to join the Group in order to enhance and expand its capability to cope with the ever-changing environment and opportunity as they arise. The Board will also seek to make investments in its infrastructure and keep up with developments in the sectors to maintain its competitive edge as well as stay ahead of other service providers.

PROPOSED SHARE CONSOLIDATION

For the past three years, the share price of the Company has been trading below HK\$1 and with a board lot size of 3,000 Shares, the Company is trading under HK\$2,000 per board lot. Certain brokerage houses and institutional investors have internal policies and practices that either prohibit them from investing in low-priced shares or tend to discourage individual brokers from recommending low-priced shares to their customers. In view of the above, the Board contemplates to conduct a share consolidation in order to (i) reduce the transaction and handling costs as a proportion of the market value of each board lot; and (ii) make investing in the consolidated shares of the Company more attractive to a broader range of institutional and professional investors and other members of the investing public. As at the date of this announcement, the Company has submitted its proposal to the Stock Exchange, but the structure and the timetable of the proposed share consolidation by the Company is subject to the approval of the Stock Exchange.

The Company may or may not proceed with the proposed share consolidation. Further announcement will be made by the Company as soon as practicable, if the Company finds fits. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

INTERIM DIVIDEND

The directors of the Company have declared an interim dividend of HK0.04 cents per share in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: nil). The interim dividend will be payable in cash, with an option to receive new and fully paid shares in lieu of cash under a scrip dividend scheme (the “Scrip Dividend Scheme”). A circular containing details of the Scrip Dividend Scheme together with the relevant election form are expected to be despatched to shareholders of the Company on or about Wednesday, 27 September 2017.

The Scrip Dividend Scheme is conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme.

The interim dividend will be distributed, and the share certificates issued will be sent on or about Tuesday, 31 October 2017 to all shareholders of the Company with their names recorded on the register of members of the Company at the on Friday, 15 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The Company’s register of members will be closed from Wednesday, 13 September 2017 to Friday, 15 September 2017, both dates inclusive, during which period no share transfer will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 12 September 2017.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group employed approximately 43 full time employees for its principal activities. The Group recognizes the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

There was no purchase, sale or redemption of the Company’s listed shares by the Company or any of its subsidiaries for the six months ended 30 June 2017.

CORPORATE GOVERNANCE

During the period, save for the deviation from Code Provision A.2.1, the Company has complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) of the Stock Exchange.

Under Code Provision A.2.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules of the Stock Exchange which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

On 5 April 2017, Mr. Sam Nickolas David Hing Cheong, the chief executive officer of the Company (the “CEO”), was appointed as the acting chairman of the Company.

On 6 April 2017, Mr. Sam Nickolas David Hing Cheong resigned from his position as the CEO of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 June 2017, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee (the “Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. As at the date of this report, the Audit Committee comprises five independent non-executive directors. Currently, the members of the Audit Committee are Mr. Cheung Wing Ping, Mr. Chui Kark Ming, Mr. Ma Ka Ki, Mr. Hung Cho Sing and Mr. Chan Hak Kan. The Audit Committee meets regularly with the Company’s senior management and the Company’s auditor to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The interim results of the Group for the six months ended 30 June 2017 had not been audited, but had been reviewed by the Audit Committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board
Enerchina Holdings Limited
Sam Nickolas David Hing Cheong
Acting Chairman and Executive Director

Hong Kong, 29 August 2017

As at the date of this announcement, the Board comprises the following directors:

Executive Directors:

Mr. Sam Nickolas David Hing Cheong

(Acting Chairman)

Mr. Chow Chi Wah Vincent

(Managing Director)

Mr. Wong Yat Fai

Independent Non-Executive Directors:

Mr. Cheung Wing Ping

Mr. Chui Kark Ming

Mr. Ma Ka Ki

Mr. Hung Cho Sing

Mr. Chan Hak Kan