

TANRICH

TANRICH FINANCIAL HOLDINGS LIMITED
敦沛金融控股有限公司*

Stock Code: 812



Interim Report 2014/15



* For identification purpose only



CONTENTS

	Page
CORPORATE INFORMATION	2
INTERIM RESULTS	5
INTERIM DIVIDEND	5
MANAGEMENT DISCUSSION AND ANALYSIS	5
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	
Condensed Consolidated Statement of Comprehensive Income	10
Condensed Consolidated Statement of Financial Position	11
Condensed Consolidated Statement of Cash Flows	12
Condensed Consolidated Statement of Changes in Equity	13
Notes to Condensed Consolidated Financial Statements	14
OTHER INFORMATION	36

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. YU Weijia (*Chairman*)

(Appointed on 27 February 2015)

Mr. PU Rui (*Chief Executive Officer*)

(Appointed on 27 February 2015)

Mr. WU Jian (Appointed on 27 February 2015)

Mr. ZHANG Chunyong (Appointed on 27 February 2015)

Mr. XU Mingdi (Appointed on 27 February 2015)

Ms. LIANG Yiqing (Appointed on 27 February 2015)

Mr. WANG Zhixian (*Chairman*)

(Appointed on 27 January 2015 and
resigned on 27 February 2015)

Mr. LUO Yi (Appointed on 27 January 2015 and resigned on
27 February 2015)

Mr. ZHANG Yi (Appointed on 27 January 2015 and resigned
on 27 February 2015)

Dr. YIP Man Fan (*Chairman*)

(Resigned on 27 January 2015)

Mr. KWOK Kam Hoi (*Deputy Chairman and Chief Executive
Officer*) (Resigned on 27 January 2015)

Mr. TSUNOYAMA Toru (Resigned on 27 January 2015)

Ms. WONG, Vicky Lai Ping (Resigned on 27 January 2015)

Mr. LIN Peng (Resigned on 27 January 2015)

Independent Non-executive Directors

Professor WU Jun (Appointed on 27 January 2015)

Mr. MENG Gaoyuan (Appointed on 27 January 2015)

Mr. LAM Kwok Cheong

Mr. MA, Andrew Chiu Cheung (Resigned on 27 January 2015)

Mr. YU King Tin (Resigned on 27 January 2015)

CORPORATE INFORMATION

Audit Committee	Mr. MENG Gaoyuan (<i>Chairman</i>) (Appointed on 27 January 2015) Professor WU Jun (Appointed on 27 January 2015) Mr. LAM Kwok Cheong
Remuneration Committee	Professor WU Jun (<i>Chairman</i>) (Appointed on 27 January 2015) Ms. LIANG Yiqing (Appointed on 27 February 2015) Mr. MENG Gaoyuan (Appointed on 27 January 2015) Mr. LAM Kwok Cheong
Nomination Committee	Mr. YU Weijia (<i>Chairman</i>) (Appointed on 27 February 2015) Professor WU Jun (Appointed on 27 January 2015) Mr. MENG Gaoyuan (Appointed on 27 January 2015) Mr. LAM Kwok Cheong
Authorised Representative	Mr. PU Rui (Appointed on 27 February 2015) Mr. LUO Yi (Appointed on 27 January 2015) Mr. WANG Zhixian (Appointed on 27 January 2015 and ceased on 27 February 2015) Mr. KWOK Kam Hoi (Ceased on 27 January 2015) Miss FUNG Suk Han (Ceased on 27 January 2015)
Company Secretary	Miss FUNG Suk Han
Registered Office	Clarendon House 2 Church Street Hamilton HM11 Bermuda

CORPORATE INFORMATION

Head Office and Principal Place of Business in Hong Kong	Rooms 1601, 1606-08 16/F., Central Plaza 18 Harbour Road Wanchai Hong Kong
Bermuda Principal Share Registrar	MUFG Fund Services (Bermuda) Limited The Belvedere Building 69 Pitts Bay Road Pembroke HM08 Bermuda
Branch Share Registrar in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Auditor	Mazars CPA Limited <i>Certified Public Accountants</i> 42nd Floor, Central Plaza 18 Harbour Road Wanchai Hong Kong
Listing Information	The Stock Exchange of Hong Kong Limited Stock Code: 812
Website	www.tanrich-group.com

INTERIM RESULTS

The board (the “Board”) of directors (“Directors”) of Tanrich Financial Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2014 together with the comparative figures for the preceding interim period ended 31 December 2013 as set out on pages 10 to 35 to this report.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the year ending 30 June 2015 (*2014: Nil*).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Encountering the harsh operating environment resulted from increasingly intense market competition, the Group has been committing to broadening its sources of income and reducing expenditure by implementation of stringent cost control measures. The result wasn't improved significantly. As a result, the Group recorded a turnover of HK23.3 million, a 33% decrease of last year (*2013: HK\$34.6 million*) and a loss before taxation of HK\$14.4 million (*2013: HK\$8.1 million*). Loss before taxation increased compared to the corresponding period of last year.

Wealth management, brokerage and margin financing

During the reviewing period, the global economy was fluctuated. As the inauguration of Shanghai Hong Kong Connect at second half of 2014, the passion from individual and institutional investors continued to grow, the average daily turnover of Hong Kong securities market rose to HK\$75.8 billion by 32% compared to HK\$57.2 billion in the corresponding period of last year.

The pick-up of turnover in securities market spurred the increase in income from securities broking on general securities dealing and initial public offerings. However, due to drop in brokerage income from placement deal and reduce in interest income from margin financing, the turnover derived from securities brokerage and margin financing decreased to HK\$13.2 million (*2013: HK\$15.5 million*). In addition, the turnover generated from futures brokerage continued to drop.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review *(continued)*

Wealth management, brokerage and margin financing (continued)

Nonetheless, with further expansion in wealth management business, more diversified products and services were provided, turnover generated from wealth management increased to HK\$5.9 million by 51% (2013: HK\$3.9 million), offsetting the drop in overall brokerage commission. The overall turnover generated from the wealth management, brokerage and margin financing declined slightly during the reviewing period.

Insurance broking

In view of the avalanche of the stringent regulations and disclosure requirement issued by insurance regulatory authorities, sales process has lengthened and causing sales to drop. The total number of transaction generated from single premium insurance products especially for high net-worth clients also being adversely affected. During the reviewing period, the turnover derived from insurance broking recorded a decrease of 81% to HK\$1.3 million (2013: HK\$6.8 million).

The insurance team will continue to identify strategic business partners and develop the Mainland China market, especially new-developed regions outside Guangdong Province filled with enormous business opportunities.

Corporate finance

Due to the resignation of sponsor's team on initial public offering ("IPO") activities, the related business was halted. Their departures resulted in adverse effect on the turnover of corporate finance business.

Now, the Group had recruited new teams on IPO sponsorship and financial advisory businesses, and expects that resumed public offering activities and other equity fund raising exercises will be carried out in the coming period and it will continue to explore more opportunities of being appointed as financial advisers, placing agents and sponsors to diversify revenue stream.

Money lending

While remaining cautious about granting new loans, the Group will continue to explore other money lending opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review *(continued)*

Proprietary trading

Segment profit of HK\$2.0 million in proprietary trading mainly represents mark-to-market gain in securities market.

Prospects

Looking ahead, as the change of the controlling shareholder, the Group is steadfast to its proactive and innovative principal, focusing on potential business that will broaden its income base. We are encouraged by our new controlling shareholder's top ranking on fiscal solvency and performance both in Chinese brokerage industry. Therefore, leveraging on new controlling shareholder's abundant resources in mainland, rich industry experiences and competitive edges, the Group will continue to explore new business opportunities and clienteles to achieve an overwhelming business growth.

Apart from capital strength, the Group believes that talents also serve as a key factor to success. To strengthen its reservation of talents, the Group will keep on recruiting front office staff and attracting talents by offering job opportunities with promising development outlook. The Group will also enhance staff training to unleash their potential.

With the rising popularity of the internet and electronic financial services, the Group will further reinforce its online and mobile trading platform to facilitate clients' trading. Moreover, the Group will launch a series of marketing programs, to attract a wider range of e-trade clients.

The Group is positive and optimistic towards future global economic development. The start of Shanghai and Hong Kong connection program had led Hong Kong securities market into a new era. Such milestone together with Shenzhen Hong Kong connect as well as the other cooperation and intermediation between Hong Kong and Mainland in financial industry shall contribute unlimited opportunities to all market participants. Enhancing the competitiveness of Hong Kong investment market, Hong Kong Exchanges and Clearing Limited ("HKEx") keeps launching new products to meet the growing demand of investors. The Group will keep abreast with HKEx's development and seize the emerging opportunities. In the meantime, the Group will accelerate its pace of reformation, transforming from a traditional retail brokerage firm to a diversified financial service institution and becoming a one-stop wealth management centre.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Liquidity, financial resources and gearing ratio

As at 31 December 2014, the Group had total cash and bank balances including pledged deposit of HK\$39.2 million (30 June 2014: HK\$78.3 million), while net current assets amounted to HK\$37.2 million (30 June 2014: HK\$49.9 million). The current ratio as a ratio of current assets to current liabilities was 1.5 (30 June 2014: 1.2).

The Group met its daily operating obligations from its internal resources. The finance costs were mainly incurred for margin financing business. To support margin financing business, the Group had short term interest-bearing borrowings of HK\$41.0 million (30 June 2014: HK\$187.9 million) at the end of reporting period and with gearing ratio of 24% (30 June 2014: 115%). Gearing ratio represents the ratio of total borrowings to the total equity of the Group. The interest-bearing borrowings are subject to floating interest rates with reference to the costs of funds of the banks.

Banking facilities and charges on assets

As at 31 December 2014, the Group had aggregate banking facilities of HK\$302.9 million. The drawdown of certain banking facilities of HK\$297.4 million is subject to the market value of the marketable securities pledged and the margin deposits placed. The Group pledged certain investments in listed securities of HK\$129.0 million and fixed deposits of HK\$2.0 million for the facilities.

Material investments

During the period under review, there were no material acquisition of investments. The Group maintained its investments in 1 listed and 3 non-listed companies as disclosed in the Group's annual financial statements for the year ended 30 June 2014.

Contingencies

The Group has no material contingent liabilities as at 31 December 2014.

Commitments

As at 31 December 2014, the Group had no material capital commitment.

Exposure to fluctuations in exchange rates and related hedges

As at 31 December 2014, the Group has no material exposure to fluctuations in exchange rates.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review *(continued)*

Changes since 30 June 2014

Save as discussed in this interim results announcement, there were no other significant changes in the Group's financial position from the information disclosed in the Group's annual financial statements for the year ended 30 June 2014.

Employees

As at 31 December 2014, the Group had a total of 73 employees. The Group operates different remuneration schemes for account executives and other supporting staff respectively. Account executives are remunerated on the basis of on-target-earning packages comprising base pay and allowances, commission and/or bonus. All supporting and general staff are also entitled to the year-end and the performance discretionary bonuses. The Company has share option scheme for which the Company may grant options to eligible persons to subscribe for shares in the Company as a long-term incentive scheme.

The Group provides training programs for the staff to enhance their skills and knowledge in products, regulations and compliance. Most of the in-house training are qualified for claiming Continuous Professional Training hours for the licensed persons.

Condensed Consolidated Statement of Comprehensive Income

	<i>Note</i>	Unaudited Six months ended 31 December	
		2014 HK\$'000	2013 HK\$'000 (Restated)
Turnover and revenue	2	23,288	34,647
Other revenue and income	3	5,186	4,448
Employee benefit expenses	4	(15,366)	(17,169)
Depreciation and amortisation		(926)	(646)
Commission expenses	2	(12,517)	(15,640)
Other operating expenses		(13,397)	(13,012)
Finance costs	4	(513)	(521)
Share of result of an associate		(165)	(169)
Share of results of joint ventures		(22)	(10)
Loss before tax	4	(14,432)	(8,072)
Income tax expense	5	–	–
Loss for the period attributable to equity holders of the Company		(14,432)	(8,072)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of foreign subsidiaries and an associate		(60)	157
Change in fair value of available-for-sale financial assets		19,485	8,542
Other comprehensive income for the period		19,425	8,699
Total comprehensive income for the period attributable to equity holders of the Company		4,993	627
Loss per share			
– Basic (HK cents)	6	(1.21)	(0.68)
– Diluted (HK cents)	6	(1.21)	(0.68)

Condensed Consolidated Statement of Financial Position

		Unaudited 31 December	Audited 30 June
		2014	2014
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		4,133	4,854
Intangible assets		100	100
Interests in an associate		522	670
Interests in joint ventures		856	878
Available-for-sale financial assets	7	122,396	102,911
Other non-current assets		3,930	3,578
Loans and advances	8	69	106
		132,006	113,097
Current assets			
Loans and advances	8	73	85
Financial assets at fair value through profit or loss	9	7,818	5,873
Other financial assets	10	8,553	7,663
Accounts receivable	11	47,859	188,757
Deposits, prepayments and other receivables		6,907	5,971
Pledged deposits	12	2,021	2,017
Cash and bank balances	13	37,223	76,323
		110,454	286,689
Current liabilities			
Amount due to a related company	14	24,000	24,000
Interest-bearing borrowings	15	17,000	163,900
Accounts payable	16	16,511	31,093
Other payables and accrued charges		15,657	17,684
Tax payable		93	93
		73,261	236,770
Net current assets		37,193	49,919
NET ASSETS		169,199	163,016
Capital and reserves			
Share capital	17	119,609	119,147
Reserves	18	49,590	43,869
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY AND TOTAL EQUITY		169,199	163,016

Condensed Consolidated Statement of Cash Flows

	Unaudited Six months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Net cash used in operating activities	(40,773)	(61)
Net cash from investing activities	482	494
Net cash from financing activities	1,190	–
Net (decrease) increase in cash and cash equivalents	(39,101)	433
Cash and cash equivalents at beginning of period	78,340	40,822
Effect on exchange rate changes	5	120
Cash and cash equivalents at end of period	39,244	41,375
Analysis of balances of cash and cash equivalents		
Cash and bank balances	37,223	39,360
Pledged deposits	2,021	2,015
	39,244	41,375

Condensed Consolidated Statement of Changes in Equity

	Unaudited Six months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Total equity at 1 July	163,016	161,764
Total comprehensive income for the period	4,993	627
Issue of shares under share option schemes	1,190	–
Total equity at 31 December	169,199	162,391

Notes to Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements for the six months ended 31 December 2014 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2014. These unaudited interim condensed consolidated financial statements have not been audited by the Company’s auditor, but have been reviewed by the Company’s audit committee.

The accounting policies applied in preparing these unaudited interim condensed consolidated financial statements are consistent with those applied in preparing the Group’s annual financial statements for the year ended 30 June 2014. The adoption of the following new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

Amendments to HKAS 32: Presentation – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify the requirements for offsetting financial instruments. These amendments do not have an impact on the condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Amendments to HKAS 36: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, additional information is required to be disclosed when the recoverable amount of impaired assets is based on fair value less costs of disposal. These amendments do not have an impact on the condensed consolidated financial statements.

Future changes in HKFRSs

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to reasonably estimate their impact on its results of operations and financial position.

2. SEGMENT INFORMATION

The Directors have been identified as the chief operating decision makers to evaluate the performance of operating segments based on the Group's internal reporting in respect of these segments. Segment assets and liabilities are not disclosed as they are not considered as crucial for resources allocation and thereby not being regularly provided to the Directors.

The Directors consider wealth management, brokerage and margin financing, insurance broking, corporate finance, money lending and proprietary trading are the Group's major operating segments.

Notes to Condensed Consolidated Financial Statements

2. SEGMENT INFORMATION *(continued)*

Six months ended 31 December 2014 (unaudited)							
	Wealth management, brokerage and margin financing	Insurance broking	Corporate finance	Money lending	Proprietary trading	Other operations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover and revenue	20,049	1,267	-	4	1,968	-	23,288
Commission expenses	(11,464)	(1,053)	-	-	-	-	(12,517)
Results	(6,494)	(1,105)	(2,871)	(245)	1,968	1,202	(7,545)
Unallocated expenses, represented central administration costs							(6,700)
Share of result of an associate							(165)
Share of results of joint ventures							(22)
Loss for the period							(14,432)

Six months ended 31 December 2013 (unaudited)							
	Wealth management, brokerage and margin financing	Insurance broking	Corporate finance	Money lending	Proprietary trading	Other operations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover and revenue (Restated)	21,758	6,836	4,592	49	1,412	-	34,647
Commission expenses (Restated)	(8,982)	(5,756)	(900)	-	(2)	-	(15,640)
Results (Restated)	(3,072)	(474)	290	(655)	1,408	(26)	(2,529)
Unallocated expenses, represented central administration costs							(5,364)
Share of result of an associate							(169)
Share of results of joint ventures							(10)
Loss for the period							(8,072)

Notes to Condensed Consolidated Financial Statements

2. SEGMENT INFORMATION *(continued)*

The accounting policies of the operating segments are consistent with those applied in preparing the Group's annual financial statements for the year ended 30 June 2014. Segment profit and loss represents the profit earned by or loss from each segment without allocation of central administration costs and finance costs, directors' salaries, share of results of an associate and joint ventures and income tax expense. This is the measure reported to the Directors for the purpose of resources allocation and performance assessment.

3. OTHER REVENUE AND INCOME

	Unaudited Six months ended 31 December	
	2014 HK\$'000	2013 HK\$'000 (Restated)
Dividend income	1,570	1,518
Interest income	694	717
Management fee income	630	480
Reversal of allowance for bad and doubtful debts	1,456	–
Sundry income	836	1,733
	5,186	4,448

Notes to Condensed Consolidated Financial Statements

4. LOSS BEFORE TAX

	Unaudited Six months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
This is stated after charging:		
(a) Employee benefit expenses		
Salaries, commission and allowances	14,841	16,660
Contributions to retirement benefits schemes	525	509
	15,366	17,169
(b) Finance costs		
Interest expenses for securities broking and margin financing wholly repayable within five years	213	223
Other interest expense	300	298
	513	521

5. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred losses for taxation purpose for the six months ended 31 December 2014 and 2013. In the opinion of the directors, the Group is not subject to taxation in any other jurisdictions.

Notes to Condensed Consolidated Financial Statements

6. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the equity holders of the Company are based on the following data:

	Unaudited Six months ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Loss for the period attributable to equity holders of the Company		
Loss for the period for the purposes of computation of basic and diluted loss per share	(14,432)	(8,072)

	Unaudited Six months ended 31 December	
	2014 '000	2013 '000
Number of ordinary shares		
Weighted average number of ordinary shares for the purposes of computation of basic loss per share	1,192,654	1,191,476
Effect of dilutive potential ordinary shares for share options	2,162	1,192
Weighted average number of ordinary shares for the purposes of computation of diluted loss per share	1,194,816	1,192,668

The diluted loss per share for the six months ended 31 December 2014 and 2013 are the same as the basic loss per share as the exercise of the Company's outstanding share options would result in anti-dilutive effect by decreasing the basic loss per share.

Notes to Condensed Consolidated Financial Statements

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

		Unaudited 31 December	Audited 30 June
		2014	2014
	<i>Note</i>	HK\$'000	HK\$'000
Non-current			
Equity investment – unlisted, at cost	<i>(i)</i>	14,268	14,268
Impairment loss		(13,021)	(13,021)
		1,247	1,247
Equity investments – listed in Hong Kong, at fair value	<i>(ii)</i>	121,149	101,664
		122,396	102,911

Notes:

- (i) The equity investments are unlisted and their fair values cannot be reliably determined. The Group has no intention to dispose of these investments.
- (ii) Fair values are determined with reference to quoted market bid prices.

The Group has pledged listed investments in an aggregate carrying amount of approximately HK\$121,149,000 (*30 June 2014: HK\$101,664,000*) to banks as collateral for the banking facilities granted to the Group.

Notes to Condensed Consolidated Financial Statements

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(continued)*

At the end of the reporting period, the carrying amount of interests in the following company exceeded 10% of total assets of the Group.

Name	Place of incorporation/ place of operation	Class of share held	Percentage of interests held by the Group	Principal activities
Hong Kong Exchanges and Clearing Limited	Hong Kong/ Hong Kong	Ordinary Shares	0.06%	Owens and operates the only stock exchange and futures exchange in Hong Kong, and their related clearing houses

8. LOANS AND ADVANCES

	Unaudited 31 December 2014 HK\$'000	Audited 30 June 2014 HK\$'000
Loans and advances		
Unsecured	336	385
Allowance for bad and doubtful debts	(194)	(194)
	142	191
Current portion of loans and advances	(73)	(85)
	69	106

Secured loans and advances were granted to its clients by the Group based on credit assessment and terms of such loans and advances were offered subject to their pledged collateral.

At the end of the reporting period, loans and advances carry effective interest rates ranging from nil to 8% (30 June 2014: nil to 8%) and are within the respective maturity dates (30 June 2014: within the respective maturity dates).

Notes to Condensed Consolidated Financial Statements

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		Unaudited 31 December	Audited 30 June
		2014	2014
	Note	HK\$'000	HK\$'000
Listed securities in Hong Kong	(i), (ii)	7,815	5,847
Listed securities outside Hong Kong	(i)	3	26
		7,818	5,873

Notes:

- (i) Fair values of the listed securities are determined with reference to quoted market bid prices.
- (ii) The Group has pledged certain listed securities of approximately HK\$7,815,000 (30 June 2014: HK\$5,847,000) to a bank as collateral for the banking facilities granted to the Group.

10. OTHER FINANCIAL ASSETS

	Unaudited 31 December	Audited 30 June
	2014	2014
	HK\$'000	HK\$'000
Derivatives – total return swap agreement (“SWAP”) designated as at fair value through profit or loss	8,553	7,663

Notes to Condensed Consolidated Financial Statements

11. ACCOUNTS RECEIVABLE

		Unaudited 31 December	Audited 30 June
		2014	2014
	<i>Note</i>	HK\$'000	HK\$'000
Accounts receivable arising from the ordinary course of business of broking in securities and futures contracts:			
– securities cash clients	<i>(a)</i>	4,235	3,784
– securities margin clients	<i>(b)</i>	29,831	65,385
– securities subscription clients		–	113,966
– securities and options clearing houses and brokers	<i>(c)</i>	7,477	1,431
– futures clearing house and brokers	<i>(d)</i>	5,434	2,783
Accounts receivable arising from the provision of corporate finance advisory services		–	51
Accounts receivable arising from the provision of investment-linked and insurance products broking services		882	1,357
		47,859	188,757

Settlement terms

The settlement terms of accounts receivable arising from the ordinary course of business of broking in securities are two or three trading days after the transaction dates.

Accounts receivable arising from the subscription of IPO of listed companies in Hong Kong on behalf of clients are settled upon the share allotments of such listed companies.

Notes to Condensed Consolidated Financial Statements

11. ACCOUNTS RECEIVABLE *(continued)*

Settlement terms *(continued)*

Accounts receivable arising from the ordinary course of business of broking in index, commodity and currency futures contracts and options represent the margin deposits maintained with futures clearing house, options clearing house or brokers to meet the margin requirements of open contracts. Margin calls from clearing houses and brokers are settled on a daily basis. The excess amounts over the required margin deposits stipulated are repayable on demand.

Accounts receivable arising from the provision of corporate finance advisory services, investment-linked and insurance products broking services are repayable within 30 days.

Notes:

- (a) At the end of the reporting period, the ageing analysis of accounts receivable from securities cash clients was as follows:

	Unaudited 31 December	Audited 30 June
	2014	2014
	HK\$'000	HK\$'000
Current	104	113
Overdue:		
– Within 30 days	3,811	3,608
– 31 – 90 days	268	63
– 91 – 180 days	52	–
– Over 180 days	–	3,384
	4,235	7,168
Allowance for bad and doubtful debts	–	(3,384)
	4,235	3,784

Notes to Condensed Consolidated Financial Statements

11. ACCOUNTS RECEIVABLE *(continued)*

Notes: *(continued)*

- (b) At the end of the reporting period, the ageing analysis of accounts receivable from securities margin clients was as follows:

	Unaudited 31 December	Audited 30 June
	2014	2014
	HK\$'000	HK\$'000
Current	10,206	45,698
Overdue:		
– Within 30 days	17,203	13,234
– 31 – 90 days	1,741	6,453
– 91 – 180 days	356	–
– Over 180 days	325	–
	29,831	65,385

Accounts receivable from securities margin clients are secured by their pledged securities, repayable on demand and bear interests at commercial rates. Credits are extended to the securities margin clients subject to the marginable value of the listed securities pledged with the Group. The margin ratios are reviewed and determined periodically. At the end of the reporting period, fair value of marketable securities pledged by securities margin clients was HK\$68,991,000 (30 June 2014: HK\$265,161,000).

- (c) At the end of the reporting period, the accounts receivable from securities and options clearing houses and brokers were not yet due.

The Group maintains margin deposits with the options clearing house in respect of clients' monies in the ordinary course of business of options broking. At the end of the reporting period, the deposit not otherwise dealt with in condensed consolidated financial statements amounted to HK\$6,636,000 (30 June 2014: HK\$3,883,000).

- (d) Accounts receivable from the futures clearing house and brokers did not include the clients' monies deposited in the futures clearing house in Hong Kong amounted HK\$4,924,000 (30 June 2014: HK\$6,393,000) which was not dealt with in the condensed consolidated financial statements. At the end of the reporting period, the accounts receivable from futures clearing house and brokers were all aged within 30 days and repayable on demand.

Accounts receivables are neither past due nor impaired at the end of the reporting period for which the Group believes that the amounts are recoverable.

Notes to Condensed Consolidated Financial Statements

12. PLEDGED DEPOSITS

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. At the end of reporting period, deposits amounting to approximately HK\$2,021,000 (30 June 2014: HK\$2,017,000) have been pledged to secure bank overdrafts and undrawn facilities and are therefore classified as current assets.

13. CASH AND BANK BALANCES

The Group maintains trust accounts with banks to deal with clients' monies in the ordinary course of business. At the end of the reporting period, trust monies not otherwise dealt with in the condensed consolidated financial statements amounted to approximately HK\$242,068,000 (30 June 2014: HK\$336,958,000).

14. AMOUNT DUE TO A RELATED COMPANY

On 3 August 2011, Tanrich Financial (Management) Limited ("TFML"), a subsidiary of the Company, entered into an agreement with Union Light Investment Limited ("Union Light") which has obtained credit facility granted by a bank in Hong Kong amounted to HK\$170,000,000 and has agreed to grant such facility to TFML and its subsidiaries for working capital and business development. TFML would subject to the same terms and conditions under the banking facility granted to Union Light. Both Union Light and TFML are under the common directorship of Dr. Yip Man Fan and Mr. Tsunoyama Toru.

On 6 June 2013, the facility was renewed and the facility limit was revised to HK\$150,000,000. The agreement between TFML and Union Light was revised on 4 July 2013. Further on 21 February 2014, the facility was renewed with no change in terms and facility limit. The agreement between TFML and Union Light was still applicable.

During the reporting period, a total amount of HK\$24,000,000 (30 June 2014: HK\$24,000,000) had been utilised by TFML and its subsidiaries under 1 withdrawal (30 June 2014: 1 withdrawal). At 31 December 2014, a balance of HK\$24,000,000 was utilised and outstanding (30 June 2014: HK\$24,000,000). The amount due is unsecured, interest bearing at 2.49% (30 June 2014: 2.46%) per annum and wholly repayable within 3 months. The repayment schedule was rolled-over to 27 February 2015 in January 2015.

Notes to Condensed Consolidated Financial Statements

15. INTEREST-BEARING BORROWINGS

	Unaudited 31 December	Audited 30 June
	2014	2014
	HK\$'000	HK\$'000
Bank loans, secured and wholly repayable within 12 months	17,000	163,900

The bank loans were borrowed principally for the purpose of providing margin financing (30 June 2014: margin financing and IPO financing) to clients. The interest rate on the loans was 1.17% (30 June 2014: ranged from 0.75% to 1.8%) per annum.

16. ACCOUNTS PAYABLE

		Unaudited 31 December	Audited 30 June
		2014	2014
	Note	HK\$'000	HK\$'000
Accounts payable arising from the ordinary course of business of broking in securities and futures contracts:			
– securities cash clients	(a)	7,306	1,387
– futures clients	(b)	5,514	2,761
– securities clearing house	(a)	1,335	25,268
Accounts payable arising from the provision of investment-linked and insurance products broking services	(c)	2,356	1,677
	(d)	16,511	31,093

Notes to Condensed Consolidated Financial Statements

16. ACCOUNTS PAYABLE *(continued)*

Notes:

- (a) The settlement terms of accounts payable arising from the ordinary course of business of broking in securities in respect of cash clients and clearing house are two or three trading days after the transaction dates.
- (b) Accounts payable arising from the ordinary course of business broking in index, commodity and currency futures contracts represent the margin deposits received from clients for their trading in futures contracts. The excess over the required margin deposits stipulated are repayable to clients on demand.
- (c) Accounts payable arising from the provision of investment-linked and insurance products broking services are repayable within 30 days.
- (d) Accounts payable are stated net of clients' segregated assets of HK\$253,628,000 (30 June 2014: HK\$347,234,000).
- (e) No ageing analysis is disclosed in respect of accounts payable. In the opinion of the Directors, an ageing analysis does not give additional value in view of the businesses' nature.
- (f) Interest with reference to savings rate of financial institutions is payable to accounts payable arising from the ordinary course of business of securities broking subject to their balances maintained with the Group. All other categories of accounts payable are non-interest-bearing.

Notes to Condensed Consolidated Financial Statements

17. SHARE CAPITAL

	<i>Note</i>	Unaudited 31 December 2014		Audited 30 June 2014	
		Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Authorised:					
Ordinary shares of HK\$0.1 each		2,000,000	200,000	2,000,000	200,000
Increase in authorised share capital	(i)	2,000,000	200,000	–	–
		4,000,000	400,000	2,000,000	200,000
Issued and fully paid:					
At beginning of period/year		1,191,476	119,147	1,191,476	119,147
Issue of shares under share option schemes	(ii)	4,620	462	–	–
At end of period/year		1,196,096	119,609	1,191,476	119,147

Note:

- (i) By ordinary resolution passed on 19 September 2014, the authorised share capital of the Company was increased to HK\$400,000,000 by the creation of additional 2,000,000,000 shares of HK\$0.10 each.
- (ii) During the six months ended 31 December 2014, share options granted under the share option schemes were exercised by grantees to subscribe for 2,220,000 and 2,400,000 shares of HK\$0.10 each of the Company at the exercise price of HK\$0.355 and HK\$0.1675 per share respectively. During the year ended 30 June 2014, no share options granted under the share option scheme were exercised by grantees.

Notes to Condensed Consolidated Financial Statements

18. RESERVES

	Investment revaluation reserve	Share premium	Capital reserve	Foreign exchange reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2014	101,628	9,794	40,836	1,506	(109,895)	43,869
Loss for the period	-	-	-	-	(14,432)	(14,432)
Exchange difference on translation of financial statements of foreign subsidiaries and an associate	-	-	-	(60)	-	(60)
Change in fair value of available-for-sale financial assets	19,485	-	-	-	-	19,485
Other comprehensive income for the period	19,485	-	-	(60)	-	19,425
Total comprehensive income for the period	19,485	-	-	(60)	(14,432)	4,993
Issue of shares under share option schemes	-	728	-	-	-	728
At 31 December 2014 (unaudited)	121,113	10,522	40,836	1,446	(124,327)	49,590
At 1 July 2013	82,566	9,794	40,836	1,577	(92,156)	42,617
Loss for the period	-	-	-	-	(8,072)	(8,072)
Exchange difference on translation of financial statements of foreign subsidiaries and an associate	-	-	-	157	-	157
Change in fair value of available-for-sale financial assets	8,542	-	-	-	-	8,542
Other comprehensive income for the period	8,542	-	-	157	-	8,699
Total comprehensive income for the period	8,542	-	-	157	(8,072)	627
At 31 December 2013 (unaudited)	91,108	9,794	40,836	1,734	(100,228)	43,244

Notes to Condensed Consolidated Financial Statements

19. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the condensed consolidated financial statements, there were related party transactions entered into by the Group during the period, details of which are set out below:

Related party relationship	Nature of transaction	Unaudited Six months ended 31 December	
		2014 HK\$'000	2013 HK\$'000
Key management personnel, including directors	Short-term employee benefits	5,027	6,629
A related company (<i>Note i</i>)	Licence fee received	–	(780)
	Management fee received	(480)	(480)
	Motor vehicle lease payment	120	120
Union Light (<i>Note ii</i>)	Interest payment	300	298

Related party relationship	Nature of transaction	Unaudited 31 December	Audited 30 June
		2014 HK\$'000	2014 HK\$'000
A related company (<i>Note i</i>)	Amount due to the Group	1,229	821

Note:

- (i) TFML entered into a licence agreement with Tanrich (Hong Kong) Holdings Limited (“THKHL”) (an associate of the Company’s chairman, Dr. Yip Man Fan, who is connected person of the Company) on 16 April 2013, for allowing THKHL to occupy and use the office space of the Group’s principal place of business as located at 16th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The licence is effective from 8 April 2013 to 5 May 2014 with a monthly licence fee of HK\$130,000. Free use period was granted from 8 April 2013 to 5 May 2013.

During the reporting period, the Group charged THKHL management fees of HK\$80,000 per month for the management and personnel supportive services provided by the Group and paid to THKHL lease payments of HK\$20,000 per month for the use of a motor vehicle.

The amount due from THKHL was unsecured, interest-free with no fixed repayment term.

- (ii) The Group paid interest expense of HK\$300,000 (2013: HK\$298,000) to Union Light pursuant to the agreement as detailed in note 14 to the condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

20. COMMITMENTS

Commitments under operating leases

The Group leases a number of properties under operating leases, which typically run for an initial period of 1 to 3 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	Unaudited 31 December	Audited 30 June
	2014	2014
	HK\$'000	HK\$'000
Within one year	9,970	10,104
In the second to fifth year inclusive	12,871	17,851
	22,841	27,955

Other commitments

In April 2010, the Company entered into a five year SWAP agreement with a bank in the United Kingdom with notional amount of US\$10 million. The underlying instrument of the SWAP is a capital guaranteed fund.

Pursuant to the SWAP, the Company is obliged to make quarterly payments to the bank. The amount to be paid is calculated on the notional amount with reference to LIBOR from time to time. Upon maturity of the SWAP, the Company is entitled to receiving the return on the underlying instrument depending on its performance.

The SWAP is accounted for by the Group in accordance with HKAS 39 accordingly and included in other financial assets under note 10 to the condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

21. FAIR VALUE MEASUREMENTS

The following presents the carrying value of financial instruments measured at fair value at 31 December 2014 and 30 June 2014 across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value categorised in its entirety based on the lowest level of input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

Assets measured at fair value

	Total	Level 1	Level 2	Level 3
31 December 2014	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Available-for-sale financial assets				
Listed securities in Hong Kong	121,149	121,149	–	–
Other financial assets				
SWAP	8,553	–	8,553	–
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong	7,815	7,815	–	–
Listed securities outside Hong Kong	3	3	–	–

Notes to Condensed Consolidated Financial Statements

21. FAIR VALUE MEASUREMENTS *(continued)*

Assets measured at fair value *(continued)*

	Total	Level 1	Level 2	Level 3
30 June 2014	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Available-for-sale financial assets				
Listed securities in Hong Kong	101,664	101,664	–	–
Other financial assets				
SWAP	7,663	–	7,663	–
Financial assets at fair value through profit or loss				
Listed securities in Hong Kong	5,847	5,847	–	–
Listed securities outside Hong Kong	26	26	–	–

During the period ended 31 December 2014 and 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

Description of the valuation techniques and inputs used in Level 2 fair value measurement

The valuation technique used to determine the fair value of the SWAP is the discounting cashflow based methodologies which is the estimated amount that the issuer would receive or pay to terminate the SWAP agreement at the end of reporting period, taking into account observable interest rates.

Valuation processes of the Group

The directors determine the policies and procedures for both recurring and non-recurring fair value measurement. In estimating the fair value of an asset or a liability, the directors use market-observable data to the extent it is available. Where Level 1 inputs are not available, the directors would engage third party qualified valuer to perform the valuation for significant assets and liabilities.

Notes to Condensed Consolidated Financial Statements

22. COMPARATIVE FIGURES

Comparative figures of the condensed consolidated statements of comprehensive income, notes 2 and 3 of these financial statements have been reclassified. Conforming to current period's presentation, other revenue of HK\$1,197,000 and other operating expenses of HK\$2,982,000 in 2013/14 Interim Report have been reclassified to turnover under the segment of corporate finance and commission expenses under the segment of wealth management, brokerage and margin financing respectively. The revised presentation reflects more appropriately the nature of these items. These reclassifications have no effect on the reported financial position, results or cash flows of the Group.

23. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the issued share capital of the Company was increased to 2,441,220,409 shares as the subscription of 1,245,124,409 shares at HK\$0.28 per subscription share, representing approximately 51% of the entire issued share capital of the Company, was completed on 6 January 2015 according to the Subscription Agreement (as defined in the Company's announcement dated 15 August 2014) with Southwest Securities International Investment Limited. The total proceeds of HK\$348,634,835 were fully received on the same date.

Further information and details of event after the reporting period are included in the Company's announcements dated 6 January 2015, 27 January 2015 and 28 January 2015.

OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2014, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Interests in Long Positions in the Shares and Underlying Shares of the Company

Name of Directors	Number of ordinary shares held			Total	Approximate % of holding
	Personal interests	Family interests	Other interests		
Dr. Yip Man Fan	102,484,000	30,000,000 <i>(Note 1)</i>	480,000,000 <i>(Notes 2 and 4)</i>	612,484,000 <i>(Note 3)</i>	51.21%
Mr. Kwok Kam Hoi	1,500,000	-	-	1,500,000 <i>(Note 6)</i>	0.13%
Mr. Tsunoyama Toru	140,200,000	-	-	140,200,000 <i>(Note 5)</i>	11.72%
Ms. Wong, Vicky Lai Ping	4,002,000	-	-	4,002,000 <i>(Note 6)</i>	0.33%
Mr. Lin Peng	600,000	-	-	600,000 <i>(Note 6)</i>	0.05%
Mr. Yu King Tin	1,442,000	-	-	1,442,000 <i>(Note 7)</i>	0.12%

OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations *(continued)*

Interests in Long Positions in the Shares and Underlying Shares of the Company (continued)

Notes:

1. Shares are held by Ms. Tang Yuk Lan, the spouse of Dr. Yip Man Fan ("Dr. Yip").
2. Shares are held by discretionary trusts of which Dr. Yip and members of his family are beneficiaries.
3. Dr. Yip and his associates accepted the share offer in respect of the aggregate of 415,884,000 shares in amount of HK\$0.58 per offer share on 6 January 2015 and 7 January 2015. Such acceptance of share offer was completed on 12 January 2015.
4. The conditional placing and underwriting agreement dated 15 August 2014 entered into Fame Harvest Group Limited ("Fame Harvest") and GF Securities (Hong Kong) Brokerage Limited ("GF Securities (Hong Kong)") pursuant to which Fame Harvest agreed to engage GF Securities (Hong Kong) to place 196,600,000 shares held by Fame Harvest to independent investor(s) on a fully underwritten basis at the offer price in amount of HK\$0.58 per offer share. The placing of 196,600,000 shares was completed on 6 January 2015.
5. Mr. Tsunoyama Toru accepted the share offer in respect of all shares in consideration of HK\$0.58 per offer share on 6 January 2015 and 7 January 2015. Such acceptance of share offer was completed on 12 January 2015.
6. Mr. Kwok Kam Hoi, Ms. Wong, Vicky Lai Ping and Mr. Lin Peng sold all the shares held by them on 27 January 2015.
7. Mr. Yu King Tin resigned as an independent non-executive director of the Company on 27 January 2015.

Save as disclosed above, as at 31 December 2014, none of the Directors, the chief executive of the Company or their respective associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

Share Option Schemes

At the annual general meeting of the Company held on 12 November 2013, the shareholders of the Company approved the adoption of a new share option scheme (the “2013 Share Option Scheme”) and the termination of the share option scheme which was adopted by the Company on 30 January 2004 (the “2004 Share Option Scheme”). The 2013 Share Option Scheme is valid and effective for 10 years from the date of adoption. Options granted under the 2004 Share Option Scheme prior to such termination will continue to be valid and exercisable in accordance with the rules of the 2004 Share Option Scheme.

During the period under review, no share option was granted under the 2013 Share Option Scheme.

Details of the share options during the six months ended 31 December 2014 under the 2004 Share Option Scheme were as follows:

	Number of shares issuable under the options					Grant date	Exercise Period	Closing price per share immediately before the grant date HK\$
	As at 01/07/2014 (‘000)	Exercised during the period (‘000)	As at 31/12/2014 (‘000)	Exercise price HK\$				
Director:								
Ms. Wong, Vicky Lai Ping	600	(600)	–	0.3550	14/11/2012	14/11/2013-13/11/2022	0.350	
Mr. Lin Peng	600	(600)	–	0.3550	14/11/2012	14/11/2013-13/11/2022	0.350	
Continuous contract employees	2,400	(2,400)	–	0.1675	04/01/2007	04/01/2008-03/01/2017	0.165	
	200	–	200	0.8880	04/01/2011	04/01/2012-03/01/2021	0.840	
	1,020	(1,020)	–	0.3550	14/11/2012	14/11/2013-13/11/2022	0.350	
Total	4,820	(4,620)	200					

Note: No share options were granted, cancelled or lapsed under the 2004 Share Option Scheme during the period under review.

Directors’ Rights to Acquire Shares or Debentures

Apart from those disclosed in the “Share Option Schemes” above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Directors or their respective spouses or children under the age of 18, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouses or children under the age of 18 to acquire such rights in any other body corporate.

OTHER INFORMATION

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2014, the persons (other than Directors and chief executive of the Company whose interests or short positions have been disclosed above) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Interests in Long Positions of the Shares of the Company

Name of shareholders	Note	Capacity and nature of interest	Number of ordinary shares held	Approximate % of holding
Fame Harvest	1&2	Beneficial owner	480,000,000	40.13%
Bank of East Asia (Trustees) Limited	2	Trustee	480,000,000	40.13%
Ms. Tang Yuk Lan	3	Interest of spouse	612,484,000	51.21%
GF Securities (Hong Kong)	4&5	Beneficial owner	196,600,000	40.13%
GF Holdings (Hong Kong) Corporate Limited	5	Interest of controlled corporation	196,600,000	40.13%
GF Securities Co., Ltd	5	Interest of controlled corporation	196,600,000	40.13%
Southwest Securities International Investment Limited	6	Beneficial owner	1,245,124,409	104.10%
Southwest Securities Co. Ltd	6	Interest of controlled corporation	1,245,124,409	104.10%
重慶渝富資產經營管理集團有限公司 Chongqing Yu Fu Assets Operation Management Group Company Limited*	7	Interest of controlled corporation	1,245,124,409	104.10%

Notes:

1. Fame Harvest, incorporated in the British Virgin Islands, is wholly owned by Bank of East Asia (Trustees) Limited as the trustee of The Yip Man Fan Family Trust (the "Trust"). Dr. Yip is the founder of the Trust.
2. Under Part XV of the SFO, Bank of East Asia (Trustees) Limited is taken to have an interest in the same 480,000,000 ordinary shares held by Fame Harvest on trust for the Trust. These shares are the same block of shares.

* For identification purposes only

OTHER INFORMATION

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares *(continued)*

Interests in Long Positions of the Shares of the Company (continued)

Notes: *(continued)*

3. Ms. Tang Yuk Lan is the spouse of Dr. Yip. Under Part XV of the SFO, each of Dr. Yip and Ms. Tang Yuk Lan is taken to have an interest in the shares held by each other. These shares therefore duplicate each other.
4. The conditional placing and underwriting agreement dated 15 August 2014 entered into Fame Harvest and GF Securities (Hong Kong) pursuant to which Fame Harvest agreed to engage GF Securities (Hong Kong) to place 196,600,000 shares held by Fame Harvest to independent investor(s) on a fully underwritten basis at the offer price in amount of HK\$0.58 per offer share. The placing of 196,600,000 shares was completed on 6 January 2015.
5. GF Securities (Hong Kong) is 100% owned by GF Holdings (Hong Kong) Corporation Limited ("GF Holdings") and GF Holdings is 100% owned by GF Securities Co., Ltd ("GF Securities Co") which is listed on the Shenzhen Stock Exchange. Therefore, GF Holdings and GF Securities Co are deemed to be interested in all the shares held by GF Securities (Hong Kong) by virtue of the SFO.
6. Southwest Securities International Investment Limited ("SSII") is wholly-owned by Southwest Securities Co., Ltd ("SWSC"). SWSC is therefore deemed, or taken to be, interested in all shares which SSII is interested for the purpose of the SFO.
7. 重慶渝富資產經營管理集團有限公司 (Chongqing Yu Fu Assets Operation Management Group Company Limited*) is interested in approximately 33.29% of the issued shares of SWSC. 重慶渝富資產經營管理集團有限公司 (Chongqing Yu Fu Assets Operation Management Group Company Limited*) is therefore deemed, or taken to be, interested in all shares which SWSC is interested (or deemed or taken to be interested) for the purpose of the SFO.

Save as disclosed above, as at 31 December 2014, the Company had not been notified of any substantial shareholders (other than Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company that were recorded in the register required to be kept under Section 336 of the SFO.

* *For identification purposes only*

OTHER INFORMATION

Corporate Governance

The Company has complied with all the provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the interim period.

Social Responsibility

The Group not only regards corporate social responsibility as our obligation but also an opportunity to promote the spirit of care and love. Therefore, the Group has been participating in a diverse range of social development programs to make our community a better place to live and create an inclusive and harmonious society. The Group has established its principle of social responsibility under two pillars, namely community and environment.

In the aspect of community, the Group has been maintaining a long-term relationship with social welfare organization, empowering underprivileged groups. During the reporting period, the Group was committed to serve the grassroots children to broaden the children's horizons; the Group's corporate volunteer team visited "Zero Carbon Building" with them, teaching them about the nature and environment protection through the activities. The Group's effort has gained widespread recognition and has been awarded as the "Heart to Heart Company" by the Hong Kong Federation of Youth Groups for 6 consecutive years and also has been awarded as the "Caring Company" for 8 consecutive years.

Furthermore, the Group strives to improve energy-efficiency and reduce waste, continuously support environmental protection activities and promote awareness to employees. has committed to support "Take a 'Brake' Low Carbon Action" launched by three local green organizations to encourage staffs to drive less, cultivate the habit of driving at least one day less per month, promote green driving culture and reduce carbon footprint for better air quality in Hong Kong. Moreover, to echo 'World Food Day (WED)' of the Food and Agriculture Organization of the United Nations (FAO), the Group has committed to support the 'Order Less Waste Less' Light Banquets Campaign launched by Friends of the Earth (HK) to promote the messages of cherishing food and having green menu in avoidance of excess food waste. Besides, staffs are spurred to bring their reusable boxes to take home any leftover food.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry with each Director and was confirmed that all Directors have complied with the required standard set out in the Model Code during the six months ended 31 December 2014.

OTHER INFORMATION

Purchase, Sale or Redemption of Securities

During the six months ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

Review of Interim Financial Statements

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited condensed consolidated financial statements for the six months ended 31 December 2014 ("Interim Financial Statements"), in conjunction with the external auditor of the Company. The Audit Committee is satisfied that the Interim Financial Statements have been prepared in accordance with applicable accounting standards and fairly present the Group's financial position and results for the six months ended 31 December 2014.

By order of the Board

Yu Weijia

Chairman

Hong Kong, 27 February 2015