

Earnest

Investments Holdings Limited

(Continued into Bermuda with limited liability)

(stock code:339)



Interim Report **2016**

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Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. CHAN Chak Paul (*Chairman*)
Mr. WANG Daming

NON-EXECUTIVE DIRECTOR

Mr. SUN Bo

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAN Francis Ping Kuen
Mr. TAN Yee Boon
Mr. WANG Jia Hua

CHIEF EXECUTIVE OFFICER

Mr. ZHANG Yufei

COMPANY SECRETARY

Mr. CHEUNG Hoi Tik

AUDITOR

Messrs. RSM Hong Kong
Certified Public Accountants

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 1904 & 05
19/F Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Bank of East Asia, Limited
Hang Seng Bank Limited

INVESTMENT MANAGER

China Everbright Securities (HK) Limited

AUDIT COMMITTEE

Mr. CHAN Francis Ping Kuen (*Chairman*)
Mr. TAN Yee Boon
Mr. WANG Jia Hua

REMUNERATION COMMITTEE

Mr. TAN Yee Boon (*Chairman*)
Mr. CHAN Francis Ping Kuen
Mr. WANG Jia Hua

NOMINATION COMMITTEE

Mr. CHAN Chak Paul (*Chairman*)
Mr. TAN Yee Boon
Mr. CHAN Francis Ping Kuen

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Management (Bermuda) Limited
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

339

Management Discussion and Analysis

The board (the “Board”) of directors (the “Directors”, and each, a “Director”) of Earnest Investments Holdings Limited (the “Company”) is pleased to present the unaudited interim financial results for the six months ended 30 June 2016.

RESULTS

For the six months ended 30 June 2016, the Company recorded a turnover of approximately HK\$1.8 million (2015: approximately HK\$18.3 million) and a loss attributable to owners of approximately HK\$7.9 million (2015: approximately HK\$5.1 million). The basic loss per share was HK\$0.068 (2015: HK\$0.052). As compared to the last corresponding period, the net loss incurred was mainly due to the loss on disposals of the Company’s investment in Hong Kong listed securities and an increase in administration and other operating expenses.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: HK\$ Nil).

BUSINESS REVIEW

For the interim period under review, the Company recorded the losses on disposal of financial assets at fair value through profit or loss of approximately HK\$23 million and net change in fair value gains of approximately HK\$18 million on its share portfolio. As at 30 June 2016, the carrying value of the Company’s share portfolio was approximately of HK\$19.1 million. As the Company’s operating results are mostly driven by trading of listed securities, its performance will be affected by the global investments atmosphere. Nevertheless, the Company will be cautious in securities trading with an aim to grow its share portfolio.

The Company’s portfolio of Hong Kong listed securities as at 30 June 2016 consisted of China Dynamics (Holdings) Limited, Hong Kong Exchanges and Clearing Limited, Tencent Holdings Limited, CSOP FTSE China A50 ETF and ChinaAMC CSI 300 Index ETF.

As at 30 June 2016, 49% (31 December 2015: 74%) of the Company’s total investments consisted of a portfolio of Hong Kong listed securities, 1% (31 December 2015: 1%) in other assets, 49% (31 December 2015: 25%) in cash which was deposited with banks in Hong Kong and 1% (31 December 2015: Nil) in property, plant and equipment.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

For the period under review, the Company generally financed its operations and investment activities by internal resources. As at 30 June 2016, the net asset value of the Company was HK\$38,425,987 (31 December 2015: HK\$33,325,997) with net asset value per share of HK\$0.33 (31 December 2015: HK\$0.34). As at 30 June 2016, the Company had cash and cash equivalents of HK\$18,942,090 (31 December 2015: HK\$8,449,793).

As disclosed in the announcement of the Company dated 24 December 2015, the Company entered into a placing agreement with a placing agent in respect of the placement of 19,000,000 ordinary shares of HK\$0.02 each at a price of HK\$0.70 per share (the "Placing Shares") to not fewer than six placees who and whose ultimate beneficial owners are not connected persons of the Company and are third parties independent of and not connected with the Company and its connected persons. The placement was completed on 11 January 2016 and the Placing Shares were allotted and issued by the Company to not fewer than six placees, who are professional investors as defined under the Securities and Futures Ordinance (the "SFO", Chapter 571 of the Laws of Hong Kong), at the placing price of HK\$0.70 per Placing Share. Details of the said placing were disclosed in the announcements of the Company dated 24 December 2015 and 11 January 2016 and the annual report of the Company for its financial year ended 31 December 2015. As at the date of this report, the net proceeds raising from the said placing of approximately HK\$13 million have not been utilised and the intended use would be for working capital of the Company and for future investments yet to be identified.

The Company has no significant liabilities. The gearing ratio of the Company, calculated on the basis of the Company's total liabilities over total owners' equity, was 0.010 as at 30 June 2016 (31 December 2015: 0.007).

CAPITAL STRUCTURE

Details in the changes of the capital structure of the Company for the reporting period are set out in note 13 to the condensed financial statements. The capital of the Company comprises only ordinary shares as at 30 June 2016 and 31 December 2015.

Management Discussion and Analysis

FOREIGN EXCHANGE EXPOSURE

The Board believes that the Company has minimal exposure to foreign exchange risk as all business transactions of the Company are denominated in Hong Kong dollars. As at 30 June 2016, the Company has not used any derivative to hedge its exposure to the foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

During the reporting period, the Company has 13 (2015: 7) employees including directors and the total staff costs for the period amounted to HK\$654,140 (2015: HK\$280,200). The Company's remuneration policies are in line with the prevailing market practice.

CHARGES ON THE COMPANY'S ASSETS

As at 30 June 2016, no charges had been created on the Company's assets.

CONTINGENT LIABILITIES

The Company did not have any significant contingent liabilities as at 30 June 2016.

FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET

The Company had not executed any agreement in respect of material investment or capital asset and did not have any other future plans relating to material investment or capital asset as at the date of this report. Nonetheless, if any potential investment opportunity arises in the coming future, the Company will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Company and the shareholders of the Company as a whole.

PROSPECTS

The Company's management will adopt a conservative approach in managing the existing investments in accordance with the Company's investment objectives and policies.

Nevertheless, the Company will continue to identify and capture investment opportunities as and when they arise.

Other Information

SHARE OPTION SCHEME

The Company's share option scheme (the "2006 Share Option Scheme") was adopted by the shareholders of the Company at the annual general meeting held on 26 May 2006 and lapsed on 25 May 2016. As disclosed in the annual report of the Company for its financial year ended 31 December 2015 and the circular of the Company dated 27 April 2016, the Company proposed to terminate the 2006 Share Option Scheme and adopt a new share option scheme (the "2016 Share Option Scheme"). The proposed ordinary resolutions for termination of the 2006 Share Option Scheme and adoption of the 2016 Share Option Scheme were approved by shareholders of the Company at the special general meeting held on 16 May 2016.

During the reporting period, no option was granted, exercised, cancelled or lapsed under the 2006 Share Option Scheme and/or 2016 Share Option Scheme and there was no outstanding option as at 30 June 2016.

INTERESTS AND/OR SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, so far as the Directors are aware, the interests and/or short positions of the Directors and chief executives 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 Future Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise 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 Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), were as follows:

Name of Directors/ chief executives	Capacity	Long/ Short position	Number of shares held	Approximate percentage of the issued share capital as at 30 June 2016
SUN Bo	Beneficial owner	Long position	22,275,000	19.20%

Other Information

INTERESTS AND/OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed in the section headed "INTERESTS AND/OR SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES", as at 30 June 2016, so far as the Directors are aware, the following individuals and corporations had the interests and/or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares held	Approximate percentage of the issued share capital as at 30 June 2016
Salus Investments Limited (<i>Note 1</i>)	Beneficial owner	13,260,000	11.43%
ZHANG Xu Ming (<i>Note 1</i>)	Interest of controlled corporation	13,260,000	11.43%
YAU Mei Han	Beneficial owner	12,021,250	10.36%
Supreme Zone Investments Limited (<i>Note 2</i>)	Beneficial owner	11,812,500	10.18%
XIA Jun (<i>Note 2</i>)	Interest of controlled corporation	11,812,500	10.18%

Notes:

1. The 13,260,000 shares were held by Salus Investments Limited which was wholly owned by Mr. ZHANG Xu Ming. By virtue of the SFO, Mr. ZHANG Xu Ming was deemed to be interested in the 13,260,000 shares.
2. The 11,812,500 shares were held by Supreme Zone Investments Limited which was wholly owned by Mr. XIA Jun. By virtue of the SFO, Mr. XIA Jun was deemed to be interested in the 11,812,500 shares.

All the interests disclosed above represent long position in the ordinary shares of the Company.

Other Information

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the sections headed “INTERESTS AND/OR SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES” and the “SHARE OPTION SCHEME” above in this report, at no time during the reporting period was the Company, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the reporting period, the Company neither purchased, sold nor redeemed any of its listed securities.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Listing Rules. The Company has complied with the code provisions during the six months ended 30 June 2016 except for the following deviations:

The Code provision A2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the Chairman and the chief executive officer of the Company were held by Mr. CHAN Chak Paul, being Chairman and one of the executive Directors, since Mr. NGAI Wah Sang has resigned as the chief executive officer of the Company on 16 June 2016. The Company has commenced the search for suitable candidate as the new chief executive officer of the Company. Subsequent to the end of the reporting period, Mr. ZHANG Yufei has been appointed as the chief executive officer of the Company with effect from 28 July 2016.

CHANGE IN DIRECTORS’ AND CHIEF EXECUTIVE’S INFORMATION UNDER RULES 13.51B(1) OF THE LISTING RULES

As disclosed in the announcement of the Company dated 16 June 2016, Mr. NGAI Wah Sang has resigned as a deputy chairman, a chief executive officer and an executive Director of the Company with effect from 16 June 2016.

Subsequent to the end of the reporting period, Mr. ZHANG Yufei (“Mr. ZHANG”) has been appointed as the chief executive officer of the Company with effect from 28 July 2016. The biographical details of Mr. ZHANG are set out in the announcement of the Company dated 28 July 2016.

Save as disclosed above, there is no other change in the Directors’ and chief executive’s information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

Other Information

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, all Directors have complied with the required standards as set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the reporting period.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee"), with its terms of reference established in compliance with the Listing Rules, comprises three independent non-executive Directors, namely Mr. CHAN Francis Ping Kuen (the chairman of the Audit Committee), Mr. TAN Yee Boon and Mr. WANG Jia Hua. The Audit Committee has reviewed with the management of the Company the unaudited condensed financial statements of the Company for the six months ended 30 June 2016 including the accounting principles and practices adopted by the Company and has also discussed with management of the Company the internal controls and financial reporting matters including the review of the interim report of the Company for the six months ended 30 June 2016.

Independent Review Report



TO THE BOARD OF DIRECTORS OF EARNEST INVESTMENTS HOLDINGS LIMITED

(Continued into Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 12 to 24 which comprises the condensed statement of financial position of the Company as at 30 June 2016 and the related condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Review Report

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

RSM Hong Kong

Certified Public Accountants

Hong Kong, 15 August 2016

Condensed Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2016

		(Unaudited)	
		Six months ended 30 June	
	Notes	2016 HK\$	2015 HK\$
Revenue	5	62,032	22,960
(Losses)/gains on disposals of financial assets at fair value through profit or loss		(23,164,798)	443,882
Net change in fair value gains/(losses) on financial assets at fair value through profit or loss		18,050,445	(3,955,337)
Administrative and other operating expenses		(2,814,150)	(1,567,574)
Loss before tax		(7,866,471)	(5,056,069)
Income tax	6	–	–
Loss for the period attributable to owners of the Company	7	(7,866,471)	(5,056,069)
Other comprehensive income for the period, net of tax		–	–
Total comprehensive income for the period attributable to owners of the Company		(7,866,471)	(5,056,069)
Loss per share			
Basic	10	(0.068)	(0.052)

Condensed Statement of Financial Position

AT 30 JUNE 2016

		(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	11	436,752	–
Current assets			
Financial assets at fair value through profit or loss	12	19,109,715	24,981,310
Prepayments, deposits and other receivables		336,726	141,556
Bank and cash balances		18,942,090	8,449,793
		38,388,531	33,572,659
Current liabilities			
Accruals and other payables		399,296	246,662
Net current assets		37,989,235	33,325,997
Total assets less current liabilities		38,425,987	33,325,997
Non-current liabilities		–	–
NET ASSETS		38,425,987	33,325,997
Equity attributable to owners of the Company			
Share capital	13	2,320,000	1,940,000
Reserves		36,105,987	31,385,997
TOTAL EQUITY		38,425,987	33,325,997
Net asset value per share	14	0.33	0.34

Condensed Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	(Unaudited)				
	Share capital HK\$	Share premium account HK\$	Contributed surplus account HK\$	Retained profits/ (accumulated losses) HK\$	Total equity HK\$
At 1 January 2015	1,940,000	22,600,000	28,040,011	448,550	53,028,561
Total comprehensive income and changes in equity for the period	-	-	-	(5,056,069)	(5,056,069)
At 30 June 2015	1,940,000	22,600,000	28,040,011	(4,607,519)	47,972,492
At 1 January 2016	1,940,000	22,600,000	28,040,011	(19,254,014)	33,325,997
Issue of shares on placement (Note 13)	380,000	12,586,461	-	-	12,966,461
Total comprehensive income for the period	-	-	-	(7,866,471)	(7,866,471)
Changes in equity for the period	380,000	12,586,461	-	(7,866,471)	5,099,990
At 30 June 2016	2,320,000	35,186,461	28,040,011	(27,120,485)	38,425,987

Condensed Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	HK\$	HK\$
Net cash used in operating activities	(2,008,794)	(8,833,896)
Net cash used in investing activities	(465,370)	–
Net cash generated from financing activities	12,966,461	–
Net increase/(decrease) in cash and cash equivalents	10,492,297	(8,833,896)
Cash and cash equivalents at 1 January	8,449,793	16,764,868
Cash and cash equivalents at 30 June		
Representing bank and cash balances	18,942,090	7,930,972

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2016

1. CORPORATE INFORMATION

Earnest Investments Holdings Limited (the “Company”) was continued into Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The address of its principal place of business is Suites 04 & 05, 19/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment and trading of listed and unlisted equity securities.

2. BASIS OF PREPARATION

The condensed interim financial statements have not been audited.

The unaudited condensed interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s 2015 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2015.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Company has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2016. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not have any significant effect on the condensed interim financial statements.

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2016

4. FAIR VALUE MEASUREMENTS

The carrying amounts of the Company's financial assets and financial liabilities as reflected in the condensed statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Company's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The recurring fair value measurements of the Company's financial assets at fair value through profit and loss are using the Level 1 of the fair value hierarchy.

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2016

5. REVENUE

	(Unaudited)	
	Six months ended 30 June	
	2016 HK\$	2015 HK\$
Dividend income from listed investments	60,643	21,500
Bank interest income	1,389	1,460
Revenue	62,032	22,960
Proceeds from disposals of financial assets at fair value through profit or loss	1,699,242	18,227,520

No segment information is presented as all of the revenue and contribution to operating results, assets and liabilities of the Company are attributable to investment activities which are carried out or originated principally in Hong Kong.

6. INCOME TAX

No provision for Hong Kong Profits Tax is required since the Company has no assessable profit for the period (2015: Nil).

7. LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Company's loss for the period attributable to owners of the Company is stated after charging the following:

	(Unaudited)	
	Six months ended 30 June	
	2016 HK\$	2015 HK\$
Investment management fee (<i>Note 8</i>)	343,871	180,000
Depreciation	28,618	–
Directors' remuneration		
– Fees	210,000	176,400
– Retirement benefits scheme contributions	4,500	3,000
	214,500	179,400
Operating lease charges — land and buildings	667,867	84,000

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2016

8. CONNECTED PARTY TRANSACTIONS

On 3 June 2015, the Company entered into an investment management agreement (the “Existing Management Agreement”) with Success Talent Investments Limited (“Success Talent”) for the provision of investment management services to the Company for a period of two years from 26 July 2015 with investment management fee of HK\$40,000 per month payable monthly in arrears. A written confirmation between the Company and Success Talent was made to terminate the Existing Management Agreement with effect from 12 May 2016. During the period, the investment management fee of HK\$245,161 (including the early termination payment) was paid by the Company to Success Talent.

On 12 May 2016, the Company entered into the new investment management agreement (the “New Management Agreement”) with China Everbright Securities (Hong Kong) Limited (“CES”), for the provision of investment management services to the Company for a period of two years from 12 May 2016 with investment management fee of HK\$60,000 per month payable monthly in arrears. During the period, the investment management fee of HK\$98,710 was paid by the Company to CES.

Rule 14A.08 of the Listing Rules provides that where a listed company is an investment company listed under Chapter 21 of the Listing Rules, its connected persons also include an investment manager. Accordingly, the provision of investment management services by the investment managers to the Company under the above-mentioned investment management agreements constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

9. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2016

10. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of HK\$7,866,471 (2015: HK\$5,056,069) and the weighted average number of ordinary shares of 114,956,044 (2015: 97,000,000) in issue during the period.

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2016 and 2015.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Company acquired property, plant and equipment of HK\$465,370 (2015: Nil).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
Equity securities listed in Hong Kong, at cost	14,465,754	38,387,794
Net fair value gains/(losses)	4,643,961	(13,406,484)
Fair value as at period/year end	19,109,715	24,981,310

The carrying amounts of the above financial assets are held for trading.

The investment included above represent investments in listed equity securities that offer the Company the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

The fair values of the listed securities are based on quoted market prices.

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2016

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Particulars of the Company's financial assets at fair value through profit or loss as at 30 June 2016 are as follows:

Name of investee company	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost	Market value	Fair value gains/ (losses)	Dividend income received during the period	Dividend cover	Net assets attributable to the Company
				HK\$	HK\$	HK\$	HK\$		HK\$
(a) China Dynamics (Holdings) Limited ("China Dynamics")	Bermuda	48,095,000	1.30%	8,295,668	13,226,125	4,930,457	-	N/A	42,565,744
(b) Hong Kong Exchanges and Clearing Limited ("HKEX")	Hong Kong	20,000	Less than 1%	4,188,771	3,752,000	(436,771)	57,400	2.32	509,069
(c) Tencent Holdings Limited ("Tencent")	Cayman Islands	6,900	Less than 1%	1,039,315	1,215,090	175,775	3,243	6.50	103,530
(d) CSOP FTSE CHINA A50 ETF ("CSOP A50 ETF")	Hong Kong	50,000	Less than 1%	555,000	541,000	(14,000)	-	N/A	459,575
(e) ChinaAMC CSI 300 Index ETF ("CAM CSI300")	Hong Kong	10,000	Less than 1%	387,000	375,500	(11,500)	-	N/A	378,845
				14,465,754	19,109,715	4,643,961	60,643		

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2016

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

A brief description of the business and financial information of the listed investee companies, based on their published annual and interim reports, is as follows:

- (a) China Dynamics is principally engaged in (i) investment holding; (ii) trading of metals and mineral; (iii) processing and trading of raw ores and mineral resources; and (iv) development of new energy business related to electric vehicles. The audited consolidated loss attributable to owners of China Dynamics for the year ended 31 March 2016 was approximately HK\$120,140,000 (2015: HK\$48,414,000). As at 31 March 2016, the audited consolidated net asset value attributable to owners of China Dynamics was approximately HK\$3,279,980,000 (2015: HK\$3,544,118,000).
- (b) HKEX owns and operates (i) the only stock exchange and a futures exchange in Hong Kong and their related clearing houses; (ii) a clearing house for clearing over-the-counter derivatives contracts in Hong Kong; and (iii) an exchange for trading of base metals forward and options contracts operating in the United Kingdom. The audited consolidated profit attributable to owners of HKEX for the year ended 31 December 2015 was approximately HK\$7,956,000,000 (2014: HK\$5,165,000,000). As at 31 December 2015, the audited consolidated net asset value attributable to owners of HKEX was approximately HK\$29,816,000,000 (2014: HK\$21,273,000,000). The unaudited consolidated profit attributable to owners of HKEX for the six months ended 30 June 2016 was approximately HK\$2,985,000,000 (2015: HK\$4,095,000,000). As at 30 June 2016, the unaudited consolidated net asset value attributable to owners of HKEX was approximately HK\$30,987,000,000 (2015: HK\$27,922,000,000).
- (c) Tencent is principally engaged in provision of Internet and mobile value-added services; online advertising services and e-Commerce transactions services to users in the People's Republic of China. The audited consolidated profit attributable to owners of Tencent for the year ended 31 December 2015 was approximately HK\$35,434,260,000 (2014: HK\$29,976,790,000). As at 31 December 2015, the audited consolidated net asset value attributable to owners of Tencent was approximately HK\$141,173,163,000 (2014: HK\$99,848,222,700).

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2016

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

- (d) CSOP A50 ETF is a physical exchange traded fund which invests directly in the FTSE China A50 Index securities through the Renminbi Qualified Foreign Institutional Investor investment quotas of CSOP Asset Management Limited and Shanghai-Hong Kong Stock Connect Program. The audited profit attributable to unitholders of CSOP A50 ETF for the year ended 31 December 2015 was approximately HK\$1,766,174,000 (2014: HK\$21,163,640,000). As at 31 December 2015, the audited net asset value attributable to unitholders of CSOP A50 ETF was approximately HK\$21,558,672,000 (2014: HK\$37,682,729,000).
- (e) CAM CSI300 is a physical exchange traded fund which invests directly in underlying A-Shares of the CSI 300 Index through the Renminbi Qualified Foreign Institutional Investor investment quotas of China Asset Management (Hong Kong) Limited. The audited profit attributable to unitholders of CAM CSI300 for the year ended 31 December 2015 was approximately HK\$1,629,587,000 (2014: HK\$5,487,280,000). As at 31 December 2015, the audited net asset value attributable to unitholders of CAM CSI300 was approximately HK\$12,035,896,000 (2014: HK\$14,772,694,000).

13. SHARE CAPITAL

	(Unaudited) 30 June 2016 HK\$	(Audited) 31 December 2015 HK\$
Authorised:		
1,000,000,000 ordinary shares of HK\$0.02 each	20,000,000	20,000,000
Issued and fully paid:		
116,000,000 (At 31 December 2015: 97,000,000) ordinary shares of HK\$0.02 each	2,320,000	1,940,000

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2016

13. SHARE CAPITAL (CONT'D)

A summary of the movements in the issued share capital of the Company is as follows:

	Number of shares issued	Nominal value of shares issued HK\$
At 1 January 2015, 31 December 2015 and 1 January 2016	97,000,000	1,940,000
Issue of shares on placement (<i>Note (a)</i>)	19,000,000	380,000
	<hr/>	<hr/>
At 30 June 2016	116,000,000	2,320,000

Note:

- (a) On 24 December 2015, the Company and RHB Securities Hong Kong Limited entered into a placing agreement in respect of the placement of 19,000,000 ordinary shares of HK\$0.02 each to independent investors at a price of HK\$0.70 per share (the Placing Shares"). The placement was completed on 11 January 2016 and the Placing Shares were allotted and issued by the Company to not fewer than six placees, who are professional investors as defined under the SFO, at the placing price of HK\$0.70 per Placing Share.

During the six months ended 30 June 2016, no option was granted, exercised, cancelled or lapsed under the 2006 Share Option Scheme and/or the 2016 Share Option Scheme. There were no outstanding share options as at 30 June 2016.

14. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Company as at 30 June 2016 of HK\$38,425,987 (31 December 2015: HK\$33,325,997) and the number of ordinary shares of 116,000,000 (31 December 2015: 97,000,000) in issue as at that date.

15. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 15 August 2016.