



# 中國投融資集團有限公司

China Investment and Finance Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code:1226)



I n t e r i m   R e p o r t   2 0 1 4

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## CORPORATE INFORMATION

### STOCK CODE

1226

### BOARD OF DIRECTORS

#### Executive Director:

Mr. CHAN Cheong Yee

#### Non-executive Directors:

Mr. LIAO Jintian (Chairman)

Mr. ZHOU Han Jie

#### Independent Non-executive Directors:

Mr. HA Tak Kong

Mr. TSANG Hin Man Terence

Mr. LUK Simon

### REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 03 & 05, 32/F

Sino Plaza

255-257 Gloucester Road

Causeway Bay, Hong Kong

## AUDITOR

ELITE PARTNERS CPA LIMITED

Suites 2B-4A, 20th Floor, Tower 5

China Hong Kong City

33 Canton Road, Tsimshatsui

Kowloon, Hong Kong

### SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Tricor Standard Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

### PRINCIPAL BANKERS

Bank of China

Industrial and Commercial Bank of China

(Asia) Limited

### INVESTMENT MANAGER

China Everbright Securities (HK) Limited

### COMPANY SECRETARY

Ms. CHEUK Tat Yee

### AUTHORISED REPRESENTATIVES

Mr. CHAN Cheong Yee

Mr. LIAO Jintian

### WEBSITE

<http://www.chnif.com>

## STATEMENT FROM THE MANAGEMENT

The board of directors (the “Board”) of China Investment and Finance Group Limited (the “Company”) and its subsidiaries (collectively, the “Group”) is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 September 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL RESULTS

For the six months ended 30 September 2014, the Group recorded an increase in gross proceeds from disposal of securities of approximately 195,540,000 (30 September 2013: 79,489,000). The Group recorded an increase in revenue from approximately 3,592,000 to approximately 5,394,000, representing an increase of approximately 50%. The loss attributable to the owners of the Company for the period amounted from approximately 4,071,000 to 5,954,000 representing an increase of approximately 50%. The unaudited consolidated net assets of the Group as of 30 September 2014 amounted to approximately 500,648,000 (31 March 2014: approximately HK\$448,503,000). The net assets per share of the Group was amounted to approximately 0.57 (31 March 2014: approximately 0.77).

### Investment Review

As at 30 September 2014, the Group’s major investments were as follows:

<b>Investments</b>	<b>Description</b>
Listed equities	HK\$11.7 million of a portfolio of listed shares in ten companies
Listed debt securities	HK\$15.9 million of bonds issued by one listed company
Unlisted debt securities	HK\$35.3 million of bonds issued by one unlisted company
Unlisted convertible debt securities (excluding fair value of embedded derivative)	HK\$144.5 million in three unlisted convertible bonds securities
Unlisted equity securities	HK\$111.0 million in three direct investments in unlisted equities securities
Total	HK\$318.4 million

The investment portfolio of the Group mainly comprises of unlisted securities and listed securities in Hong Kong and China during the period. The investment portfolio of the Company is of approximately HK\$318.4 million. As a whole, the portfolio was carefully managed and being fully diversified to minimise commercial risk resulting from over concentration of the investment of the Group in any single industry.

### **Price Risk**

The Group is exposed to financial assets price risks as investments held by the Group are classified on the consolidated statement of financial position as financial assets at fair value through profit or loss. To manage its price risk arising from investments in financial assets, the Group diversifies its portfolio. If the financial assets price of the respective investments held by the Group as financial assets at fair value through profit or loss were higher or lower by 5% as at 30 September 2014, the Group's loss for the period would increase or decrease by approximately 584,000 (31 March 2014: 480,000). If the price of the respective investments held by the Group as AFS financial assets were higher or lower by 5% as at 30 September 2014 (31 March 2014: 5%), the Group's equity would increase or decrease by approximately 15,333,000 (31 March 2014: 14,220,000).

### **Prospects**

We expect the global market will continue to face greater challenges and full of uncertainty, developed economies are beginning to have signs of recovery, but the developing economies also have trends of adjustment. Meanwhile, China is also facing a slowdown in economic growth, economic structure has undergone significant changes during the transition from medium to long term, crisis and opportunities coexist.

The Directors will continue to take a prudent approach in managing the Group's investment portfolio and develop the investment strategies. Given the increasing influence of China against the global economy, the Group will still be based mainly on Chinese economy, the Group will continue to look for investment opportunities which offer outstanding returns under the acceptable risk in the portfolio of the Group.

The Company would consider investing in certain unlisted securities and listed securities with high potential in order to diversify further market risk.

### **Dividend**

The Board has resolved not to recommend a payment of an interim dividend for the six months ended 30 September 2014 (2013: NIL).

## Capital Structure

### Open Offer

On 9 June 2014, the Company announced that it proposed to raise approximately HK\$58.1 million before expenses by way of issuing 290,790,000 offer shares at the subscription price of HK\$0.20 per offer share on the basis of one offer share for every two existing shares (the "Open Offer"). The Open Offer was underwritten by Emperor Securities Limited. The Open Offer was completed on 24 July 2014. Further details of the Open Offer were set out in the announcements of the Company dated 9 June 2014 and the prospectus of the Company dated 30 June 2014.

As at 30 September 2014, the share capital of the Company comprises of 872,370,000 issued shares with par value of HK\$0.2 as enlarged by the open offer shares.

### Liquidity and Financial Resources

As at 30 September 2014, the Group had no borrowing and no credit facilities obtained from financial institutions. The Group had bank balances and cash on hand of approximately HK\$75,360,000 (31 March 2014: 59,269,000), which was mainly placed in bank and other financial institution as deposits.

### Gearing Ratio

As at 30 September 2014, no gearing ratio has been presented as no interest bearing debt existed.

### Employees

During the six months ended 30 September 2014, the Group had retained eight employees (30 September 2013: twelve employees). Total staff costs of the Group, excluding directors' remuneration, for the period under review amounted to approximately HK\$2,375,000 (30 September 2013: approximately 1,949,000). Staff remuneration packages were in line with the prevailing market practice and were determined on the basis of the performance and experience of individual employee.

## LITIGATION

Details of litigations are set out in Note 15 on the condensed consolidated financial statements.

## SHARE OPTION SCHEME

Pursuant to a written resolution of the Company passed on 29 August 2013, the Company has conditionally adopted a share option scheme, which has been taken effect on 30 August 2013 (the "Share Option Scheme"). No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the effective date of the Share Option Scheme and up to 30 September 2014.

## CHARGES ON ASSETS AND CONTINGENT LIABILITIES

Throughout the six months ended 30 September 2014, assets of the Group were free from any form of legal charge. In addition, the Group did not have any significant contingent liabilities.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Group and within the knowledge of its directors, the board of directors confirms that the Group has complied with the public float requirement of the Listing Rules for the six months ended 30 September 2014.

## PURCHASE, SALE AND REDEMPTION OF SHARES

For the six months ended 30 September 2014, neither the Group nor its subsidiaries had purchased, sold or redeemed any of the Group's shares.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30 September 2014, the interests and short positions of the directors and chief executives in the ordinary shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (including interest which they are deemed or taken to have under such provisions of the SFO)), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Directors	Number of shares			Approximate percentage of shareholding
	Personal interest	Corporate interest	Total	
Liao Jintian (note 1)	20,000,000	170,576,000	190,576,000	21.85%
Zhou Han Jie (note 2)	–	170,576,000	170,576,000	19.55%

*Notes:*

1. This represents interests held by Mr. Liao Jintian, a non-executive Director, through Tycor Development Limited ("Tycor"), which holds 170,576,000 Shares of the Company. Mr. Liao Jintian has approximately 41.53% interest in Tycor and is regarded as one of the parties acting in concert with Mr. Zhou Han Jie, non-executive director of the Company, under the Takeovers Code. Mr. Liao Jintian also holds 20,000,000 shares, he is therefore deemed to be interested in 190,576,000 Shares, representing approximately 21.85% of the total issued Shares of the Company.
2. Mr. Zhou Han Jie, a non-executive Director, holds approximately 25.57% of the shareholding of Tycor and is regarded as one of the parties acting in concert with Mr. Liao Jintian under the Takeovers Code. Therefore Mr. Zhou Han Jie is deemed to have interests in aggregate of 170,576,000 Shares, representing approximately 19.55% of the total issued Shares of the Company.

Save as disclosed above, none of the directors and chief executives had any interests in equity or debt securities of the Company or of any of its associated corporations which were required to be notified to the Company and the Stock Exchange as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code.



**INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS**

As at 30 September 2014, to the best knowledge of the Board and chief executives of the Company, the following persons (other than any directors or chief executive of the Company) were substantial shareholders of the Company and had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

	Notes	Number of Shares of the Company	Approximate percentage of shareholding
Gold Happy Properties	1	199,507,252	22.87%
Tycor Development Limited	2	170,576,000	19.55%

*Notes:*

1. Gold Happy Properties Limited is beneficially wholly-owned by Mr. Wang Dong.
2. Tycor is interested in 170,576,000 shares of the Company as at 30 September 2014. Mr. Liao Jintian and Mr. Zhou Han Jie, non-executive directors of the Company, beneficially own approximately 41.53% and 25.57% respectively of the issued shares of Tycor. The interests of Mr. Liao Jintian and Mr. Zhou Han Jie in the Company are stated under the section headed "Directors" and Chief Executives' Interests in Equity or Debt Securities.

Save as disclosed above, the Company had not been notified of any other person (other than directors or chief executive of the Company) who had an interest or a short position 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 as at 30 September 2014.

## **CORPORATE GOVERNANCE**

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (“Code”) throughout the six months ended 30 September 2014, with deviations from code provisions A.4.1 of the Code that non-executive directors should be appointed for a specific term, subject to re-election.

None of the non-executive directors of the Company were appointed for a specific term. Since all the directors of the Company are subject to retirement by rotation according to the provisions under article 88 of the Articles of Association of the Company, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the Code.

## **CHANGE IN DIRECTORS’ INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES**

Change in Directors’ information since the date of the 2014 annual report of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

Mr. LUK Simon has been appointed as an independent non-executive Director of the Company with effect from 02 July 2014.

Save as disclosed above, there is no other change in the Directors’ information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2014 annual report of the Company.

## DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code for securities transactions by directors of the Group. Having made specific enquiry of all directors, the Group confirmed that all directors have complied with the required standard set out in the Model Code throughout the period.

## AUDIT COMMITTEE

The Audit Committee of the Company had reviewed the unaudited consolidated results of the Group for the six months ended 30 September 2014, including the accounting principles and accounting practices adopted by the Company, and discussed matters relating to auditing, internal controls, financial reporting, the adequacy of resources, qualification and experience of staff.

By order of the Board

**China Investment and Finance Group Limited**

*Executive Director*

**Chan Cheong Yee**

Hong Kong, 17 December 2014

*As at the date of this report, the Board comprises Mr. CHAN Cheong Yee as the executive Director, Mr. LIAO Jintian and ZHOU Han Jie as the non-executive Directors, and Mr. HA Tak Kong, Mr. TSANG Hin Man Terence and Mr. LUK Simon as the independent non-executive Directors.*

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the six months ended 30 September 2014

	Note	Unaudited six months ended 30 September	
		2014 HK\$'000	2013 HK\$'000
Gross proceeds from disposal of securities		195,540	79,489
<b>Revenue</b>	3(a)	<b>5,394</b>	3,592
Net realised gain on disposal of financial assets held for trading		930	6,088
Net unrealised loss on financial assets held for trading		(819)	(4,316)
Other income	3(b)	485	921
Administrative expenses		(11,909)	(10,356)
<b>Loss from operations</b>	5	<b>(5,919)</b>	(4,071)
Finance costs		(35)	–
<b>Loss before tax</b>		<b>(5,954)</b>	(4,071)
Income tax expense	6	–	–
<b>Loss for the period</b>		<b>(5,954)</b>	(4,071)
<b>Loss attributable to shareholders of the Company</b>		<b>(5,954)</b>	(4,071)
– Dividend	7	–	–
<b>Loss per share</b>			
– Basic, HK cents	8	(0.01)	(0.01)
– Diluted, HK cents	8	(0.01)	(0.01)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	Unaudited six months ended 30 September	
	2014 HK\$'000	2013 HK\$'000
<b>Loss for the period</b>	<b>(5,954)</b>	(4,071)
<b>Other comprehensive income:</b>		
Net gain/(loss) arising on revaluation of available-for-sale financial assets	<b>1,638</b>	(2,968)
<b>Other comprehensive income/(expense) for the period, net of tax</b>	<b>1,638</b>	(2,968)
<b>Total comprehensive expense for the period</b>	<b>(4,316)</b>	(7,039)
<b>Total comprehensive expense attributable to shareholders of the Company</b>	<b>(4,316)</b>	(7,039)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>Unaudited 30 September 2014 HK\$'000</b>	Audited 31 March 2013 HK\$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		<b>30,367</b>	31,521
Derivative financial instruments		<b>624</b>	624
Available-for-sale financial assets	9	<b>306,660</b>	269,899
		<b>337,651</b>	302,044
<b>Current assets</b>			
Derivative financial instruments		<b>13,844</b>	13,844
Financial assets held for trading	10	<b>11,679</b>	9,591
Prepayments, deposits and other receivables	11	<b>62,662</b>	64,464
Tax recoverable		–	37
Cash and cash equivalents		<b>75,360</b>	59,269
		<b>163,545</b>	147,205
<b>Current liabilities</b>			
Accruals		<b>257</b>	438
Current tax liabilities		<b>291</b>	308
		<b>548</b>	746
<b>Net current assets</b>		<b>162,997</b>	146,549
<b>Net assets</b>		<b>500,648</b>	448,503
<b>Capital and reserves</b>			
Share capital	12	<b>174,474</b>	116,316
Reserves		<b>326,174</b>	332,187
<b>Total equity</b>		<b>500,648</b>	448,503
<b>Net assets value per share (in HK\$)</b>	13	<b>0.57</b>	0.77

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*For the six months ended 30 September 2014*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Available- for-sale investment revaluation reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2013 (restated)	116,316	486,186	9,941	612	(66,957)	546,098
Total comprehensive income for the period	-	-	(2,968)	-	(4,071)	(7,039)
At 30 September 2013	116,316	486,186	6,973	612	(71,028)	539,058
At 1 April 2014	116,316	486,186	5,593	927	(160,519)	448,503
Total comprehensive income for the period	58,158	(1,696)	1,638	-	(5,954)	52,145
At 30 September 2014	174,474	484,490	7,231	927	(166,473)	500,648

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS***For the period ended 30 September 2014*

	<b>30 September 2014 HK\$'000</b>	30 September 2013 HK\$'000
<b>Net cash used in operating activities</b>	<b>(7,234)</b>	(10,552)
<b>Net cash (used in)/generated from investing activities</b>	<b>(33,008)</b>	35,407
<b>Net cash generated from financing activities</b>	<b>56,333</b>	–
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>16,091</b>	24,855
<b>CASH AND CASH EQUIVALENTS AT 1 APRIL</b>	<b>59,269</b>	93,282
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>75,360</b>	118,137
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash and bank balances	<b>75,360</b>	118,137



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2014*

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 26 April 2002. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 19 September 2002. Its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal office in Hong Kong is located at Units 03 & 05, 32/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of subsidiaries are securities trading and investment holding.

The condensed consolidated financial statements are prepared in Hong Kong dollars, which is the same as the functional currency of the Company.

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed 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 31 March 2014.

#### **Significant accounting policies**

The Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2014. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Company has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

### 3. REVENUE AND OTHER INCOME

An analysis of Group's revenue and other income are as follows:

	<b>Unaudited Six months ended 30 September</b>	
	<b>2014 HK\$'000</b>	2013 HK\$'000
(a) Revenue:		
Dividend income from financial assets held for trading	<b>110</b>	158
Interest income from debt securities	<b>5,247</b>	3,212
Interest income from bank and brokers' accounts	<b>37</b>	222
	<b>5,394</b>	3,592
(b) Other income:		
Sundry income	<b>475</b>	–
Net foreign exchange gain	<b>10</b>	921
	<b>485</b>	921
	<b>5,879</b>	4,513

### 4. SEGMENT INFORMATION

For the six months ended 30 September 2014 and 2013, the Group's turnover and results were mainly derived from the interest income and dividend income from investment holding. The directors consider that these activities constitute one and the only business segment since these transactions are subject to common risks and returns. The management monitors the operating results of its business for the purpose of making decision about resource allocation and performance assessment. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating losses.

#### Geographical information

The Group's revenue analysed by geographical location and information about its non-current assets (excluding available-for-sale investments and derivative financial instruments) by geographical location are detailed below:

	<b>Revenue</b>		<b>Non-current assets</b>	
	<b>30/9/2014 HK\$'000</b>	30/9/2013 HK\$'000	<b>30/9/2014 HK\$'000</b>	31/3/2014 HK\$'000
Hong Kong	<b>5,394</b>	3,592	<b>1,153</b>	1,443
PRC (not including Hong Kong)	–	–	<b>29,214</b>	30,078
	<b>5,394</b>	3,592	<b>30,367</b>	31,521

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

**5. LOSS FROM OPERATIONS**

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Loss from operations has been arrived at after charging:		
Directors' remunerations		
– Fees	<b>446</b>	350
– Other remunerations	–	–
<b>Total directors' remunerations</b>	<b>446</b>	350
Staff costs		
– Salaries	<b>2,375</b>	1,949
– Provident fund contributions	<b>51</b>	47
<b>Total staff costs (excluding directors' remunerations)</b>	<b>2,426</b>	1,996
Depreciation	<b>1,243</b>	1,069
Investment manager's fee	<b>480</b>	480
Operating lease payments in respect of office premise	<b>1,306</b>	2,537

**6. INCOME TAX EXPENSE**

No Hong Kong profits tax had been provided for the six months ended 30 September 2014 as the Group has no estimated assessable profits.

**7. DIVIDEND**

The directors do not recommend the payment of a dividend for the six months ended 30 September 2014 (six months ended 30 September 2013: nil).

## 8. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to shareholders of the Company of approximately HK\$5,954,000 (six months ended 30 September 2013: 4,071,000) and the weighted average number of 872,370,000 (six months ended 30 September 2013: 581,580,000) ordinary shares in issue during the period.

There were no potential dilutive shares for both period, therefore the basic and diluted loss per share is the same.

## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

### The Group

Available-for-sale financial assets comprise of:

	<b>2014</b> <b>30 September</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2014 31 March HK\$'000 (Audited)
Unlisted equity securities	<b>110,987</b>	75,864
Listed debt securities	<b>15,912</b>	14,274
Unlisted convertible debt securities (excluding fair value of embedded derivative)	<b>144,464</b>	144,464
Unlisted debt security	<b>35,297</b>	35,297
<b>Total</b>	<b>306,660</b>	269,899

## 10. FINANCIAL ASSETS HELD FOR TRADING

### The Group

	<b>2014</b> <b>30 September</b> <b>HK\$'000</b>	2014 31 March HK\$'000
Listed equity securities in Hong Kong, at fair value	<b>11,679</b>	9,591

The fair values of these listed securities are determined based on the quoted market bid prices at the end of reporting period.

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>2014</b>	2014
	<b>30 September</b>	31 March
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interest receivable from debt securities	<b>5,508</b>	2,208
Other receivables	<b>56,406</b>	61,400
Deposits paid	<b>704</b>	704
Financial assets	<b>62,618</b>	64,312
Prepayments	<b>44</b>	152
	<b>62,662</b>	64,464

Other receivables represent the consideration receivable arising from the disposal of an available-for-sale financial asset, 21.66% equity interest of Ka Hang Development Limited. This was secured by a forestry ownership certificate owned by an independent third party, of which the forest is located at Mashi Village, Shixing Country, PRC, covering an area of approximately 3,506 acres of land, and personally guaranteed by three other independent third parties.

12. SHARE CAPITAL

	<b>Number of ordinary shares of HK\$0.20 each</b>	<b>Amount</b>
	<b>'000</b>	<b>HK\$'000</b>
Authorised ordinary shares:		
At 1 April 2013	6,000,000	1,200,000
At 31 March 2014 (Audited)	6,000,000	1,200,000
Issued and fully paid ordinary shares:		
At 1 April 2014	581,580	116,316
Issuance of shares upon open offer	290,790	58,158
At 30 September 2014 (Unaudited)	872,370	174,474

On 23 July 2014, the Company completed an open offer of 290,790,000 shares of HK\$0.20 each at a subscription price of HK\$0.20 per share. Accordingly, the issued share capital of the Company has been increased from HK\$116,316,000 to HK\$174,474,000. The net proceeds of approximately HK\$56,600,000 are intended to be used for future investments pursuant to the investment objectives of the Company and general working capital of the Company. Details of the open offer have been disclosed in the announcement dated on 9 June 2014 and the prospects of the Company dated 30 June 2014.

**13. NET ASSETS VALUE PER SHARE**

Net assets value per share is calculated by dividing the net assets included in the consolidated statement of financial position of approximately HK\$500,648,000 (31 March 2014: approximately HK\$448,503,000) by the number of shares in issue at 30 September 2014, being 872,370,000 (31 March 2014: 581,580,000).

**14. RELATED PARTY TRANSACTIONS**

During the six months ended 30 September 2014 and 2013, the Group had the following significant related party transactions which, in the opinion of the directors, were carried out on normal commercial terms and in the ordinary course of the Group's business:

	<b>Unaudited Six months ended 30 September</b>	
	<b>2014 HK\$'000</b>	2013 HK\$'000
Investment manager's fee paid to:		
China Everbright Securities (HK) Limited ( <i>note a</i> )	<b>480</b>	480
	<b>480</b>	480
Broker fee paid to:		
China Everbright Securities (HK) Limited	<b>653</b>	378

*Note:*

- (a) The Company has entered into an investment management agreement with China Everbright Securities (HK) Limited ("EBSHK") on 6 November 2012, pursuant to which EBSHK agreed to provide investment management services to the Company for a period of three years from 6 November 2012.

EBSHK shall be deemed as a connected person of the Company pursuant to Rule 21.13 of the Listing Rules upon the Existing Agreement becoming effective. The maximum aggregate investment management fee to be payable by the Company to EBSHK shall not exceed HK\$960,000 per annum.

## 15. LITIGATIONS

- (a) On 31 March 2014, World Fame Investment Limited (“World Fame”), a wholly-owned subsidiary of the Company, as the plaintiff filed legal proceedings against Double Sky Holdings Limited, Mr. Ying, 廣東愷撒威登食品科技有限公司 (Guangdong Kaisa Weideng Food Technology Company Limited) and 中山市樂邦巧克力食品有限公司 (Zhongshan Shi Lebang Chocolate Products Company Limited) as joint defendants to 佛山市中級人民法院 (Foshan Municipal Intermediate People’s Court) (the “Court”) for breach of a convertible bond subscription agreement dated 12 December 2011 (as supplemented by supplemental agreements dated 8 June 2012 and 27 September 2013 respectively). World Fame demanded immediate repayment of the total default sum of HK\$80,891,163 plus interest accrued from 31 March 2014 to the date of fully settlement of such amount.

For further details of the above litigation proceedings, please refer to the Company’s announcements date 28 April 2014.

- (b) On 6 June 2014, the Company received a High Court action issued on 5 June 2014 wherein Mr. Zhou Weiquan, an ex- non-executive Director, claims against the Company and other Directors for inspection of documents and for obtaining copies of those documents from the Company. On 5 August 2014, the Company has received the Court of First Instance has approved that the originating summons dated on 4 August 2014, is to be discontinued against the Company.

For further details of the above litigation, please refer to the Company’s announcements dated 6 June 2014, 5 August 2014 and the annual report 2014.

- (c) On 16 June 2014, the Company received a letter with a sealed copy of an originating summons issued on 12 June 2014 by Mr. Wei Zhuofu in the Court of First Instance of the High Court of Hong Kong against the Company and six Directors, seeking a permanent injunction restraining the Company from proceeding with the open offer to existing qualifying shareholders of the Company. On 17 June 2014, the Company received a letter with a copy of an interlocutory injunction issued on 17 June 2014 by Mr. Wei Zhuofu in the Court against the Company and six Directors, seeking an interlocutory injunction restraining the Company from proceeding with the open offer to existing qualifying shareholders of the Company.

On 2 July 2014, a notice of discontinuance has been filed by the Mr. Wei Zhuofu with the High Court of the Hong Kong Special Administrative Region of the People’s Republic of China, whereby the Mr. Wei Zhuofu wholly discontinued the action in relation to the originating summons taken against the Company and other Directors.

For further details of the above litigation, please refer to the Company’s announcements dated 16 June 2014, 17 June 2014, 19 June 2014, 2 July 2014 and the annual report 2014.

- (d) On 25 June 2014, the Company received a letter with a sealed copy of an originating summons issued on 25 June 2014 by Mr. Zhou Weiquan, an ex- non-executive Director, in the Court of First Instance of the High Court of Hong Kong against the Company and six Directors, seeking the declaration of the suspension and/or removal of the Mr. Zhou Weiquan as a director of Company is invalid. On 13 August 2014, the Company has received the Court of First Instance has approved that the originating summons dated on 12 August 2014, is to be discontinued against the Company.

For further details of the above litigation, please refer to the Company’s announcements dated 25 June 2014, 13 August 2014 and annual report 2014.