

Hoifu

Hoifu Energy Group Limited

凱富能源集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code : 007)



Interim Report
2015

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Corporate Information

HONORARY CHAIRMAN AND SENIOR CONSULTANT

Dr. HATOYAMA Yukio

BOARD OF DIRECTORS Executive Directors:

Dr. HUI Chi Ming *G.B.S., J.P. (Chairman)*

Mr. BUSH Neil *(Deputy Chairman)*

Dr. CHUI Say Hoe *(Managing Director)*

Mr. LAM Kwok Hing

Mr. NAM Kwok Lun

Independent Non-Executive Directors:

Mr. CHEN Wei-Ming Eric

Mr. KWAN Wang Wai Alan

Mr. NG Chi Kin David

AUDIT COMMITTEE

Mr. CHEN Wei-Ming Eric

Mr. KWAN Wang Wai Alan

Mr. NG Chi Kin David

REMUNERATION COMMITTEE

Mr. NG Chi Kin David

Mr. CHEN Wei-Ming Eric

Dr. CHUI Say Hoe

NOMINATION COMMITTEE

Dr. HUI Chi Ming

Mr. CHEN Wei-Ming Eric

Mr. NG Chi Kin David

COMPANY SECRETARY

Mr. FU Wing Kwok Ewing

AUTHORISED REPRESENTATIVES

Dr. CHUI Say Hoe

Mr. FU Wing Kwok Ewing

RESIDENT REPRESENTATIVE AND ASSISTANT SECRETARY

Appleby Services (Bermuda) Limited

REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 1910–12, 19th Floor,

China Merchants Tower

Shun Tak Centre

168–200 Connaught Road Central

Sheung Wan, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Management (Bermuda) Limited

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda



HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Agricultural Bank of China
China CITIC Bank International Limited
Wing Hang Bank, Limited
Hang Seng Bank Limited
Chong Hing Bank Limited
Chiyu Banking Corporation Limited

SOLICITORS

Sidley Austin Brown & Wood
International Law Firm

AUDITOR

Elite Partners CPA Limited
Certified Public Accountants

STOCK CODE

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CONTACTS

Telephone: (852) 2587 7007
Facsimile: (852) 2587 7807
Website: www.hoifuenergy.com



Management Discussion and Analysis

RESULTS

During the six months ended 30 June 2015, the total revenue for the Group was approximately HK\$80,698,000 (2014: HK\$99,407,000). Profit attributable to owners of the Company was approximately HK\$18,012,000 (2014: loss of HK\$20,113,000). The significant increase in profit was mainly due to (i) the increase in other gains from gain on bargain purchase resulted from completion of the acquisition of 55% equity interest in Hebei Panbao; (ii) the improvement in the financial business, especially commission and brokerage income which increased significantly during the period under review and (iii) additional revenue and profit being generated from the business of a newly acquired subsidiary, which is Hebei Panbao.

FINANCIAL REVIEW

Revenue

The Group's unaudited consolidated revenue for the six months ended 30 June 2015 was approximately HK\$80.7 million (2014: HK\$99.4 million) representing a decrease of 18.8% as compared to the same period of last year. During the first half of 2015, no revenue was noted from sales of natural resources and petrochemicals mainly due to slowing down of China's economy and weak demand for the Group's main products, such as coals. However, additional revenue of approximately HK\$56.9 million was generated from the sales of mineral products, which was the business of a newly acquired subsidiary, i.e. Hebei Panbao, while no such revenue was noted in the same period of last year. There was also significant increase in commission and brokerage income by HK\$9.9 million (June 2015: HK\$16.5 million; June 2014: HK\$6.6 million) during the period under review, which was contributed by stronger performance of stock market and increased participation of mainland investors in stock market.

Administration expenses

Administration expenses, which represented approximately 34.0% (2014: 28.5%) of the Group's revenue, decreased slightly by approximately 3.2% to approximately HK\$27.5 million for the six months ended 30 June 2015 from approximately HK\$28.4 million for the six months ended 30 June 2014. The slight decrease was mainly due to the decrease in the staff costs, rents of offices as well as legal and professional fees on acquisitions during the period under review.



FINANCIAL REVIEW — continued

Other gains and losses

During the period under review, the Group recorded other gains of approximately HK\$5.2 million (2014: other losses of approximately HK\$0.48 million). The increase in other gains was mainly because an one-off gain on bargain purchase of approximately HK\$30.5 million resulted from completion of the acquisition of 55% equity interest in Hebei Panbao was recognised during the period under review. However, such gain was partially offset by written off of other receivables of HK\$11.3 million, loss on disposal of subsidiaries of HK\$5.9 million and fair value loss of profit guarantee of HK\$7.6 million.

MINING AND PRODUCTION OF ZEOLITE BUSINESS

On 8 & 31 October 2014 the Group entered into agreements to acquire 55% equity interest in Hebei Panbao Zeolite Technology Co., Ltd. (河北攀寶沸石科技有限公司) (“Hebei Panbao”). The acquisition was completed on 11 February 2015.

The principal activities of Hebei Panbao are mining and production of zeolite, which is the main raw material for the production of lightweight orthopedics materials, far infrared materials, large solar energy storage materials, building materials, catalytic materials and micro and nano materials, and related products. Hebei Panbao has obtained the mining license of zeolite from the Bureau of Land and Resources of Zhangjiakou Municipal for the period from 23 April 2014 to 23 February 2017 in a zeolite mine located in Chicheng County, Zhangjiakou City, Hebei Province, the PRC with a total area of approximately 0.135 square kilometers and mining depth ranged between 1,450 meters and 1,300 meters. The Group intends to restructure the capital funding of Hebei Panbao to increase Renminbi (“RMB”) 30,000,000 into the capital of Hebei Panbao, of which RMB15,000,000 is intended to be used for the expansion of the production plant and facilities and the remaining RMB15,000,000 is intended to be used for general working capital. Upon completion of the expansion, the production capacity of the mine is expected to reach or exceed 300,000 tons per annum.



OIL AND GAS AND MINERAL MINING BUSINESS

The Group owns 100% of the exploration, exploitation and operation rights as well as the profit sharing right of Madagascar Oilfield Block 2101 which is an onshore site with total area of 10,400 square kilometers in the northern part of Madagascar. Pursuant to the exploration, exploitation and oil and gas production sharing contract and depending on the rate of liquid petroleum production of Madagascar Oilfield Block 2101, the Group will share the remaining petroleum profit after government royalty and recovery of petroleum costs according to the sharing ratios in the range of 40% to 72.5% as set out in the profit sharing right.

In March 2015, the Group disposed Karl Thomson Energy Limited which holds the interest in oil and gas concession agreement in relation to West Esh El Mallaha area in Egypt (the "WEEM"). Given the continual unrest in Egypt, the Group has decided to pull out of the country and the Directors are of the view that this disposal is in the best interest of the Group.

The Group owns 60% interest in the rights granted under the Licence 253 in respect of Kenya Mine 253, an area of approximately 1,056 square kilometers situated in Kitui District Eastern Province, Kenya, and the Licence 341 in respect of Kenya Mine 341, an area of approximately 417 square kilometers situated in Nandi County, Kenya. Pursuant to the Licence 253 and relevant provisions of the Mining Act of Kenya, the Group is authorized to prospect, explore and mine industrial minerals (including but not limited to copper) in Kenya Mine 253. The Group was also granted the Licence 341 for prospecting and exploration of gold, iron ore and non-precious minerals in Kenya Mine 341. Both Licence 253 and 341 have renewed during the year and the latest expiry dates are 14 April 2016 and 2 January 2016 respectively.

FINANCIAL BUSINESS

The revenue of financial business of the Group generated from securities, futures and options broking business, underwriting commission, advisory for financial management business and interest income from securities margin loan portfolio.

The significant increase in revenue of financial business was mainly attributable to increase in commission and brokerage income. The major reason was due to comparatively strong performance of stock market noted in the first half year of 2015 given by increase in Mainland Chinese investors who started to cash in and were seeking bargains in the stock market during the period under review. Therefore, the commission and brokerage income increased significantly by 149% from approximately HK\$6.6 million for the six months ended 30 June 2014 to approximately HK\$16.5 million for the six month ended 30 June 2015.



PROSPECT

From a long term perspective, China's economic transformation has just begun. The Company is cautiously optimistic about the future and domestic demand recovery is expected to pick up again. The Company will actively react to it. Currently, the Company is focusing on the development of the new projects acquired. Leveraging the potential of these projects and the extensive experience of the management, we believe we can capture the enormous opportunities provided by the domestic demand recovery for the natural resources and petrochemicals in the future and bring value to our shareholders.

CORPORATE GOVERNANCE

The Company is aware of the importance that complying with the relevant statutory and regulatory requirements and maintaining good corporate governance standards are important to the effective and efficient operation of the Company. The Company has, therefore, adopted and implemented relevant measures to ensure that the relevant statutory and regulatory requirements are complied with and that a high standard of corporate governance practices is maintained.

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the interim report except for the deviation from code provision A.4.2. of the Code which every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, according to Bye-laws of the Company, the Chairman or Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. As continuation is a key factor to the successful implementation of any long-term business plans, the Board believes that the roles of Chairman and Managing Director provides the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategies, that the present arrangement is most beneficial to the Company and the shareholders as a whole.



LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2015, the Group had shareholders' funds of approximately HK\$521,377,000 (31 December 2014: HK\$365,148,000). The net current assets of the Group were HK\$257,645,000 (31 December 2014: HK\$143,158,000), which consisted of current assets of HK\$550,827,000 (31 December 2014: HK\$359,451,000) and current liabilities of HK\$293,182,000 (31 December 2014: HK\$216,293,000), representing a current ratio of approximately 1.88 (31 December 2014: 1.66).

The Group's capital expenditure, daily operations and investment are mainly funded by cash generated from its operations, financial institutions and equity financing. During the period, the Group obtained short-term bank borrowings which is mainly facilitating the margin to client for the application of Initial Public Offering and daily operations and investments. As at 30 June 2015, the Group has cash and cash equivalent (excluding the pledged fixed deposits of general accounts) of HK\$114,784,000 (31 December 2014: HK\$78,015,000).

EXCHANGE RATE RISK

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly to the risk of fluctuations in the Hong Kong dollar and U.S. dollar against RMB. We have not used any derivative contracts to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

CONTINGENT LIABILITIES

The Company has given guarantee to bank in respect of the securities margin financing facilities granted to subsidiary. As at 30 June 2015, no such facilities were utilised by the subsidiary to facilitate daily operation (31 December 2014: nil).

CHARGE ON ASSETS

The Group held banking facilities from various banks as at 30 June 2015. The Group's banking facilities were secured by guarantees given by the Group's bank deposits and the Company.

As at 30 June 2015, bank deposits amounting to approximately HK\$5,210,000 (31 December 2014: HK\$5,204,000) were pledged to secure banking facilities granted to a subsidiary.

CAPITAL STRUCTURE

As at 30 June 2015, the total number of issued ordinary shares of the Company was 1,594,280,601 of HK\$0.10 each (31 December 2014: 1,543,452,000 shares of HK\$0.10 each).



SHARES PLACEMENT

Pursuant to a subscription agreement dated 6 February 2015 entered into between Mr. Zhu Yongwen (“Subscribers”) and the Company, Subscribers subscribed for 30,000,000 new shares of HK\$0.10 in the Company at a price of HK\$1.23 per share. The issue price of HK\$1.23 per share represents (i) a premium of approximately 0.82% to the closing price of HK\$1.22 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 4.50% to the average closing price of HK\$1.288 per Share for the last five trading days immediately prior to and including the Last Trading Day; (iii) a discount of approximately 3.61% to the average closing price of HK\$1.276 per Share for the last ten trading days immediately prior to and including the Last Trading Day; and (iv) a premium of approximately 507.63% to the net asset value of approximately HK\$0.20 per Share. The Subscription Shares will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 20 June 2014. All the issued shares rank pari passu in all respects with other shares in issue. Details of the subscription have been disclosed in the announcement dated on 6 February 2015.

The gross proceeds from the Subscription will be HK\$36,900,000 or an equivalent amount in RMB and the net proceeds from the Subscription, after deduction of related expenses of approximately HK\$200,000, is estimated to be approximately HK\$36,700,000, which is intended to be used for general working capital.

Pursuant to a subscription agreement dated 9 February 2015 entered into between Ms. Zhou Yang (“Subscribers”) and the Company, Subscribers subscribed for 30,000,000 new shares of HK\$0.10 in the Company at a price of HK\$1.2 per share. The issue price of HK\$1.2 per share represents (i) no premium nor discount to the closing price of HK\$1.2 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 3.69% to the average closing price of HK\$1.246 per Share for the last five trading days immediately prior to and including the Last Trading Day; (iii) a discount of approximately 7.12% to the average closing price of HK\$1.292 per Share for the last ten trading days immediately prior to and including the Last Trading Day; and (iv) a premium of approximately 492.81% to the net asset value of approximately HK\$0.20 per Share, calculated based on the consolidated net asset attributable to owners of the Company of approximately HK\$310,645,000 as at 30 June 2014 and the total number of issued Shares of 1,534,602,601 as at the date of the Subscription Agreement. The Subscription Shares will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 20 June 2014. All the issued shares rank pari passu in all respects with other shares in issue. Details of the subscription have been disclosed in the announcement dated on 9 February 2015.

The gross proceeds from the Subscription will be HK\$36,000,000 and the net proceeds from the Subscription, after deduction of related expenses of approximately HK\$200,000, is estimated to be approximately HK\$35,800,000, which is intended to be used for general working capital.



EXERCISE OF SHARE OPTIONS

On 1 August 2013, Hoifu Mineral Resources Holdings Limited, a wholly-owned subsidiary of the Group, entered into the Acquisition Agreement with Mr. Li Rong Jia for the acquisition of 60% equity interest in Zhen Hua Company Limited, at a consideration comprising cash payment of HK\$1 and the option right, which entitles the holder to subscribe up to 30,000,000 Option Shares of the Company at an initial exercise price of HK\$1.38 per Option Share.

On 14 January 2014, Mr. Li Rong Jia tendered a letter of exercise of share option in which he agreed to fully exercise 30,000,000 Shares Options issued by the Company at an exercise price of HK\$1.38 per Option Share. The total number of 30,000,000 new shares was issued on 20 January 2014 and the gross proceeds were amounted to HK\$41,400,000. All the issued shares rank pari passu in all respects with other shares in issue.

The following tables summaries the movements in the Company's share options during the year ended 31 December 2014.

Share Option Scheme	Grant date	At 1-Jan-14	Granted during the year	Exercised during the year	Share options lapsed during the year	As at 31-Dec-14	Exercise period	Exercise price per share HK\$
Eligible Participants								
Mr. Li Rong Jia	26.8.2013	30,000,000	-	(30,000,000)	-	-	1.1.2014- 26.2.2014	1.38
		30,000,000	-	(30,000,000)	-	-		



EXERCISE OF SHARE OPTIONS — continued

Share Option Scheme

Share option expenses related to the Scheme were valued at approximately HK\$4,744,000 (2013: HK\$Nil) and are charged to the consolidated statement of profit or loss. The fair value of the share options granted is measured based on the Black-Scholes option pricing model with the following assumptions:

26-Aug-13

Value per option	0.1581
Price per share at date of grant	\$1.25
Exercise price per share	\$1.38
Annual risk-free interest rate	2.48%
Historical volatility	58.30%
Life of options	0.5 year
Vesting period	—

Historical volatility measures the volatility of the underlying asset over a certain historical period time (the "Past Volatility"). It is assumed that the Past Volatility can be extrapolated directly to the future volatility.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had no share options outstanding under the Scheme since it was expired on 6 September 2014.

Up to the date of approval of these consolidated financial statements 30,000,000 share options have been exercised under the Scheme.



HUMAN RESOURCES

As at 30 June 2015, the Group employed a total of 114 staff (2014: 105) of which 49 were commission based (2014: 28) and the total related staff cost amounted to HK\$15,448,000 (2014: HK\$16,187,000). The Group's long term success rests primarily on the total integration of the company core value with the basic staff interest. In order to attract and retain high caliber staff, the Group provides competitive salary package and other benefits including mandatory provident fund, medical schemes and bonus. The future staff costs of the sales will be more directly linked to the performance of business turnover and profit. The Group maintained organic overhead expenses to support the basic operation and dynamic expansion of its business enabling the Group to respond flexibly with the changes of business environment.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the year ended 30 June 2015 (2014: Nil).



Disclosure of Interests

DIRECTORS' INTERESTS IN SHARES

At 30 June 2015, the interests of the Directors and their associates in the shares of the Company and its associated corporations (with the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

1. Long positions in the ordinary shares of HK\$0.10 each of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Dr. Hui Chi Ming (<i>Note 1</i>)	Interest of controlled corporation	960,591,143	60.25%

Note 1: The shares are registered in the name of and beneficially owned as to 838,163,143 shares by Triumph Energy Group Limited ("Triumph"), 114,018,000 shares by Taiming Petroleum Group Limited ("Taiming") and 8,410,000 shares by Wisdom On Holdings Limited ("Wisdom On"). The entire share capital of Triumph is beneficially and indirectly owned as to 78.47% by Dr. Hui Chi Ming through two BVI companies, Taiming and AMA Energy Group Limited respectively. The entire share capital of Taiming is wholly-owned by Dr. Hui Chi Ming while Wisdom On is wholly owned by Hoifu Petroleum Group Investment Holding Limited, which is wholly owned by Dr. Hui Chi Ming.



DIRECTORS' INTERESTS IN SHARES — continued

2. Ordinary shares in subsidiaries which are wholly-owned

One of the Directors has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company.

Save as disclosed above, at 30 June 2015, none of the Directors of the Company, chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV 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.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the heading "Share Option Scheme" below, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors or chief executives or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares of the Company or any other body corporate.

SHARE OPTION SCHEME

Pursuant to the share option scheme of the Company approved at the annual general meeting held on 7 September 2004 (the "Share Option Scheme"), the Board may at its discretion, invite any employees (whether full-time or part-time), executives or officers of the Company and any of its subsidiaries (including Executive and Non-Executive Directors) and any business consultants, agents, financial or legal advisers who the Board considers will contribute or have contributed to the Company or any of its subsidiaries (the "Eligible Participants"), to take up options to subscribe for shares in the Company. The purpose of the Share Option Scheme is to provide incentives to the Eligible Participants. The Share Option Scheme will expire on 6 September 2014.

No options have been granted to the Eligible Participants under the Share Option Scheme since adoption of the Share Option Scheme.



SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder had notified the Company of relevant interests in the issued share capital of the Company.

Long positions in the ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the share capital of the Company
Triumph (Note 1)	Beneficial owner	838,163,143	52.57%
Taiming (Note 2)	Beneficial owner	114,018,000	7.15%
Wisdom On (Note 3)	Beneficial owner	8,410,000	0.53%

Note 1: The entire issued share capital of Triumph is beneficially and indirectly owned as to 78.47% by Dr. Hui Chi Ming through two BVI companies, Taiming and AMA Energy Group Limited respectively.

Note 2: The entire issued share capital of Taiming is beneficially owned by Dr. Hui Chi Ming.

Note 3: The entire issued share capital of Wisdom On is beneficially owned by Hoifu Petroleum Group Investment Holding Limited, which is wholly owned by Dr. Hui Chi Ming.

Save as disclosed above, no person (other than the Directors of the Company whose interests are set out under the heading "Directors' Interests in Shares" above) had an interest or a short position in the shares and underlying shares of the Company that was required to be recorded under Section 336 of the SFO.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the period under review 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.



Other Information

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) is composed of all of its independent non-executive Directors, namely Messrs. Chen Wei-Ming Eric, Kwan Wang Wai Alan and Ng Chi Kin David. The principal duties of the Audit Committee are to review, together with management and the Company’s external auditor, the accounting principles and practices adopted by the Company and discuss internal controls and financial reporting matters.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “Remuneration Committee”) is composed of three Directors, namely Messrs. Chui Say Hoe, Chen Wei-Ming Eric and Ng Chi Kin David. The principal functions of the Remuneration Committee include determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors’ service contracts; making recommendations to the Board on the Company’s policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and to place recommendations before the Board concerning the total remuneration and/or benefits granted to the Directors from time to time.

NOMINATION COMMITTEE

The nomination committee of the Company (the “Nomination Committee”) is composed of three Directors, namely Messrs. Hui Chi Ming, Chen Wei-Ming Eric and Ng Chi Kin David. The principal functions of the Nomination Committee include reviewing the structure, size and composition of the Board, making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, identifying and nominating qualified individuals for appointment as additional directors or to fill Board vacancies as and when they arise.

REVIEW OF INTERIM FINANCIAL INFORMATION

The interim financial information is unaudited, but has been reviewed by the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six month period ended 30 June 2015, the Company has adopted the Model Code under Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transaction. All Directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code and the Code during the period under review.



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

During the six months ended 30 June 2015, the Company has repurchased 352,000 shares from the market at a share price range from HK\$1.02 to HK\$1.18 with total considerations amounted to HK\$363,840. The details of repurchase of the Company's shares have been disclosed in the note 16(e) of the condensed consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws or the Laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PUBLIC FLOAT

As at 30 June 2015 and 28 August 2015 (the latest practicable date of this interim report), the Company complied with the 25% public float requirement under the Listing Rules.

PUBLICATION OF RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Interim Report 2015, containing the relevant information required by the Rules Governing the Listing of Securities on the Stock Exchange, has been published on the websites of the Stock Exchange and the Company.

BOARD OF DIRECTORS

As at the date of this report, the Honorary Chairman and Senior Consultant of the Company is Dr. Yukio Hatoyama; the Board comprises five executive Directors, namely, Dr. Hui Chi Ming, G.B.S., J.P., Mr. Neil Bush, Dr. Chui Say Hoe, Mr. Lam Kwok Hing and Mr. Nam Kwok Lun; and three independent non-executive Directors, namely, Mr. Chen Weiming, Eric, Mr. Kwan Wang Wai, Alan and Mr. Ng Chi Kin, David.

On behalf of the Board

Dr. HUI Chi Ming G.B.S., J.P.

Chairman

28 August 2015



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months Ended 30 June 2015

	NOTES	Six Months ended 30 June	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	3	80,698	99,407
Cost of goods sold and direct cost		(35,317)	(90,665)
Gross profit		45,381	8,742
Other income		1,955	996
Other gains or losses	4	5,153	(475)
Administrative expenses		(27,468)	(28,371)
Profit/(loss) from operation		25,021	(19,108)
Finance costs	6	(2,492)	(1,803)
Profit/(loss) before taxation	7	22,529	(20,911)
Taxation	8	(3,744)	360
Profit/(loss) for the period		18,785	(20,551)



	NOTES	Six Months ended 30 June	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Other comprehensive expenses, including reclassification adjustments and net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation		893	(3,622)
Release of currency translation reserve upon disposal of subsidiaries		(32,437)	–
Other comprehensive expenses for the period		(31,544)	(3,622)
Total comprehensive expenses for the period		(12,759)	(24,173)
Profit/(loss) for the period attributable to:			
Owners of the Company		18,012	(20,113)
Non-controlling interests		773	(438)
		18,785	(20,551)
Total comprehensive expenses for the period attributable to:			
Owners of the Company		(13,932)	(23,735)
Non-controlling interests		1,173	(438)
		(12,759)	(24,173)
Earnings/(loss) per share — Basic	10	HK1.14 cents	HK(1.33) cents



Condensed Consolidated Statement of Financial Position

At 30 June 2015

		30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
	NOTES		
NON-CURRENT ASSETS			
Fixed assets		40,540	8,528
Intangible assets		56,017	8,609
Lease premiums for land		7,600	–
Exploration and evaluation assets		5,482	5,482
Goodwill	11	25,950	25,950
Deposits paid for acquisition of land use rights	11	137,456	137,456
Deposits paid for acquisition of a subsidiary		–	34,134
Statutory deposits		5,966	4,125
Loans receivable		–	288
		279,011	224,572
CURRENT ASSETS			
Inventory		1,707	–
Accounts receivable	12	169,981	108,410
Loans receivable		1,088	2,445
Lease premiums for land		189	–
Other receivables, prepayments and deposits		131,780	76,741
Pledged fixed deposits (general accounts)	13	5,210	5,204
Bank balances (trust and segregated accounts)		126,088	88,636
Bank balances (general account) and cash		114,784	78,015
		550,827	359,451



		30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
CURRENT LIABILITIES			
Accounts payable	14	153,292	109,908
Other payables and accrued expenses		13,670	19,416
Amount due to a Director		126,220	86,969
		293,182	216,293
NET CURRENT ASSETS		257,645	143,158
TOTAL ASSETS LESS CURRENT LIABILITIES		536,656	367,730
NON-CURRENT LIABILITIES			
Deferred tax liabilities		15,279	2,582
NET ASSETS		521,377	365,148
CAPITAL AND RESERVES			
Share capital	16	159,428	154,345
Reserves		219,461	165,940
Equity attributable to owners of the Company		378,889	320,285
Non-controlling interests		142,488	44,863
TOTAL EQUITY		521,377	365,148



Condensed Consolidated Statement of Changes in Equity

For the Six Months ended 30 June 2015

	Share capital	Share premium	Contributed surplus	Capital redemption reserve	Share repurchase reserve	Share option reserve	Currency translation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014 (audited)	148,810	161,773	311,544	74	-	4,744	33,696	(369,729)	290,912	(28,092)	262,820
Loss for the period	-	-	-	-	-	-	-	(20,113)	(20,113)	(438)	(20,551)
Exchange difference arising on translation	-	-	-	-	-	-	(3,622)	-	(3,622)	-	(3,622)
Total comprehensive expenses for the period	-	-	-	-	-	-	(3,622)	(20,113)	(23,735)	(438)	(24,173)
Exercise of share options	3,000	43,144	-	-	-	(4,744)	-	-	41,400	-	41,400
Shares repurchased and cancelled	(2,275)	(34,510)	-	2,275	-	-	-	(2,275)	(36,785)	-	(36,785)
Acquisition of a subsidiary	1,943	36,910	-	-	-	-	-	-	38,853	83,484	122,337
At 30 June 2014 (unaudited)	151,478	207,317	311,544	2,349	-	-	30,074	(392,117)	310,645	54,954	365,599
At 1 January 2015 (audited)	154,345	240,795	311,544	2,399	(8,807)	-	29,819	(409,810)	320,285	44,863	365,148
Profit for the period	-	-	-	-	-	-	-	18,012	18,012	773	18,785
Exchange difference	-	-	-	-	-	-	493	-	493	400	893
Release upon disposal of subsidiary	-	-	-	-	-	-	(32,437)	-	(32,437)	-	(32,437)
	154,345	240,795	311,544	2,399	(8,807)	-	(2,125)	(391,798)	306,353	46,036	352,389
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	52,879	52,879
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	43,573	43,573
Repurchase of shares	(917)	(8,218)	-	917	8,807	-	-	(917)	(328)	-	(328)
Shares issued	6,000	66,899	-	-	-	-	-	-	72,899	-	72,899
Share repurchase and pending for cancellation	-	-	-	-	(35)	-	-	-	(35)	-	(35)
At 30 June 2015 (unaudited)	159,428	299,476	311,544	3,316	(35)	-	(2,125)	(392,715)	378,889	142,488	521,377



Condensed Consolidated Statement of Cash Flows

For the Six Months ended 30 June 2015

	Six Months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(72,908)	(20,378)
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of fixed assets	(111)	(964)
Increase in pledged fixed deposits (general accounts)	(6)	(6)
Other investing cash flows	–	198
Acquisition of a subsidiary	69	(98,944)
Proceed from disposal of subsidiaries	(277)	–
	(325)	(99,716)
NET CASH FROM FINANCING ACTIVITIES		
Advance from a Director	36,759	9,663
Payment on repurchase of shares	(363)	(36,785)
Proceed from issue of shares	72,899	41,400
	109,295	14,278
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	36,062	(105,816)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	78,015	177,839
Effect of foreign exchange rate changes	707	(1,894)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	114,784	70,129
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances (general accounts) and cash	114,784	70,129
	114,784	70,129



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) include trading of natural resources, petrochemical production, oil and gas exploration and production, mineral mining business and provision of financial services.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month period ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to HKFRSs:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle

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



3. REVENUE

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Sales of mineral products	56,902	–
Sales of natural resources and petrochemicals	–	88,350
Commission and brokerage income	16,465	6,607
Interest income arising from financial business	4,670	3,139
Advisory and consultancy fee	2,661	1,311
	80,698	99,407

4. OTHER GAINS OR LOSSES

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Other receivables written off	(11,348)	–
Provision of allowance bad and doubtful debts	(293)	(390)
Net exchange loss	(194)	(85)
Gain on bargain purchase	30,496	–
Loss on disposal of subsidiaries	(5,888)	–
Fair value loss of profit guarantee	(7,620)	–
	5,153	(475)



5. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable segment for the period under review:

For the Six Months Ended 30 June 2015:

	Trading business HK\$ '000	Mineral mining, oil and gas business HK\$ '000	Financial business HK\$ '000	Consolidated HK\$ '000
REVENUE				
Segment revenue	–	56,902	23,796	80,698
RESULTS				
Segment profit	–	47,491	8,634	56,125
Corporate administration costs				(33,596)
Profit before taxation				22,529



5. SEGMENT INFORMATION — continued

For the six months ended 30 June 2014:

	Trading business HK\$'000	Mineral mining, oil and gas business HK\$'000	Financial business HK\$'000	Consolidated HK\$'000
REVENUE				
Segment revenue	88,350	–	11,057	99,407
RESULTS				
Segment profit/(loss)	517	(1,513)	(1,555)	(2,551)
Corporate administration costs				(18,360)
Loss before taxation				(20,911)

Segment profit/(loss) represents the financial results by each segment without allocation of corporate administrative costs. This is the measure reported to the Board of Directors for the purpose of resources allocation and performance assessment.

The geographical information of revenue is shown as follows:

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
PRC	56,902	–
Hong Kong	23,796	99,407
	80,698	99,407



6. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest from bank loan and other borrowing wholly repayable within five years	2,492	1,803

7. PROFIT/LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Amortisation	1,202	1,202
Depreciation	644	345
Staff cost, including Directors' remuneration	15,448	16,187
Contributions to retirement benefits scheme (included in staff costs)	397	306
Cost of inventories recognised as expense	27,526	86,909
Loss/(gain) from error trades	3	(8)
Interest income on bank deposits (included in other income)	(284)	(198)
Operating lease in respect of office premises	4,000	4,519

8. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for the six months ended 30 June 2014 and 2015 as the companies within the Group either had no assessable profits arising from Hong Kong or the assessable profits were wholly absorbed by estimated losses brought forward.

9. DIVIDEND

No dividend was paid, declared or proposed during the period. The Directors do not recommend the payment of an interim dividend (2014: Nil).



10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the following data:

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic earnings/(loss) per share	18,012	(20,113)
Weighted average number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	1,581,793	1,517,195

No diluted earnings/(loss) per share was presented as there were no potential ordinary shares during the six months ended 30 June 2014 and 2015.

11. GOODWILL AND DEPOSITS PAID FOR ACQUISITION OF LAND USE RIGHTS

The goodwill and deposits paid for acquisition of land use rights were generated from the acquisition of 65% equity interest in Beibuwan Yuchai Energy Chemical Co., Ltd ("Beibuwan Energy") on 7 March 2014.

The goodwill was attributable to the target's management expertise and the synergies expected to be derived from a more solid foundation and better operating condition for the Group's long-term development of petrochemical business in Guangxi.

The deposits paid for acquisition of land use rights represented the consideration paid by Beibuwan Energy to obtain land use rights at Qinzhou Petrochemical Industrial Park, Qinzhou Port, Guangxi with total area of approximately 2,100 mu, of which 1,873 mu will be used for production while the remaining area will be used for storage.



12. ACCOUNTS RECEIVABLE

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Accounts receivable arising from mineral mining business	49,650	–
Accounts receivable arising from trading of natural resources and petrochemicals	1,162	1,162
Accounts receivable arising from dealing in securities		
— Cash clients	40,547	33,189
Less: Allowance for doubtful debts	(795)	(502)
	39,752	32,687
— Hong Kong Securities Clearing Company Limited (“HKSCC”)	–	3,256
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited (“HKFECC”) arising from the business of dealing in futures contracts	2,247	2,805
Loans to securities margin clients	76,886	67,911
Less: Allowance for doubtful debts	(91)	(91)
	76,795	67,820
Accounts receivable arising from the business of advisory for financial management	375	680
	169,981	108,410

Accounts receivable arising from trading of natural resources and petrochemicals were aged within 90 days.

The settlement terms of accounts receivable from cash client, HKSCC and HKFECC are usually one to two days after the trade date. Except for the accounts receivable from cash clients as mentioned below, the accounts receivables from HKSCC and HKFECC were aged within 30 days.



12. ACCOUNTS RECEIVABLE — continued

Loans to securities margin clients are repayable on demand and bear interest at Hong Kong Prime Rate quoted by Wing Hang Bank Limited plus 3% equivalent to 8.25% (31 December 2014: Hong Kong Prime Rate quoted by Wing Hang Bank Limited plus 3% equivalent to 8.25%) per annum. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value. The loans are secured by pledged marketable securities at fair value of approximately HK\$299,191,000 (31 December 2014: HK\$215,070,000). The percentage of collateral over the outstanding balance at 30 June 2015 is ranged from 102% to 3,582% (31 December 2014: 101% to 5,263%). The Group is permitted to sell or repledge the marketable securities if the customer defaults the payment as requested by the Group.

The Group does not provide any credit term to its advisory for financial management clients. The aging analysis of accounts receivable arising from clients under the business of advisory for financial management is as follow:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
0 to 90 days	–	330
More than 90 days	375	350
	375	680

The aging analysis of accounts receivable arising from mineral mining business and cash clients is as follows:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
0 to 90 days	82,176	31,303
91 to 180 days	7,226	1,384
	89,402	32,687

13. PLEDGED FIXED DEPOSITS

The Group pledged fixed deposits to banks to secure general banking facilities granted to the Group. The pledged fixed deposits carry interest rates at 0.225% (31 December 2014: 0.225%) per annum and will be released upon the expiry of relevant banking facilities.



14. ACCOUNTS PAYABLE

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Accounts payable arising from the business of dealing in securities:		
— Cash clients	109,218	94,093
— HKSCC	17,426	2,869
Accounts payable to clients arising from the business of dealing in futures contracts	3,940	5,023
Amounts due to securities margin clients	9,287	7,923
Accounts payable arising from mineral mining business	13,421	–
	153,292	109,908

The settlement term of accounts payable to cash client and HKSCC is two days after the trade date and aged within 30 days.

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the HKFECC. The excess of the outstanding amounts over the required margin deposits stipulated by the HKFECC are repayable to clients on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

Amounts due to securities margin clients are repayable on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

The accounts payable amounting to HK\$126,088,000 (31 December 2014: HK\$83,365,000) were payable to clients or other institutions in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.



14. ACCOUNTS PAYABLE — continued

The aging analysis of accounts payable arising from mineral mining business is as follows:

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
0 to 90 days	8,319	–
91 days to 180 days	5,102	–
	13,421	–

15. RELATED PARTY TRANSACTIONS

Transactions with related parties:

- (a) During the period, the Group received commission income and other securities dealing income from securities dealing of HK\$122,000 (2014:HK\$79,000) from close family members of two Directors, Messrs. Lam Kwok Hing and Nam Kwok Lun.
- (b) During the period, the Group received commission income and other securities dealing income from securities dealing of HK\$51,000 (2014: HK\$7,200) from Asia Tele-Net and Technology Corporation Limited (“ATNT”), a company incorporated in Bermuda with its shares being listed on the Stock Exchange in which two Directors, Messrs. Lam Kwok Hing and Nam Kwok Lun, have controlling interests.
- (c) As at 30 June 2015, outstanding advances from a Director, Mr. Nam Kwok Lun, amounted to HK\$126,220,000 (31 December 2014: HK\$86,969,000). During the period, the Group paid finance cost of HK\$2,485,000 (2014: HK\$1,803,000) to the Director.
- (d) During the period, the Group paid rental fee amounting to HK\$1,100,000 (2014: HK\$1,080,000) to a company in which Dr. Hui Chi Ming, a Director, has beneficial interest.



15. RELATED PARTY TRANSACTIONS — continued

The remuneration of key management personnel who are the Directors of the Company during the period is as follow:

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Short-term benefits	3,559	6,240
Post-employment benefits	39	47
	3,598	6,287

16. SHARE CAPITAL

	Number of shares	
	'000	HK\$'000
Ordinary shares of HK\$0.10 each		
<i>Authorised:</i>		
At 1 January 2014, 31 December 2014, 1 January 2015 and 30 June 2015	10,000,000	1,000,000
<i>Issued and fully paid:</i>		
At 1 January 2014	1,488,104	148,810
Share repurchased and cancelled (<i>note a</i>)	(23,252)	(2,325)
Exercised of share option (<i>note b</i>)	30,000	3,000
Issued in consideration for the acquisition (<i>note c</i>)	19,426	1,943
Issued in consideration for the acquisition (<i>note d</i>)	29,174	2,917
At 31 December 2014 and 1 January 2015	1,543,452	154,345
Share repurchased and cancelled (<i>note e</i>)	(9,171)	(917)
Issued on 16 February 2015 (<i>note f</i>)	30,000	3,000
Issued on 16 March 2015 (<i>note g</i>)	30,000	3,000
At 30 June 2015	1,594,281	159,428



16. SHARE CAPITAL — continued

Notes:

- (a) During the year, the Company repurchased its own shares through the Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	No. of ordinary shares of HK\$0.10 each	Price per share		Aggregate consideration paid HK\$'000
		Highest	Lowest	
		HK\$	HK\$	
April 2014	15,004,000	1.88	1.54	26,052
May 2014	7,748,000	1.56	1.19	10,733
July 2014	500,000	1.03	1.00	509
November 2014*	40,000	1.03	1.03	41
December 2014*	8,810,000	1.04	0.94	8,766

The above shares were cancelled during the period (except those repurchased in November and December).

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

* The shares repurchased during November and December have not been cancelled in 2014 and have been cancelled subsequently in January 2015.

- (b) On January 2014, a total of 30,000,000 share option was exercised at an exercise price of HK\$1.38 per share, and a total of 30,000,000 shares was issued with aggregated nominal value of HK\$3,000,000.
- (c) During the year ended 31 December 2014, the Company has issued 19,426,624 ordinary shares at price of HK\$2.14 each for acquiring 65% equity interest of a Beibuwan Energy.
- (d) During the year ended 31 December 2014, the Company has issued 29,174,365 ordinary shares at price of HK\$1.17 each for acquiring 55% equity interest of Hebei Panbao.



16. SHARE CAPITAL — continued

Notes: — continued

- (e) During the period, the Company repurchased its own shares through the Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	No. of ordinary shares of HK\$0.10 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
April 2015	322,000	1.02	1.02	328
May 2015*	30,000	1.18	1.18	35

The above shares were cancelled during the period (except those repurchased in May 2015).

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

* The shares repurchased in May 2015 have not been cancelled.

- (f) During the period ended 30 June 2015, the Company has issued 30,000,000 ordinary shares at price of HK\$1.2 each.
- (g) During the period ended 30 June 2015, the Company has issued 30,000,000 ordinary shares at price of HK\$1.23 each.

17. EVENT AFTER THE REPORTING PERIOD

On 10 April 2015, Hoifu Group Properties Investment Limited ("HGP"), a wholly-owned subsidiary of the Company, entered into an agreement ("the Agreement") with Premier Chief Holdings Limited, pursuant to which HGP will purchase the entire equity interest of New Praise International Limited (the "Target") for a total consideration of HK\$139.6 million ("the Acquisition"), by HK\$50 million in cash and 64 million shares. The Target is principally engaged in property investment and operating a 3-star hotel with 68 rooms located in Antananarivo, the capital of Madagascar. The transaction was completed on 2 July 2015 and the closing price on that day was HK\$1.4 per share. Details of the acquisition are set out in the Group's announcements dated 10 April 2015, 29 May 2015 and 3 August 2015.