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(Stock Code: 431)

website: <http://www.irasia.com/listco/hk/greaterchina/index.htm>

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

SUMMARY OF RESULTS

The Board of Directors (the “Directors”) of Greater China Holdings Limited (the “Company”) announced that the unaudited financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2015, together with the figures for the six months ended 30 June 2014 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended 30 June	
	<i>NOTES</i>	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	3	51,455	6,342
Cost of sales		<u>(575)</u>	<u>–</u>
Gross profit		50,880	6,342
Other income, gains and losses	5	124,881	1,138
Administrative and other operating expenses		(45,309)	(12,924)
Finance costs	6	<u>(10,432)</u>	<u>(6,840)</u>
Profit (loss) before taxation		120,020	(12,284)
Income tax	7	<u>(7,530)</u>	<u>–</u>
Profit (loss) for the period	8	<u>112,490</u>	<u>(12,284)</u>
Other comprehensive income (expense), net of tax			
Items that are/may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		3,124	(1,148)
Release of translation reserve upon disposal of subsidiaries		<u>(39,980)</u>	<u>–</u>
		<u>(36,856)</u>	<u>(1,148)</u>
Total comprehensive income (expense) for the period		<u>75,634</u>	<u>(13,432)</u>

* For identification purposes only

		Six months ended 30 June	
		2015	2014
	<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Profit (loss) for the period attributable to:			
Owners of the Company		112,490	(12,254)
Non-controlling interests		<u>–</u>	<u>(30)</u>
		<u>112,490</u>	<u>(12,284)</u>
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		75,634	(13,401)
Non-controlling interests		<u>–</u>	<u>(31)</u>
		<u>75,634</u>	<u>(13,432)</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings (loss) per share	<i>10</i>		
– Basic		<u>32.08</u>	<u>(4.09)</u>
– Diluted		<u>31.63</u>	<u>(4.09)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	<i>NOTES</i>	30.6.2015 HK\$'000 (unaudited)	31.12.2014 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	11	131,049	133,775
Prepaid lease payments	12	27,670	27,952
Goodwill	13	194,616	–
		<u>353,335</u>	<u>161,727</u>
Current assets			
Repossessed assets	14	44	–
Pawn loans receivables	15	245,238	–
Trade and other receivables	16	1,489	2,803
Prepaid lease payments	12	802	799
Prepayments and deposits	17	3,136	672
Pledged bank deposits	18	38,073	–
Bank balances and cash		<u>241,524</u>	<u>12,753</u>
		<u>530,306</u>	<u>17,027</u>
Assets classified as held for sale	19	<u>8,068</u>	<u>130,906</u>
		<u>538,374</u>	<u>147,933</u>
Current liabilities			
Other payables and accruals	20	17,307	19,026
Borrowings	21	189,858	30,330
Tax payables		<u>3,534</u>	–
		<u>210,699</u>	<u>49,356</u>
Liabilities directly associated with assets classified as held for sale	19	<u>10,153</u>	<u>109,135</u>
		<u>220,852</u>	<u>158,491</u>
Net current assets (liabilities)		<u>317,522</u>	<u>(10,558)</u>
Total assets less current liabilities		<u>670,857</u>	<u>151,169</u>
Non-current liabilities			
Deferred consideration	24	127,920	–
Convertible notes	22	51,037	–
Borrowings	21	<u>88,837</u>	<u>41,704</u>
		<u>267,794</u>	<u>41,704</u>
Net assets		<u><u>403,063</u></u>	<u><u>109,465</u></u>
Capital and reserves			
Share capital	23	1,797	1,499
Reserves		<u>401,266</u>	<u>107,966</u>
Total equity		<u><u>403,063</u></u>	<u><u>109,465</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

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

The unaudited condensed consolidated financial statements has been prepared in accordance with the same accounting policies in the Group’s audited financial statements for the year ended 31 December 2014, except for the accounting policy changes that are expected to be reflected in the audited financial statements for the year ended 31 December 2015.

The preparation of the unaudited condensed consolidated financial statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2014. The unaudited condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”). They shall be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2014.

2. PRINCIPAL ACCOUNTING POLICIES AND APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The condensed consolidated financial statements have been prepared on the historical cost basis.

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 issued by the HKICPA that are relevant to the preparation of the Group’s condensed consolidated financial statements:

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

The application of the above and revised 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.

New and revised HKFRSs issued but not yet effective

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these interim financial statements:

Amendments to HKFRSs HKFRS 9	Annual Improvements to HKFRSs 2012-2014 Cycle ² Financial Instruments ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception ²
Amendments to HKFRS 11 HKFRS 14 HKFRS 15	Accounting for Acquisitions of Interests in Joint Operations ² Regulatory Deferral Accounts ¹ Revenue from Contracts with Customers ³
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²

¹ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

³ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

⁴ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

The directors of the Company anticipate that the application of these new or revised standards, amendments and interpretations will have no material impact on the condensed consolidated financial statements.

3. REVENUE

Revenue represents revenue arising from warehouse storage income, pawn loan interest income, consultancy service income and gain on disposal of repossessed assets.

4. SEGMENT INFORMATION

The Group's operations are organised into pawn loan financing, industrial property development and general trading. Information reported to the chief operating decision maker for the purpose of resources allocation and assessment of segment performance is prepared on such basis. The Group's reportable and operating segments comprise pawn loan financing, industrial property development and general trading.

- Pawn loan financing segment represents the operation of pawnshop in Shanghai, the PRC.
- Industrial property development segment represents the operation of warehouse storage in Taicang City, the PRC.

- General trading segment includes trading of metal materials, electronic products etc. Currently, the Group's general trading activities are carried out in the PRC.

Segment revenues and results

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

For the six months ended 30 June 2015 (unaudited)

	Pawn loan financing <i>HK\$'000</i>	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE	<u>44,705</u>	<u>6,750</u>	<u>–</u>	<u>51,455</u>
SEGMENT RESULTS	<u>27,621</u>	<u>(10,875)</u>	<u>(77)</u>	<u>16,669</u>
Unallocated corporate income				<u>127,341</u>
Unallocated corporate expenses				<u>(23,990)</u>
Profit before tax				<u>120,020</u>
Income tax				<u>(7,530)</u>
Profit for the period				<u><u>112,490</u></u>

For the six months ended 30 June 2014 (unaudited)

	Pawn loan financing <i>HK\$'000</i>	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE	<u>–</u>	<u>6,342</u>	<u>–</u>	<u>6,342</u>
SEGMENT RESULTS	<u>–</u>	<u>(8,280)</u>	<u>(530)</u>	<u>(8,810)</u>
Unallocated corporate income				<u>–</u>
Unallocated corporate expenses				<u>(3,474)</u>
Loss before tax				<u>(12,284)</u>
Income tax				<u>–</u>
Loss for the period				<u><u>(12,284)</u></u>

All of the segment revenue reported above is from external customers.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments.

At 30 June 2015 (unaudited)

	Pawn loan financing <i>HK\$'000</i>	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS				
Segment assets	262,299	225,839	25,772	513,910
Unallocated bank balances and cash				173,234
Unallocated property, plant and equipment				171
Unallocated other receivables, prepayments and deposits				1,710
Unallocated goodwill				194,616
Assets classified as held for sale				8,068
				<hr/>
Consolidated total assets				891,709
				<hr/> <hr/>
LIABILITIES				
Segment liabilities	156,634	139,852	2,538	299,024
Unallocated other payables				512
Unallocated convertible notes				51,037
Unallocated deferred considerations				127,920
Liabilities directly associated with assets classified as held for sales				10,153
				<hr/>
Consolidated total liabilities				488,646
				<hr/> <hr/>

At 31 December 2014 (audited)

	Pawn loan financing <i>HK\$'000</i>	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS				
Segment assets	–	176,227	933	177,160
Unallocated bank balances and cash				985
Unallocated property, plant and equipment				172
Unallocated other receivables, prepayments and deposits				437
Assets classified as held for sale				<u>130,906</u>
Consolidated total assets				<u><u>309,660</u></u>
LIABILITIES				
Segment liabilities	–	66,507	17,692	84,199
Unallocated other payables				6,861
Liabilities directly associated with assets classified as held for sale				<u>109,135</u>
Consolidated total liabilities				<u><u>200,195</u></u>

5. OTHER INCOME, GAINS AND LOSSES

	For the six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Gain on disposal of subsidiaries	127,263	–
Interest income	221	1,138
Sundry income	254	–
Exchange loss	(279)	–
Impairment allowance of pawn loans receivables	(2,477)	–
Loss on written off of property, plant and equipment	(36)	–
Written off of other receivables	(65)	–
	<u>124,881</u>	<u>1,138</u>

6. FINANCE COSTS

	For the six months ended 30 June	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Effective interest on convertible notes	412	–
Interest on bank loans	4,171	6,840
Interest on other loans	5,849	–
	<u>10,432</u>	<u>6,840</u>

7. INCOME TAX

	For the six months ended 30 June	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Current tax – PRC Enterprise Income Tax	<u>7,530</u>	<u>–</u>

No provision for Hong Kong Profits Tax has been made as the subsidiaries operating in Hong Kong incurred tax loss for both periods.

Pursuant to the enterprise income tax rules and regulations of the PRC, the provision for PRC Enterprise Income Tax is calculated at applicable rates of 25% based on estimated taxable income with certain tax concession, based on existing legislation, interpretation and practices.

8. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging the following items:

	For the six months ended 30 June	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Amortisation of prepaid lease payments	400	1,136
Depreciation of property, plant and equipment	4,572	4,386
Impairment allowance of pawn loans receivables	2,477	–
Legal and professional fee	15,864	439
Staff costs including directors' emoluments	<u>6,950</u>	<u>3,543</u>

9. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors have determined that no dividend will be paid in respect of the interim period.

10. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings (loss)		
Earnings (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	112,490	(12,254)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	<u>412</u>	<u>–</u>
Earnings (loss) for the purpose of diluted earnings per share	<u>112,902</u>	<u>(12,254)</u>
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	350,605	299,847
Effect of dilutive potential ordinary shares:		
– Convertible notes	<u>6,392</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u>356,997</u>	<u>299,847</u>

The calculation of basic earnings per share amounts is based on the profit for the year attributable to owner of the Company, and the weighted average number of ordinary shares in issue during the year.

For the six-month ended 30 June 2015, diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares which is convertible notes. The convertible notes are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect.

No adjustment has been made to the basic earnings (loss) per share amounts presented for the six-month ended 30 June 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the period.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the interim period, the Group acquired property, plant and equipment with a cost of HK\$296,000 (six months ended 30 June 2014: HK\$7,000). There were additions to property, plant and equipment with a net book value of HK\$1,005,000 through acquisition of subsidiaries which is set out in note 24.

Property, plant and equipment with a net book value of HK\$36,000 were written off during the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$Nil). Apart from this, the Group did not have any significant disposal of property, plant and equipment.

12. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments are amortised and charged to the profit or loss in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

	30.6.2015 HK\$'000 (unaudited)	31.12.2014 <i>HK\$'000</i> (audited)
Cost		
Balance at beginning of the period/year	35,938	113,300
Addition	–	23,955
Derecognised on disposal of subsidiaries	–	(7,474)
Reclassification as held for sale	–	(93,483)
Exchange realignment	152	(360)
	<hr/>	<hr/>
Balance at end of the period/year	36,090	35,938
Accumulated amortisation		
Balance at beginning of the period/year	7,187	13,928
Amortisation for the period/year	400	2,272
Elimination on disposal of a subsidiary	–	(691)
Elimination on reclassification as held for sale	–	(8,277)
Exchange realignment	31	(45)
	<hr/>	<hr/>
Balance at end of the period/year	7,618	7,187
Carrying amount		
Balance at end of the period/year	28,472	28,751
	<hr/> <hr/>	<hr/> <hr/>
Analysed for reporting purposes as:		
Current assets	802	799
Non-current assets	27,670	27,952
	<hr/>	<hr/>
	28,472	28,751
	<hr/> <hr/>	<hr/> <hr/>

13. GOODWILL

30.6.2015
HK\$'000
(unaudited)

Cost

Balance at beginning of the period	–
Acquisition of subsidiaries (<i>note 24</i>)	<u>194,616</u>

Balance at end of the period	<u><u>194,616</u></u>
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Accumulated impairment losses

Balance at beginning of the period	–
Impairment loss for the period	<u>–</u>

Balance at end of the period	<u><u>–</u></u>
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Carrying amount

Balance at end of the period	<u><u>194,616</u></u>
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Goodwill arising in the period related to the acquisition of Oriental Credit Holdings Limited and its subsidiaries because the consideration payable for the acquisition effectively included amounts in relation to the benefits originated from fast growing pawn loan financing business, the business potential of the consulting business and the assembled workforce of the acquired business. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

Goodwill acquired through business combination during the period has been allocated to a pawn loan financing cash-generating unit (“Pawn Loan Financing CGU”) for impairment test. The Directors have engaged an independent valuer, Peak Vision Appraisal Limited (“PVA”) to assist them to assess whether there is any impairment of goodwill in the Pawn Loan Financing CGU. PVA has assessed the acquired business value (recoverable value) as well as discounted cash flows arising from the identifiable intangible assets (if any) and has also taken into consideration the historical performance and the five-years forecast financial projection of the acquired business by Income Approach and reviewed the reasonableness and appropriateness of the methodology and the key parameters and business assumptions adopted by the Directors.

Key assumptions used for business value calculation as at 21 January 2015 and 30 June 2015 are as follows:

- Terminal growth rate 3%
- Pre-tax discount rate per annum 15.39% – 16.44%

During the period, the Group is of the opinion, with reference to a professional valuation performed by PVA as at 30 June 2015 on the similar basis with 21 January 2015 valuation, that the Pawn Loan Financing CGU was not impaired as compared with their recoverable amounts as at 30 June 2015 and fair value as at 21 January 2015.

14. REPOSSESSED ASSETS

	30.6.2015 HK\$'000 (unaudited)	31.12.2014 <i>HK\$'000</i> (audited)
Pawn collaterals	44	–

15. PAWN LOANS RECEIVABLES

	30.6.2015 HK\$'000 (unaudited)	31.12.2014 <i>HK\$'000</i> (audited)
Personal property backed pawn loans	162,241	–
Real estate backed pawn loans	24,303	–
Equity interest backed pawn loans	60,917	–
Motor vehicles backed pawn loans	254	–
	247,715	–
<i>Less: impairment allowances</i>	(2,477)	–
	245,238	–

Pawn loans receivables are arising from the Group's pawn loans business. The loan periods granted to customers are within six months. The pawn loans provided to customers bear fixed interest rates ranging from 2.00% to 4.66% per month for the six months ended 30 June 2015.

Pawn loans receivables are all denominated in RMB. The impairment allowance of pawn loans receivables are recognised based on the Group's best estimate of amounts that are potentially uncollectible.

As at 30 June 2015, renewed loans amounted to HK\$176,011,000, comprising personal property backed pawn loans of HK\$95,614,000 and equity interest backed pawn loans of HK\$60,917,000. No renewed loans had substantially modified their original contractual terms for the six months ended 30 June 2015. Based on past experience, the management is of the opinion that there has not been a significant change in credit quality of the customers or the party who provided guarantees and/or fair value of the collaterals obtained and the balances are still considered fully recoverable.

At 30 June 2015, the pawn loans receivables amounted to HK\$96,705,000 have been pledged to secure other loans from the asset management companies.

The aging of the pawn loans receivables are calculated starting from the original granting date without considering the subsequent renewal of the loans. The aging analysis of pawn loans receivables net of provision for impairment of pawn loans receivables is set out below:

	30.6.2015 <i>HK\$'000</i> (unaudited)	31.12.2014 <i>HK\$'000</i> (audited)
0 – 90 days	78,400	–
91 – 180 days	84,280	–
181 – 365 days	80,925	–
Over 365 days	1,633	–
	<hr/> 245,238 <hr/>	<hr/> – <hr/>

16. TRADE AND OTHER RECEIVABLES

Included in the balance are trade receivables of approximately HK\$1,294,000 (year ended 31 December 2014: approximately HK\$1,203,000). The Group allows an average credit period of 30 days to its warehouse tenants.

The following is an analysis of trade receivables by age based on invoice date of the Group at the end of reporting period:

	30.6.2015 <i>HK\$'000</i> (unaudited)	31.12.2014 <i>HK\$'000</i> (audited)
0 – 30 days	1,267	1,203
31 – 60 days	27	–
61 – 90 days	–	–
Over 90 days	–	–
	<hr/> 1,294 <hr/>	<hr/> 1,203 <hr/>

17. PREPAYMENTS AND DEPOSITS

	30.6.2015 HK\$'000 (unaudited)	31.12.2014 HK\$'000 (audited)
Prepayments	220	228
Less: impairment loss recognised	—	—
	<u>220</u>	<u>228</u>
Rental and utilities deposits	2,916	444
	<u>2,916</u>	<u>444</u>
Total prepayments and deposits	<u>3,136</u>	<u>672</u>

18. PLEDGED BANK DEPOSITS

The pledged bank deposits carried fixed interest rate of 3% (year ended 31 December 2014: 4.25%) per annum. It will be released upon the settlement of relevant short-term bank loan.

19. ASSETS CLASSIFIED AS HELD FOR SALE

	30.6.2015 HK\$'000 (unaudited)	31.12.2014 HK\$'000 (audited)
Property, plant and equipment (<i>Note a</i>)	1,133	1,128
Prepaid lease payments (<i>Note a</i>)	6,935	6,905
Assets related to industrial properties development business (<i>Note b</i>)	—	122,873
	<u>8,068</u>	<u>130,906</u>
Receipt in advance (<i>Note a</i>)	10,153	10,110
Liabilities related to industrial properties development business (<i>Note b</i>)	—	99,025
	<u>10,153</u>	<u>109,135</u>

Notes:

- (a) On 29 October 2014, the Group entered into a property sale and purchase agreement with an independent third party to dispose of the office building together with the land portion situated at Unit 508, Level 5, Block 2, Phase 1, Jinguanyuan, No. 16 Xinhua Lane, Xicheng District, Beijing, the PRC. As at 30 June 2015, the disposal has not yet completed. The assets and liability attributable to the office building have been reclassified as held for sale and presented separately in the consolidated statement of financial position.

- (b) On 14 January 2015, (i) Profit Capital Limited, a wholly-owned subsidiary of the Company, as vendor, Ping An Real Estate (Hongkong) Company Limited (“Purchaser A”) as purchaser and the Company, entered into a sale and purchase agreement in relation to the disposal of the 100% share capital of Keycharm Investment Limited (“Keycharm”), an indirectly wholly-owned subsidiary of the Company (the “Keycharm Agreement”); and (ii) the Company as vendor, Spring Asia Investment Limited (“Purchaser B”) as purchaser and Purchaser A entered into a sale and purchase agreement in relation to the disposal of the 100% share capital of Toobright Limited (“Toobright”), a wholly-owned subsidiary of the Company (the “Toobright Agreement”).

Keycharm and Toobright and its subsidiary were engaged in construction of port infrastructure, development of petrochemical industry projects, production of petrochemical products and sale of such products in PRC. On 25 February 2015, the disposal was completed, Keycharm and Toobright and its subsidiary ceased to be the subsidiaries of the Company. (see note 25)

20. OTHER PAYABLES AND ACCRUALS

	30.6.2015 HK\$'000 (unaudited)	31.12.2014 HK\$'000 (audited)
Accrued expenses	1,442	2,320
Deposits received	7,944	11,183
Other payables	7,921	5,523
	<u>17,307</u>	<u>19,026</u>

21. BORROWINGS

	30.6.2015 HK\$'000 (unaudited)	31.12.2014 HK\$'000 (audited)
Bank loans (<i>Note a</i>)	182,116	72,034
Other loans (<i>Note b</i>)	96,579	–
	<u>278,695</u>	<u>72,034</u>
Secured	278,695	72,034
Unsecured	–	–
	<u>278,695</u>	<u>72,034</u>

	30.6.2015 HK\$'000 (unaudited)	31.12.2014 HK\$'000 (audited)
Carrying amount repayable:		
Within one year	189,858	30,330
More than one year, but not exceeding two years	15,864	15,165
More than two years, but not more than five years	60,282	26,539
More than five years	12,691	–
	278,695	72,034
<i>Less:</i> Amounts shown under current liabilities	(189,858)	(30,330)
	88,837	41,704

Notes:

- (a) During the six months ended 30 June 2015, the Group repaid bank loans of approximately HK\$160,795,000 (equivalent to RMB127,000,000) and raised bank borrowings of approximately HK\$269,985,000 (equivalent to RMB213,500,000). The bank loans are denominated in Renminbi and secured by pledge of warehouse with an aggregate carrying amount of approximately HK\$129,757,000, prepaid lease payments with aggregate carrying amount of approximately HK\$28,472,000 and bank deposits amounting to approximately HK\$38,073,000. The loans carrying an effective interest at fixed rates ranging from 5.10% to 7.91% per annum.

Included in the bank loans, the Group also had an outstanding entrusted loan which was borrowed through a bank in the PRC. The loan was secured by guarantee provided by 上海快鹿投資(集團)有限公司 (“Shanghai Kuailu”), a registered shareholder of Shanghai Xinsheng Pawnshop, to a bank for making the loan to Shanghai Xinsheng Pawnshop. As at 30 June 2015, the outstanding principal of the entrusted loan was approximately HK\$44,419,000 and the effective interest rate of the entrusted loan was 5.6% per annum.

- (b) Other loans which is obtained in relation to transferred pawn loans receivables from an independent asset management company located in Shanghai have fixed repayment terms which are ranging from one to six months. As at 30 June 2015, the other loans obtained in relation to transferred pawn loans receivables amounting to approximately HK\$96,705,000 are secured by the collaterals. The loans carrying an interest at fixed rates of 14% per annum.

22. CONVERTIBLE NOTES

As part of the consideration for the acquisition of Oriental Credit Group as disclosed in note 24, 2014 Convertible Note with principal amount of HK\$85,401,768 with conversion price of HK\$1.2 was issued to the vendors of the Oriental Credit Group on 3 June 2015. It entitled the holders to convert it into ordinary shares of the Company at any time between the date upon the expiry of the Put Option Period and 21st business day before maturity date, which is on the fifth anniversary of the date of issue of 2014 Convertible Note. If the 2014 Convertible Note has not been converted, it will be redeemed on maturity date at the entire principal amount. The 2014 Convertible Note bears no interest.

The Convertible Note contains two components, liability and equity components. The equity component represents the value of the conversion option, which is credited directly to equity as convertible notes reserve of the Company and the Group. The liability component of the convertible notes is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The effective interest rate of the liability component is 9.98% per annum.

The carrying amounts of above-mentioned convertible notes recognised at the end of the reporting period were calculated as follows:

	30.6.2015 HK\$'000 (unaudited)
Equity component	
Fair value of the entire convertible notes, at the date of issuance (<i>Note a</i>)	151,817
Fair value of the liability component, at the date of issuance	(50,625)
	101,192
Liability component	
At the date of issuance	50,625
Effective interest expenses	412
	51,037
Balance at end of the period	85,402
Principal amount, at end of the period	85,402

Note:

- (a) The fair value of the entire convertibles at the date of issuance included in 2014 Convertible Note of amount HK\$129,250,000 and additional consideration of convertible notes for performance target adjustment of 2014 of amount HK\$22,567,000.

23. SHARE CAPITAL

	Number of shares '000	Nominal amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.005 each At 1 January 2014, 31 December 2014 and 30 June 2015	<u>421,978,000</u>	<u>2,109,890</u>
Preference shares of HK\$0.005 each At 1 January 2014, 31 December 2014 and 30 June 2015	<u>22,000</u>	<u>110</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.005 each At 1 January 2014, 31 December 2014 and 1 January 2015	299,847	1,499
Placing of shares (<i>Note a</i>)	<u>59,600</u>	<u>298</u>
At 30 June 2015	<u>359,447</u>	<u>1,797</u>

Note:

- (a) On 9 January 2015, the Company entered into the placing agreement, pursuant to which 59,969,422 new shares of the Company would be placed to six independent placees at the placing price of HK\$2 per share. The completion of the placing took place on 9 January 2015 and 59,600,000 shares were allotted and issued.

24. ACQUISITION OF SUBSIDIARIES

On 20 November 2014, the Company entered into a conditional sale and purchase agreement with Rosy Start Investments Limited (“Rosy Start”), Equity Partner Holdings Limited (“Equity Partner”), Century Best Holdings Limited (“Century Best”) and Asiabiz Capital Investment Limited (“Asiabiz”), together, being the vendors (the “Vendors”) collectively holding the entire equity interest in Oriental Credit Holdings Limited (“Oriental Credit”), for the acquisition of the entire issued share capital of Oriental Credit (the “Sale Shares”). Among the Vendors, Mr. Joseph Shie Jay Lang is the sole legal and beneficial owner of the entire issued share capital of Rosy Start, Equity Partner and Century Best.

Oriental Credit is the legal and beneficial owner of the entire registered capital of Shanghai Yousheng, which has entered into Contractual Arrangements with Shanghai Xinsheng Pawnshop, and its registered shareholders, i.e. Shanghai Zhifeng and Shanghai Kuailu in September, November and December 2014. Through these Contractual Arrangements, the Shanghai Yousheng has effective control over the financing and business operations of the Shanghai Xinsheng Pawnshop, and is entitled to the economic interest and benefits of the Shanghai Xinsheng Pawnshop which is engaged in pawnshop business in Shanghai, the PRC.

The Contractual Arrangements currently in effect comprise the following agreements, namely (a) the Exclusive Consulting Service Agreement (as supplemented by the supplemental agreement to the Exclusive Consulting Service Agreement and second supplemental agreement to Exclusive Consulting Service Agreement), (b) the Equity Pledge Agreement (as supplemented by the supplemental agreement to Equity Pledge Agreement), (c) the Exclusive Call Option Agreement (as supplemented by the supplemental agreement to Exclusive Call Option Agreement and second supplemental agreement to Exclusive Call Option Agreement), and (d) Authorization Agreement.

According to the conditional sale and purchase agreement, the Company has conditionally agreed to acquire the Sale Shares for a total consideration of HK\$150,000,000 which may be raised to HK\$180,000,000 subject to adjustment on the basis of performance targets achieved for 2014, 2015 and 2016 according to the audited consolidated net profit after taxation of Oriental Credit and its subsidiaries for the respective accounting periods.

(a) Initial consideration

The consideration shall initially be HK\$150,000,000 for the Sale Shares, subject to adjustments, in accordance with the sale and purchase agreement.

The consideration shall be satisfied by the Company by way of issue of the convertible notes in the following manner:

- (i) at the 60th business day after the issue of the audited accounts of Oriental Credit for the financial year ending 31 December 2014 (the “2014 Convertible Note Issue Date”), a sum of HK\$80,000,000 (subject to adjustment of 2014 Performance Target on Note 24(b)(i)) will be paid by way of issue of the convertible notes (the “2014 Convertible Note”) to the Vendors;
- (ii) at the 60th business day after the issue of the audited accounts of Oriental Credit for the financial year ending 31 December 2015 (the “2015 Convertible Note Issue Date”), a sum of HK\$35,000,000 (subject to adjustment of 2015 Performance Target on Note 24(b)(ii)) will be paid by way of issue of the convertible notes (the “2015 Convertible Note”) to the Vendors; and
- (iii) at the 60th business day after the issue of the audited accounts of Oriental Credit for the financial year ending 31 December 2016 (the “2016 Convertible Note Issue Date”), a sum of HK\$35,000,000 (subject to adjustment of 2016 Performance Target on Note 24(b)(iii)) will be paid by way of issue of the convertible notes (the “2016 Convertible Note”) to the Vendors.

The convertible notes shall be issued to each Vendor in accordance with the respective shareholding ratio.

The 2014 Convertible Note, 2015 Convertible Note and 2016 Convertible Note are convertible into ordinary shares of the Company at conversion price HK\$1.2 per conversion share in the date upon the expiry of the Put Option Period and ending on the 21st business day before the maturity date (the “Conversion Period”).

(b) Performance targets and consideration adjustments

The initial consideration (and accordingly the initial principal amount of convertible notes) is subject to adjustment of maximum of HK\$30,000,000 on the basis of the following performance targets of Oriental Credit:

- (i) the audited consolidated net profit after tax of Oriental Credit and its subsidiaries with Shanghai Xinsheng Pawnshop (the “Oriental Credit Group”) for the financial year ending 31 December 2014 shall not be less than HK\$15,000,000 (the “2014 Performance Target”);
- (ii) the audited consolidated net profit after tax of the Oriental Credit Group for the financial year ending 31 December 2015 shall not be less than HK\$25,000,000 (the “2015 Performance Target”); and
- (iii) the audited consolidated net profit after tax of the Oriental Credit Group for the financial year ending 31 December 2016 shall not be less than HK\$40,000,000 (the “2016 Performance Target” and, together with the 2014 Performance Target and the 2015 Performance Target, the “Performance Targets”).

(c) Put option

Upon the sole and absolute discretion of the Board, the Company shall be entitled to require each Vendor, severally but not jointly, to repurchase all Sale Shares held by it (the “Put Option”) within the period from 21 January 2015 (the “Completion Date”) to the 30th Business Day after the 2015 Convertible Note Issue Date or such other period as the Board may otherwise determine in writing (the “Put Option Period”) subject to the requirements of the Listing Rules.

If the Put Option is not exercised during the Put Option Period, the Put Option shall lapse and cease to have any effect.

The amount payable by the Vendors for the repurchase of the Sale Shares upon the Company exercising the Put Option shall be equivalent to the Consideration (the “Put Price”). The Put Price shall be set off against the amounts of the Consideration and the 2014 Convertible Note and 2015 Convertible Note (if issued) shall be cancelled.

On 21 January 2015, the acquisition was completed and the fair values of consideration transferrable are as follows:

	<i>HK\$'000</i>
	(unaudited)
Initial consideration	
– 2014 Convertible Note	129,250
– 2015 Convertible Note	64,020
– 2016 Convertible Note	<u>63,900</u>
	257,170
Additional convertible notes issued in accordance with adjustment for 2014 Performance Target	<u>22,567</u>
Total consideration	<u><u>279,737</u></u>

The Directors have engaged an independent valuer, PVA, to determine the fair value of initial consideration in accordance with HKFRS 13 “Fair Value Measurement” issued by the HKICPA. Fair value is defined in HKFRS 13 as “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”. PVA has reviewed the methodologies and the key valuation parameters and business assumptions adopted.

The fair value of the deferred convertible notes included in the initial consideration is valued by Black-Scholes Model. Key valuation parameters include discount rates, volatility and spot share price and conversion price.

Per HKFRS 3, Business Combinations, an acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date. According to the audited financial statements of the Oriental Credit Group for the year ended 31st December 2014 issued by another auditor on 5 March 2015, the 2014 Net Profit was HK\$19,944,001. Based on the adjustment formula, the adjusted principal amount of the 2014 Convertible Note HK\$85,401,768 (HK\$80,000,000 for 2014 Convertible Note and HK\$5,401,768 for additional convertible notes issued in accordance for 2014 Performance Target) was issued on 3 June 2015. The 2014 Convertible Note is convertible into ordinary shares of the Company at conversion price HK\$1.2 per conversion share in the Conversion Period.

On 21 January 2015, fair value of the net identified assets acquired and liabilities assumed of Oriental Credit Group are as follows:

	<i>HK\$'000</i> (unaudited)
Non-current asset	
Property, plant and equipment	1,005
Current assets	
Reposessed assets	44
Pawn loans receivables	213,519
Prepayments, deposits and other receivables	1,690
Bank balances and cash	19,674
Current liabilities	
Other loans	(94,606)
Other payables	(11,996)
Bank loan	(44,209)
	<u>85,121</u>
Net identified assets acquired and liabilities assumed, at fair value	85,121
Goodwill arising from the acquisition	<u>194,616</u>
Total fair value consideration	<u>279,737</u>
Net cash inflow arising on acquisition:	
Cash and cash equivalent acquired	<u>19,674</u>

The Directors have engaged an independent valuer, PVA, to determine the fair value of the net tangible assets and intangible assets (if any) of Oriental Credit Group, in accordance with HKFRS 13. No identifiable intangible assets are identified.

Goodwill arising from the Acquisition represents the excess of the fair value of the considerations to be payable by the Group over the fair value of net tangible assets of Oriental Credit Group.

25. DISPOSAL OF SUBSIDIARIES

On 25 February 2015, the Group disposed of its 100% equity interests in Keycharm and Toobright and its subsidiary which are engaged in construction of port infrastructure, development of petrochemical industry projects, production of petrochemical products and sale of such products in Taicang City, Jiangsu Province, the PRC, to an independent third party at an aggregate cash consideration of RMB137,000,000 (“Disposal”). Further details of the Disposal are set out in the circular of the Company dated 26 January 2015.

Analysis of assets and liabilities as at the date of disposal are as follows:

	<i>HK\$'000</i> (unaudited)
Construction in process	1,639
Prepaid lease payments	78,114
Other receivables	3,112
Cash and cash equivalents	38,084
Amounts due from the Group assigned to the buyer	60,540
Bank loans	(46,646)
Other payables and accruals	(305)
	<hr/>
Net assets disposal of	134,538
	<hr/> <hr/>

Gain on disposal of subsidiaries:

	<i>HK\$'000</i> (unaudited)
Cash consideration received	221,821
Net assets disposal of	(134,538)
Cumulative exchange gain in respect of the net assets of subsidiaries	39,980
	<hr/>
Gain on disposal	127,263
	<hr/> <hr/>

Net cash inflow on disposal of subsidiaries:

	<i>HK\$'000</i> (unaudited)
Cash consideration received	221,821
Less: cash and cash equivalent balances disposed of	(38,084)
	<hr/>
	183,737
	<hr/> <hr/>

26. CONTINGENT ASSETS AND LIABILITIES

The Group has contingent asset of Put Option in relation to acquisition of Oriental Credit Group. The Put Option are not recognised in the consolidated financial statements since the management considers the probability of exercise of the Put Option is remote.

In connection with the acquisition of Oriental Credit Group on 21 January 2015, the Group may be subject to contingent liabilities including settlement of additional consideration by issuance of convertible notes arising after 21 January 2015 on the basis of 2015 Performance Target and 2016 Performance Target. The maximum principal amount of contingent convertible notes issuable subject to 2015 Performance Target and 2016 Performance Target is HK\$24,598,000.

27. RELATED PARTY DISCLOSURES

During the interim period, the Group had certain transactions with related parties. Details of these transaction for the six months period ended 30 June 2015 and balance at 30 June 2015 with these related parties are as follows:

Transaction with a related party

	30.6.2015 HK\$'000 (unaudited)	30.06.2014 <i>HK\$'000</i> (unaudited)
Interest expenses (<i>Note a</i>)	893	–

During the six months ended 30 June 2015, the Group effected the following material non-recurring transactions:

- (i) On 21 January 2015, the Company has acquired the entire issued share capital of Oriental Credit Company Limited and its subsidiaries from Rosy Start, Equity Partner and Century Best and Asiabiz. On 3 June 2015, the Company issued the 2014 Convertible Note in the principal amount of HK\$85,401,768 with conversion price of HK\$1.2 according to their respective shareholdings ratio.

Balance with a related party

	30.6.2015 HK\$'000 (unaudited)	31.12.2014 <i>HK\$'000</i> (audited)
Bank loans (<i>Note a</i>)	44,419	–

Note:

- (a) Included the bank loans, there is an amount of RMB35,000,000 (approximately HK\$44,419,000) entrusted by Shanghai Kuailu, a registered shareholder of Shanghai Xinsheng Pawnshop, to a bank for making the loan to Shanghai Xinsheng Pawnshop. Each of Shanghai Kuailu and Shanghai Zhifeng executes a declaration of trust in a form and substance acceptable by the Company to hold the registered capital in Shanghai Xinsheng Pawnshop in trust for Shanghai Yousheng upon the Completion Date. Shanghai Yousheng beneficially owns the entire equity interest of Shanghai Xinsheng Pawnshop according to the declaration of trust.

Compensation of key management personnel

The remuneration of directors and other members of key management during the period is approximately HK\$3,597,000 (six months ended 30 June 2014: approximately HK\$1,956,000).

28. EVENTS AFTER THE REPORTING PERIOD

- (i) Pursuant to the sale and purchase agreement, first supplemental agreement and second supplemental agreement dated 15 April 2015, 10 June 2015 and 25 June 2015 respectively, the Company had conditionally agreed to acquire 45% issued shares of Intraday Financial Information Service Limited (“Intraday Financial Information”) at HK\$272.84 million by way of issue and allotment of 71,800,000 ordinary shares at issue price of HK\$3.8 per consideration share to the vendor, Long Tu Limited (“Vendor L”). Details of the acquisition were disclosed in the announcement of the Company dated 26 June 2015.

On 8 July 2015, the Company completed the acquisition of Intraday Financial Information. The Company allotted and issued 71,800,000 consideration shares, credited as fully paid, at the issue price of HK\$3.8 per consideration share to Vendor L satisfy the consideration for such acquisition.

- (ii) On 29 July 2015, Champion Well Limited (“Champion Well”), an indirect wholly-owned subsidiary of the Company, contributed RMB52,500,000 (approximately HK\$66,659,000) into the capital of Shanghai Rongyu Financial Leasing Company Limited (the “JV Company”) in respect of the amendment deed entered with 上海尤龍實業有限公司 (“Shanghai Youlong”). Champion Well shall make the capital contribution in respect of its 25% equity interest in the JV Company in the amount of RMB52,500,000 within one year from the date of the issuance of the new business license of the JV Company by the relevant PRC government authority. Following the capital contribution, each of Champion Well and Shanghai Youlong have 25% and 75% equity interests in the JV Company.
- (iii) Pursuant to the sale and purchase agreement dated 31 July 2015, an independent third party has conditionally agreed to sell and Oriental Credit Group (the “Purchaser”) has conditionally agreed to acquire the entire issued share capital of Humble Faith Management Limited (the “Target Company”) for a cash consideration of Hong Kong Dollars equivalents of RMB51,000,000. Through its subsidiaries, the Target Company shall set up an indirect wholly-owned subsidiary (“WFOE”) and the Target Company will become the legal and beneficial owner of the entire equity interests of the WFOE, which in turn will enter into a series of Variable Interest Entity Contracts (“VIE Contracts”) with 上海中源典當有限公司 (“Shanghai Zhongyuan”) and Shanghai Zhongyuan’s registered shareholders, as the case may be. Through the VIE Contracts, the WFOE has effective control over the financing and business operations of Shanghai Zhongyuan, and is entitled to the economic interest and benefits of Shanghai Zhongyuan. Shanghai Zhongyuan is primarily engaged in pawnshop business in Shanghai, the PRC.

The completion is conditional upon the satisfaction of above and certain conditions precedent as disclosed in announcement dated in July 2015.

29. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

During the period ended 30 June 2015, the Group's strategy remained unchanged. The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by equity attributable to owners of the Company.

The management considers the gearing ratio at the period/year end date is as follows:

	30.6.2015	31.12.2014
	HK\$'000	HK\$'000
Total borrowings	278,695	72,034
Less: Cash and cash equivalents	(241,524)	(12,753)
	<u>37,171</u>	<u>59,281</u>
Equity attributable to owners of the Company	<u>403,603</u>	<u>109,465</u>
Gearing ratio	<u>9%</u>	<u>54%</u>

30. FAIR VALUE MEASUREMENT

Fair values of financial assets and liabilities carried at other than fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost are not material different from their fair values as at 30 June 2015 and 31 December 2014.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and development

The Group is principally engaged in (i) the industrial property development; (ii) general trading including trading of metal materials; and (iii) the pawnshop business in Shanghai, the People's Republic of China (the "PRC").

Turnover and segment results of the Group during the indicated periods are stated in the table below:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Revenue from:		
pawn loan financing	44,705	–
industrial property development	6,750	6,342
general trading	–	–
	<u>51,455</u>	<u>6,342</u>
Segment profit (loss) from:		
pawn loan financing	27,621	–
industrial property development	(10,875)	(8,280)
general trading	(77)	(530)
	<u>16,669</u>	<u>(8,810)</u>

Following the completion of the acquisition of the pawnshop business in Shanghai, the PRC as mentioned in (i) under the heading "Significant Acquisitions and Disposals" in the section below in February 2015, the Group has officially entered into the pawnshop industry and this new business segment has contributed positively to the operating results of the Group as a whole in the period under review.

The industrial property development operation remained stable and the warehouse facilities of the Group continued to operate at 100% occupancy rate.

No revenue is generated from the general trading operation as the Group is yet to identify profitable transaction during the period under review.

A profit for the period amounted to HK\$112,490,000 was noted under the current period as compared to a loss for the period ended 30 June 2014 amounted to 12,284,000. The profit for the period is mainly contributed by the gain on the disposal of subsidiaries as mentioned in (ii) under the heading “Significant Acquisitions and Disposals” in the section below amounted to HK\$127,263,000 and the operating profit from the pawnshop business operation which is consolidated to the Group for the first time.

Financial Review

Administrative and Other operating Expenses

Administrative and other operating expenses mainly consists of the operating expenses of each of the pawnshop business, industrial property development and the general trading as well as the overall administrative expenses including but not limited to the office utilities and administration, legal and professional fee, operating lease payments, employee benefit expenses, depreciation and amortization, etc. Administrative and other operating expenses amounted to HK\$45,309,000 during the period under review, which is increased significantly from HK\$12,924,000 from the same period in 2014. The increase is mainly contributed by the inclusion of the pawnshop business during the current period and the increase in legal and professional fee paid in relation to the various acquisitions and disposals took place in the Group during the period.

Finance Costs

During the period under review, finance cost of approximately HK\$10,430,000 representing the effective interest expenses on the bank and other borrowings. The increase from HK\$6,840,000 of the finance cost as compared to the same period in 2014 is due mainly due to the inclusion of the pawnshop business in the current period.

Liquidity and Financial Resources

As at 30 June 2015, the shareholders’ fund and net current assets of the Group amounted to approximately HK\$403,063,000 (31 December 2014: HK\$109,465,000) and HK\$317,522,000 (31 December 2014 of net current liabilities: HK\$10,558,000) respectively. On the same date, the Group’s bank balances and cash amounted to HK\$241,524,000 (31 December 2014: HK\$12,753,000) and the current ratio was 2.44 (31 December 2014: 0.93).

As at 30 June 2015, the Group’s total borrowings amounted to approximately HK\$278,695,000 (31 December 2014: HK\$72,034,000). On the same date, the net gearing ratio, measured on the basis of total borrowings less bank balances and cash over net assets, was 9% (31 December 2014: 54%).

Contingent liabilities

Details of the contingent liabilities of the Group were set out in note 26 to the condensed consolidated financial statement.

Capital Structure

Details of the change in share capital of the Group were set out in note 23 to the condensed consolidated financial statement.

Charges on assets

As at 30 June 2015, prepaid lease payments, warehouse and bank deposits with the aggregate carrying amounts of HK\$28,472,000 (31 December 2014: HK\$107,052,000), HK\$129,757,000 (31 December 2014: HK\$133,469,000) and HK\$38,073,000 (31 December 2014: HK\$37,912,000) respectively were pledged against bank loans granted to the Group.

Employees and Remuneration Policies

As at 30 June 2015, the Group has approximately 60 employees. Remuneration is determined by reference to their respective qualifications and experiences and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of mandatory provident fund, a discretionary bonus program and a share option scheme.

Significant Acquisitions and Disposals

The Group had a significant change in the first half of 2015. A number of business transactions took place during the period under review including:

- (i) the completion of the acquisition of the entire interest of a group of companies which principally engaged in the pawnshop business in Shanghai, the PRC via the Variable Interest Entity (“VIE”) contract arrangement at a consideration of HK\$150,000,000 by way of issue of the convertible notes in February 2015. Details of the acquisition and its completion are disclosed in the circular of the Company dated 24 December 2014 and an announcement of the Company dated 21 January 2015 respectively;
- (ii) the disposal of the entire equity interests of two subsidiaries which together own a parcel of land with total site area of approximately 200,000 square meters in Taicang City, Jiangsu Province, The PRC at an aggregation amount of Rmb137,000,000 (approximately HK\$171,250,000). Details of the disposal and its completion are disclosed in the circular of the Company dated 26 January 2015 and an announcement of the Company dated 25 February 2015 respectively;
- (iii) the acquisition of 25% equity interest in a sino-foreign equity joint venture company (the “JV Company”) in Shanghai, the PRC which will engage in the financial leasing business at a consideration of Rmb100,000 (approximately HK\$125,000) and the Group shall make a capital contribution in respect of its 25% equity interest in the JV Company in the amount of Rmb52,500,000 (approximately HK\$65,625,000). Details of the acquisition is disclosed in the announcement of the Company dated 3 March 2015; and
- (iv) the acquisition of 45% equity interest in a company which is principally engaged in the operation of an internet finance platform in the PRC called “當天金融在線” (www.dtd365.com) via the VIE contract arrangement at a consideration of HK\$286,000,000 by way of issue and allotment of 71,800,000 shares of the Company at completion. Details of the acquisition is disclosed in the announcements of the Company dated 15 April 2015, 25 June 2015 and 8 July 2015 respectively. The completion of the acquisition took place in July 2015.

RISK MANAGEMENT

Credit Risk

In order to minimise the credit risk, the management of the Group has a credit policy in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts on an ongoing basis. In addition, the Group reviews the recoverable amount of each individual pawn loan receivables and trade and other receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Market Risk

(i) Currency risk

The Group is not exposed to significant currency risk as most of its monetary assets and monetary liabilities are denominated in the functional currency of the individual group entity. The management is of the opinion that the Group's exposure to foreign currency risk is minimal. Accordingly, no foreign exchange risk sensitivity analysis is presented. The significant balance carried in the translation reserve account is occasioned by the translation of the financial statements of the Group's subsidiaries into the presentation currency of the consolidated financial statements of the Group at each reporting date.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings (i.e. bank loans and other loans) as at 30 June 2015 and 31 December 2014. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances as at 30 June 2015 and 31 December 2014. The Group currently does not use any derivative contracts to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The most significant interest-bearing assets and liabilities are loans to customers and borrowings, which both bear fixed interest rates to generate cash flows independent from market interest rates. Contractual interest rate re-pricing is matched with maturity date of each loan granted to customer, or maturity date of bank borrowings. As at respective balance sheet dates, maturity dates of pawn loans to customers are all within six months, whilst maturity dates of borrowings are all within 6 years. The Group regularly calculates the impact on profit or loss of a possible interest rate shift on its portfolio of loans to customers, bank borrowings and interest bearing bank deposits and related party balances.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivatives and non-derivative financial instruments at the end of the reporting period. The analysis is prepared assuming that the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2014: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis points (2014: 100 basis points) higher/lower and all other variables were held constant, the net effect of Group's post-tax profit for the period ended 30 June 2015 would increase/decrease by HK\$9,000 (30 June 2014: decrease/increase by HK\$1,151,000). This is mainly attributable to the Group's exposure to interest rates on its fixed-rate bank loans.

Liquidity Risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents and credit facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings.

PROSPECTS

The year of 2015 marked a new era for the business development of the Group as a whole. In the first half of 2015, the Group has officially entered into the pawnshop business in Shanghai, the PRC.

As indicated in the National Information System for the Supervision and Execution of Pawnshop Industry, there were 8,108 pawn shops and 953 branches across China by the end of June 2015, with an aggregate registered capital of RMB161.13 billion. In the first half of 2015, the Chinese pawn industry lent pawn money of an aggregate amount of RMB202.96 billion, representing a year-on-year increase of 3.5%; and the money at pawn was RMB93.19 billion, representing a year-on-year growth of 11.6%, helping millions of small and micro businesses address their financing difficulties.

From 2014 to the first half of 2015, the newly acquired pawnshop operating entity, gave financial support to nearly 200 small and medium-sized enterprises and individuals, including up to 56 new clients. The operating entity strives to further boarden the customer base and become a market leader in the pawnshop industry in Shanghai.

In July 2015, the Group has entered into another sale and purchase agreement pursuant to which the Group will acquire the entire interests of a group of companies which is principally engaged in the pawnshop business in Shanghai, the PRC for a cash consideration of Hong Kong Dollars equivalent of RMB51,000,000. Details of the acquisition are disclosed in the announcement of the Company dated 31 July 2015.

The management is optimistic towards the performance and the growth potential of this new business segment and will continue to identity suitable opportunity to further expand the pawn loan financing operation either through organic growth from the existing operation as well as acquiring similar operation in the market which is in line with the overall business plan.

To seize the opportunities of “pushing forward the financial reform centered on serving the real economy, and promoting the development of an inclusive financial system”, the Group has also expanded its business scope to the industries of financial leasing and internet finance in the second half of 2015, and made efforts to integrate various resources and channels, reduce the operating cost and improve risk management.

In respect of the financial leasing market, the *Report on the Development of the Chinese Financial Leasing Industry in Q1 2015* indicates that, as of the end of June 2015, there were approximately 3,185 financial leasing firms in China, representing an increase of 983 as compared with 2,202 by the end of last year; the aggregate registered capital of the industry, as measured by the paid up capital in RMB, totaled approximately RMB1,003 billion, increasing by RMB341.9 billion from RMB661.1 billion by the end of last year; the national balance of financial leasing contracts was approximately RMB3,655 billion, representing an increase of 14.2% or RMB455 billion as compared with RMB3,200 billion by the end of last year. In 2015, economic growth of China has been under huge downward pressure, as many industrial indicators showed worse-than-expected performance despite an overall 7% economic growth for the first half of the year. Nevertheless, the financial leasing industry has bucked the trend, and maintained a sound and rapid development momentum. In the first half of 2015, the industry enjoyed substantial growth in the number of businesses, industry strength and aggregate turnover, thus playing a positive role in the steady growth of the general economy and serving as a great driver for economic development.

In respect of internet finance, the *Brief Report on the Operation of P2P Online Lending Industry in the First Half of 2015* suggests that the P2P industry continued its momentum of fast development during the first half of 2015, with an accumulated transaction amount of RMB300.619 billion, growing at an average monthly rate of 10.08%; nearly 900 new online lending platforms were launched during the period. At present, the number of P2P online lending platforms in normal operation has risen to 2,028 in China, representing an increase of 28.76% as compared with the figure by the end of 2014. Having experienced a period of wild growth, internet finance industry would follow two development trends, namely, “enhanced regulation” and “industry consolidation”. Only quality products with an appeal to investors can demonstrate a platform’s unique strength and help the platform stand out.

Both the acquisition of the 25% interest in the financial leasing operating entity in the PRC and the acquisition of the 45% interest in the operation of an internet finance platform in the PRC are completed in the second half of 2015 and is expected to contribute positively in financial performance of the Group as a whole.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the period under review, there were no purchase, sale or redemption of the Company’s listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

The Group is committed to maintaining high level of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of its shareholders. The Company has always recognized the importance of the transparency and accountability towards the shareholders. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance.

During the period, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices (“Code on Corporate Governance”) contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), except for the following deviations:

- Code A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Ms. Ma is the Chairman and Chief Executive Officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Ms. Ma and believes that her appointment to the posts of Chairman and Chief Executive Officer is beneficial to the business prospects of the Company.

- Code A.4.1 stipulates that Non-Executive Directors should be appointed for specific terms and subject to re-election.

The Non-Executive Director and the independent Non-Executive Directors of the Company were not appointed for any specific terms, as they are subject to retirement by rotation at the Company’s annual general meeting in accordance with the Company’s Bye-laws.

- Code A.5 stipulates that a nomination committee should be established to make recommendations to the Board on the appointment and reappointment of directors.

The Board as a whole is responsible for the appointment of its own members. The Board does not establish a nomination committee and is not considering to establish the same in view of the small size of the Board. The chairman of the Board is responsible for identifying appropriate candidate and proposing qualified candidate to the Board for consideration. The Board will review profiles of the candidate recommended by the chairman and make recommendation the appointment, re-election and retirement of the directors. Candidates are appointed to the Board on the basis of their skill, competence and experience that they can contribute to the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors’ securities transactions. The Company has made specific enquiry of all Directors whether the Directors have complied with the required standard set out in the Model Code regarding directors’ securities transactions and all Directors confirmed that they have complied with the Model Code.

AUDIT COMMITTEE

The Company has established an audit committee in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. The unaudited interim financial statements of the Group for the six months ended 30 June 2015 have been reviewed by our auditors, HLM CPA Limited and the audit committee of the Company. The audit committee of the Company currently comprises three independent non-executive directors, including Mr. Jin Bingrong (“Mr. Jin”), Mr. Lin Ruei Min (“Mr. Lin”) and Mr. Kwan Kei Chor (“Mr. Kwan”).

REMUNERATION COMMITTEE

The Board has established a remuneration committee. The remuneration committee, currently comprising executive directors, Ms. Ma and Ms. Chan Siu Mun, and independent non-executive directors, Mr. Jin, Mr. Lin and Mr. Kwan, is responsible for advising the Board on the remuneration policy and framework of the Company's directors and senior management members, as well as review and determine the remuneration of all executive directors and senior management members with reference to the Company's objectives from time to time.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our staff for their dedication, loyalty and integrity towards the Group. I would also like to express my gratitude to our shareholders, customers, bankers and other business partners for their trust and support to the Group.

By order of the board of
Greater China Holdings Limited
Ma Xiaoling
Chairperson

Hong Kong, 15 August 2015

As at the date of this announcement, the Board comprises Ms. Ma Xiaoling and Ms. Chan Siu Mun as executive directors; Mr. Chen Ningdi and Mr. Joseph Shie Jay Lang as non-executive directors and Mr. Jin Bingrong, Mr. Lin Rwei Min and Mr. Kwan Kei Chor as independent non-executive directors.