



IR RESOURCES LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 8186)

The background of the entire page is an aerial photograph of a vast, dense forest of tall, green coniferous trees. The trees are packed closely together, creating a rich green texture. In the upper portion of the image, the sky is bright and slightly hazy. On the right side of the image, there is a faint, light-colored line graph that appears to be overlaid on the forest, showing a fluctuating upward trend.

Interim Report
2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM is positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the board (the “Board”) of the directors (the “Directors”) of IR Resources Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and beliefs: (1) the information contained in this report is accurate and complete in all material respects and not misleading; and (2) there are no other matters the omission of which would make any statement in this report misleading.



The Board would like to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the three months and the six months ended 30 June 2017, together with the comparative unaudited figures for the corresponding periods in 2016, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue	2	8,724	12,948	12,694	28,096
Cost of sales		(7,365)	(9,906)	(10,690)	(21,516)
Gross profit		1,359	3,042	2,004	6,580
Other income and gains	4	2	806	5	2,328
Selling and distribution expenses		(141)	–	(141)	–
Administrative expenses		(10,577)	(12,887)	(17,703)	(28,655)
Net loss on financial assets at fair value through profit or loss		(3,206)	–	(6,991)	–
Finance costs	5	(394)	(5,834)	(394)	(14,180)
Share of loss of an associate		(1)	–	(1)	–
Loss before tax	5	(12,958)	(14,873)	(23,221)	(33,927)
Income tax expenses	6	(144)	(501)	(213)	(1,085)
LOSS FOR THE PERIOD		(13,102)	(15,374)	(23,434)	(35,012)



	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Loss attributable to:					
Equity holders of the Company		(12,194)	(15,374)	(21,235)	(35,012)
Non-controlling interests		(908)	–	(2,199)	–
		(13,102)	(15,374)	(23,434)	(35,012)
		2017	2016 (Restated)	2017	2016 (Restated)
Loss per share attributable to the equity holders of the Company (HK cents)	7				
Basic		(1.47)	(1.75)	(2.69)	(3.98)
Diluted		(1.47)	(1.75)	(2.69)	(3.98)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 30 June		For the six months ended 30 June	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<i>Notes</i>				
LOSS FOR THE PERIOD	(13,102)	(15,374)	(23,434)	(35,012)
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	(103)	1	(103)	1
Less: Income tax effect	–	–	–	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(103)	1	(103)	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(13,205)	(15,373)	(23,537)	(35,011)
Attributable to:				
Equity holders of the Company	(12,297)	(15,373)	(21,338)	(35,011)
Non-controlling interests	(908)	–	(2,199)	–
	(13,205)	(15,373)	(23,537)	(35,011)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	24,578	22,736
Goodwill	16	3,522	–
Intangible assets	9	41,574	41,574
Interests in an associate		7,363	4
Available-for-sale investments	10	58,936	30,500
Refundable deposit		500	–
Total non-current assets		136,473	94,814
Current assets			
Inventories		2,122	1,674
Accounts receivables	11	8,922	887
Financial assets at fair value through profit or loss	12	2,460	–
Loan receivable		10,313	–
Prepayments, deposits and other receivables		9,482	4,642
Cash and bank balances		45,613	86,406
Total current assets		78,912	93,609
Current liabilities			
Accounts payables	13	1,183	742
Other loans, other payables and accruals	14	56,787	49,391
Tax payables		3,474	3,264
Total current liabilities		61,444	53,397
Net current assets		17,468	40,212
Net assets		153,941	135,026
EQUITY			
Share capital	15	41,563	34,637
Reserves		94,760	96,385
Total equity attributable to:			
Equity holders of the Company		136,323	131,022
Non-controlling interests		17,618	4,004
Total Equity		153,941	135,026



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Contributed surplus	Other reserve	Share options reserve	Exchange reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2016 (audited)	131,198	972,987	5,265	-	-	(562)	(930,040)	178,848	-	178,848
Loss for the period	-	-	-	-	-	-	(35,012)	(35,012)	-	(35,012)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	1	-	1	-	1
Total comprehensive income for the period	-	-	-	-	-	1	(35,012)	(35,011)	-	(35,011)
Issue of new shares under rights issue	26,239	236,156	-	-	-	-	-	262,395	-	262,395
Capital reorganisation	(128,574)	(972,987)	(5,265)	-	-	-	1,106,826	-	-	-
Share issue expenses	-	(6,094)	-	-	-	-	-	(6,094)	-	(6,094)
Recognition of share-based payments	-	-	-	-	2,016	-	-	2,016	-	2,016
At 30 June 2016 (unaudited)	28,863	230,062	-	-	2,016	(561)	141,774	402,154	-	402,154
At 1 January 2017 (audited)	34,637	245,500	-	(9,889)	2,016	(285)	(140,957)	131,022	4,004	135,026
Loss for the period	-	-	-	-	-	-	(21,235)	(21,235)	(2,199)	(23,434)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(103)	-	(103)	-	(103)
Total comprehensive income for the period	-	-	-	-	-	(103)	(21,235)	(21,338)	(2,199)	(23,537)
Placing of shares (note 15(b))	6,926	19,713	-	-	-	-	-	26,639	-	26,639
Non-controlling interests arising on acquisition of a subsidiary	-	-	-	-	-	-	-	-	15,813	15,813
At 30 June 2017 (unaudited)	41,563	265,213	-	(9,889)	2,016	(388)	(162,192)	136,323	17,618	153,941

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2017	2016
	HK\$'000	<i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows used in operating activities	(25,299)	(18,405)
CASH FLOWS from INVESTING ACTIVITIES		
Addition of available-for-sale investment	(13,585)	–
Net cash outflow on Securities Business Acquisition	(10,281)	–
Net cash outflow on investment in financial assets at fair value through profit or loss	(9,451)	–
Investment in an associate	(7,360)	–
Loan to a third party	(10,000)	–
Addition of property, plant and equipment	(156)	(2,928)
Net cash flows used in investing activities	(50,833)	(2,928)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from rights issue	–	256,301
Net proceeds from placing	26,639	–
Loan from a financial institution	8,000	10,000
Working capital loan contributed	1,181	5,500
Repayment of loans	–	(77,787)
Loan interest	(394)	(74,729)
Net cash flows from financing activities	35,426	119,285
NET INCREASE IN CASH AND CASH EQUIVALENTS	(40,706)	97,952
Cash and cash equivalents at beginning of the period	86,406	4,246
Effect of foreign exchange rate changes	(87)	(1)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	45,613	102,197
Analysis of cash and cash equivalents		
Cash and bank balances	45,613	102,197

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim results have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed consolidated interim results have been prepared in accordance with the same accounting policies adopted in the annual consolidated financial statements for the year ended 31 December 2016.

In the current period, the Group has adopted the following new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations.

Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKAS 7	Disclosure Initiative

The adoption of these new and revised HKFRSs did not result in significant effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim results.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has commenced assessment on the impact of these new HKFRSs but is not yet in a position to conclude whether these new HKFRSs will have a material impact on its results of operation and financial position.



2. REVENUE

Revenue recognised during the period is analysed as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Sales of wood and agricultural produce	8,333	12,948	12,212	28,096
Brokerage commission income	107	–	107	–
Interest income from margin financing	60	–	60	–
Loan interest income	224	–	315	–
	8,724	12,948	12,694	28,096

3. OPERATING SEGMENT INFORMATION

For management purpose, the Group's business is organised into business units based on their products and services and the Group has the following reportable operating segments:

- (a) the sale of wood and agricultural produce business and the timber logging and plantation business in Cambodia (the "Forestry and Agricultural Business");
- (b) the securities brokerage and trading, asset management and loan financing (the "Financial Business"); and
- (c) the logistics business (the "Logistics Business").

The management of the Company monitors the results of the Group's operating segments separately for the purpose of making decisions as to resources allocation and performance assessment. Segment performance is evaluated based on reportable segment loss, which is a measure of adjusted loss before tax from continuing operations. The adjusted loss before tax from continuing operations is measured consistently with the Group's loss before tax from continuing operations except interest income, finance costs, head office and corporate expenses which are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis. Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.



Operating Segment Information**Segment revenue and results***For the six months ended 30 June 2017 (Unaudited)*

	Forestry and Agricultural Business	Financial Business	Logistics Business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue				
External sales	12,212	482	–	12,694
Segment revenue	12,212	482	–	12,694
Segment results	(2,747)	(7,156)	–	(9,903)
Unallocated expenses				(13,209)
Share of results from an associate				(1)
Loss from operation				(23,113)
Unallocated finance costs				(108)
Loss before tax				(23,221)
Income tax expense				(213)
Loss for the period				(23,434)



For the six months ended 30 June 2016 (Unaudited)

No operating segment information was presented for the six months ended 30 June 2016 as over 90% of the Group's revenue was related to the Forestry and Agricultural Business.

Segment assets and liabilities

As at 30 June 2017 (Unaudited)

	Forestry and Agricultural Business HK\$'000	Financial Business HK\$'000	Logistics Business HK\$'000	Total HK\$'000
Segment assets	69,202	99,816	10,726	179,744
Unallocated assets				35,641
Total assets				215,385
Segment liabilities	(41,331)	(848)	(869)	(43,048)
Unallocated liabilities				(18,396)
Total liabilities				(61,444)

As at 31 December 2016 (Audited)

	Forestry and Agricultural Business HK\$'000	Financial Business HK\$'000	Logistics Business HK\$'000	Total HK\$'000
Segment assets	69,463	3,002	12,085	84,550
Unallocated assets				103,873
Total assets				188,423
Segment liabilities	(38,064)	-	(6,971)	(45,035)
Unallocated liabilities				(8,362)
Total liabilities				(53,397)



Geographical Information*Revenue from external customers*

	For the six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Hong Kong	482	–
Southeast Asia and the PRC	12,212	28,096
	12,694	28,096

The revenue information above is based on the location of the customers.

4. OTHER INCOME AND GAINS

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Exchange gain	1	394	2	399
Others	1	412	3	1,929
	2	806	5	2,328



5. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Finance costs:				
Interest on loans from third parties	–	5,636	–	13,955
Interest on loan from a financial institution	108	198	108	225
Amortised interest on interest-free loan	286	–	286	–
	394	5,834	394	14,180
Staff costs (excluding directors' emoluments):				
Wages and salaries	3,313	1,085	6,204	1,742
Pension scheme contributions	101	62	189	76
	3,414	1,147	6,393	1,818
Other items:				
Auditors' remuneration	250	520	500	555
Depreciation of property, plant and equipment	675	417	1,390	1,098
Minimum lease payments under operating lease: land and buildings	73	154	204	373

6. INCOME TAX EXPENSES

(a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at the rate of 16.5% on the estimated profits arising in Hong Kong during the three months and the six months ended 30 June 2017.

(b) PRC Corporate Income Tax

Under the Corporate Income Tax Law of the People's Republic of China (the "PRC"), the corporate income tax is calculated at a rate of 25%.

(c) Cambodia Corporate Income Tax

Under the Law on Taxation of the Kingdom of Cambodia ("Cambodia"), the corporate income tax is calculated at a rate of 20%.

(d) Deferred Taxation

No provision for deferred taxation is deemed necessary as the Group does not have any material deductible or taxable temporary differences for the three months and the six months ended 30 June 2017.

7. LOSS PER SHARE

The calculations of the basic and diluted loss per share for the three months and the six months ended 30 June 2017 are based on the loss attributable to equity holders of the Company being HK\$12.2 million (2016: HK\$15.4 million) and HK\$21.2 million (2016: HK\$35.0 million) divided by the weighted average number of 831,261,212 ordinary shares and 790,694,251 ordinary shares for the three months and the six months ended 30 June 2017 respectively.

The weighted average number of ordinary shares for the three months and the six months ended 30 June 2016 of 88,058,015 ordinary shares has been retrospectively adjusted for the share consolidation and the placing of share as described in notes 15(a) and 15(b) to the unaudited condensed consolidated interim results.

No adjustment has been made to the basic loss per share amounts presented for the three months and the six months ended 30 June 2017 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented. The Group had no potentially dilutive ordinary shares in issue during the three months and the six months ended 30 June 2016.



8. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: Nil).

9. MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The addition of property, plant and equipment of the Group mainly included an amount of HK\$3,099,000 through the Securities Business Acquisition (as defined in Note 16) during the six months ended 30 June 2017 (2016: HK\$2,928,000).

There was no addition to the intangible assets of the Group during the six months ended 30 June 2016 and 2017.

10. AVAILABLE-FOR-SALE INVESTMENTS

	At 30 June 2017 <i>HK\$'000</i> (Unaudited)	At 31 December 2016 <i>HK\$'000</i> (Audited)
Unlisted equity investments, at cost (<i>Note</i>)	34,085	20,500
Unlisted fixed income fund, at cost	24,851	10,000
	58,936	30,500

Note: The Group completed its acquisition of 17.5% equity interest in a group of companies engaged in solar power generation business in the PRC in 2016 at a cash consideration of HK\$20,500,000. As the Group did not have significant influence over this investment, the investment has been accounted for as available-for-sale investments.

As at 30 June 2017, the unlisted investments with carrying amount of HK\$58,936,000 (31 December 2016: HK\$30,500,000) were stated at cost less impairment because the range of reasonable fair value estimate is so significant that the Directors are of the opinion that their fair value cannot be measured reliably. The Group has no intention to dispose of these investments in the near future.

11. ACCOUNTS RECEIVABLES

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Trade receivables	727	7,605
Accounts receivables:		
– Margin Clients	3,658	–
– Cash Clients	(217)	–
– Clearing House	4,754	–
Less: Impairment	–	(6,718)
	8,922	887

The impairment provision movements during the period under review are as follows:

	<i>HK\$'000</i>
As at 1 January 2016	6,718
Impairment recognised	–
Amounts written off	(6,718)
As at 30 June 2017	–

An aged analysis of the trade receivables based on the invoice date and net of provisions and accounts receivables arising from cash clients and clearing house, is as follows:

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Current to 30 days	5,264	887
31 to 60 days	–	–
	5,264	887



12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Balances mainly comprised the Group's investment in securities listed on the Stock Exchange. For the six months ended 30 June 2017, the Group recorded a realized loss from disposal of listed securities of HK\$1,735,000 (2016: Nil) and an unrealised loss arising from change of fair value of the listed securities of HK\$5,256,000 (2016: Nil) based on the price of the listed securities as at 30 June 2017. The Group did not receive any dividend from its listed investments during the six months ended 30 June 2017.

13. ACCOUNTS PAYABLES

The aged analysis of the accounts payables based on invoice date is as follows:

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Within 1 month	1,183	742
1 to 2 months	-	-
	1,183	742

The accounts payables are non-interest-bearing and are normally settled on 60-day terms.

14. OTHER LOANS, OTHER PAYABLES AND ACCRUALS

	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Other payables and accruals	33,780	28,782
Due to an ex-director	-	6,783
Other Loans (<i>note</i>)	23,007	13,826
	56,787	49,391

note: The loans included a loan in the principal amount of HK\$21,825,000 with a carrying amount of HK\$15,007,000 (31 December 2016: HK\$13,826,000) from the subscribers of the Forestry and Agricultural Business which is unsecured, interest free and has a term of 10 years as well as a loan of HK\$8,000,000 (31 December 2016: Nil) provided from a financial institution which is unsecured, interest bearing at 8.5% and has a term of 2 years.

15. SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Ordinary share of HK\$0.01 each at 1 January 2017, audited	20,000,000	200,000	3,463,606,061	34,637
Share consolidation (<i>Note a</i>)	(16,000,000)	–	(2,770,884,849)	–
Placing of shares (<i>Note b</i>)	–	–	138,540,000	6,926
Ordinary share of HK\$0.05 each at 30 June 2017, unaudited	4,000,000	200,000	831,261,212	41,563

Notes:

- (a) The shareholders of the Company approved at the special general meeting held on 12 January 2017 that every five shares of the Company's issued and unissued shares with par value of HK\$0.01 each are consolidated into one share with par value of HK\$0.05 each with effect from 12 January 2017.
- (b) In February 2017, the Company completed a placing of 138,540,000 new shares of the Company under the general mandate at the placing price of HK\$0.2 per new share, the net proceeds of the said placing amounted to approximately HK\$26.6 million.



16. ACQUISITION OF A SUBSIDIARY

In June 2017, the Company acquired (the "Securities Business Acquisition") 60.4% equity interest of a securities brokerage and fund management corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO at a cash consideration of HK\$27.6 million.

The carrying amount and fair value of the assets and liabilities acquired from the Securities Business Acquisition were recognized as at the date of acquisition as follows:

	Fair value HK\$'000
Property, plant and equipment	3,099
Available-for-sale investments	14,851
Refundable deposit	500
Trade receivables	3,912
Other receivables, prepayment and deposits	2,340
Bank balances and cash	17,361
Trade and other payables	(2,130)
Net assets acquired	39,933
Total cash consideration	27,642
Less: Net assets acquired	(39,933)
Add: Net assets value on non-controlling interests	15,813
Goodwill	3,522
Net cash outflow on acquisition:	
Consideration paid by cash	(27,642)
Less: Bank balances and cash acquired	17,361
	(10,281)

17. OPERATING LEASE COMMITMENTS**As lessee**

The Group leases certain of its office properties under operating lease arrangements for terms of one to two years.

At 30 June 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 30 June 2017 <i>HK\$'000</i> (Unaudited)	At 31 December 2016 <i>HK\$'000</i> (Audited)
Within 1 year	285	493
In the second to fifth years, inclusive	–	54
	285	547

18. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Short term employee benefits	3,558	12,462
Equity-settled share-based payment	–	2,016
Total compensation paid to key management personnel	3,558	14,478



19. FAIR VALUE AND FAIR VALUE HIERARCHY

Management has assessed that the fair values of the cash and bank balances, trade receivables and financial assets included in deposits and other receivables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets are stated at the amount at which the instrument could be exchanged in a current transactions between willing parties (other than in a forced or liquidation sale).

Fair value hierarchy

The following table provides an analysis of financial instruments measured at fair value at the end of each reporting period for recurring measurement and grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policies.

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)		
Financial assets at fair value through profit or loss	2,460	-	Level 1	Quoted bid prices in an active market

There were no transfers between the different levels of the fair value hierarchy for the six months ended 30 June 2017 and the year ended 31 December 2016.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited condensed consolidated interim results approximate their fair values.

20. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group invested in a winery by way of subscription of convertible bonds in July 2017.



MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Overview

The Group is principally engaged in (i) the Forestry and Agricultural Business; (ii) the Financial Business and (iii) the Logistics Business.

During the first half of 2017, the Forestry and Agricultural Business had been affected by the tightening administrative policies of the government authorities in Cambodia on forestland, one of the country's most important natural resources. The guaranteed profit by the subscribers for the first six-month period ended April 2017 as stated in the circular of the Company dated 22 September 2016 had not been met. In view of the efforts made by the subscribers, the capital investment (including installation of new equipment and the provision of working capital) contributed by the subscribers having been more than HK\$21 million and the tightening administrative policies being beyond the subscribers' control, the Group has decided not to exercise its rights under the share charge and will continue to work with the subscribers in a positive manner with a view to ramping up the Forestry and Agricultural Business. In addition, as a result of the persistent efforts made by the management of the Group, the Group has experienced improvement in sales (revenue for the three months ended 30 June 2017 representing over 200% of that of the previous quarter) under this business segment during the period under review.

During the period under review, the Financial Business has made significant development including completion of the acquisition of the controlling stake of a securities brokerage and fund management corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO in June 2017. Due to completion of the Securities Business Acquisition in June 2017, the said licensed corporation contributed only HK\$0.2 million to the Group's consolidated revenue. The Group is of the view that the acquisition is in an appropriate timing for the Group to benefit from the improving global financial market sentiment.

In addition, under the Financial Business segment, the Group's investment in the solar power generation business (classified as available-for-sale investments) recorded profit during the period under review.

Revenue of the Group for the six months ended 30 June 2017 amounted to HK\$12.7 million (2016: HK\$28.1 million). The consolidated loss attributable to the equity holders of the Company for the six months ended 30 June 2017 amounted HK\$21.2 million (2016: HK\$35.0 million). The decrease in loss for the current period was mainly attributable to (i) the savings in finance costs; and (ii) the decrease in administration expenses. The basic and diluted loss per share for the six months ended 30 June 2017 was HK2.69 cents (2016: HK3.98 cents (restated)).



FINANCIAL RESOURCES, BORROWINGS AND LIQUIDITY

During the six months ended 30 June 2017, the net cash outflow from operating activities amounted to HK\$25.3 million (2016: HK\$18.4 million) and the net cash outflow from investing activities amounted to HK\$50.8 million (2016: HK\$2.9 million) and net cash inflow from financing activities was HK\$35.4 million (2016: HK\$119.3 million). As a result of the cumulative effect described above, the Group recorded a net cash outflow of HK\$40.7 million (2016: inflow of HK\$98.0 million).

As at 30 June 2017, the Group had total assets of HK\$215.4 million (31 December 2016: HK\$188.4 million) and total liabilities of HK\$61.4 million (31 December 2016: HK\$53.4 million). The Group's gearing ratio (calculated as percentage of the Group's total liabilities to total assets) at 30 June 2017 was 28.5% (31 December 2016: 28.3%). As at 30 June 2017, the Group did not have any outstanding bank borrowings (31 December 2016: Nil).

As at 30 June 2017, the Group's current assets amounted to HK\$78.9 million (31 December 2016: HK\$93.6 million), of which HK\$45.6 million (31 December 2016: HK\$86.4 million) was cash and bank balances, and current liabilities amounted to HK\$61.4 million (31 December 2016: HK\$53.4 million).

As at 30 June 2017, the net asset value of the Group amounted to HK\$153.9 million (31 December 2016: HK\$135.0 million) and the net asset value per share amounted to HK\$0.19 (31 December 2016: HK\$0.16 (restated)).

CAPITAL COMMITMENT

During the six months ended 30 June 2017, the Group did not have any capital commitment.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

Other than the Securities Business Acquisition completed in June 2017, during the six months ended 30 June 2017, the Group did not make any significant investment and any material acquisition/disposal.

CHARGE ON ASSETS OF THE GROUP

As at 30 June 2017, no asset of the Group was pledged.



RISKS

Exposure to Exchange Fluctuation

The Group mainly operates in Hong Kong, Southeast Asia and the PRC and is exposed to foreign exchange risk. The Group does not have a foreign currency hedging policy but it continuously monitors its foreign exchange exposure and will apply appropriate measures if necessary. The Group's business is also subject to a number of risks including the weather conditions, natural hazards, illegal loggings and the price movement of wood and agricultural produce.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group and the Company did not have any material outstanding contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

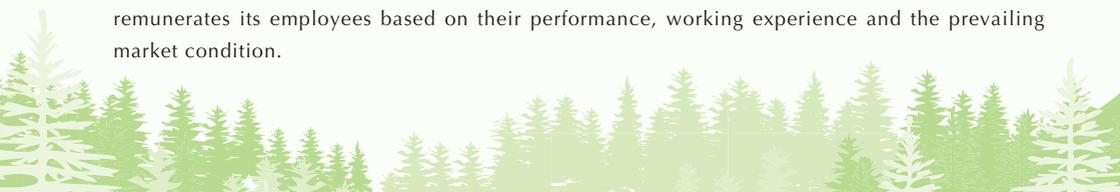
Details of the events after the reporting period of the Group are disclosed in note 20 to this interim report.

PROSPECTS

Although the business performance of the Forestry and Agricultural Business will still temporarily be affected for reasons mentioned above, the tightening policies of the Cambodian authorities (such as the continuing effort to crack down illegal logging activities) will in the longer run benefit companies like the Group which have been in compliance with the relevant regulations in Cambodia. Nevertheless, due to its nature, the environmental impact of the Forestry and Agricultural Business will continue to be the subject of environment protection and forestland preservation concerns and subject to the volatile nature of the administrative policies of the Cambodian government, the Group will continue to monitor the business performance of this segment and adjust its strategies to tackle the challenges as and when appropriate. On the other hand, the Group will continue to develop the Financial Business and the Logistics Business to tap on the development potential of these segments. The Group will also continue to size opportunities to enhance its business portfolio and financial backing.

EMPLOYEES' INFORMATION AND BENEFIT SCHEMES FOR THE EMPLOYEES

As at 30 June 2017, the Group had 108 (31 December 2016: 165) employees. The Group remunerates its employees based on their performance, working experience and the prevailing market condition.



OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name	Capacity Interest	Number of Ordinary Shares held	Number of underlying Shares held (Note 1)	Approximate Percentage of shareholding in the Company (Note 2)
Mr. Chan Ching Hang	Beneficial owner	–	4,200,000	0.51%

Notes:

1. Represents the number of share options granted to Mr. Chan Ching Hang under the Share Option Scheme.
2. Based on 831,261,212 shares in issue as of 30 June 2017.

SHARE OPTION SCHEME

Pursuant to the share option scheme approved by the shareholders of the Company on 10 June 2011, employees and directors of the Company and its subsidiaries may be granted options to subscribe for the shares of the Company and the principal terms are set out in the Company's circular dated 27 April 2011.



Details of the movement in and balance of the share options granted under the share option scheme during the six months ended 30 June 2017 and as at 30 June 2017 are as follows:

Grantee	Date of grant	Exercise period	Exercise price per share (HK\$) (Note 1)	Number of share options			At 30 June 2017 (Note 2)	
				As 1 January 2017 (Note 1)	Granted during the period	Exercised during the period		Lapsed during the period
Employee	27-5-2016	27-5-2016 to 26-5-2018	0.80	-	4,200,000	-	-	4,200,000

Notes:

1. The exercise price and number of share options were adjusted pursuant to the share consolidation for 5 shares into 1 consolidated share of the Company effective from 12 January 2017.
2. Based on 831,261,212 shares of the Company in issue as of 30 June 2017.

In accordance with the terms of the share option scheme, options granted in 30 June 2016 have been vested as at the date of grant. The closing price of the shares of the Company immediately before the date on which the share options were granted was HK\$0.65 (as adjusted by the share consolidations effective in June 2016 and January 2017 respectively).

The fair value of the share options granted as at 27 May 2016 which is determined to be approximately HK\$0.48 (as adjusted by the share consolidation effective in June 2016 and January 2017 respectively) using the Trinomial Option Pricing Model with the expected volatility based on the historical share price volatility over the past 3 months. The variables and assumptions used in computing the fair value of the share options as at 27 May 2016 are based on the Directors' best estimate. The value of an option may vary with different variables of certain subjective assumptions.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed above, as at 30 June 2017, no other directors or the chief executive of the Company or their associates had any interests or rights to subscribe for any securities of the Company or any of its associated corporations as defined in the SFO.

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors or the chief executive of the Company or any of their respective associates, including spouses or children under eighteen years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, so far as is known to any of the directors or the chief executive of the Company, the following persons (other than a director and the chief executive of the Company as disclosed above) had interest in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, who is interested in 10% or more of any class of share capital carrying rights to vote at general meetings of the Company.

Name of shareholders	Capacity of interests	Number of ordinary shares held	Number of underlying shares held	Approximately percentage of shareholding in the Company (Note)
China Wah Yan Healthcare Limited and its subsidiaries	Corporate owner	220,953,772	–	26.58%

Note: Based on 831,261,212 shares of the Company in issue as of 30 June 2017.

INTERIM DIVIDENDS

The Board does not recommend the payment of any interim dividends for the six months ended 30 June 2017 (2016: Nil).

DIRECTORS' INTEREST IN CONTRACTS

No contract, commitment or agreement of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, either directly or indirectly, subsisted as at 30 June 2017 or during the six months ended 30 June 2017.

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

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms not less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made enquiry to all Directors and each of them has confirmed that he/she has complied with the required standard of dealings and its code of conduct concerning securities transactions by the Directors during the six months ended 30 June 2017.

COMPETING INTERESTS

None of the directors, or substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules), engaged in any businesses that compete or may compete with the business of the Group or have any other conflicts of interests with the Group for the six months ended 30 June 2017.

CORPORATE GOVERNANCE

During the six months ended 30 June 2017, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules, except for the office of the chief executive officer of the Company is vacated. The Board will continue to review the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee"), as at the date of this interim report, comprises three members, all being independent non-executive Directors. The chairperson of the Audit Committee is Ms. Pang King Sze, Rufina and the other members are Mr. Hong Bingxian and Mr. Hung Kenneth. The Audit Committee's primary duties include ensuring the Group's financial statements, annual and interim reports, and the independent auditor's report present a true and balanced assessment of the Group's financial position; reviewing the Group's financial controls, internal controls and risk management systems; and reviewing the Group's financial and accounting policies and practices. The Audit Committee is provided with sufficient resources to enable it to discharge its duties.

The Audit Committee has reviewed this unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017 and was of the opinion that the preparation of the unaudited interim results complied with applicable accounting standards, the GEM Listing Rules and that adequate disclosures had been made.

By order of the Board
Chan Ching Hang
Chairman of the Board

Hong Kong, 10 August 2017

