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(Formerly known as China Innovative Finance Group Limited 中國新金融集團有限公司)
(Incorporated in Bermuda with limited liability)
(Stock Code: 412)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The Board of Directors (the “Board”) of China Shandong Hi-Speed Financial Group Limited (formerly known as China Innovative Finance Group Limited) (the “Company”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2017 together with the comparative figures.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2017

	Notes	For the six months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
REVENUE	4	74,299	114,482
Cost of revenue		(34,263)	(77,945)
Other income		3,582	2,505
Fair value losses on investments at fair value through profit or loss, net	6	(222,861)	(539,598)
Gain on disposal of a subsidiary	15	14,713	—
Employee benefit expenses	6	(27,472)	(22,540)
Depreciation		(7,072)	(7,866)
Minimum lease payments under operating leases in respect of land and buildings		(10,606)	(5,420)
Administrative expenses		(24,673)	(43,336)
Finance costs	5	(46,649)	(61,873)
LOSS BEFORE TAX	6	(281,002)	(641,591)
Income tax credit	7	40,929	90,848
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		(240,073)	(550,743)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic and diluted		HK(1.25) cents	HK(2.86) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 September 2017*

	For the six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	<u>(240,073)</u>	<u>(550,743)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may subsequently be reclassified to the condensed consolidated income statement:		
Exchange difference arising on translation of financial statements of foreign operations	<u>46,835</u>	<u>(11,431)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>(193,238)</u>	<u>(562,174)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 September 2017*

		30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		12,809	153,569
Intangible assets		1,270,835	1,248,269
Available-for-sale investments		345,400	345,400
Finance lease receivables	10	254,592	411,133
Loans receivables	11	235,000	—
Investments at fair value through profit or loss	12	226,598	253,795
Restricted cash		31,670	30,126
		<hr/>	<hr/>
Total non-current assets		2,376,904	2,442,292
CURRENT ASSETS			
Finance lease receivables	10	319,911	215,995
Loans receivables	11	230,700	56,503
Investments at fair value through profit or loss	12	674,218	1,578,957
Prepayments, deposits and other receivables	13	815,513	196,487
Restricted cash		31,510	25,052
Cash and cash equivalents		330,203	220,544
		<hr/>	<hr/>
Total current assets		2,402,055	2,293,538
CURRENT LIABILITIES			
Other payables and accruals		80,679	80,442
Borrowings		697,350	218,314
Convertible bonds		75,687	—
Tax payable		1,587	2,035
		<hr/>	<hr/>
Total current liabilities		855,303	300,791
NET CURRENT ASSETS		<hr/> 1,546,752	<hr/> 1,992,747
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 3,923,656	<hr/> 4,435,039

		30 September 2017	31 March 2017
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
NON-CURRENT LIABILITIES			
Borrowings		95,668	313,105
Convertible bonds		683,939	743,522
Deferred tax liabilities		150,618	191,743
		<hr/>	<hr/>
Total non-current liabilities		930,225	1,248,370
		<hr/>	<hr/>
Net assets		2,993,431	3,186,669
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Issued capital	14	4,797	4,797
Reserves		2,988,634	3,181,872
		<hr/>	<hr/>
Total equity		2,993,431	3,186,669
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2017

1. CORPORATE INFORMATION

China Shandong Hi-Speed Financial Group Limited (formerly known as China Innovative Finance Group Limited) (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, and Rooms 1405–1410, 14th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, respectively.

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed consolidated financial statements for the six months ended 30 September 2017 (the “Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Interim Financial Statements are presented in Hong Kong Dollar (“HK\$”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousands (HK\$’000) except when otherwise indicated.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2017.

Except as described below, the Group’s accounting policies applied in preparing these Interim Financial Statements are consistent with those policies applied in preparing the annual financial statements for the year ended 31 March 2017.

(b) Application of new and amended Hong Kong Financial Reporting Standards

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual audited financial statements for the year ended 31 March 2017, except for the application of certain new and amended Hong Kong Financial Reporting Standards (“HKFRSs”)(which also include HKASs and Interpretations) issued by the HKICPA for the first time in the current period.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Disclosure of Interests in Other Entities

The application of these new and amended HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

The Group has not early applied any new and amended HKFRSs, interpretation or amendment that have been issued but are not yet effective.

(c) Judgements and estimates

In preparing these Interim Financial Statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2017.

3. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the chief operating decision maker ("CODM"). The Group has three reportable operating segments. Details are as follows:

- (i) the investment in securities segment engages primarily in the purchase and sale of securities and derivatives and the holding of equity and debt investments primarily for interest income, dividend income and capital appreciation;
- (ii) the money lending segment engages primarily in money lending operations in Hong Kong; and
- (iii) the financial leasing segment engages primarily in the direct financial leasing, advisory services and asset trading platform.

CODM monitors the results of the Group's operating segments separately as described above, for the purpose of making decisions about resources allocation and of the Group's performance. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that unallocated finance costs and unallocated expenses are excluded from such measurement.

	Investment in securities		Money lending		Financial leasing		Unallocated		Consolidated	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Segment revenue										
Revenue from external customers	3,000	847	19,167	9,083	51,773	104,552	359	—	74,299	114,482
Other income	1	—	1	—	2,844	—	736	—	3,582	—
Total	<u>3,001</u>	<u>847</u>	<u>19,168</u>	<u>9,083</u>	<u>54,617</u>	<u>104,552</u>	<u>1,095</u>	<u>—</u>	<u>77,881</u>	<u>114,482</u>
Segment results	<u>(185,012)</u>	<u>(601,100)</u>	<u>17,642</u>	<u>9,004</u>	<u>(22,527)</u>	<u>66,639</u>	<u>—</u>	<u>—</u>	<u>(189,897)</u>	<u>(525,457)</u>
Reconciliations:										
Unallocated finance costs									(45,132)	(60,944)
Unallocated expenses									(45,973)	(55,190)
Loss before tax									<u>(281,002)</u>	<u>(641,591)</u>

4. REVENUE

Revenue, which is also the Group's turnover, represents interest income from money lending operations; financial leasing and consultancy services income from financial leasing operations; handling fee income; and dividend and interest income from investments at fair value through profit or loss during the period.

An analysis of revenue is as follows:

	For the six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Financial leasing income	44,364	53,525
Consultancy services income (<i>note a</i>)	6,256	48,964
Interest income from money lending operations	5,455	7,471
Handling fee income (<i>note b</i>)	15,224	3,675
Dividend and interest income from investments at fair value through profit or loss	3,000	847
	<u>74,299</u>	<u>114,482</u>

Notes:

- (a) Consultancy services income arising from the financial leasing segment represents income derived from consultancy services provided for the financial leasing customers and asset trading platform service provided for investors and issuers, including but not limited to:
- (i) formulation of financial leasing structure;
 - (ii) provision of legal analysis;
 - (iii) provision of advice on transaction arrangement; and
 - (iv) financial and taxation analysis.
- (b) Included in handling fee income was an amount of approximately HK\$1,153,000 (2016: approximately HK\$2,063,000) from financial leasing segment, approximately HK\$13,712,000 (2016: approximately HK\$1,612,000) from money lending segment and approximately HK\$359,000 (2016: Nil) from securities brokerage business which is included in the unallocated segment for the six months ended 30 September 2017.

5. FINANCE COSTS

	For the six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Interest on bank borrowings wholly repayable within five years (<i>note</i>)	2,245	4,468
Interest on margin, bank overdrafts and other loans	1	416
Imputed interest on bonds	577	573
Imputed interest on convertible bonds	43,826	56,416
	<u>46,649</u>	<u>61,873</u>

Note:

The Group's bank borrowings containing on-demand clause have been classified as current liabilities. For the purpose of the above disclosure, the interest on such borrowings is disclosed as "Interest on bank borrowings wholly repayable within five years".

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	For the six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Employee benefit expenses (including directors' remuneration):		
Directors' remuneration:		
— Fee	—	—
— Salaries and allowances	4,388	5,680
— Retirement benefits scheme contributions (defined contribution scheme)	54	27
— Emolument shares	—	2,219
	<u>4,442</u>	<u>7,926</u>
Other staff's costs:		
— Salaries and allowances	22,386	14,312
— Retirement benefits scheme contributions (defined contribution scheme)	644	302
	<u>23,030</u>	<u>14,614</u>
Total employee benefits expenses	<u>27,472</u>	<u>22,540</u>

The Group's loss before tax is arrived at after charging/(crediting): (continued)

	For the six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales proceeds from disposal of securities and bonds	(724,000)	(300,103)
Carrying amount of securities and bonds	739,027	376,174
Realised losses from investments at fair value through profit or loss — securities and bonds <i>(note 12(b)(ii))</i>	15,027	76,071
Unrealised losses/(gains) from investments at fair value through profit or loss — securities and bonds <i>(note 12(b)(i))</i>	207,834	(36,182)
Fair value losses on investments at fair value through profit or loss — securities and bonds, net	222,861	39,889
Realised losses from investments at fair value through profit or loss — derivative financial instruments	—	503,796
Unrealised gains from investments at fair value through profit or loss — derivative financial instruments	—	(4,087)
Fair value losses on investments at fair value through profit or loss — derivative financial instruments, net	—	499,709
Fair value losses on investments at fair value through profit or loss, net	222,861	539,598
Net foreign exchange losses	563	5,344
Net loss on early redemption of a convertible bond	—	275

7. INCOME TAX CREDIT

	For the six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Current tax		
— The People's Republic of China (the "PRC") Enterprise Income Tax	(2,702)	(2,731)
Deferred tax credit, net	<u>43,631</u>	<u>93,579</u>
Total income tax credit recognised in the condensed consolidated income statement	<u><u>40,929</u></u>	<u><u>90,848</u></u>

No provision for current Hong Kong Profits Tax had been made for the six months ended 30 September 2017 and 2016 as the Group did not generate any assessable profits arising in Hong Kong during the period.

PRC Enterprise Income Tax was calculated at 25% of the estimated assessable profit for the six months ended 30 September 2017 and 2016.

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

(a) Basic loss per share

	For the six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Loss for the purposes of basic loss per share	<u>(240,073)</u>	<u>(550,743)</u>
Number of shares		
Weighted average number of ordinary shares in issue during the period for the purpose of basic loss per share for the period (<i>'000 share</i>)	<u><u>19,188,648</u></u>	<u><u>19,284,491</u></u>

(b) Diluted loss per share

The potential ordinary shares arising from the conversion of share options and convertible bonds had an anti-dilutive effect on the basic loss per share hence they were ignored in the calculation of diluted loss per share.

9. DIVIDEND

The board of directors of the Company does not recommend the payment of any interim dividend in respect of the current period (six months ended 30 September 2016: Nil).

10. FINANCE LEASE RECEIVABLES

	30 September 2017 <i>HK\$'000</i> (Unaudited)	31 March 2017 <i>HK\$'000</i> (Audited)
Present value of minimum lease payments receivable	574,503	627,128
Less: Current portion included under current assets	<u>(319,911)</u>	<u>(215,995)</u>
Amounts due after one year included under non-current assets	<u>254,592</u>	<u>411,133</u>

As at 30 September 2017, finance lease receivables of approximately HK\$389,402,000 were pledged to secure the bank borrowings obtained by the Group (31 March 2017: approximately HK\$450,557,000).

No impairment allowance was made for the finance lease receivables as at 30 September 2017 and 31 March 2017.

Reconciliation between the minimum lease payments receivable and the present value of minimum lease payments receivable under such leases is set out below:

	30 September 2017 <i>HK\$'000</i> (Unaudited)	31 March 2017 <i>HK\$'000</i> (Audited)
Minimum lease payments receivables	634,007	712,142
Less: Unearned finance income related to minimum lease payments receivables	<u>(59,504)</u>	<u>(85,014)</u>
Present value of minimum lease payments receivables	<u>574,503</u>	<u>627,128</u>

The table below analyses the Group's minimum lease payments receivable under finance leases by relevant maturity groupings:

	30 September 2017 <i>HK\$'000</i> (Unaudited)	31 March 2017 <i>HK\$'000</i> (Audited)
— Within one year	362,080	268,247
— In the second year	183,765	333,254
— In the third to fifth years	<u>88,162</u>	<u>110,641</u>
	<u>634,007</u>	<u>712,142</u>

The table below analyses the Group's present value of minimum lease payments receivable under finance leases by relevant maturity groupings:

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
— Within one year	319,911	215,995
— In the second year	171,702	309,758
— In the third to fifth years	82,890	101,375
	<u>574,503</u>	<u>627,128</u>

The Group's finance lease receivables are denominated in Renminbi.

Concentration of risks of financial assets with credit exposure

During the six months ended 30 September 2017 and the year ended 31 March 2017, all the lessees of the Group are located in the PRC. If any of them experiences financial difficulties, the recovery of the Group's finance lease receivables through regular lease payments might be adversely affected and the Group may have to resort to recovery through repossession of the leased assets.

As at 30 September 2017, the Group's finance lease receivables were secured by collaterals, mainly properties, and deposits of approximately HK\$41,585,000 (31 March 2017: approximately HK\$48,315,000).

The Group is not permitted to sell, or repledge the collaterals of the finance lease receivables without consent from the lessees in the absence of default by the lessees. No assets have been repledged to secure borrowings of the Group as at 30 September 2017 (31 March 2017: Nil).

To manage this risk, the Group assesses the business performance of the lessee on a regular basis. The Group seeks to maintain strict control over its outstanding lease receivable balances and to monitor credit risk. Overdue balances are reviewed regularly by senior management.

11. LOANS RECEIVABLES

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Loans receivables	510,700	101,503
Less: allowance for impairment loss	(45,000)	(45,000)
	<u>465,700</u>	<u>56,503</u>
Less: amount classified as current assets	(230,700)	(56,503)
	<u>235,000</u>	<u>—</u>

Loans receivables represent receivables arising from the money lending business of the Group, and bear interest at rates ranging from 7.5% to 20% per annum (31 March 2017: 7.5% to 24% per annum). The grants of these loans were approved and monitored by the Group's management.

Except for loans receivables with carrying amount of HK\$458,000,000 (31 March 2017: HK\$45,473,000) as at 30 September 2017 which were secured by the pledge of collateral and personal guarantees, all remaining loans receivables as at 30 September 2017 and 31 March 2017 were unsecured.

An ageing analysis of loans receivables (net of impairment), determined based on the time to maturity of the loans receivables, as at the end of the reporting period is as follows:

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Loans receivables:		
Within 90 days	3,000	45,424
91 days to 180 days	227,700	—
181 days to 365 days	—	11,079
Over 365 days	<u>235,000</u>	<u>—</u>
	<u>465,700</u>	<u>56,503</u>

The movements in the allowance for impairment loss of loans receivables are as follows:

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
At beginning and end of period/year	<u>45,000</u>	<u>45,000</u>

No impairment loss was recognised during the six months ended 30 September 2017 and the year ended 31 March 2017.

The allowance for impairment loss of loans receivables as at 30 September 2017 and 31 March 2017 was an individually impaired loans receivable amount of HK\$45,000,000 with an original carrying amount of HK\$45,000,000.

An ageing analysis of the loans receivables (that are not considered to be impaired) as at the end of the reporting period, based on the payment due date, is as follows:

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Neither past due nor impaired	462,700	56,503
Less than one month past due	<u>3,000</u>	<u>—</u>
	<u>465,700</u>	<u>56,503</u>

12. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2017 <i>HK\$'000</i> (Unaudited)	31 March 2017 <i>HK\$'000</i> (Audited)
Non-current assets		
Listed equity investment, at fair value		
In the PRC (<i>note b</i>)	<u>226,598</u>	<u>253,795</u>
Current assets		
Held-for-trading listed equity investments, at fair value (<i>notes a and b</i>):		
In Hong Kong	<u>534,863</u>	<u>757,079</u>
Unlisted equity investment, at fair value (<i>note b</i>):		
In elsewhere	<u>—</u>	<u>265,837</u>
Unlisted convertible bonds, at fair value (<i>note b</i>):		
In Hong Kong	<u>—</u>	<u>394,190</u>
Investment fund, at fair value (<i>note b</i>):		
In elsewhere	<u>139,355</u>	<u>161,851</u>
Sub-total	<u>139,355</u>	<u>821,878</u>
Total	<u><u>674,218</u></u>	<u><u>1,578,957</u></u>

Notes:

- (a) As at 30 September 2017 and 31 March 2017, the listed equity investments were held for trading and were classified as financial assets at fair value through profit or loss. The fair values of the listed equity investments were determined by quoted prices in active markets.

(b) (i) Unrealised gains/(losses) from investments at fair value through profit or loss:

Nature of investments	Number of shares held as at 30 September 2017 (Unaudited)	Percentage of shareholding as at 30 September 2017 % (Unaudited)	Fair value/ carrying amount as at 30 September 2017 <i>HK\$'000</i> (Unaudited)	Fair value/ carrying amount as at 31 March 2017 <i>HK\$'000</i> (Audited)	Percentage to the Group's net assets as at 30 September 2017 % (Unaudited)
Non-current assets					
Listed equity investment in the PRC					
China Yunnan Highway Construction Group Co., Ltd. (stock code: 839650)	29,951,000	8.32%	226,598	253,795	7.57%
Current assets					
Listed equity investments in Hong Kong					
China Smarter Energy Group Holdings Limited (stock code: 1004)	677,736,000	7.23%	406,642	614,411	13.59%
Code Agriculture (Holdings) Limited (stock code: 8153)	60,000,000	3.58%	18,000	—	0.60%
Far East Holdings International Limited (stock code: 36)	11,814,000	1.08%	8,151	8,979	0.27%
Huatai Securities Co., Ltd. (stock code: 6886)	2,600	—	45	39	—
Hao Tian Development Group Limited (stock code: 474)	385,000,000	7.88%	102,025	133,650	3.41%
			<u>534,863</u>	<u>757,079</u>	<u>17.87%</u>
Unlisted equity investment outside Hong Kong					
Ba Shen Bai Asia Investment Limited	—	—	—	265,837	—
Unlisted convertible bonds in Hong Kong					
Code Agriculture (Holdings) Limited (1,000,000,000 conversion shares)	—	—	—	394,190	—
Investment fund outside Hong Kong					
Haitong International Investment Fund	200,000	N/A	139,355	161,851	4.65%
			<u>674,218</u>	<u>1,578,957</u>	<u>22.52%</u>
For the six months ended					
30 September					
2017					
<i>HK\$'000</i>					
(Unaudited)					
2016					
<i>HK\$'000</i>					
(Unaudited)					
Unrealised losses of Hong Kong securities and bonds, net			(146,216)		(36,934)
Unrealised (losses)/gains of outside Hong Kong (including the PRC) securities, net			(61,618)		73,116
Unrealised (losses)/gains from investments at fair value through profit or loss — securities and bonds (<i>note 6</i>)			(207,834)		36,182

(b) (ii) Realised gains/(losses) from investments at fair value through profit or loss:

	For the six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Realised losses of Hong Kong securities and bonds, net	(15,190)	(76,118)
Realised gains of outside Hong Kong (including the PRC) securities, net	163	47
	<hr/>	<hr/>
Realised losses from investments at fair value through profit or loss — securities and bonds (<i>note 6</i>)	(15,027)	(76,071)
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13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 September 2017, receivables with an aggregate amount of HK\$590,400,000 arising from the disposals of certain investments at fair value through profit or loss are included in other receivables in the condensed consolidated statement of financial position.

14. ISSUED CAPITAL

Authorised and issued capital

	30 September	31 March
	2017	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Authorised capital:		
2,000,000,000,000 (31 March 2017: 2,000,000,000,000) ordinary shares of HK\$0.00025 (31 March 2017: HK\$0.00025) each	500,000	500,000
	<hr/>	<hr/>
Issued and fully paid:		
19,188,648,437 (31 March 2017: 19,188,648,437) ordinary shares of HK\$0.00025 (31 March 2017: HK\$0.00025) each	4,797	4,797
	<hr/>	<hr/>

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

	Number of	Issued
	shares in issue	capital
		HK\$'000
At 1 April 2017 (Audited) and 30 September 2017 (Unaudited)	19,188,648,437	4,797
	<hr/> <hr/>	<hr/> <hr/>

15. DISPOSAL OF A SUBSIDIARY

On 31 March 2017, the Group entered into a sale and purchase agreement with Leading Fortune International Group Limited (“Leading Fortune”), a wholly-owned company of Mr. Yau Wai Lung, an executive director of the Company, pursuant to which the Group agreed to sell and Leading Fortune agreed to purchase the entire issued share capital of Park Rise Investments Limited (“Park Rise”), a wholly-owned subsidiary of the Group. All conditions precedent in the agreement have been fulfilled and the disposal of Park Rise was completed on 11 August 2017. The cash consideration was determined at HK\$100,680,000 with reference to the completion accounts of Park Rise. The net assets of Park Rise at the date of disposal were as follows:

	<i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	141,175
Other receivables	3,058
Cash and cash equivalents	319
Bank borrowing	<u>(58,585)</u>
	85,967
Gain on disposal of a subsidiary	<u>14,713</u>
Consideration satisfied by cash in respect of disposal of Park Rise	<u>100,680</u>
Net cash inflow arising on disposal:	
Cash consideration received	100,680
Less: cash and cash equivalents disposed of	<u>(319)</u>
	<u><u>100,361</u></u>

Gain on disposal of Park Rise of approximately HK\$14,713,000 has been included in the condensed consolidated income statement for period ended 30 September 2017.

Further details were set out in the Company’s announcements dated 31 March 2017 and 11 August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board announces that the Group has made a loss of approximately HK\$240 million for the six months ended 30 September 2017 (2016: loss of approximately HK\$551 million). The loss is mainly attributable to the fair value loss arising from investments at fair value through profit or loss for the six months ended 30 September 2017 of approximately HK\$223 million (2016: loss of approximately HK\$540 million). The Group is an investment holding company with the following major lines of business:

a) **Financial leasing**

The financial leasing segment recorded a loss of approximately HK\$23 million for the six months ended 30 September 2017 (2016: profit of approximately HK\$67 million).

b) **Investment in securities**

The Group's securities portfolio had unrealised fair value loss on investments at fair value through profit or loss of approximately HK\$169 million for the six months ended 30 September 2017 and realised loss of approximately HK\$15 million.

c) **Money lending**

The money lending business recorded a turnover of approximately HK\$19 million for the period (2016: approximately HK\$9 million). The increase in turnover was mainly due to expansion of the business, as accumulated lending principal amounted to approximately HK\$466 million for the six months ended 30 September 2017. The Group will continue to adopt a cautious approach to manage risk and upkeep the profitability for the business.

d) **Asset trading platform**

The Group engaged in trading business relating to leasing facilities, leasing assets and other related leasing properties, and provision of spot trading platform and marketing services and consulting services relating to the aforesaid businesses.

The Group's wholly-owned subsidiary, Shenzhen Asia-Pacific Leasing Assets Exchange Center Co., Ltd., which is based in Qianhai, Shenzhen, and benefits from the preferential policy of the Guangdong Free Trade Area and Qianhai-Shenzhen-Hong Kong Cooperation Area. The Group plans to develop the said company into a leading domestic and international integrated financial leasing business service provider and financial leasing transaction service platform. This is to create synergy with other business segments of the Group to seize business opportunities in the financial leasing sector.

e) **Business factoring**

This segment is principally engaged in factoring business, provision of consultancy services and provision of financial guarantee in Shenzhen.

The management believes that the factoring business can generate a stable income source and can achieve potential business synergies with other business segments of the Group after its development stage.

PROSPECT

Following the introduction of Shandong Hi-Speed Group Co., Ltd. as the strategic shareholder, we will leverage the industry resources and strengths of Shandong Hi-Speed Group and work actively in tandem with the nation's "One Belt, One Road" strategy to explore market opportunities in the infrastructure (including financial and social infrastructure) and private investment sectors with a strong emphasis on "value creation" and "reward for shareholders". Backed by the advantageous resources in financing, professional staff and market development available in Hong Kong as an international financial centre, we will introduce innovative business models and strengthen the foundation on which we generate our profit, driving the Company's ongoing growth in strength, quality and scale on the back of solid results. Looking to the future, we are committed to building the Group into a financial institution claiming a specialised and internationalized end-to-end financial service chain unique in the Hong Kong financial market.

EVENTS AFTER THE END OF THE REPORTING PERIOD

- a) On 27 July 2017, the Board proposed to change the English name of the Company from "China Innovative Finance Group Limited" to "China Shandong Hi-Speed Financial Group Limited" and to adopt the Chinese name of "中國山東高速金融集團有限公司" as the Company's secondary name in Chinese in replacement of the original secondary name in Chinese "中國新金融集團有限公司" ("Change of Company Name"). The shareholders approved the Change of Company Name on 18 August 2017.

A Certificate of Incorporation on Change of Name and Certificate of Secondary Name have been issued by Registrar of Companies in Bermuda on 14 September 2017 certifying the Change of Company Name. A Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 4 October 2017 confirming the Company has altered its name and is now registered under the name of "China Shandong Hi-Speed Financial Group Limited 中國山東高速金融集團有限公司" in Hong Kong.

Details of the Change of Company Name were set out in the Company's announcements dated 30 June 2017, 18 August 2017 and 13 October 2017 and circular dated 27 July 2017.

- b) The Group entered into the subscription documents with Altair Asia Investments Limited ("Altair") and China Silver Asset Management (Hong Kong) Limited, pursuant to which the Group agreed to subscribe for the participating shares issued by Altair at the consideration of HK\$200 million.

Further details were set out in the Company's announcement dated 11 October 2017.

- c) On 13 October 2017, the major and connected transaction in relation to the acquisition of 40% equity interest in Shandong Hi-Speed (BVI) International Holdings Limited was completed and 5,000,000,000 consideration shares were issued by the Company to the seller pursuant to the agreement.

Further details were set out in the Company's announcements dated 25 April 2017, 16 May 2017, 30 June 2017, 18 August 2017, 29 September 2017, 13 October 2017 and the circular dated 27 July 2017.

- d) On 31 October 2017, the Group entered into a sale and purchase agreement with Li Shao Yu ("the Seller"), pursuant to which the Group conditionally agreed to acquire, and the Seller conditionally agreed to sell 24,365,400 ordinary shares of Asia Link Capital Investment Holdings Limited ("Asia Link"), representing 30% of the total issued share capital (comprising all the preference shares and ordinary shares) or 6.94% of the effective voting rights of Asia Link as at 31 October 2017.

The consideration shall be HK\$934,500,000, which shall be settled by way of the Group issuing a promissory note in the principal amount of HK\$934,500,000 to the Seller upon completion. The promissory note matures on the first anniversary after its issue and is non-interest bearing and pursuant to the promissory note, the Group shall pay the entire amount in cash to the Seller on or before the first anniversary after completion. Immediately upon completion, the Company will be indirectly interested in 30% of the total issued share capital of Asia Link (comprising all the preference shares and ordinary shares).

Further details were set out in the Company's announcement dated 31 October 2017.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2017, the Group's total assets and borrowings were approximately HK\$4,779 million and HK\$1,553 million respectively. The borrowings of the Group represented bank borrowings of HK\$773 million and three convertible bonds in the aggregate amount of HK\$760 million, each with a fixed rate of interest of 8% per annum issued by the Company and two unsecured seven-year bonds of approximately HK\$20 million, each with a fixed rate of interest of 5% per annum issued by the Company. Though the convertible bonds were denominated in United States dollars, the exchange rate is relatively stable and the bonds were denominated in Hong Kong dollars, thus there is no exposure to fluctuations in exchange rate. The gearing ratio (total borrowings divided by total assets) as at 30 September 2017 was approximately 32.5% (2016: 45.1%).

CURRENCY RISK MANAGEMENT

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar and United States dollar. The Group is mainly exposed to foreign exchange risk with respect to Renminbi which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group and consider appropriate hedging measures in the future when necessary.

PLEDGE OF ASSETS

As at 30 September 2017, the banking facilities of the Group were secured by property, plant and equipment, finance lease receivables and restricted cash.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

There was no material change in the Group's pledge of assets and contingent liabilities as compared to the most recently published annual report.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company during the six months ended 30 September 2017.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Except for the disposal of a subsidiary as detailed in note 15 to this announcement, the Group had no material acquisitions and disposals of subsidiaries during the six months ended 30 September 2017.

EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 30 September 2017, the Group had a workforce, including directors of the Company, of 113, of which 70 were based in the PRC. Staff costs incurred and charged to profit or loss for the period including directors' remuneration was approximately HK\$27 million (2016: HK\$23 million).

The Group selects and promotes staff based on their qualification, experience and suitability for the position offered. The Group's remuneration policy aims to retain and motivate staff. Performance of staff is appraised annually to provide a base for the review of the remuneration package. The Group operates a defined contribution mandatory provident fund retirement benefits scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all its employees.

The employees of the Group's PRC subsidiaries are members of a state-managed retirement benefit plan operated by the government of the PRC. The PRC subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to supporting environmental sustainability. The Group implements policies and measures in its daily business operations to mitigate the Group's environmental impact, such as (i) video conferencing meetings among the Hong Kong headquarters and the PRC subsidiaries to reduce the number of business travels; (ii) use of recycled papers and office light-out measures after office hours, etc.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

So far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group during the six months ended 30 September 2017 that had a material adverse impact on the business and operations of the Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises employees as its valuable assets. The Group's employee management focuses on recruiting and growing the right people. Staff performance is measured on a regular and structured basis to provide employees with appropriate feedback and to ensure their alignment with the Group's corporate strategy. The Group also understands that maintaining good relations with business partners on a long-term basis is one of its primary objectives. Accordingly, the Management have maintained effective communication, promptly exchanged ideas and shared business updates with them as appropriate.

CORPORATE GOVERNANCE

Throughout the six months ended 30 September 2017, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following deviations:

The independent non-executive Directors are not appointed for a specific term and thus the Company has deviated from Code Provision A.4.1. However, as specified by the Company's bye-laws, not less than one-third of the Directors of the Company (both executive and non-executive Directors) are subject to retirement by rotation at the Company's annual general meeting. Code Provision A.4.2 requires every Director should be subject to retirement by rotation at least once every three years. Therefore, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those provided in the Code.

Code Provision C.1.2 which requires the management to provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties. During the six months ended 30 September 2017, the management did not provide monthly updates to all members of the Board as required by Code Provision C.1.2, as all the executive Directors were involved in the daily operation of the Group and were fully aware of the performance, position and prospects of the Company, and the management has provided to all Directors (including non-executive Directors and independent non-executive Directors) half-yearly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail prior to the regular Board meetings. In addition, the management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient background or explanatory information for matters brought before the Board. Therefore, the Company considers that all members of the Board have been given a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail.

Code Provision D.1.4 requires that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for some of the Directors. All of the Directors of the Company are, however, required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors of the Company. In the opinion of the Company, this meets the objective of Code Provision D.1.4.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting processes and internal controls. The audit committee comprises four independent non-executive Directors of the Company. The Company's unaudited interim condensed consolidated financial statements for the six months ended 30 September 2017 have been reviewed by the audit committee of the Company.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code for securities transactions by directors of the Company. Following specific enquiry by the Company, the directors have confirmed that they have complied with the required standard under the Model Code for the six months ended 30 September 2017.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.csfg.com.hk). The interim report for the six months ended 30 September 2017 will be published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.csfg.com.hk) and also be dispatched to the shareholders of the Company in due course.

By Order of the Board
China Shandong Hi-Speed Financial Group Limited
Li Hang
Chairman

Hong Kong, 24 November 2017

As at the date of this announcement, the Company has four executive directors, being Mr. Ji Kecheng, Mr. Wang Zhenjiang, Mr. Yau Wai Lung and Mr. Li Zhen Yu; and four non-executive directors, being Mr. Li Hang, Dr. Lam Lee G., Mr. Qiu Jianyang and Mr. Lo Man Tuen; and four independent non-executive directors, being Mr. To Shing Chuen, Mr. Cheung Wing Ping, Mr. Wang Huixuan and Mr. Guan Huanfei.