



GOLD-FINANCE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1462



INTERIM REPORT 2016 / 17

REGISTERED OFFICE

Clifton House
75 Fort Street, P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

2806-2807, 28/F.
Champion Tower, 3 Garden Road
Central, Hong Kong

EXECUTIVE DIRECTORS

Mr. Wei Jie (*the Chairman and Chief Executive Officer*)
Ms. Xu Li Yun
Mr. Jiang Junwei
Mr. Wong Kam Ting, CPA
(appointed on 19 September 2016)
Ms. Fan Qi (resigned on 19 September 2016)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Niu Zhongjie
Mr. Cheung Ying Kwan
Mr. Chen Zhao

AUDIT COMMITTEE

Mr. Cheung Ying Kwan (*Chairman*)
Mr. Niu Zhongjie
Mr. Chen Zhao

REMUNERATION COMMITTEE

Mr. Niu Zhongjie (*Chairman*)
Mr. Wei Jie
Mr. Cheung Ying Kwan

NOMINATION COMMITTEE

Mr. Wei Jie (*Chairman*)
Mr. Niu Zhongjie
Mr. Chen Zhao

AUTHORISED REPRESENTATIVES

Mr. Wei Jie
Mr. Wong Kam Ting, CPA

Interim Report 2016/17

COMPANY SECRETARY

Mr. Wong Kam Ting, CPA

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street, P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

AUDITORS

Ernst & Young

LEGAL ADVISOR

As to Hong Kong Law:
Howse Williams Bowers

SHARE INFORMATION

Place of listing:	Main Board of The Stock Exchange of Hong Kong Limited
Stock code:	1462
Board lot size:	4,000 shares

WEBSITE

www.gold-finance-gp.com.hk

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Six months ended 30 September 2016

The board (the "Board") of directors (the "Directors") of Gold-Finance Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2016 (the "Period") together with comparative figures for the corresponding period in the previous year as follows:

	Notes	Unaudited Six months ended 30 September	
		2016 HK\$'000	2015 HK\$'000
REVENUE	7	313,130	291,476
Contract costs		(297,382)	(265,107)
Gross profit		15,748	26,369
Other income and gains	7	2,588	1,351
Selling and distribution expenses		(4,360)	(55)
Administrative expenses		(10,900)	(8,573)
Finance costs	8	—	(407)
Other expenses, net		—	(2,582)
PROFIT BEFORE TAX	9	3,076	16,103
Income tax expense	10	(1,320)	(3,192)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,756	12,911
Profit and total comprehensive income attributable to equity holders of the parent		1,756	12,911
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic and diluted	12	HK\$0.44 cents	HK\$3.23 cents

Details of dividend are disclosed in note 11 to the condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

30 September 2016

	Notes	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	64,232	61,485
Investment property		7,900	7,900
Pledged deposit for a life insurance product		6,373	6,292
Prepayment for acquisition of items of property, plant and equipment		—	1,000
Total non-current assets		78,505	76,677
CURRENT ASSETS			
Gross amount due from customers for contract works		44,796	79,302
Accounts receivable	14	66,658	51,989
Prepayments, deposits and other receivables		68,294	72,085
Tax recoverable		3,168	2,066
Cash and cash equivalents		89,415	79,175
Total current assets		272,331	284,617
CURRENT LIABILITIES			
Accounts payable	15	25,396	23,208
Accruals of costs for contract works		65,837	79,370
Other payables and accruals		3,666	4,535
Total current liabilities		94,899	107,113
NET CURRENT ASSETS		177,432	177,504
TOTAL ASSETS LESS CURRENT LIABILITIES		255,937	254,181
NON-CURRENT LIABILITIES			
Deferred tax liabilities		184	184
Net assets		255,753	253,997
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	16	4,000	4,000
Reserves		251,753	249,997
Total equity		255,753	253,997

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 September 2016

	Unaudited Attributable to equity holders of the parent				Total equity HK\$'000
	Issued capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	
At 1 April 2015	4,000	215,061	(109,551)	137,232	246,742
Profit and total comprehensive income for the period	—	—	—	12,911	12,911
Final 2015 dividend	—	(12,000)	—	—	(12,000)
At 30 September 2015	4,000	203,061	(109,551)	150,143	247,653
At 1 April 2016	4,000	203,061*	(109,551)*	156,487*	253,997
Profit and total comprehensive income for the Period	—	—	—	1,756	1,756
At 30 September 2016	4,000	203,061*	(109,551)*	158,243*	255,753

* These reserve accounts comprise the consolidated reserves of HK\$251,753,000 (31 March 2016: HK\$249,997,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

Six months ended 30 September 2016

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
CASH GENERATED FROM OPERATIONS		
Cash generated from operating activities	16,190	27,037
Interest received	9	601
Interest paid	—	(407)
Hong Kong profits tax paid	(2,422)	(3,529)
Net cash flows from operating activities	13,777	23,702
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of items of property, plant and equipment	(4,536)	(9,920)
Proceeds from disposal of items of property, plant and equipment	(1)	48
Prepayments made for acquisition of property, plant and equipment	1,000	—
Decrease in time deposits with maturity of more than three months	—	14,945
Purchases of financial assets at fair value through profit or loss	—	(10,000)
Net cash flows used in investing activities	(3,537)	(4,927)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of interest-bearing bank loans	—	(5,467)
Net cash flows used in financing activities	—	(5,467)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,240	13,308
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	79,175	156,755
CASH AND CASH EQUIVALENTS AT END OF PERIOD	89,415	170,063
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and bank balances	89,415	170,063

Notes to the Condensed Consolidated Interim Financial Information

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at 2806-2807, 28/F., Champion Tower, 3 Garden Road, Central, Hong Kong.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The Group's principal subsidiaries were engaged in the provision of building services ("Building Services") in Hong Kong.

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 September 2016 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The accounting policies and the basis of preparation adopted in the preparation of this condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2016 except for the adoption of the revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA as disclosed in note 3 below.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the Period's unaudited interim condensed consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements to HKFRSs 2012 – 2014 Cycle</i>	<i>Amendments to a number of HKFRSs</i>

The adoption of these revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial information and there has been no significant changes to the accounting policies in the unaudited interim condensed consolidated financial information.

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

4. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these unaudited interim condensed consolidated financial information.

HKFRS 9	<i>Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
HKFRS 16	<i>Leases</i> ³
Amendments to HKFRS 2	<i>Classifications and Measurement to Share-based Payment Transactions</i> ²
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i> ²
Amendments to HKAS 7	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ No mandatory effective date is determined but is available for early adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

5. ESTIMATES

The preparation of this condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Group's consolidated financial statements for the year ended 31 March 2016.

6. SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the provision of Building Services. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

The Group's revenue from external customers was derived solely from its operations in Hong Kong during the six months ended 30 September 2016 and 2015, and the non-current assets of the Group were located in Hong Kong as at 30 September 2016 and 31 March 2016.

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

7. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Revenue		
Contract revenue	313,130	291,476
Other income and gains		
Interest income	1,668	933
Gross rental income	108	8
Gain on disposal of items of property, plant and equipment	1	48
Management fee income	804	355
Sundry income	7	7
	2,588	1,351

8. FINANCE COSTS

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Interest on bank loans	—	407

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

9. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Depreciation	1,789	1,745
Employee benefit expenses (exclusive of directors' remuneration)	22,271	17,374
Directors' remuneration	513	5,544
Exchange loss, net*	—	1,089
Fair value losses on financial assets at fair value through profit or loss*	—	1,493

* Included in "other expenses, net" in the condensed consolidated statement of profit or loss and other comprehensive income

10. INCOME TAX

Hong Kong profit tax has been provided at the rate of 16.5% (six months ended 30 September 2015: 16.5%) on the estimated assessable profits arising in Hong Kong for the Period.

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Current – Hong Kong charge for the Period	1,320	3,151
Deferred	—	41
Total tax charge for the Period	1,320	3,192

11. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

12. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share for the Period is based on the consolidated profit attributable to owners of the Company and the weighted average number of 400,000,000 (six months ended 30 September 2015: 400,000,000) ordinary shares in issue during the Period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 September 2016 and 2015 as the Company had no potentially dilutive ordinary share in issue during those periods.

13. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2016, the Group incurred approximately HK\$4,536,000 (six months ended 30 September 2015: approximately HK\$9,920,000) on the additions of items of property, plant and equipment.

14. ACCOUNTS RECEIVABLE

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Due from third parties	62,103	47,235
Due from related parties	4,555	4,754
	66,658	51,989

Accounts receivable represented receivables for contract works. The payment terms of receivables for contract works are stipulated in the relevant contracts and the receivables are usually due for settlement within seven days after the customers receive interim payments from their project employers.

As at 30 September 2016, retentions receivable (including those classified under amounts due from related parties) included in accounts receivable amounted to HK\$24,771,000 (31 March 2016: HK\$20,226,000), which are repayable on terms ranging from two to three years.

The credit terms offered to the related parties are similar to those offered to other major independent customers of the Group.

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

14. ACCOUNTS RECEIVABLE *(Continued)*

The aging analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Past due but not impaired:		
One to three months past due	4,200	—
Four to six months past due	—	—
Over six months past due	2,282	2,990
	6,482	2,990
Neither past due nor impaired:	60,176	48,999
	66,658	51,989

Accounts receivable that were past due but not impaired relate to a number of independent customers and a related party that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancement over these balances.

Accounts receivable that are neither past due nor impaired relate to a number of independent customers and related parties for whom there was no recent history of default.

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

15. ACCOUNTS PAYABLE

An aging analysis of the accounts payable at the end of the reporting date, based on the invoice date, is as follows:

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Current to 3 months	25,396	23,208

As at 30 September 2016, retentions payable included in accounts payable amounted to HK\$17,611,000 (31 March 2016: HK\$11,856,000) which are normally settled on terms ranging from two to three years.

Accounts payable are non-interest-bearing and are normally settled within three months. The payment terms are stipulated in the relevant contracts.

16. SHARE CAPITAL OF THE COMPANY

Shares

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Authorised: 1,000,000,000 ordinary shares of HK\$0.01 each	10,000	10,000
Issued and fully paid: 400,000,000 ordinary shares of HK\$0.01 each	4,000	4,000

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

17. RELATED PARTY TRANSACTIONS

During the Period, the Directors are of the view that related parties of the Group include the following companies:

Name of related party	Relationship with the Group
YWH Limited ("YWH")	An entity controlled by Mr. Fung Chi Wing, a former substantial shareholder of the Company
Able E & M Engineering Limited ("Able E & M")	An entity controlled by Mr. Fung Chi Wing, a former substantial shareholder of the Company
Able Engineering Company Limited ("Able Engineering")*	An entity controlled by Vantage International (Holdings) Limited ("Vantage") — a former substantial shareholder of the Company
Able Contracting Limited ("Able Contracting")*	An entity controlled by Vantage
Able Contractors Limited ("Able Contractors")*	An entity controlled by Vantage
Lanon Development Limited ("Lanon Development")*	An entity controlled by a family member of Mr. Ngai Chun Hung, a former substantial shareholder of the Company
Lanon Building Limited ("Lanon Building")*	An entity controlled by a family member of Mr. Ngai Chun Hung, a former substantial shareholder of the Company

* These entities ceased to be related parties of the Group since 7 December 2015. As such, only transactions occurred for the period from 1 April 2015 to 6 December 2015 are included in the below related party transactions disclosures.

(a) During the Period, the Group had transactions with the following related parties:

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Contract revenue from related parties:		
Able E & M	—	3,937
Able Engineering	—	15,750
Able Contracting	—	18,674
Able Contractors	—	1,768
Lanon Development	—	4,773
Lanon Building	—	46,210
Rental expenses to YWH	—	120
Travelling expenses to YWH	18	—
Purchase of items of property, plant and equipment from YWH	—	8,000

The transactions were conducted on terms and conditions mutually agreed between the relevant parties.

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

17. RELATED PARTY TRANSACTIONS *(Continued)*

- (b) Outstanding balances with related parties

Other than balances with related parties disclosed elsewhere in the condensed consolidated interim financial information, the Group had no outstanding balances with related parties as at the end of each reporting period.

- (c) Compensation of key management personnel of the Group:

	Unaudited Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000
Short term employee benefits	7,877	5,973
Pension scheme contributions	27	36
Total compensation paid to key management personnel	7,904	6,009

18. CONTINGENT LIABILITIES

As at 30 September 2016, the Group had performance bonds issued by a bank in favour of certain contract customers amounted to approximately HK\$23,166,000 (31 March 2016: HK\$18,562,000).

In the ordinary course of the Group's Building Services business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the subcontractors in accidents arising out of and in the course of their employment. The Directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

19. CAPITAL COMMITMENTS

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Contracted, but not provided for in respect of: Acquisition of items of property, plant and equipment	—	3,337

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments reasonably approximate to fair values.

The fair value of the non-current portion of the pledged deposit for a life insurance product is categorised within Level 3 of the fair value hierarchy and has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar credit risk and remaining maturities.

Management has assessed that the fair values of the current portion of deposits, accounts receivable, other receivables, amounts due from related parties, cash and cash equivalents, accounts payable, accruals of costs for contract works, other payables, dividend payable and interest-bearing bank loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of financial assets at fair value through profit or loss have been estimated using significant observable inputs including the market price of a listed security.

The Group did not have any financial assets measured at fair value as at 30 September 2016 (31 March 2016: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 September 2016 (31 March 2016: Nil).

During the Period, there was no transfer of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

- (a) On 3 October 2016, Hangzhou Jinkai Yuanguan Investment Management Company Limited* (杭州金開圓觀投資管理有限公司) (the "Subsidiary"), an indirect wholly-owned subsidiary of the Company established in the People's Republic of China (the "PRC"), has made an application to contribute RMB200 million for the subscription (the "Transaction") of the participating shares as a limited partner in a fund (the "Fund").

On 18 October 2016, the Subsidiary entered into a limited partnership agreement (the "Limited Partnership Agreement") in relation to the Transaction.

The capital raised by the Fund will be invested directly or indirectly in local governmental infrastructure projects in the form of a public-private-partnership ("PPP") model and other infrastructure related projects covering industries, including, but not limited to, integrated urban development, comprehensive tourism development, urban rail transit, security housing, sponge cities and related services in healthcare, culture, entertainment and financial services.

- (b) On 14 October 2016, the Subsidiary entered into a share purchase agreement (the "Share Purchase Agreement") with Zhejiang Chengze Jinkai Investment Management Company Limited* (浙江誠澤金開投資管理有限公司) in relation to the acquisition (the "Acquisition") of 100% equity interests in Hangzhou Jin Zhong Xing Investment Management Company Limited* (杭州金仲興投資管理有限公司) (the "Target Company"). The Target Company has successfully registered with the Asset Management Association of China as private investment fund manager, which enables the Group, through the Target Company, to form new private funds in the PRC to develop its asset management and investment business, with focuses on government related infrastructure projects.

22. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

This unaudited condensed consolidated interim financial information was approved and authorised for issue by the Board on 25 November 2016.

* For identification purpose only

Management Discussion and Analysis

BUSINESS REVIEW

Overview

The Group is principally engaged in the provision of Building Services in Hong Kong as a subcontractor.

The engineering works undertaken by the Group are mainly related to (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works. The Group undertakes engineering projects in both public and private sectors, which are mainly building related projects including (i) new building development; and (ii) existing building renovation. All of the Group's revenues were derived in Hong Kong.

As at 30 September 2016, the Group had over 60 one-off projects and retainer projects in progress, with a total estimated outstanding contract sum and work order value of approximately HK\$1,231.7 million. The Group's business is undertaken by an operating subsidiary, Fungs E & M Engineering Company Limited ("Fungs E & M"), a Building Services engineering specialist in various building works in both public and private sectors in Hong Kong. Since 1 April 2016, and up to the date of this report, the Group was awarded with new contracts with an aggregate estimated contract sum of approximately HK\$280.3 million.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 September 2016 was approximately HK\$313.1 million, representing an increase of approximately 7.4% from approximately HK\$291.5 million for the corresponding period in the last financial year. This increase was mainly due to higher revenue of HK\$54.8 million generated for a one-off project in the private sector in Kai Tak, of which significant portion of works were carried out during the Period while no revenue has been certified for the project for the corresponding period in the last financial year.

Gross profit margin

The gross profit margin decreased from approximately 9.1% for the six months ended 30 September 2015 to approximately 5.0% for the six months ended 30 September 2016. The decrease was mainly due to a one-off project in the public sector in Tai Lam which recorded negative gross profit margin due to the incurrence of additional contract costs for the Period.

Other income and gains

The Group's other income and gains were approximately HK\$2.6 million and HK\$1.4 million for the six months ended 30 September in 2016 and 2015 respectively. This was mainly attributable to the increase in interest income and management fee income.

Selling and distribution expenses

The Group's selling and distribution expenses for the six months ended 30 September 2016 was approximately HK\$4.4 million, representing an increase of 7827% from approximately HK\$55,000 for the corresponding period in the last financial year. This was mainly attributable to the increase in marketing cost for the Group during the six months ended 30 September 2016.

Management Discussion and Analysis *(Continued)*

Net profit after tax

For the six months ended 30 September 2016, the Group recorded net profit of approximately HK\$1.8 million, a decrease of approximately 86.0% as compared to the net profit of approximately HK\$12.9 million for the corresponding period in the last financial year. This was mainly due to the combined effect of the decrease in gross profit and the increase in selling and distribution expenses and administrative expenses.

Liquidity and Financial Resources

As at 30 September 2016, the Group had cash and cash equivalents of approximately HK\$89.4 million, representing an increase of 12.9% from approximately HK\$79.2 million as at 31 March 2016. The Group did not have any pledged deposits other than a pledged deposit for a life insurance product with a carrying amount of approximately HK\$6.4 million and HK\$6.3 million as at 30 September 2016 and 31 March 2016, respectively. The increase in cash and cash equivalents during the Period was mainly due to the combined effects of (i) net cash inflow from operating activities of approximately HK\$14 million; and (ii) the payment of approximately HK\$3.5 million in relation to the purchases of items of property, plant and equipment.

Gearing ratio is calculated based on the amount of total interest-bearing bank borrowings divided by the total equity. As at 30 September 2016, the gearing ratio is 0% (31 March 2016: 0%).

As at 30 September 2016, the Group had aggregate banking facilities of approximately HK\$55.3 million, of which approximately HK\$23.2 million was utilised. As at 30 September 2016, the banking facilities were secured by (i) legal charge over a building of the Group with carrying amount of approximately HK\$46.7 million; and (ii) a pledged deposit for a life insurance product with a carrying amount of approximately HK\$6.4 million.

Contingent Liabilities

As at 30 September 2016, the Group had performance bonds issued by a bank in favour of certain contract customers amounted to approximately HK\$23,166,000 (31 March 2016: HK\$18,562,000).

In the ordinary course of the Group's Building Services business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the subcontractors in accidents arising out of and in the course of their employment. The Directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

Capital Commitments

As at 30 September 2016, the Group did not have any significant capital commitments (31 March 2016: HK\$3.3 million).

Management Discussion and Analysis *(Continued)*

PROSPECTS

Whilst the Group remains its focus on its principal business in the provision of Building Services in Hong Kong, the Board continuously explores investment opportunities to strengthen the long term growth of the Group.

Looking ahead, the Directors stay optimistic about the future development of the Group despite rising labour costs and raw materials cost. According to the Hong Kong 2016–17 Budget, the Hong Kong Government will allocate approximately HK\$79 billion to capital works. With a number of projects at their construction peaks, capital works expenditure is expected to remain at relatively high levels in the next few years. Moreover, the building services industry is steering towards designing and installing more complex and more energy efficient systems for buildings in Hong Kong. The public's increasing awareness of energy efficiency, indoor air quality and sustainability have triggered contractors in the building services industry to construct better heating, ventilation and air-conditioning systems. Therefore, the design and installation work processes that go into the servicing of intelligent buildings are more complicated.

In view of the aforesaid increasing public expenditure on capital works and the market development, the Directors believe that there will be more opportunities for the Group's Building Services business in both private and public sectors in the future. Having considered the Group's solid experience in the building services industry, possession of the requisite licences and registrations and track record for undertaking engineering projects in both private and public sectors, the Directors are of the view that the Group is well positioned to capture the emerging business opportunities.

As mentioned in note 21 to the condensed consolidated interim financial information, on 14 October 2016 and 18 October 2016, the Subsidiary entered into of the Share Purchase Agreement in relation to the Acquisition and the Limited Partnership Agreement in relation to the Transaction, respectively. The Acquisition, together with the Transaction, present an excellent platform for the Group to develop its asset management and investment business and to broaden the sources of its revenue for creating greater profits and returns for the shareholders of the Company. Having considered (i) the relevant favourable government policies of the PRC on infrastructure projects and the increasing number of the infrastructure projects to be launched by the PRC government, details of which are set out in the Circular; (ii) the Group's strategy to enhance its long term growth, diversity risks and increase return to the shareholders of the Company and (iii) the capabilities and experience in investment and asset management possessed by certain members of the Board, the Company intends to invest and operate funds in the PRC that are designated for financing infrastructure projects of the PRC government and state-owned enterprises.

* For identification purpose only

Management Discussion and Analysis *(Continued)*

FOREIGN EXCHANGE RISK

Since the Group operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, and the Group's assets and liabilities are primarily denominated in Hong Kong dollar, the Directors believe that the Group's risk in foreign exchange is insignificant and the Group will have sufficient foreign exchange to meet its foreign exchange requirements. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instruments during the Period.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, there was no acquisition or disposal of subsidiaries and associated companies by the Company.

SIGNIFICANT INVESTMENTS

During the Period, the Company did not hold any significant investment.

STAFF AND REMUNERATION POLICY

As of 30 September 2016, the Group employed 65 employees in Hong Kong. The Group reviewed employees' remuneration from time to time and salary adjustment was normally made on an annual basis with reference to their performance, work experience and the prevailing market conditions. Staff benefits include mandatory provident fund and training programs.

The total remuneration cost incurred by the Group for the Period was approximately HK\$22.8 million (six months ended 30 September 2015: approximately HK\$22.9 million).

Other Information

SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company on 22 September 2014 (the "Scheme"), the Company may grant options to directors (including executive directors, non-executive directors and independent non-executive directors) and full-time employees of any member of the Group and any advisers, consultants, contractors, sub-contractors, suppliers, agents, customers, business partners, joint venture business partners, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to subscribe for shares in the Company with the payment of HK\$1.00 upon each option granted and the options granted must be accepted within 14 days from the date of offer.

The subscription price of a share shall be at least the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company on the date of grant of the option. The share options granted are exercisable at any time during a period of not more than 10 years from the date of grant, subject to the provisions of early termination contained in the Scheme. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not exceed 30% of the number of shares of the Company in issue from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not, in aggregate, exceed 10% of the number of shares of the Company in issue on the date the shares of the Company commence trading on the Stock Exchange. The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12 months period up to the date of grant shall not exceed 1% of the shares of the Company then in issue.

The Scheme took effect on 22 September 2014 and no share option have been granted, exercised, cancelled or lapsed since then. Accordingly, as at 30 September 2016, there was no outstanding share option under the Scheme.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 30 September 2016, the interests and short positions of the Directors and chief executives in shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would be required to be recorded in the register required to be kept under Section 352 of the SFO; or which would otherwise be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long position in shares of the Company/associated corporation

Director	Name of corporation	Capacity and Nature of interests	Number of ordinary shares held	% of issued share capital
Mr. Wei Jie	The Company	Interest in a controlled corporation	300,000,000 (Note)	75%

Note: These shares are legally and beneficially owned by Gold-Finance (Hong Kong) Asset Management Limited and Gold-Finance (Holdings) Group Co. Limited which are indirectly owned as to 90% and 75.85% by Mr. Wei Jie.

Save as disclosed above, as at 30 September 2016, none of the Directors or chief executive of the Company or any of their spouses or children under 18 years of age had registered an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2016, to the best of the Directors' knowledge, the interests and short positions of the person (other than the Directors or chief executive of the Company) or company in the shares or underlying shares of the Company which would be required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in shares of the Company

Name of shareholders	Capacity and nature of interests	Number of ordinary shares held	% of issued share capital
Gold-Finance (Hong Kong) Asset Management Limited	Beneficial owner	220,000,000	55%
Zhejiang Jin Cheng Asset Management Company Limited (Note 1)	Interest in a controlled corporation	220,000,000	55%
Ningbo He Ze Run Industrial Investment Limited (Note 2)	Interest in a controlled corporation	220,000,000	55%
Gold-Finance (Holdings) Group Co. Limited	Beneficial owner	80,000,000	20%
Hengyuan Holdings Group Co., Ltd. (Note 3)	Interest in a controlled corporation	80,000,000	20%
Mr. Wei Jie (Notes 2 and 3)	Interest in a controlled corporation	300,000,000	75%

Notes:

- Gold-Finance (Hong Kong) Asset Management Limited is owned as to 100% by Zhejiang Jin Cheng Asset Management Company Limited(浙江金誠資產管理有限公司), which in turn, is wholly-owned by Ningbo He Ze Run Industrial Investment Limited(寧波和澤潤實業投資有限公司).
- Ningbo He Ze Run Industrial Investment Limited(寧波和澤潤實業投資有限公司)is owned as to 90% by Mr. Wei Jie, who is deemed to be interested in the 220,000,000 Shares owned by Gold-Finance (Hong Kong) Asset Management Limited by virtue of the SFO.
- Gold-Finance (Holdings) Group Co. Limited is owned as to 75.85% by Hengyuan Holdings Group Co., Ltd., which in turn, is wholly-owned by Mr. Wei Jie, who is deemed to be interested in the 80,000,000 Shares owned by Gold-Finance (Holdings) Group Co. Limited by virtue of the SFO.

Other Information *(Continued)*

Save as disclosed above, as at 30 September 2016, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executive's Interests in Shares" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles. Further details are set out in note 17 to the condensed consolidated financial information.

Continuing Connected Transactions

Details of the transactions are set out as follows:

Connected persons	Notes	Duration of agreement	Date of Agreement	Nature and purpose of transactions
Able E & M Engineering ("Able E&M")	a	Two years from the Listing Date	22 September 2014	To govern the existing and future contracting arrangement between Fungs E & M and Able E & M

Notes:

- a) Each of Vantage and Mr. Fung Chi Wing (the Company's controlling shareholders up to 7 December 2015) is beneficially indirectly interested in 50% of the shareholdings in Able E & M.

On 5 September 2014, Fungs E & M entered into a contract agreement with Able E & M (the "Able E & M Contract Agreement") to govern the overall relationship of the parties in relation to six existing contracts entered into between the Group and Able E & M in relation to the provision of Building Services engineering works by Fungs E & M according to the requirements under Chapter 14A of the Listing Rules. The maximum amount of contracting fees payable to Fungs E & M under the Able E & M Contract Agreement shall not exceed the annual caps of HK\$47 million and HK\$18 million for the years ending 31 March 2015 and 2016, respectively. Details of the Able E & M Contract Agreement are set out in the Prospectus.

For the six months ended 30 September 2016, the contract revenue from Able E & M is nil, which did not exceed the relevant annual cap for the same period.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period under review.

CORPORATE GOVERNANCE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. This report outlines the principles and the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules. The Directors consider that the Company has applied the principles and complied with all the applicable code provisions set out in the Code since the Listing Date, except for the below deviation:

Code Provisions A.2

Mr. Wei Jie, the Chairman of the Group, is responsible for the leadership and effective running of the Board, ensuring that all material issues are decided by the Board in a conducive manner. Mr. Wei Jie is also responsible for running the Group's business and effective implementation of the strategies of the Group. The Company is aware of the requirement under paragraph A.2 of the Code that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Nevertheless, the Board considers that the combination of the roles of Chairman and Chief Executive Officer will not impair the balance of power and authority between the Board and the management of the Company as the Board will meet regularly to consider major matters affecting the operations of the Group. The Board is of the view that this structure provides the Group with strong and consistent leadership, which can facilitate the formulation and implementation of its strategies and decisions and enable it to grasp business opportunities and react to changes efficiently. As such, the Board believes that it is beneficial to the business prospects of the Group with Mr. Wei Jie performing both the roles of Chairman and Chief Executive Officer.

Code Provisions A.6.7 and E.1.2

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings. The independent non-executive Director Mr. Niu Zhongjie, Mr. Cheung Ying Kwan and Mr. Chen Zhao had not attended the annual general meeting held on 19 September 2016 (the "2016 AGM") due to other business engagements. Under code provision E.1.2, the Chairman of the Board should attend the annual general meeting. Due to other business engagement which must be attended to by the Chairman, Mr. Wei Jie, he was unable to attend the 2016 AGM. Mr. Wong Kam Ting, an executive Director and the Company Secretary of the Company, acted as the chairman of the 2016 AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a model code of conduct regarding securities transactions by the Directors on terms no less than the required standards as set out in the Model Code. Having made specific enquiry of all Directors of the Company, all Directors have confirmed that they complied with the required standards set out in the Model Code during the Period.

Other Information *(Continued)*

USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the share offer of the Company in connection with the listing of the shares of the Company on the Main Board of the Stock Exchange on 16 October 2014 was approximately HK\$92.6 million. According to the section "Future Plans and Use of Proceeds" set out in the prospectus of the Company dated 30 September 2014, the Group has used the net proceeds as follows:

	Actual net proceeds HK\$ million	Used amount HK\$ million	Unused amount HK\$ million
Operation of prospective projects	55.5	55.5	—
Hiring of additional staff	18.5	2.7	15.8
Upgrade of computer system and software	9.3	0.2	9.1
General working capital	9.3	9.3	—
Total	92.6	67.7	24.9

The unutilised net proceeds are mainly placed in the current account with certain licensed financial institutions.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend in respect of the Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed minimum public float under the Listing Rules.

REVIEWED BY AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Mr. Cheung Ying Kwan (Chairman), Mr. Niu Zhongjie and Mr. Chen Zhao, with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed the Group's condensed consolidated financial information for the six months ended 30 September 2016, including the accounting principles adopted by the Group, with the Company's management.

PUBLICATION OF INTERIM REPORT

This interim report will be published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.gold-finance-gp.com.hk>). This interim report will also be despatched to the shareholders of the Company and made available for review on the aforesaid websites.

By Order of the Board
Gold-Finance Holdings Limited
Wei Jie
Chairman and Chief Executive Officer

Hong Kong, 25 November 2016