



GLOBAL MASTERMIND
環球大通

GLOBAL MASTERMIND HOLDINGS LIMITED
環球大通集團有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8063)

INTERIM REPORT
2017

*For identification purposes only

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This report, for which the directors (the “Directors”) of Global Mastermind Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

Global Mastermind Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) recorded a loss attributable to owners of the Company of HK\$20,284,000 for the six months ended 30 June 2017 (for the six months ended 30 June 2016: HK\$33,834,000), representing basic loss per share of HK 0.57 cent (for the six months ended 30 June 2016: HK1.88 cents). The decrease in loss attributable to owners of the Company was mainly contributed by the increase in interest income derived by money lending business; the absence of impairment loss on available-for-sale investments; and the net realized gain on securities investment during the six months ended 30 June 2017.

Revenue and profitability

For the six months ended 30 June 2017, the consolidated revenue of the Group amounted to HK\$24,438,000 (30 June 2016: HK\$18,415,000) comprised of (i) service income from provision of travel related products and services of HK\$16,120,000 (30 June 2016: HK\$18,691,000); (ii) interest income from money lending business of HK\$7,163,000 (30 June 2016: HK\$2,353,000); and (iii) net realized gain on securities investment of HK\$1,155,000 (30 June 2016: net realized loss of HK\$2,629,000), representing an increase of 32.7% as compared to the corresponding period of last year. The increase was mainly contributed by interest income derived by money lending business and the net realized gain on securities investment.

The revenue arising from travel business in Singapore consists of agency commission and service income (both from customers and suppliers) generated from the provision of travel related products and services, including airtickets, hotel rooms, Free Independent Traveler (“FIT”) packages and ground transportation handling services.

Corporate customers are business travelers who require travel products and services for their travel purposes. Wholesale customers are usually travel services providers who purchase airtickets, hotel rooms, FIT packages and other travel related products. Meetings, Incentives, Conventions and Exhibitions (“MICE”) customers refer to customers who are mainly corporate customers, convention organizers and special projects organizers who require one stop professional MICE/special project/event management services.

The revenue arising from travel agency operation in Hong Kong consists of rendering travel agency services related to air ticketing and air/hotel packages.

For the six months ended 30 June 2017, approximately 66.0 % or HK\$16,120,000 (for the six months ended 30 June 2016: HK\$18,691,000) of the total revenue was derived from the provision of travel related products and services of which HK\$14,800,000 (for the six months ended 30 June 2016: HK\$17,921,000) and HK\$1,320,000 (for the six months ended 30 June 2016: HK\$770,000) was generated from the market in Singapore and Hong Kong respectively.

The interest income revenue derived from the provision of money lending services amounted to HK\$7,163,000 for the six months ended 30 June 2017 (for the six months ended 30 June 2016: HK\$2,353,000), representing approximately 29.3 % of the total revenue.

For treasury management business, net realized gain of HK\$1,155,000 was generated from securities investment (30 June 2016: net realized loss of HK\$2,629,000), representing approximately 4.7% of the total revenue for the six months ended 30 June 2017.

Other income

Other income for the six months ended 30 June 2017 amounted to HK\$3,703,000 representing an increase of 68.8% as compared to HK\$2,194,000 for the corresponding period of last year. Such increase was mainly contributed by the increase in management and administrative income and incentive income.

Expenditure

For the reporting period, staff costs amounted to HK\$24,699,000 (for the six months ended 30 June 2016: HK\$21,081,000). Depreciation and amortization expenses amounted to HK\$4,952,000 (for the six months ended 30 June 2016: HK\$4,795,000). Other expenses amounted to HK\$8,424,000 (for the six months ended 30 June 2016: HK\$8,480,000).

The increase in 17.2% in staff costs was mainly attributed to the provision of share option expense of HK\$4,132,000 for the share options granted to a director, certain senior management and employees during the period under review.

Share of profit of a joint venture

On 30 July 2013, the Group entered into an agreement with a venturer to form a joint venture which principally engages in the business of operating as tours and travel agents in Malaysia at a cash consideration of HK\$14 million and the transaction was completed on 31 August 2013. Since then, the Group has been entitled to receive a management fee which was equivalent to 90% of the profit before taxation of its Malaysia travel business.

During the three months ended 30 June 2017, the Group shared a loss of HK\$168,000 from the joint venture. Adding the profit of HK\$187,000 shared by the Group from the joint venture for the three months ended 31 March 2017, the Group shared a profit from the joint venture amounting to HK\$19,000 for the six months ended 30 June 2017 (for the six months ended 30 June 2016: HK\$26,000).

Impairment loss on intangible assets

The management performs regular review on the carrying values of intangible assets of the acquired business to determine any potential impairment loss.

During the period under review, the Group recognised an impairment loss on the intangible assets, which were purchased as part of the acquisition of Safe2Travel Pte Ltd completed on 30 March 2011 and was recognised as their fair value at the date of acquisition, amounting to HK\$10,000,000 (for the six months ended 30 June 2016: HK\$8,000,000). Such impairment loss on intangible assets was calculated based on the recoverable amounts of the cash generating units (“CGUs”) of the trade name in the travel business in Singapore. The recoverable amounts of the CGUs were based on their value in use and were determined with the assistance of Ascent Partners Valuation Service Limited (“Ascent Partners”), an independent professional qualified valuer not connected to the Group.

Finance costs

The finance costs of HK\$306,000 (for six months ended 30 June 2016: HK\$125,000) was attributed to the interest on short term bank borrowings and bank overdrafts during the reporting period.

BUSINESS REVIEW

Travel business

During the period under review, the performance of the segment in travel business was still not satisfactory. Although the travel business in Hong Kong recorded an increase in revenue to HK\$1,320,000 for the six months ended 30 June 2017 (for the six months ended 30 June 2016: HK\$770,000), fierce competition in the industry exerted pressure on the Group's travel business in Singapore led to a decrease in the revenue of travel business in Singapore to HK\$14,800,000 for the six months ended 30 June 2017 (for the six months ended 30 June 2016: HK\$17,921,000).

Money lending business

During the reporting period, the Group's money lending business generated interest income on loans of HK\$7,163,000 (for the six months ended 30 June 2016: HK\$2,353,000). The increase was attributable to the increase in the average monthly balance of loan receivables. The average monthly balance of loan receivables increased from HK\$89,500,000 in the six months ended 30 June 2016 to HK\$160,668,000 in the six months ended 30 June 2017. During the period under review, the Group granted new loans in the aggregate principal amount of HK\$64,126,000 to its customers and received prepayment and repayment of HK\$34,450,000 from its customers. At the end of the reporting period, the directors assessed the collectability of loans receivables. As there was no objective evidence that the Group would not be able to collect all amounts due, no impairment loss on loans receivables was recognised. As at 30 June 2017, the Group's loans receivables together with accrued interest receivables amounted to HK\$160,127,000 (for the six months ended 30 June 2016: HK\$120,512,000). Return on loans receivables for the six months ended 30 June 2017 is 4.5% (for the six months ended 30 June 2016: 2.6%).

Treasury management business

During the period under review, the Group acquired five Hong Kong equities with the aggregate market value of HK\$11,578,000. In addition, the Group disposed Hong Kong equities with market value of HK\$31,710,000 (for the six months ended 30 June 2016: HK\$27,659,000) with a carrying amount of financial assets at fair value through profit or loss plus transaction costs of HK\$30,689,000 (for the six months ended 30 June 2016: HK\$30,510,000). Adding the dividend income from securities investment of HK\$134,000 (for the six months ended 30 June 2016: HK\$222,000), the Group's trading of financial assets at fair value through profit or loss recorded a net realised gain of HK\$1,155,000 (for the six months ended 30 June 2016: a net realised loss of HK\$2,629,000). At 30 June 2017, the Group remeasured its equity portfolio at market prices and recorded an unrealised loss of HK\$925,000 (for the six months ended 30 June 2016: an unrealised loss of HK\$2,644,000) arising on change in fair value of financial assets at fair value through profit or loss.

Details of the Hong Kong listed equities held by the Group at 30 June 2017 are as follows:

Name of Hong Kong listed equities	Number of shares held at 30 June 2017	Fair value at 30 June 2017 HK\$'000	Gain/(loss) arising on change in fair value recognized in the six months ended 30 June 2017 HK\$'000
Swire Pacific Limited – A (Stock code: 0019)	2,500	191	6
Huanxi Media Group Limited (Stock code: 1003)	800,000	1,576	(504)
Brilliant Circle Holdings International Limited (Stock code: 1008)	88,000	102	(3)
CK Infrastructure Holdings Limited (Stock code: 1038)	35,000	2,296	137
CT Environmental Group Limited (Stock code: 1363)	200,000	272	(40)
China South City Holdings Limited (Stock code: 1668)	574,000	832	(98)
China Aircraft Leasing Group Holdings Limited (Stock code: 1848)	40,000	364	24
AviChina Industry & Technology Company Limited (Stock code: 2357)	122,000	559	(93)
Standard Chartered PLC (Stock code: 2888)	15	1	1
Chongqing Rural Commercial Bank Co., Ltd (Stock code: 3618)	128,000	675	92
Pou Sheng International (Holdings) Limited (Stock code: 3813)	1,035,000	1,449	(447)
		<u>8,317</u>	<u>(925)</u>

Placing of new shares under general mandate

On 13 June 2017, the Company and Kingston Securities Limited (the “Placing Agent”) entered into a placing agreement (the “Placing Agreement”), pursuant to which the Company has conditionally agree to place through the Placing Agent, on a best effort basis, of up to 710,450,000 new shares of the Company (the “Placing Share(s)”), to not less than six placees (the “Placees”) at the price of HK\$0.1 (the “Placing Price”) per Placing Share (the “Placing”). The gross proceeds from the Placing was amounted to approximately HK\$71.1 million and the net proceeds from the Placing was amounted to approximately HK\$68.3 million. Details of the Placing were set out in the Company’s announcement dated 13 June 2017. The Placing was completed on 3 July 2017.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained sufficient working capital during the period. As at 30 June 2017, the working capital, calculated by current assets less current liabilities, of the Group was of HK\$432,610,000 compared to HK\$315,172,000 as at 31 December 2016.

As at 30 June 2017, the Group’s current ratio was 8.6 times (as at 31 December 2016: 6.6 times), calculated by current assets of HK\$489,547,000 (as at 31 December 2016: HK\$371,580,000) divided by current liabilities of HK\$56,937,000 (as at 31 December 2016: HK\$56,408,000). The improvement was mainly contributed by the increase in current portion of loan receivables to HK\$156,438,000 (31 December 2016: HK\$12,446,000) as at 30 June 2017.

As at 30 June 2017, the Group's gearing ratio, expressed as percentage of total borrowings of the Group to total equity attributable to owners of the Company, was 2.1%, as compared with 1.7% as at 31 December 2016.

During the period under review, net cash used in operating activities amounted to HK\$6,568,000 (30 June 2016: net cash used in operating activities of HK\$137,083,000). Net cash generated from investing activities for the period was HK\$852,000 (30 June 2016: net cash used in investing activities of HK\$117,185,000). Net cash used in financing activities amounted to HK\$11,032,000 (30 June 2016: net cash generated from financing activities of HK\$216,087,000). As a result, cash and cash equivalents of the Group as at 30 June 2017 was HK\$137,704,000 (net of bank balances and cash of HK\$150,166,000 and bank overdrafts of HK\$12,462,000), compared with HK\$154,163,000 as at 31 December 2016. The decrease in cash and cash equivalent was mainly attributed to grant more new loans during the period under review.

CAPITAL STRUCTURE

As at 30 June 2017, the Company has 3,552,417,050 shares of HK\$0.01 each (the "Shares") in issue (31 December 2016: 3,552,417,050 shares).

As at 30 June 2017, the total borrowings of the Group amounted to HK\$12,462,000 (31 December 2016: HK\$10,426,000), representing the secured bank overdrafts.

USE OF PROCEEDS FROM FUND RAISING ACTIVITIES

Share subscription under specific mandate

On 12 October 2016, the Company and China Healthwise Holdings Limited (“China Healthwise”), a company incorporated in the Cayman Islands with limited liability and its issued shares are listed on the Main Board of the Stock Exchange under stock code: 348, entered into a subscription agreement (the “China Healthwise Subscription Agreement”), pursuant to which China Healthwise had conditionally agreed to subscribe for and the Company had conditionally agreed to allot and issue a total of 800,000,000 shares of the Company (the “China Healthwise Subscription Share(s)”) at the price of HK\$0.14 (the “China Healthwise Subscription Price”) per China Healthwise Subscription Share (the “China Healthwise Subscription”) under specific mandate (the “Specific Mandate”). According to the Company’s circular dated 17 November 2016, the net proceeds from the China Healthwise Subscription was amounted to approximately HK\$111.2 million which was intended to be used for: (i) approximately HK\$62 million was intended to be used for the repayment of the borrowings of the Group; (ii) approximately HK\$40 million was intended to be used for the development of the Group’s business in Type 1 (dealing in securities) (the “Securities Business”), Type 4 (advising on securities) (the “Advising on Securities Business”) and Type 9 (asset management) (the “Asset Management Business”) regulated activities under the Securities and Futures Ordinance (the “SFO”); and (iii) approximately HK\$9.2 million was intended to be utilized for general working capital of the Group’s operation in Hong Kong. As at 30 June 2017, (i) HK\$62.0 million had been utilized for the repayment of the borrowings of the Group; (ii) HK\$20.0 million had been utilized as general working capital for the Securities Business and the Advising on Securities Business and HK\$3.0 million had been utilized as general working capital for the Asset Management Business; and (iii) HK\$26.2 million had not been utilized. The remaining balances will be utilised as intended.

EXCHANGE RATE RISK

Foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies were recognized in the profit or loss. In the event of fluctuating foreign exchange rates, there is a risk exposure to that settlement of payment for customers and suppliers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the total number of employees of the Group was 120. The Group fixes and reviews the emoluments of its directors and staff based on the qualification, experience, performance and the market rates from time to time so as to maintain the remunerations of the directors and staff at a competitive level. Salary increment is normally approved annually or by special adjustment depending on length of services and individual performance. In addition to salaries, the Group provides employee benefits such as medical insurance and provident funds. Moreover, discretionary bonus and share options will be paid or granted to employees based on the Group's and individual performances.

The Company terminated the old share option scheme (the "Old Scheme") and adopted a share option scheme (the "Scheme") at the annual general meeting of the Company held on 19 May 2011, under which the directors of the Company may, at their discretion, grant options to eligible participants which enable them to subscribe for shares in aggregate not exceeding 30% of the shares in issue of the Company from time to time (including shares which have been allotted and issued pursuant to any other share option scheme). The share options granted under the Old Scheme were expired and lapsed on 13 May 2014 and on 12 May 2017, 213,000,000 share options had been granted to a Director, certain senior management and employees.

The Group makes contributions to the Central Provident Fund Scheme in Singapore and the Mandatory Provident Fund Scheme in Hong Kong for all qualifying employees in accordance with the statutory requirements in both territories.

PLEDGE OF ASSETS

As at 30 June 2017, trade receivables amounting to Singapore Dollar (“SG\$”) 26,834,000 (equivalent to approximately HK\$151,899,000) (31 December 2016: SG\$23,324,000 equivalent to approximately HK\$124,850,000) have been pledged to a bank by way of a floating charge. In addition, bank deposits of SG\$220,000 (equivalent to approximately HK\$1,257,000) (31 December 2016: SG\$791,000 equivalent to approximately HK\$4,230,000) and other cash collateral included in other receivable of approximately SG\$560,000 (equivalent to approximately HK\$3,170,000) (31 December 2016: SG\$560,000 equivalent to approximately HK\$2,998,000) of the Group was pledged to the bank to secure credit facility as at 30 June 2017. The bank has provided banker’s guarantee, bank overdrafts and commercial card guarantee to a subsidiary of the Company in an aggregate amount of approximately SG\$7,100,000 (equivalent to approximately HK\$40,191,000) (31 December 2016: SG\$6,500,000 equivalent to approximately HK\$34,793,000) of which the amounts utilised as at 30 June 2017 were approximately SG\$4,126,000 (equivalent to approximately HK\$23,357,000) (31 December 2016: SG\$3,840,000 equivalent to approximately HK\$20,552,000). The banker’s guarantee has been given in favour to international airlines.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had no material contingent liabilities (31 December 2016: Nil).

OUTLOOK

In the coming quarters, the travel business environment is continuing to be challenging. The Group's profitability in travel business is facing pressure from the rising costs of operations and stiff price driven competition. Our management team will cautiously monitor the market, adopt appropriate measures and business strategies in response to changing market conditions.

The Group will adopt a conservative investment approach towards its treasury management business in the coming quarters. The management will cautiously monitor Hong Kong equity, change the Group's equity portfolio mix from time to time and realise the equities held by the Group into cash as and when appropriate.

For the money lending business, the management has adopted a more cautious approach during its assessment and approval of new loans in order to mitigate its credit risk.

For the new business in the provision of securities and asset management services. As at the date of this report, the Group is in the final stage of applying for trading rights from the Stock Exchange. The Group had participated in the market rehearsal on 12 August 2017. The management expects that the new business will be in full operation in the third quarter of 2017.

EVENTS AFTER THE REPORTING PERIOD

Completion of the Placing

On 3 July 2017, the Company allotted and issued 710,450,000 Placing Shares at an issue price of HK\$0.1 per Placing Share to the Placees under general mandate raising HK\$68,300,000 (net of expenses).

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF GLOBAL MASTERMIND HOLDINGS LIMITED
環球大通集團有限公司*
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Global Mastermind Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 17 to 42, which comprise the condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion on these condensed consolidated financial statements solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

* For identification purpose only

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants
Hong Kong

14 August 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	NOTES	Three months ended 30 June		Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Service income from provision of travel related products and services		8,250	9,461	16,120	18,691
Interest income from money lending business	3	4,051	2,037	7,163	2,353
Net realised gain (loss) on securities investment	4	665	(158)	1,155	(2,629)
Unrealised loss on securities investment		(1,199)	(900)	(925)	(2,644)
Other income	6	1,358	587	3,703	2,194
Staff costs		(13,563)	(9,324)	(24,699)	(21,081)
Depreciation and amortisation expenses		(1,535)	(2,372)	(4,952)	(4,795)
Other expenses		(4,648)	(4,302)	(8,424)	(8,480)
Impairment loss on available-for-sale investments	7	-	-	-	(11,400)
Impairment loss on intangible assets	14	(10,000)	(8,000)	(10,000)	(8,000)
Finance costs	8	(185)	(120)	(306)	(125)
Share of (loss) profit of a joint venture		(168)	9	19	26
Loss before tax		(16,974)	(13,082)	(21,146)	(35,890)
Income tax credit	9	1,036	1,709	862	2,056
Loss for the period	10	(15,938)	(11,373)	(20,284)	(33,834)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME** (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	NOTES	Three months ended 30 June		Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Other comprehensive income (expense) for the period					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences arising on translation of foreign operation		2,723	534	8,548	10,109
Share of exchange difference of a joint venture		444	(353)	663	1,078
Fair value gain (loss) on available-for-sale investments	7	-	5,400	-	(6,000)
Reclassification adjustment upon impairment on available-for-sale investments	7	-	-	-	11,400
Other comprehensive income for the period		3,167	5,581	9,211	16,587
Total comprehensive expense for the period		(12,771)	(5,792)	(11,073)	(17,247)
Loss for the period attributable to owners of the Company		(15,938)	(11,373)	(20,284)	(33,834)
Total comprehensive expense attributable to owners of the Company		(12,771)	(5,792)	(11,073)	(17,247)
Loss per share (HK cents)					
Basic	12	(0.45)	(0.50)	(0.57)	(1.88)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

		30 June 2017	31 December 2016
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	13	137,450	138,034
Intangible assets	14	9,962	20,832
Interest in a joint venture		13,409	12,727
Loan receivables	15	3,689	119,142
		164,510	290,735
CURRENT ASSETS			
Trade and other receivables	16	173,369	172,387
Loan receivables	15	156,438	12,446
Financial assets at fair value through profit or loss	17	8,317	28,354
Pledged bank deposits		1,257	4,230
Bank balances and cash		150,166	154,163
		489,547	371,580
CURRENT LIABILITIES			
Trade and other payables	18	41,934	44,647
Tax payable		2,541	1,335
Bank borrowings	19	12,462	10,426
		56,937	56,408

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 30 JUNE 2017

	30 June 2017	31 December 2016
<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
NET CURRENT ASSETS	<u>432,610</u>	<u>315,172</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>597,120</u>	<u>605,907</u>
NON-CURRENT LIABILITY		
Deferred tax liabilities	<u>1,690</u>	<u>3,536</u>
	<u>595,430</u>	<u>602,371</u>
CAPITAL AND RESERVES		
Share capital	20 35,524	35,524
Share premium and reserves	<u>559,906</u>	<u>566,847</u>
	<u>595,430</u>	<u>602,371</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Distributable reserve HK\$'000 (Note)	Share options reserve HK\$'000	Investments revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2017 (audited)	35,524	859,253	32,589	-	-	(32,258)	(292,737)	602,371
Loss for the period	-	-	-	-	-	-	(20,284)	(20,284)
Exchange differences arising on translation of foreign operation	-	-	-	-	-	8,548	-	8,548
Share of exchange difference of a joint venture	-	-	-	-	-	663	-	663
Total comprehensive income (expense) for the period	-	-	-	-	-	9,211	(20,284)	(11,073)
Recognition of equity-settled share-based payments (note 21)	-	-	-	4,132	-	-	-	4,132
At 30 June 2017 (unaudited)	<u>35,524</u>	<u>859,253</u>	<u>32,589</u>	<u>4,132</u>	<u>-</u>	<u>(23,047)</u>	<u>(313,021)</u>	<u>595,430</u>
At 1 January 2016 (audited)	7,646	582,584	32,589	-	-	(28,443)	(236,945)	357,431
Loss for the period	-	-	-	-	-	-	(33,834)	(33,834)
Exchange differences arising on translation of foreign operation	-	-	-	-	-	10,109	-	10,109
Share of exchange difference of a joint venture	-	-	-	-	-	1,078	-	1,078
Fair value loss on available-for-sale investments	-	-	-	-	(6,000)	-	-	(6,000)
Reclassification adjustment upon impairment on available-for-sale investments (note 7)	-	-	-	-	11,400	-	-	11,400
Total comprehensive income (expense) for the period	-	-	-	-	5,400	11,187	(33,834)	(17,247)
Issue of shares (note 20(a))	15,291	131,949	-	-	-	-	-	147,240
At 30 June 2016 (unaudited)	<u>22,937</u>	<u>714,533</u>	<u>32,589</u>	<u>-</u>	<u>5,400</u>	<u>(17,256)</u>	<u>(270,779)</u>	<u>487,424</u>

Note: The distributable reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	(1,834)	(11,604)
Decrease (increase) in trade and other receivables	8,100	(41,224)
Increase in loan receivables	(28,539)	(120,512)
Decrease in financial assets at fair value through profit or loss	20,037	12,843
(Decrease) increase in trade and other payables	(4,332)	23,414
Cash used in operations and net cash used in operating activities	(6,568)	(137,083)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,253)	(136,688)
Withdrawal of pledged bank deposits	3,046	19,495
Other investing cash flows	59	8
Net cash from (used in) investing activities	852	(117,185)
FINANCING ACTIVITIES		
Repayment of bank borrowings	(10,726)	(13,028)
Interest paid	(306)	(125)
Net proceeds from rights issue	-	147,240
New loan raised	-	82,000
Net cash (used in) from financing activities	(11,032)	216,087
Net decrease in cash and cash equivalents	(16,748)	(38,181)
Cash and cash equivalents at 1 January	154,163	112,724
Effect of foreign exchange rate changes	289	871
Cash and cash equivalents at 30 June	137,704	75,414
Analysis of cash and cash equivalents:		
Bank balances and cash	150,166	75,414
Bank overdrafts	(12,462)	-
	137,704	75,414

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”). The condensed consolidated financial statements do not include all the information required for a complete set of Hong Kong Financial Reporting Standards financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2016.

1A. SIGNIFICANT EVENT AND TRANSACTION IN THE CURRENT INTERIM PERIOD

During the six months ended 30 June 2017, the directors of the Company consider that the following event and transaction that have occurred since the end of last annual reporting period have had a significant impact on the Group’s current interim financial position and performance:

As of 30 June 2017, the management reviewed the current and expected performance of the travel business which indicated that the carrying amounts of the cash generating units were above the respective recoverable amounts. On this basis, the directors of the Company concluded that an impairment loss of HK\$10,000,000 (for the year ended 31 December 2016: HK\$19,000,000) was recognised during the six months ended 30 June 2017. Details of the impairment testing are disclosed in note 14.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

The condensed consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 – 2016 cycle: HKFRS 12 Disclosure of interests in other entities

Amendments to HKAS 7 "Disclosure initiative"

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The adoption will result in relevant disclosures in the Group's annual consolidated financial statements for the year ending 31 December 2017.

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

3. INTEREST INCOME FROM MONEY LENDING BUSINESS

During the six months ended 30 June 2017, the Group generated interest income of HK\$7,163,000 (for the six months ended 30 June 2016: HK\$2,353,000) from money lending business.

4. NET REALISED GAIN (LOSS) ON SECURITIES INVESTMENT

Net realised gain (loss) on securities investment represents the disposal gain (loss) of securities investment and dividend income, which are arising from trading of financial assets at fair value through profit or loss recorded on a net basis, details of which are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Realised gain (loss) on financial assets at fair value through profit or loss:				
Proceeds from sale of financial assets at fair value through profit or loss	7,046	7,312	31,710	27,659
Carrying amount of financial assets at fair value through profit or loss plus transaction costs	(6,515)	(7,679)	(30,689)	(30,510)
	531	(367)	1,021	(2,851)
Dividend income from securities investment	134	209	134	222
	665	(158)	1,155	(2,629)

5. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment, based on information provided to the chief operating decision maker ("CODM") representing the board of directors of the Company, for the purpose of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised.

The Group's operations are currently organised into three (for the six months ended 30 June 2016: three) reporting and operating segments under HKFRS 8, namely travel business, treasury management business and money lending business.

Segment revenue and results

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

	Segment revenue		Segment (losses) profits	
	Six months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Travel business	16,120	18,691	(11,385)	(9,081)
Treasury management business	1,155	(2,629)	224	(16,676)
Money lending business	7,163	2,353	5,971	2,350
Total	<u>24,438</u>	<u>18,415</u>	<u>(5,190)</u>	<u>(23,407)</u>
Share of profit of a joint venture			19	26
Unallocated income			3,021	896
Unallocated expense			<u>(18,134)</u>	<u>(11,349)</u>
Loss for the period			<u>(20,284)</u>	<u>(33,834)</u>

5. **SEGMENT INFORMATION** (Continued)

Segment revenue and results (Continued)

	Segment revenue		Segment (losses) profits	
	Three months ended 30 June		Three months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Travel business	8,250	9,461	(8,795)	(8,382)
Treasury management business	665	(158)	(537)	(1,059)
Money lending business	4,051	2,037	3,383	2,037
Total	<u>12,966</u>	<u>11,340</u>	<u>(5,949)</u>	<u>(7,404)</u>
Share of (loss) profit of a joint venture			(168)	9
Unallocated income			1,376	417
Unallocated expense			<u>(11,197)</u>	<u>(4,395)</u>
Loss for the period			<u>(15,938)</u>	<u>(11,373)</u>

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

Segment (losses) profits represent the (losses) profits (incurred) earned by each segment without allocation of unallocated income (which mainly includes management and administrative income and bank interest income of head office) and unallocated expenses (which mainly include central administration costs and directors' salaries). This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

6. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Management and administrative income	1,101	486	2,184	1,031
Incentive income	14	1	972	591
Commercial card rebates	150	-	275	-
Exchange gain	54	-	143	-
Employment credits from government grants	38	97	69	560
Bank interest income	1	-	59	8
Miscellaneous income	-	3	1	4
	1,358	587	3,703	2,194

7. IMPAIRMENT LOSS ON AVAILABLE-FOR-SALE INVESTMENTS

During the three months ended 31 March 2016, decrease in fair value of listed equity shares of China Star Entertainment Limited ("China Star") amounting to HK\$11,400,000 was recognised in other comprehensive income under investments revaluation reserve. Due to a significant decline in the fair value of the investment in China Star below its cost, an impairment loss amounting to HK\$11,400,000 had been recognised which was reclassified from the investments revaluation reserve to profit or loss. During the three months ended 30 June 2016, increase in fair value amounting to HK\$5,400,000 was recognised in other comprehensive income under investments revaluation reserve. The available-for-sale investments were disposed of in September 2016.

8. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Interest on bank overdrafts	185	-	252	-
Interest on short term bank borrowings	-	48	54	53
Interest on other loans	-	72	-	72
	185	120	306	125

9. INCOME TAX CREDIT

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
The tax (charge) credit comprises:				
Hong Kong Profits Tax				
– current period	(668)	-	(1,180)	-
Deferred taxation				
– current period	1,704	1,709	2,042	2,056
	1,036	1,709	862	2,056

Singapore Corporate Income Tax is calculated at 17% in accordance with the relevant laws and regulations in Singapore for both periods.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

No provision for Singapore Corporate Income Tax for both periods and Hong Kong Profits Tax for prior period has been made as the Company and its subsidiaries either incurred tax losses or the estimated assessable profit is wholly absorbed by tax losses brought forward from prior years.

10. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	1,535	322	2,940	701
Amortisation of intangible assets	-	2,050	2,012	4,094
Impairment loss on available-for-sale investments	-	-	-	11,400
Impairment loss on intangible assets	10,000	8,000	10,000	8,000
Equity-settled share-based payment expenses	4,132	-	4,132	-
Operating lease payments for office premises and office equipment (included in other expenses)	1,297	969	1,998	2,200
Selling expenses (included in other expenses)	224	363	482	669
Legal and professional fees (included in other expenses)	1,429	1,240	1,960	1,457
	1,429	1,240	1,960	1,457

11. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2017 and 2016, nor has any dividend been proposed since the end of both reporting periods.

12. LOSS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Loss				
Loss for the period attributable to owners of the Company for the purposes of basic loss per share	(15,938)	(11,373)	(20,284)	(33,834)
	Three months ended 30 June		Six months ended 30 June	
	2017 '000 (Unaudited)	2016 '000 (Unaudited)	2017 '000 (Unaudited)	2016 '000 (Unaudited)
Number of shares				
Weighted average number of ordinary shares for the purposes of basic loss per share (Note)	3,552,417	2,293,717	3,552,417	1,798,005

Note: Since there was no bonus element included in the rights issue (note 20(a)), no adjustment was applied to the loss per share in this regard.

The computation of diluted loss per share for the six months ended 30 June 2017 does not assume the conversion of the Company's outstanding share options as at 30 June 2017 since their assumed exercise would result in a decrease in loss per share.

Diluted loss per share for the six months ended 30 June 2016 was not presented as there were no dilutive potential ordinary shares in issue during the period.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property, plant and equipment for a cash consideration of HK\$2,253,000 (for the six months ended 30 June 2016: HK\$136,688,000) mainly for acquisitions of leasehold improvements and computer equipment (for the six months ended 30 June 2016: office premise).

14. INTANGIBLE ASSETS

	Trade name HK\$'000	Customer relationship HK\$'000	Total HK\$'000
COST			
At 1 January 2017 (audited)	50,037	54,604	104,641
Exchange difference arising on translation	2,879	3,142	6,021
At 30 June 2017 (unaudited)	<u>52,916</u>	<u>57,746</u>	<u>110,662</u>
AMORTISATION			
At 1 January 2017 (audited)	31,161	52,648	83,809
Provided for the period	–	2,012	2,012
Impairment loss recognised in the period	10,000	–	10,000
Exchange difference arising on translation	1,793	3,086	4,879
At 30 June 2017 (unaudited)	<u>42,954</u>	<u>57,746</u>	<u>100,700</u>
CARRYING VALUES			
At 30 June 2017 (unaudited)	<u>9,962</u>	<u>–</u>	<u>9,962</u>
At 31 December 2016 (audited)	<u>18,876</u>	<u>1,956</u>	<u>20,832</u>

14. INTANGIBLE ASSETS *(Continued)*

The intangible assets were purchased as part of the acquisition of the Safe2Travel Pte Ltd in prior years and were recognised at their fair values at the date of acquisition.

For the impairment testing, trade name is allocated to the Group's cash generating units ("CGUs") identified according to business segment which is the travel business segment.

The recoverable amount of the travel business's CGUs was based on its value in use and was determined with the assistance of Ascent Partners Valuation Service Limited, an independent professional qualified valuer not connected with the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and at a discount rate of 16.01% (31 December 2016: 15.37%). Cash flows after the five-year period were extrapolated using a 1.75% (31 December 2016: 2.45%) terminal growth rate in considering the economic condition of the market.

Other key assumptions for the value in use calculations relate to the estimation of cash inflows which include budgeted sales and gross margin. Such estimation is based on the unit's past performance and management's expectations for the market development including the fluctuation in the travel business in the current economic environment. Both actual sales and profit generated from the travel business segment in Singapore have fallen below expectation, and therefore the management has revised the cash flow projections.

As of 30 June 2017, the management reviewed the current and expected performance of the travel business which indicated that the carrying amounts of the CGUs were above the respective recoverable amounts. On this basis, the directors of the Company concluded that an impairment loss of HK\$10,000,000 was recognised during the six months ended 30 June 2017 (for the six months ended 30 June 2016: HK\$8,000,000). The impairment loss was allocated to the trade name of HK\$10,000,000 (for the six months ended 30 June 2016: the trade name of HK\$6,458,000 and the customer relationship of HK\$1,542,000 on a pro-rata basis) and is presented on the face of condensed consolidated statement of profit or loss and other comprehensive income.

15. LOAN RECEIVABLES

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Fixed-rate loan receivables	159,676	130,000
Accrued interest receivables	451	1,588
	160,127	131,588
Analysed as:		
Current portion	156,438	12,446
Non-current portion	3,689	119,142
	160,127	131,588

The range of interest rate on the Group's loan receivables is from 7.42% to 10% per annum (31 December 2016: from 7.42% to 15% per annum). The loans are respectively repayable in two months to five years (31 December 2016: two to five years) from the drawdown date, and hence the loans repayable beyond one year from the end of the reporting period were classified as non-current. Pursuant to loan agreements, the Group retains a discretionary right to demand the repayment from the borrowers in full before the maturity of the loans.

Before granting loans to outsiders, the Group uses internal credit assessment process to assess the potential borrower's credit quality and defines its credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment also includes evaluation of collectability and ageing analysis of accounts and on management's judgment, including the current creditworthiness, collateral and past collection history of each borrower.

In determining the recoverability of the loan receivables, the Group considers any change in the credit quality of the loan receivables from the date of credit was initially granted up to the reporting date. This includes assessing the credit history of the business, such as financial difficulties or default in payments and current market conditions.

15. LOAN RECEIVABLES *(Continued)*

At the end of each reporting date, the Group's loan receivables were individually assessed for impairment. As at 30 June 2017 and 31 December 2016, as in the opinion of the directors of the Company, no impairment loss was identified.

No aged analysis is disclosed, as in the opinion of the directors of the Company, the aged analysis does not give additional value in view of the nature of business of money lending.

16. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period range from 60 to 180 days to its trade customers of the travel business. Included in trade and other receivables are trade receivables of approximately HK\$157,042,000 (31 December 2016: HK\$138,791,000) and an aged analysis presented based on the invoice date at the end of reporting period is as follows:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
0 – 30 days	113,037	83,664
31 – 60 days	9,284	9,050
61 – 90 days	6,787	6,749
91 – 180 days	6,482	22,140
181 – 365 days	21,452	17,188
	157,042	138,791

Trade receivables comprise of the gross amounts billed to customers.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Listed equity securities in Hong Kong, held for trading (<i>Note</i>)	8,317	28,354

Note: The fair value was based on the quoted prices of the respective securities in active markets for identical assets.

At 30 June 2017 and 31 December 2016, no financial assets at fair value through profit or loss have been pledged as security.

18. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK\$21,545,000 (31 December 2016: approximately HK\$16,036,000) and an aged analysis presented based on the invoice date at the end of reporting period is as follows:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
0 – 30 days	21,030	15,688
31 – 60 days	172	48
61 – 90 days	156	110
Over 90 days	187	190
	21,545	16,036

The average credit period from trade suppliers of the travel business is 30 days.

19. BANK BORROWINGS

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Secured bank overdrafts	12,462	–
Short term secured bank borrowings, repayable within one year	<u>–</u>	<u>10,426</u>
	<u>12,462</u>	<u>10,426</u>

The Group's secured bank borrowings that contain repayment on demand clauses in the loan agreements:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Repayable within one year	<u>12,462</u>	<u>10,426</u>

The Group's secured bank borrowings are denominated in the functional currency of the relevant group entity. As at 30 June 2017, the bank borrowings carry a fixed interest rate of 5.75% (31 December 2016: variable interest rates ranging from 3.23% to 4.26%) per annum.

20. SHARE CAPITAL OF THE COMPANY

Ordinary shares of HK\$0.01 each	Number of shares	Share capital HK\$'000
Authorised:		
At 1 January 2016, 30 June 2016, 31 December 2016, 1 January 2017 and 30 June 2017	180,000,000,000	1,800,000
Issued and fully paid:		
At 1 January 2016	764,572,350	7,646
Issue of shares upon rights issue (<i>Note a</i>)	1,529,144,700	15,291
At 30 June 2016	2,293,717,050	22,937
Issue of new shares upon subscription (<i>Note b</i>)	1,258,700,000	12,587
At 31 December 2016, 1 January 2017 and 30 June 2017	3,552,417,050	35,524

Notes: (a) On 29 February 2016, the Company completed a rights issue of 1,529,144,700 rights shares at a subscription price of HK\$0.10 per rights share on the basis of two rights shares for every one existing ordinary share of the Company held on 27 January 2016. The net proceeds from the rights issue, after deducting directly attributable costs were approximately HK\$147.2 million. Details of the rights issue were disclosed in the Company's circular dated 24 December 2015, prospectus dated 28 January 2016 and announcements dated 8 October 2015 and 26 February 2016.

(b) On 8 July 2016, the Company completed an issue of a total of 458,700,000 subscription shares under general mandate at the subscription price of HK\$0.10 per subscription share. The net proceeds from the share subscription, after deducting directly attributable costs were approximately HK\$45.8 million. Details of the subscription were set out in the Company's announcements dated 23 June 2016 and 8 July 2016.

On 13 December 2016, the Company completed an issue of a total of 800,000,000 subscription shares under specific mandate at the subscription price of HK\$0.14 per subscription share. The net proceeds from the share subscription, after deducting directly attributable costs were approximately HK\$111.5 million. Details of the subscription were set out in the Company's announcements dated 12 October 2016 and 13 December 2016, and a circular dated 17 November 2016.

21. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted an old share option scheme and terminated it pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2011, and the Company adopted a new share option scheme (“2011 Scheme”) at the same meeting. The purpose of both share option schemes is to enable the Board, at its discretion, to grant options to any eligible participants who include directors and employees as incentives or rewards for their contribution to the Group. Under both schemes, the directors of the Company may grant options to eligible participants, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Under the 2011 Scheme, a share option may be exercised in accordance with the terms of the scheme prior to the expiry of ten years from the date of acceptance.

During the six months ended 30 June 2017, the number of share options in respect of which options had been granted and remained outstanding under the 2011 Scheme was 213,000,000, representing 6.0% of the shares of the Company in issue at the date of grant.

Details of specific categories of options are as follows:

Date of grant	Vesting date	Exercise period	Exercise price
12 May 2017	12 May 2017	12 May 2017 to 11 May 2018	HK\$0.114

The following table discloses movements of the number of the Company’s share options held by the eligible participants during the period:

Category of participants	Outstanding at 1 January 2017	Granted during the period	Outstanding at 30 June 2017
Director	–	35,500,000	35,500,000
Employees	–	177,500,000	177,500,000
	–	213,000,000	213,000,000
Exercisable at the end of the period			213,000,000
Weighted average exercise price (HK\$)	N/A	0.114	0.114

21. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

The estimated fair value of the options granted during the six months ended 30 June 2017 on the date of grant is HK\$4,132,000.

The fair value was calculated using the Binomial model. The inputs into the model were as follows:

Share price	HK\$0.110
Exercise price	HK\$0.114
Expected volatility	48.731%
Expected life	1 year
Risk-free rate	0.63%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price movement over the previous one year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of HK\$4,132,000 for the six months ended 30 June 2017 in relation to share options granted by the Company.

22. PLEDGE OF ASSETS

At 30 June 2017, trade receivables amounting to Singapore Dollar ("SG\$") 26,834,000 (equivalent to approximately HK\$151,899,000) have been pledged to a bank by way of a floating charge. In addition, bank deposits of SG\$220,000 (equivalent to approximately HK\$1,257,000), and other cash collateral included in other receivables of approximately SG\$560,000 (equivalent to approximately HK\$3,170,000) of the Group were pledged to the bank to secure credit facility as at 30 June 2017. The bank has provided banker's guarantee, bank overdrafts and commercial card guarantee to a subsidiary of the Company in an aggregate amount of approximately SG\$7,100,000 (equivalent to approximately HK\$40,191,000) of which the amounts utilised as at 30 June 2017 were approximately SG\$4,126,000 (equivalent to approximately HK\$23,357,000). The banker's guarantee has been given in favour to international airlines.

22. PLEDGE OF ASSETS *(Continued)*

At 31 December 2016, trade receivables amounting to SG\$23,324,000 (equivalent to approximately HK\$124,850,000) had been pledged to the bank by way of a floating charge. In addition, bank deposits of SG\$791,000 (equivalent to approximately HK\$4,230,000), and other cash collateral included in other receivables of approximately SG\$560,000 (equivalent to approximately HK\$2,998,000) of the Group was pledged to the bank to secure credit facility as at 31 December 2016. The bank had provided banker's guarantee, invoice financing and commercial card guarantee to a subsidiary of the Company in an aggregate amount of approximately SG\$6,500,000 (equivalent to approximately HK\$34,793,000) of which the amounts utilised as at 31 December 2016 were approximately SG\$3,840,000 (equivalent to approximately HK\$20,552,000). The banker's guarantees had been given in favour to international airlines.

23. OPERATING LEASES**The Group as lessee**

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Within one year	3,742	3,008
In the second to fifth years inclusive	1,639	1,387
	5,381	4,395

Operating lease payments represent rentals paid or payable by the Group for certain of its office premises and office equipment. Leases are negotiated for lease terms of one to two years (31 December 2016: one to four years).

24. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Short-term employee benefits	390	360
Post-employment benefits	15	14
Equity-settled share-based payment expenses	706	–
	1,111	374

The remuneration of directors and key executives is determined by the remuneration committee having regards to the performance of individuals and market trends.

(b) During the period, the Group entered into the following transactions with related parties:

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Related companies <i>(Note)</i>	1,101	486	2,184	573
Management and administrative income				

Note: Mr. Mung Hon Ting, Jackie, a close family member of Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan, both of them are directors of the Company, and Mr. Mung Kin Keung have beneficial interests in the related companies.

25. EVENT AFTER THE END OF THE REPORTING PERIOD

The Company completed a placing of 710,450,000 ordinary shares on 3 July 2017 at the price of HK\$0.10 per share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing, after deducting the placing commission and other expenses in connection with the placing, are approximately HK\$68.3 million, which are intended to be used for the development of the securities business.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2017, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations, within the meaning of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions

(a) Ordinary shares of HK\$0.01 each of the Company

Name of Director	Capacity	Number of issued ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company <i>(Note 2)</i>
Mr. Mung Kin Keung <i>(Note 1)</i>	Interest of controlled corporation	532,000,000	14.98%
Mr. Mung Bun Man, Alan <i>(Note 1)</i>	Interest of controlled corporation	532,000,000	14.98%
Mr. Tse Ke Li	Beneficial owner	1,150,000	0.03%

Notes:

- (1) These shares were registered in the name of and were beneficially owned by Excellent Mind Investments Limited ("Excellent Mind"), a company is owned as to 60% by Mr. Mung Kin Keung and 40% by Mr. Mung Bun Man, Alan, both of them are executive Directors. Therefore, they are deemed to be interested in all the shares in which Excellent Mind is interested by virtue of the SFO.
- (2) The percentage is calculated on the basis of 3,552,417,050 shares in issue as at 30 June 2017.

(b) Share options

Name of Director	Capacity	Number of share options of the Company held	Number of underlying shares of the Company
Mr. Cheung Kwok Wai, Elton	Beneficial owner	35,500,000	35,500,000

Save as disclosed above, none of the Directors and chief executives of the Company nor their associates had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules as at 30 June 2017.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the shareholders at the annual general meeting held on 19 May 2011, the Company adopted a new share option scheme to replace the share option scheme adopted on 30 April 2002. The principal terms of the share option scheme were disclosed in the Company's 2016 annual report. Details of the movements in the Company's share options during the six months ended 30 June 2017 are set out as follows:

Name of Director	Number of share options				
	Outstanding at 1 January 2017	Granted during the period <i>(Note)</i>	Exercised during the period	Lapsed during the period	Outstanding at 30 June 2017
Directors and chief executive – Mr. Cheung Kwok Wai, Elton	–	35,500,000	–	–	35,500,000
Senior management and employees	–	177,500,000	–	–	177,500,000
Total	–	213,000,000	–	–	213,000,000
Exercisable at the end of the period					213,000,000

Note:

The total 213,000,000 share options were granted on 12 May 2017, with an exercise price of HK\$0.114 and exercise period from 12 May 2017 to 11 May 2018.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 30 June 2017, the register of substantial shareholders/other persons maintained by the Company pursuant to section 336 of the SFO showed that the following shareholders, other than a Director or chief executive of the Company, had notified the Company of relevant interests in the issued share capital of the Company:

Long positions in ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company <i>(Note 3)</i>
China Healthwise Holdings Limited	Beneficial owner	800,000,000	22.52%
Excellent Mind Investments Limited <i>(Note 1)</i>	Beneficial owner	532,000,000	14.98%
Mr. Mung Kin Keung <i>(Note 1)</i>	Held by controlled corporation	532,000,000	14.98%
Mr. Mung Bun Man, Alan <i>(Note 1)</i>	Held by controlled corporation	532,000,000	14.98%
Smart Concept Enterprise Limited <i>(Note 2)</i>	Beneficial owner	358,700,000	10.10%
Mr. Yuen Hoi Po <i>(Note 2)</i>	Held by controlled corporation	358,700,000	10.10%

Notes:

1. These shares are held by Excellent Mind Investments Limited (“Excellent Mind”), which is owned as to 60.00% by Mr. Mung Kin Keung and 40.00% by Mr. Mung Bun Man, Alan, both of them are executive Directors, who are deemed to be interested in all the shares in which Excellent Mind is interested by virtue of the SFO.
2. These shares are held by Smart Concept Enterprise Limited (“Smart Concept”), which is wholly owned by Mr. Yuen Hoi Po, who is deemed to be interested in all the shares in which Smart Concept is interested by virtue of the SFO.
3. The percentage is calculated on the basis of 3,552,417,050 shares in issue as at 30 June 2017.

Save as disclosed above, as at 30 June 2017, the Directors were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company under Section 336 of the SFO.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2017.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the grant of share options to a Director as disclosed under the section headed “Share Option Scheme” above, at no time during the period under review was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

COMPETING INTERESTS

During the six months ended 30 June 2017, none of the Directors, the management shareholders of the Company nor their respective close associates (as defined under the GEM Listing Rules) had any interest in a business which causes or may cause significant competition with the business of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (“CG Code”) as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance.

During the six months ended 30 June 2017, the Company was in compliance with the code provisions set out in the CG Code except for the deviations as explained below:

1. Code provision A.2.1 of the CG Code provides that the roles and responsibilities of chairman and chief executive officer should be divided. The Company has not appointed chief executive officer, and the roles and functions of the chief executive officer have been performed by the four executive Directors collectively.
2. Code provision A.4.1 of the CG Code provides that the non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors are not appointed for a specific term but they are subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company (the “Articles”).

3. Code provision D.1.4 of the CG Code provides 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 Directors (except Mr. Mung Kin Keung). However, the Directors shall be subject to retirement by rotation in accordance with the Articles. In any event, all Directors, including those without a letter of appointment, must retire by rotation in the manner prescribed under the Articles, and on re-election of the retiring Directors, shareholders of the Company are given information that is reasonably necessary for them to make an informed decision on the reappointment of the relevant Directors. In addition, the Directors are 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 Nonexecutive Directors” (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. Besides, the Directors are required to comply with the requirements under statute and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company’s business and governance policies.

Save as those mentioned above, in the opinion of the Directors, the Company has met the code provisions as set out in the CG Code during the six months ended 30 June 2017.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings regarding securities transactions by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. All the Directors have confirmed that they have complied with the required standards as set out in the GEM Listing Rules during the six months ended 30 June 2017.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") currently comprises three independent non-executive Directors, namely Mr. Law Kwok Ho, Kenward (as chairman), Mr. Tsai Yung Chieh, David and Mr. Fung Wai Ching, with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the six months ended 30 June 2017.

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

The Company has not redeemed any of its shares during the six months ended 30 June 2017.

Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the period.

On behalf of the Board

Mung Bun Man, Alan

Executive Director

Hong Kong, 14 August 2017

As at the date of this report, the Board comprises Mr. Cheung Kwok Wai, Elton, Mr. Mung Kin Keung, Mr. Mung Bun Man, Alan and Mr. Tse Ke Li as executive Directors, and Mr. Law Kwok Ho, Kenward, Mr. Tsai Yung Chieh, David and Mr. Fung Wai Ching as independent non-executive Directors.