



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

First Quarterly Report 2018

*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 loss attributable to owners of the Company of HK\$7,087,000 for the three months ended 31 March 2018 (for the three months ended 31 March 2017: HK\$4,346,000), representing basic loss per share of HK0.17 cent (for the three months ended 31 March 2017: HK0.12 cent). Comparing with the corresponding period of last year, the increase in loss attributable to owners of the Company was mainly attributed to (i) the increase in staff costs and other expenses of the financial services business which commenced full operation in the third quarter of 2017; and (ii) the share of loss of a joint venture during the three months ended 31 March 2018.

Revenue and profitability

An analysis of the Group’s revenue for the three months ended 31 March 2018 and 2017 was as follows:

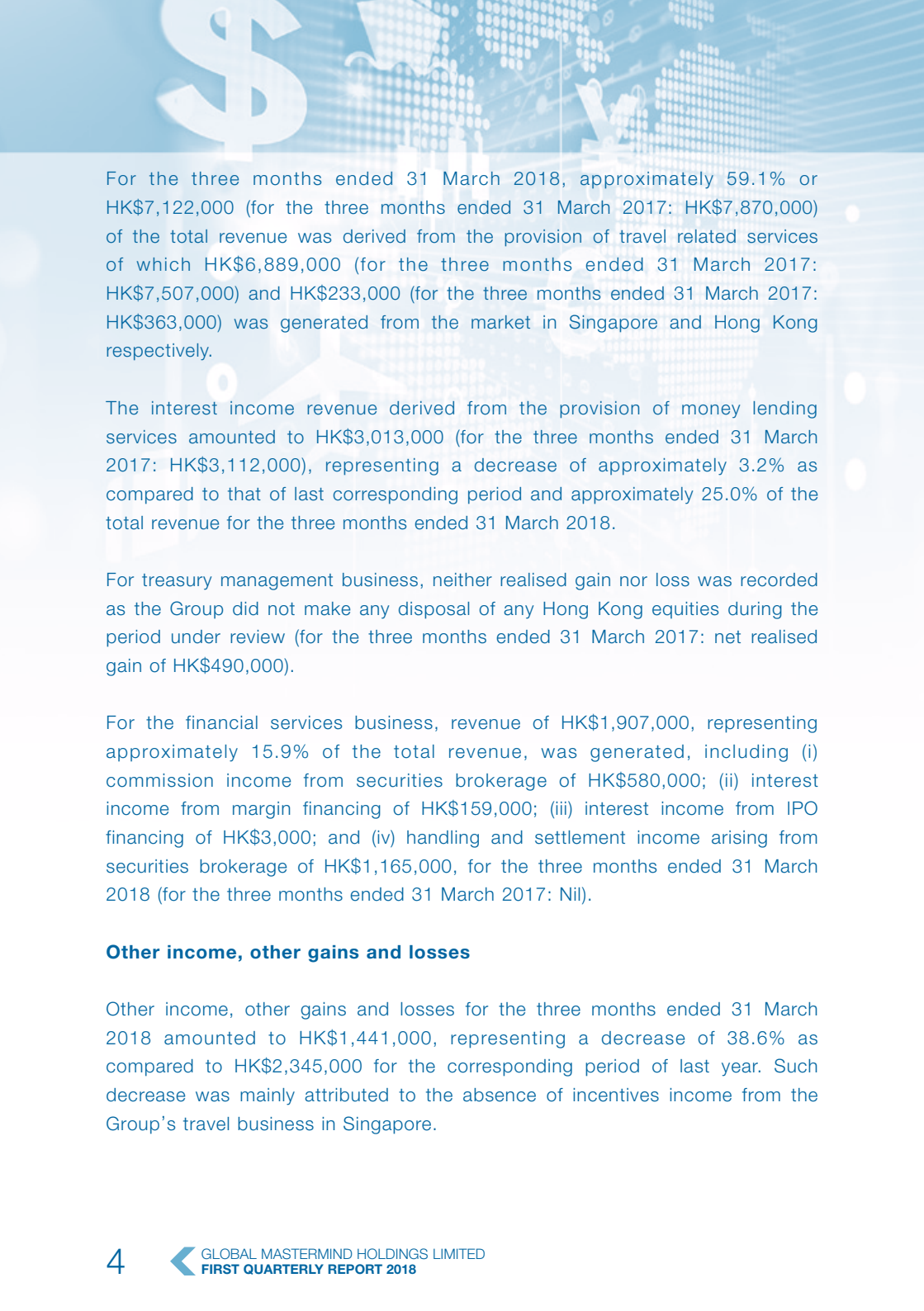
	2018 HK\$’000 (Unaudited)	2017 HK\$’000 (Unaudited)
Service income from provision of travel related services	7,122	7,870
Interest income from money lending business	3,013	3,112
Net realised gain on securities investment	–	490
Revenue derived from financial services business	1,907	–
	12,042	11,472

For the three months ended 31 March 2018, the consolidated revenue of the Group amounted to HK\$12,042,000, comprised of (i) service income from provision of travel related services of HK\$7,122,000 (for the three months ended 31 March 2017: HK\$7,870,000); (ii) interest income from money lending business of HK\$3,013,000 (for the three months ended 31 March 2017: HK\$3,112,000); (iii) net realised gain on securities investment of HK\$Nil (for the three months ended 31 March 2017: net realised gain of HK\$490,000); and (iv) revenue derived from financial services business of HK\$1,907,000 (including commission income from securities brokerage; interest income from margin financing and initial public offering (“IPO”) financing; and handling and settlement income arising from securities brokerage) (for the three months ended 31 March 2017: Nil), representing an increase of approximately 5.0% as compared to HK\$11,472,000 for the three months ended 31 March 2017. The increase was mainly contributed by the financial services business which commenced full operation in the third quarter of 2017.

The revenue arising from travel business consists of agency commission and service income (both from customers and suppliers) generated from the provision of travel related services, including air-tickets, 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 air-tickets, 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 three months ended 31 March 2018, approximately 59.1% or HK\$7,122,000 (for the three months ended 31 March 2017: HK\$7,870,000) of the total revenue was derived from the provision of travel related services of which HK\$6,889,000 (for the three months ended 31 March 2017: HK\$7,507,000) and HK\$233,000 (for the three months ended 31 March 2017: HK\$363,000) 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\$3,013,000 (for the three months ended 31 March 2017: HK\$3,112,000), representing a decrease of approximately 3.2% as compared to that of last corresponding period and approximately 25.0% of the total revenue for the three months ended 31 March 2018.

For treasury management business, neither realised gain nor loss was recorded as the Group did not make any disposal of any Hong Kong equities during the period under review (for the three months ended 31 March 2017: net realised gain of HK\$490,000).

For the financial services business, revenue of HK\$1,907,000, representing approximately 15.9% of the total revenue, was generated, including (i) commission income from securities brokerage of HK\$580,000; (ii) interest income from margin financing of HK\$159,000; (iii) interest income from IPO financing of HK\$3,000; and (iv) handling and settlement income arising from securities brokerage of HK\$1,165,000, for the three months ended 31 March 2018 (for the three months ended 31 March 2017: Nil).

Other income, other gains and losses

Other income, other gains and losses for the three months ended 31 March 2018 amounted to HK\$1,441,000, representing a decrease of 38.6% as compared to HK\$2,345,000 for the corresponding period of last year. Such decrease was mainly attributed to the absence of incentives income from the Group's travel business in Singapore.

Expenditure

For the reporting period, staff costs amounted to HK\$12,004,000 (for the three months ended 31 March 2017: HK\$11,136,000). Depreciation and amortisation expenses amounted to HK\$1,764,000 (for the three months ended 31 March 2017: HK\$3,417,000). Other expenses amounted to HK\$5,854,000 (for the three months ended 31 March 2017: HK\$3,776,000).

The increase in both staff costs and other expenses was mainly due to the increase in manpower and administrative expenses of the financial services business which commenced full operation in the third quarter of 2017.

Finance costs

The finance costs of HK\$200,000 (for the three months ended 31 March 2017: HK\$121,000) was attributed to the interest on bank overdrafts during the reporting period.

Share of loss 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 is entitled to receive a management fee which is equivalent to 90% of the profit before taxation of its Malaysia travel business.

During the three months ended 31 March 2018, the Group shared a loss from the joint venture amounting to HK\$956,000 (for the three months ended 31 March 2017: a profit of HK\$187,000).



BUSINESS REVIEW

Travel business

During the period under review, the performance of the segment in travel business was not satisfactory. Operating under the atmosphere of a slowing global and Singapore domestic economy and fierce competition in the industry exerted pressure on the Group's travel business in Singapore which led to a decrease in the revenue of travel business in Singapore to HK\$6,889,000 for the three months ended 31 March 2018 (for the year ended 31 March 2017: HK\$7,507,000), representing a 8.2% decrease as compared to last corresponding period.

Money lending business

During the reporting period, the Group's money lending business generated interest income on loans of HK\$3,013,000 (for the three months ended 31 March 2017: HK\$3,112,000), representing a slight decrease of 3.2% as compared to that of last period. The decrease was attributable to the decrease in the average monthly balance of loan receivables (excluding accrued interest receivables). The average monthly balance of loan receivables (excluding accrued interest receivables) decreased from HK\$145,570,000 in the three months ended 31 March 2017 to HK\$120,826,000 in the three months ended 31 March 2018. During the period under review, the Group did not grant any new loan to its customers but received prepayment and repayment of loan of HK\$33,725,000 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.

Treasury management business


During the period under review, the Group did not acquire any Hong Kong equities (for the three months ended 31 March 2017: HK\$9,319,000). In addition, the Group did not make any disposal of Hong Kong equities. As such, neither net realised gain nor loss was recorded during the three months ended 31 March 2018 (for the three months ended 31 March 2017: a net realised gain of HK\$490,000). As at 31 March 2018, the Group remeasured its equity portfolio at market prices and recorded an unrealised gain of HK\$659,000 (for the three months ended 31 March 2017: an unrealised gain of HK\$274,000) arising on change in fair value of financial assets at fair value through profit or loss.

Financial services business

During the period under review, the revenue generated from the financial services business was HK\$1,907,000 (for the three months ended 31 March 2017: Nil), including commission income from securities brokerage of HK\$580,000; interest income from margin financing and IPO financing of HK\$159,000 and HK\$3,000 respectively; and handling and settlement income arising from securities business of HK\$1,165,000.

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 market, 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 Group will put more efforts to further expand this business segment. Despite the management expects that a growth will be recorded in this segment in 2018, a more cautious approach has been adopted by the management during their assessment and approval of new loans in order to mitigate its credit risk.

For the financial services business, the Group will exert more marketing efforts by allocating more resources to promote our services to the customers, in order to increase and broaden the income stream in the future.

EVENTS AFTER THE REPORTING PERIOD

On 8 May 2018, Global Mastermind Futures Limited, an indirect wholly-owned subsidiary of the Company, was granted a licence to carry on Type 2 (dealing in futures contracts) regulated activity under the Securities and Futures Ordinance.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 31 March 2018 and up to the date of this report.

REPORT ON REVIEW OF QUARTERLY FINANCIAL INFORMATION

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF GLOBAL MASTERMIND HOLDINGS LIMITED

INTRODUCTION

We have reviewed the quarterly financial information set out on pages 11 to 21, which comprises the condensed consolidated statement of profit or loss and other comprehensive income for the three months ended 31 March 2018, a summary of significant accounting policies and certain explanatory notes. The directors are responsible for the preparation and presentation of this quarterly financial information in accordance with the basis set out in note 1. Our responsibility is to express a conclusion on this quarterly financial information based on our review, and to report our conclusion 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.



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 quarterly financial information consists of making enquiries, 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 quarterly financial information are not prepared, in all material respects, in accordance with the basis of the preparation as set out in note 1 to the quarterly financial information.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

14 May 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2018

		Three months ended 31 March	
	<i>NOTES</i>	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Service income from provision of travel related services		7,122	7,870
Interest income from money lending business	3	3,013	3,112
Commission income from securities brokerage		580	–
Interest income from margin financing		159	–
Interest income from initial public offering financing		3	–
Handling and settlement income arising from securities brokerage		1,165	–
Net realised gain on securities investment	4	–	490
Net unrealised gain on securities investment	4	659	274
Other income, other gains and losses	5	1,441	2,345
Staff costs		(12,004)	(11,136)
Depreciation and amortisation expenses		(1,764)	(3,417)
Other expenses		(5,854)	(3,776)
Finance costs	6	(200)	(121)
Share of (loss) profit of a joint venture		(956)	187

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

FOR THE THREE MONTHS ENDED 31 MARCH 2018

		Three months ended 31 March	
	NOTE	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Loss before tax		(6,636)	(4,172)
Income tax	7	(451)	(174)
Loss for the period		(7,087)	(4,346)
Other comprehensive income for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of a subsidiary		3,163	5,825
Share of exchange difference of a joint venture		716	219
Total comprehensive (expense) income for the period		(3,208)	1,698

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

FOR THE THREE MONTHS ENDED 31 MARCH 2018

		Three months ended 31 March	
	<i>NOTE</i>	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Loss for the period attributable to owners of the Company		(7,087)	(4,346)
Total comprehensive (expense) income attributable to owners of the Company		(3,208)	1,698
Loss per share (HK cents)			
Basic	<i>8</i>	(0.17)	(0.12)
Diluted	<i>8</i>	(0.17)	N/A

NOTES TO THE QUARTERLY FINANCIAL INFORMATION

FOR THE THREE MONTHS ENDED 31 MARCH 2018

1. BASIS OF PREPARATION

The quarterly financial information has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited. The quarterly financial information does not include all the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017.

The principal accounting policies applied in preparing this quarterly financial information are set out in note 2.

2. PRINCIPAL ACCOUNTING POLICIES

The amounts included in this quarterly financial information have been computed in accordance with HKFRSs issued by the HKICPA applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs.

The accounting policies used in the quarterly financial information for the three months ended 31 March 2018 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

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

2. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

In the current period, the Group has applied for the first time in current year the following new and amendments to HKFRSs issued by the HKICPA.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 1 and HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 “Financial Instruments” with HKFRS 4 “Insurance Contracts”
Amendments to HKAS 40	Transfers of Investment Property

The application of the new and amendments to HKFRSs in the current period has had no material impact on the financial performance for the current and prior periods and/or disclosures set out in the quarterly financial information.

3. **INTEREST INCOME FROM MONEY LENDING BUSINESS**

The Group generated income of HK\$3,013,000 during the three months ended 31 March 2018 (for the three months ended 31 March 2017: HK\$3,112,000) from money lending business.

4. NET GAIN ON SECURITIES INVESTMENT

Net realised gain or loss on securities investment represents the proceeds from sale of financial assets at fair value through profit or loss less the carrying amounts of respective financial assets measured at fair value at the end of last financial year, and the dividend income when the Group's right to receive the dividends is established. Net unrealised gain or loss represents the remaining fair value changes on the financial assets at fair value through profit or loss.

	Three months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Net realised gain on financial assets at fair value through profit or loss:		
Proceeds from sale of financial assets at fair value through profit or loss	–	24,664
Carrying amount of financial assets at fair value through profit or loss	–	(24,174)
	–	490
Net unrealised gain on financial assets at fair value through profit or loss	659	274
	659	764

5. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Management and administrative income	1,117	1,083
Employment credits from government grant	143	31
Commercial credit and rebate	119	125
Interest income	58	58
Net exchange (loss) gain	(5)	89
Incentives income	–	958
Others	9	1
	1,441	2,345

6. FINANCE COSTS

	Three months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Interest on short term bank borrowings	–	54
Interest on bank overdrafts	200	67
	200	121

7. INCOME TAX

	Three months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
The tax charge comprises:		
Hong Kong Profits Tax – current tax	(451)	(512)
Deferred taxation – current period	–	338
	(451)	(174)

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

Singapore Corporate Income Tax is calculated at 17% in accordance with the relevant laws and regulations in Singapore. No provision for Singapore Corporate Income Tax has been made as the subsidiary operating in Singapore had no assessable profit for both periods.

8. LOSS PER SHARE

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

	Three months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	(7,087)	(4,346)

Number of shares

Weighted average number of ordinary shares for the purposes of basic and diluted loss per share

	Three months ended 31 March	
	2018 '000 (Unaudited)	2017 '000 (Unaudited)
	4,262,867	3,552,417

The computation of diluted loss per share for the three months ended 31 March 2018 does not assume the conversion of the Company's outstanding share options as at 31 March 2018 since their assumed exercise would result in a decrease in loss per share.

Diluted loss per share for the three months ended 31 March 2017 are not presented as there were no dilutive potential ordinary shares in issue during the period.

9. INTERIM DIVIDEND

No dividend was paid, declared or proposed during the three months ended 31 March 2018 (for the three months ended 31 March 2017: nil), nor has any dividend been proposed since the end of the reporting periods.

10. SHARE CAPITAL, SHARE PREMIUM AND RESERVES

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2018 (audited)	42,629	920,537	32,589	10,840	(17,353)	(321,186)	668,056
Loss for the period	-	-	-	-	-	(7,087)	(7,087)
Exchange differences arising on translation of a subsidiary	-	-	-	-	3,163	-	3,163
Share of exchange difference of a joint venture	-	-	-	-	716	-	716
Total comprehensive income (expense) for the period	-	-	-	-	3,879	(7,087)	(3,208)
At 31 March 2018 (unaudited)	42,629	920,537	32,589	10,840	(13,474)	(328,273)	664,848
At 1 January 2017 (audited)	35,524	859,253	32,589	-	(32,258)	(292,737)	602,371
Loss for the period	-	-	-	-	-	(4,346)	(4,346)
Exchange differences arising on translation of a subsidiary	-	-	-	-	5,825	-	5,825
Share of exchange difference of a joint venture	-	-	-	-	219	-	219
Total comprehensive income (expense) for the period	-	-	-	-	6,044	(4,346)	1,698
At 31 March 2017 (unaudited)	35,524	859,253	32,589	-	(26,214)	(297,083)	604,069

11. 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 options scheme at the same meeting. The purpose of both share option schemes is to enable the board of directors of the Company, 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 option 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. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

The exercise price is determined by the directors of the Company, and is not less than the higher of (i) the closing price of the Company's shares on the date of grant; and (ii) the average closing price of the shares for the five business days immediately preceding the date of grant.

During the year ended 31 December 2017, the number of share options in respect of which options had been granted and remained outstanding under the option scheme was 468,600,000 which included 213,000,000 granted on 12 May 2017 and 255,600,000 granted on 5 September 2017, representing 6% and 6% of the shares of the Company in issue at the respective dates of grant. The above share options were vested immediately at the date of grant.

The above share options of 468,600,000 remained outstanding as at 31 December 2017 and 31 March 2018. No share options were granted or exercised for the three month period ended 31 March 2018.

12. 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:

	Three months ended 31 March	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Short-term employee benefits	195	195
Post-employment benefits	8	8
	203	203

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 material transactions with related parties:

Relationship	Nature of transaction	Three months ended 31 March	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Related companies (Note)	Management and administrative income	1,117	1,083
	Secretarial fee and other office expenses	34	100

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.

OTHER INFORMATION

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

As at 31 March 2018, the interests and short positions of the Directors and chief executives of the Company and their associates 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	12.48%
Mr. Mung Bun Man, Alan <i>(Note 1)</i>	Interest of controlled corporation	532,000,000	12.48%
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 4,262,867,050 shares in issued as at 31 March 2018.

(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	42,600,000	42,600,000

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 31 March 2018.

SHARE OPTION SCHEME

Pursuant to a special resolution passed at the annual general meeting held on 19 May 2011, a new share option scheme (“**Option Scheme**”) was adopted for the purpose of providing incentive to eligible participants who contribute to the success of the Group’s operation. Unless otherwise cancelled or amended, the expiry date of the Option Scheme will be on 18 May 2021. Details of movements in the Company’s share options during the three months ended 31 March 2018 are set out as follows:

Share options type (Note)	Number of share options				
	Outstanding at 1 January 2018	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31 March 2018
Directors and chief executive – Mr. Cheung Kwok Wai, Elton					
2017A	35,500,000	–	–	–	35,500,000
2017B	7,100,000	–	–	–	7,100,000
Total directors and chief executive	42,600,000	–	–	–	42,600,000
Senior management and employees					
2017A	177,500,000	–	–	–	177,500,000
2017B	248,500,000	–	–	–	248,500,000
Total senior management and employees	426,000,000	–	–	–	426,000,000
Total	468,600,000	–	–	–	468,600,000
Exercisable at the end of the period					468,600,000

Note:

Share options type	Date of grant	Exercise period	Exercise price
2017A	12 May 2017	12 May 2017 to 11 May 2018	HK\$0.114
2017B	5 September 2017	5 September 2017 to 4 September 2018	HK\$0.136

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

As at 31 March 2018, 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 <i>(Note 1)</i>	Beneficial owner and held by controlled corporation	1,020,000,000	23.93%
Excellent Mind Investments Limited <i>(Note 2)</i>	Beneficial owner	532,000,000	12.48%

Notes:

1. China Healthwise Holdings Limited (“China Healthwise”), a company incorporated in the Caymans Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 348) is interested in 800,000,000 shares. Adding the 220,000,000 shares of the Company held by Future Empire Limited (a wholly-owned subsidiary of China Healthwise), China Healthwise is deemed to be interested in 1,020,000,000 shares by virtue of the SFO.
2. These shares are held by Excellent Mind Investments Limited (“Excellent Mind”), which is owned as to 60% by Mr. Mung Kin Keung and 40% 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.
3. The percentage is calculated on the basis of 4,262,867,050 shares in issue as at 31 March 2018.

Save as disclosed above, as at 31 March 2018, 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.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the grant of share options to the Directors 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.

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 three months ended 31 March 2018.

COMPETING INTERESTS

Mr. Cheung Kwok Wai, Elton, the Chairman and an executive Director, has an indirect interest in approximately 5.54% of the issued share of and is an executive director of Eternity Investment Limited (stock code: 764), a company incorporated in Bermuda with limited liability and its issued shares are listed on the Main Board of the Stock Exchange engaging in sale of financial assets, property investment, money lending, design and sale of jewelry products, which competes with the Group’s money lending business.

Saved for the disclosed above, during the period under review, neither the Directors, the management shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interests in a business which competes or may compete with the business of the Group.

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

During the three months ended 31 March 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board

Cheung Kwok Wai, Elton

Chairman

Hong Kong, 14 May 2018

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.