KIRIN GROUP HOLDINGS LIMITED
麒麟集團控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 8109)

2018
Third Quarterly Report

A Step Forward, A Leap for Life

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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This report, for which the directors (the "Directors") of Kirin Group 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 (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.

THIRD QUARTERLY RESULTS

The board of directors (the "Board") of Kirin Group Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and nine months ended 31 March 2018 together with the comparative unaudited condensed consolidated figures for the corresponding periods in 2017, as set out below:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2018

		Three months ended 31 March		Nine months ended 31 March	
		2018	2017	**2018**	2017
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Continuing operations					
Revenue	3	**10,674**	24,036	**30,404**	50,416
Cost of sales and services		**(2,163)**	(18,179)	**(8,038)**	(33,334)
Other income		**5**	38	**64**	263
Gain on disposal of available-for-sale financial assets		**209**	–	**209**	–
Distribution costs		**(2,757)**	(1,554)	**(10,695)**	(12,716)
Share of loss of a joint venture		**–**	–	**–**	(3)
Share of loss of an associate		**(15)**	–	**(144)**	–
Administrative and other expenses		**(13,648)**	(10,736)	**(40,561)**	(37,716)
Finance cost		**(7,156)**	(5,907)	**(21,948)**	(14,944)
Loss before taxation		**(14,851)**	(12,302)	**(50,709)**	(48,034)
Taxation	4	**(114)**	(346)	**(236)**	(1,308)
Loss for the period		**(14,965)**	(12,648)	**(50,945)**	(49,342)
Discontinued operation					
(Loss) profit for the period from discontinued operation	5	**–**	(1,941)	**22,363**	(2,045)
Loss for the period		**(14,965)**	(14,589)	**(28,582)**	(51,387)

	Notes	Three months ended 31 March **2018** **RMB'000** **(unaudited)**	Three months ended 31 March 2017 *RMB'000* (unaudited and restated)	Nine months ended 31 March **2018** **RMB'000** **(unaudited)**	Nine months ended 31 March 2017 *RMB'000* (unaudited and restated)
Other comprehensive (expense) income:					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising from translation of financial statements of foreign operation		**(6,577)**	(1,426)	**(10,829)**	2,631
Share of other comprehensive expense of an associate		**(297)**	–	**(322)**	–
Exchange reserve released upon disposal of subsidiaries		**–**	–	**(9,803)**	–
		(6,874)	(1,426)	**(20,954)**	2,631
Total comprehensive expense for the period		**(21,839)**	(16,015)	**(49,536)**	(48,756)
Loss for the period attributable to:					
Owners of the Company		**(14,948)**	(14,306)	**(27,904)**	(50,294)
Non-controlling interests		**(17)**	(283)	**(678)**	(1,093)
		(14,965)	(14,589)	**(28,582)**	(51,387)

	Notes	Three months ended 31 March		Nine months ended 31 March	
		2018	2017	**2018**	2017
		RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited and restated)
Total comprehensive expense for the period attributable to:					
Equity shareholders of the Company					
– continuing operations		**(21,822)**	(13,796)	**(70,919)**	(45,543)
– discontinued operation		**–**	(1,941)	**22,363**	(2,045)
		(21,822)	(15,737)	**(48,556)**	(47,588)
Non-controlling interests					
– continuing operations		**(17)**	(278)	**(980)**	(1,168)
		(21,839)	(16,015)	**(49,536)**	(48,756)
		RMB	*RMB* (Restated)	***RMB***	*RMB* (Restated)
Loss per share					
From continuing and discontinued operations					
Basic and diluted	7	**(0.34 cents)**	(1.03 cents)	**(0.7 cents)**	(3.62 cents)
From continuing operations					
Basic and diluted		**(0.34 cents)**	(0.89 cents)	**(1.26 cents)**	(3.47 cents)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kirin Group Holdings Limited (the "Company") is a public limited company domiciled and incorporated in Bermuda and its shares are listed on the GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at 23/F., Sang Woo Building, No. 227–228 Gloucester Road, Wan Chai, Hong Kong.

The condensed consolidated financial statements are presented in Renminbi ("RMB") which is different the functional currency of the Company, Hong Kong dollars ("HK$"), as the directors of the Company consider that RMB is the most appropriate presentation currency in view of the convenience of the condensed consolidated financial statements users.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the three months and nine months ended 31 March 2018 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), the collective terms of which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. The unaudited condensed consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules"). The unaudited condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2017.

The Group has not early applied any new standard, amendment or interpretation that has been issued but is not yet effective for the current accounting period.

The Directors anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) that may affect the Group are described as follows:

- All recognised financial assets that are within the scope of HKFRS 9 (2014) to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income,with only dividend income generally recognised in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The Directors have performed a preliminary analysis of the Group's financial instruments as at 31 March 2018 based on the fact and circumstances existing at that date. The Directors have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures,as follows:

(a) Classification and measurement

For the available-for-sale equity investments that are not held for trading and are currently stated at cost less impairment, the Group has made an irrevocable election to present in other comprehensive income the changes in fair value.

(b) Impairment

The Directors expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its available-for-sale investments, loan and interest receivables and trade receivables. The application of the expected credit loss model may result in earlier recognition of credit losses for available-for-sale investments, loan and interest receivables and trade receivables and increase the amount of impairment allowance recognised for these items.

The Directors will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the Directors expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps areas follows:

(i) Identify the contract with the customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 11 Construction Contracts, HKAS 18 Revenue and the related Interpretations when it become effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The major sources of revenue of the Group are provision of insurance brokerage service, assets management and securities brokerage service, money lending service, information technology service and sales of livestocks. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good or service is transferred to a customer. The Directors have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 Revenue. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the Directors expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 31 March 2018.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related Interpretations when it becomes effective.

HKFRS 16 will become effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of approximately RMB7,009,000. The operating leases with original lease terms of over one year in which the Group will recognise right-of-use assets and corresponding lease liabilities unless they are exempt from the reporting obligations under HKFRS 16. The Directors expect that, apart from the changes in the measurement, presentation and disclosure as indicated above, the adoption of HKFRS 16 will not have other material impact on amounts in the Group's consolidated financial statements.

The unaudited condensed consolidated financial statements have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

3. REVENUE AND SEGMENTS INFORMATION

An operating segment regarding the energy saving service and sale of related products business was discontinued during the nine months ended 31 March 2018 as a result of disposal of Easy Union Holdings Limited ("Easy Union") and Huntop Trading Limited ("Huntop"), details of which are set out in note 5.

Information reported to the board of directors, being the chief operating decision maker, for the purposes of resource allocation and performance assessment. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group. The Group is principally engaged in provision of insurance brokerage services, assets management and securities brokerage services, money lending services, information technology services and sales of livestocks. Specifically, the Group's reportable segments same as operating under HKFRS 8 are as follows:

(a) Insurance brokerage and related services;

(b) Assets management and securities brokerage services;

(c) Money lending services;

(d) Information technology services; and

(e) Sales of livestocks.

An analysis of the Group's revenue is as follows:

	Three months ended 31 March		**Nine months ended 31 March**	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited and restated)	**(Unaudited)**	(Unaudited and restated)
Insurance brokerage and related service income	**4,825**	19,232	**15,632**	37,824
Money lending service income	**3,568**	3,433	**9,870**	8,369
Information technology service income	**2,281**	1,371	**4,730**	4,223
Sales of livestocks income	**–**	–	**172**	–
	10,674	24,036	**30,404**	50,416

4. TAXATION

(i) Overseas income tax

The Company is incorporated in Bermuda and is exempted from taxation in Bermuda. The Company's subsidiaries established in the British Virgin Islands ("BVI") are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from the British Virgin Islands income taxes. The Company's subsidiary established in the Republic of Seychelles is exempted from payment of the Republic of Seychelles income tax.

(ii) The Philippines income tax

Upon incorporation, Cagayan Economic Zone Authority ("CEZA") approved the registration of Red Rabbit International Technology, Inc ("Red Rabbit") as an Econzone Export Enterprise for its business activities. Under the terms of its registration, Red Rabbit is entitled to certain incentives such as exemption in Value-Added Tax. Business establishments operating within the said economic zone shall be entitled to the existing fiscal incentives as provided for under Presidential Decree No. 66, the law creating the Export Processing Zone Authority, or those provided under Book VI of Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987. In lieu of paying national and local taxes, it shall pay 5% special tax rate on gross income earned as defined under Republic Act No. 7922, the law creating CEZA.

The provision for current income tax represents the income tax computed at the special tax rate of 5% applicable to CEZA registered enterprises.

(iii) The People's Republic of China (the "PRC") enterprise income tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

(iv) Hong Kong profits tax

The provision for Hong Kong profits tax is calculated at the rate of 16.5% (2017: 16.5%) of the estimated assessable profits for the period.

5. DISCONTINUED OPERATION

On 31 October 2017, the Group completed to dispose the entire equity interest in Easy Union and Huntop, which carried out all of the Group's energy saving service and sale of related products. The disposal was completed on 31 October 2017. Its results are presented in the condensed consolidated financial statements as a discontinued operation.

The profit for the period from the discontinued operation is analysed as follows:

	1/7/2017–31/10/2017 *RMB'000* **(Unaudited)**	1/7/2016–31/3/2017 *RMB'000* (Unaudited)
Profit (loss) for the period	**716**	(2,045)
Gain on disposal of Easy Union and Huntop *(Note 6)*	**21,647**	–
	22,363	(2,045)

The results of the energy saving service and sale of related products business for the period from 1 July 2017 to 31 October 2017, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	1/7/2017–31/10/2017 *RMB'000* **(Unaudited)**	1/7/2016–31/3/2017 *RMB'000* (Unaudited)
Revenue	**2,668**	4,812
Cost of sales	**(2,495)**	(4,360)
Other income	**630**	–
Distribution costs	**(12)**	(101)
Administrative and other expenses	**(75)**	(2,396)
Profit (loss) for the period from discontinued operation	**716**	(2,045)

6. DISPOSAL OF SUBSIDIARIES

On 31 October 2017, the Group completed the disposal of the entire equity interest in Easy Union and Huntop, which carried out all of the Group's energy saving service and sale of related products at a cash consideration of approximately RMB1,018,000. The transaction was completed on 31 October 2017.

The assets and liabilities of Easy Union and Huntop at the date of disposal were as follows:

	Easy Union	**Huntop**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Plant and equipment	10	–	10
Trade and other receivables	4,660	1,617	6,277
Bank balances and cash	1,358	289	1,647
Trade and other payables	(10,081)	(8,679)	(18,760)
Net liabilities disposal of			(10,826)
Exchange reserve release upon disposal			(9,803)
Gain on disposal of subsidiaries			21,647
Total consideration			1,018
Satisfied by cash			1,018

7. LOSS PER SHARE

For continuing and discontinued operations

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

	Three months ended		Nine months ended	
	31/3/2018	31/3/2017	**31/3/2018**	31/3/2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited and restated)	**(Unaudited)**	(Unaudited and restated)
Loss for the period attributable to the owners of the Company	**(14,918)**	(14,306)	**(27,904)**	(50,294)
	'000	*'000*	***'000***	*'000*
		(Restated)		(Restated)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,433,685**	1,390,960	**3,989,491**	1,390,960

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the nine months ended 31 March 2018 (2017: nil).

The comparative figures for the basic loss per share for the three months and nine months ended 31 March 2018 have been restated to take into account of the effect of the rights issue completed during the period ended 31 March 2018 as if they had been taken place since the beginning of the comparative period.

For continuing operations

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

	Three months ended		Nine months ended	
	31/3/2018	31/3/2017	**31/3/2018**	31/3/2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited and restated)	**(Unaudited)**	(Unaudited and restated)
Loss for the period attributable to the owners of the Company	**(14,918)**	(14,306)	**(27,904)**	(50,294)
Less: (profit) loss for the period from discontinued operation	**–**	1,941	**(22,363)**	2,045
Loss for the purpose of basic and diluted loss per share from continuing operations	**(14,918)**	(12,365)	**(50,267)**	(48,249)

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

For discontinued operation

Basic and diluted earnings per share for the discontinued operation for the nine months ended 31 March 2018 is RMB0.56 cent (31 March 2017: loss of approximately RMB0.15 cent per share), based on profit of approximately RMB22,363,000 for the period attributable to the owners of the Company from the discontinued operation for the period ended 31 March 2018 (31 March 2017: loss of approximately RMB2,045,000) and the denominators used are the same as those detailed above for both basic and diluted earnings per share.

Diluted earnings (loss) per share was the same as the basic earnings (loss) per share for both continuing and discontinued operations as there were no potential dilutive ordinary shares outstanding during the nine months ended 31 March 2018 and 2017.

8. RESERVES

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 March 2018

	Share capital RMB'000	Share premium RMB'000	Translation reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-Controlling interests RMB'000	Total equity RMB'000
At 1 July 2016 (Audited)	53,148	220,709	10,509	–	(181,491)	102,875	1,792	104,667
Loss for the period	–	–	–	–	(50,294)	(50,294)	(1,093)	(51,387)
Exchange difference arising from translation of financial statements of foreign operations	–	–	2,706	–	–	2,706	(75)	2,631
Total comprehensive income/(expense) for the period	–	–	2,706	–	(50,294)	(47,588)	(1,168)	(48,756)
Acquisition of additional interest in a subsidiary (note)	–	–	–	95	–	95	(498)	(403)
At 31 March 2017 (Unaudited)	53,148	220,709	13,215	95	(231,785)	55,382	126	55,508
At 1 July 2017 (Audited)	**53,148**	**220,709**	**12,480**	**26**	**(267,937)**	**18,426**	**582**	**19,008**
Loss for the period	**–**	**–**	**–**	**–**	**(27,904)**	**(27,904)**	**(678)**	**(28,582)**
Exchange difference arising from translation of financial statements of foreign operations	**–**	**–**	**(10,527)**	**–**	**–**	**(10,527)**	**(302)**	**(10,829)**
Share of other comprehensive expense of an associate	**–**	**–**	**(322)**	**–**	**–**	**(322)**	**–**	**(322)**
Exchange reserve released upon disposal of subsidiaries	**–**	**–**	**(9,803)**	**–**	**–**	**(9,803)**	**–**	**(9,803)**
Total comprehensive expense for the period	**–**	**–**	**(20,652)**	**–**	**(27,904)**	**(48,556)**	**(980)**	**(49,536)**
Issue of shares, under the right issue net of expenses	**134,894**	**51,126**	**–**	**–**	**–**	**186,020**	**–**	**186,020**
At 31 March 2018 (Unaudited)	**188,042**	**271,835**	**(8,172)**	**26**	**(295,841)**	**155,890**	**(398)**	**155,492**

Note: On 21 November 2016, the Group further acquired 30% equity interest in Kirin Wealth Management Limited ("KWM") at a cash consideration of RMB403,000 (equivalent to HK$450,000). After the acquisition, the Group indirectly holds 75% equity interest of KWM. KWM is principally engaged in provision of insurance brokerage and related services in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company acts as an investment holding company and the Group was principally engaged in (a) the provision of energy saving solutions and the sale of related products in Mainland China (discontinued on 31 October 2017); (b) the provision of insurance brokerage and related services in Hong Kong; (c) the provision of asset management services in Hong Kong; (d) the provision of money lending services in Hong Kong; (e) the provision of information technology services in the Philippines; and (f) livestocks business in Mainland China during the nine months ended 31 March 2018.

Business Review

Provision of energy saving solutions and the sale of related products

The performance of energy saving business was significantly influenced by the competitive price of crude oil and the continuous decline in real estate sales in Mainland China. Given the poor performance of the energy saving business, the Company disposed two subsidiaries which were engaged in the provision of energy saving solutions and sale of energy saving products on 31 October 2017.

Provision of insurance brokerage and related services

The turnover decreased by 58.7% to approximately RMB15,632,000 for the nine months ended 31 March 2018. The decrease in turnover was mainly due to increasing market competition of insurance industry in Hong Kong during recent years, which has led to the slow down of our insurance brokerage business during the period.

The Company has currently identified several overseas markets including but not limited to Japan, the Philippines and Thailand for the geographical expansion of its business.

Asset management services

The Company expanded into the business of asset management service as part of its plan to transform itself into a financial conglomerate. This new segment did not have any revenue for the nine months ended 31 March 2018 as it was still in a setting up stage.

Money lending business

Benefited from its successful marketing campaign, the turnover increased by 17.9% to approximately RMB9,870,000 for the nine months ended 31 March 2018. The Company will continue with its marketing campaign so as to obtain further market share in the money lending industry.

Livestocks business

The Group is constantly exploring opportunities in the diversification of business risk with a view to maximising returns to the Group and the shareholders of the Company as a whole in the long run. As part of the Company's diversification plan, the Company has expanded into the industry of livestocks business through developing the farms in Mainland China. The livestocks business commenced in the second half of 2017. The segment revenue was approximately RMB172,000 for the nine months ended 31 March 2018.

Information technology service

The information technology service business mainly includes the provision of online gaming platforms and software applications in the Philippines. The segment revenue increased from approximately RMB4,223,000 for the nine months ended 31 March 2017 to RMB4,730,000 for the nine months ended 31 March 2018. The increase is mainly attributable to the increase in number of customers.

Financial Review

During the nine months ended 31 March 2018, the Group's turnover was approximately RMB30,404,000, representing a decrease of 39.7% as compared to the same period in the previous year (31 March 2017: approximately RMB50,416,000). The decrease is mainly attributable to the decrease in turnover of insurance brokerage business.

Distribution costs for the nine months ended 31 March 2018 was approximately RMB10,695,000 (31 March 2017: approximately RMB12,716,000). The decrease was mainly due to decreased marketing and promotion expenses incurred for the business of insurance brokerage services.

Administrative expenses for the nine months ended 31 March 2018 was approximately RMB40,561,000, representing an increase of approximately RMB2,845,000 as compared to the same period in 2017 (31 March 2017: approximately RMB37,716,000). The increase was mainly due to increase in salaries, operating lease rental of premises, travelling and entertainment expenses.

The Group recorded a loss of approximately RMB28,582,000 for the nine months ended 31 March 2018, representing a decrease of 44.4% as compared to the same period in the previous year (31 March 2017: approximately RMB51,387,000). The decrease in loss is mainly attributable to the profit of approximately RMB22.4 million from the disposal of discontinued operation.

Prospects

The Group is principally engaged in (i) provision of energy saving solutions and related services in the PRC; (ii) insurance brokerage and related service in Hong Kong; (iii) money lending business in Hong Kong; (iv) provision of information technology service in the Philippines; and (v) assets management services in Hong Kong and (vi) sales of live stocks in PRC during the nine months ended 31 March 2018.

Looking forward, the Group will minimise capital expenditure and cut unnecessary costs. The management of the Group is committed to looking for business opportunities that would generate long-term returns to the shareholders of the Company.

Capital Structure

Details of the capital structure of the Company are set out in note 8 to the unaudited condensed consolidated statements.

DIVIDENDS

The directors do not recommend the payment of any dividend for the nine months ended 31 March 2018 (2017 Nil).

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference, for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The unaudited financial results for the nine months ended 31 March 2018 have been reviewed by the Audit Committee which was of the opinion that the preparation of such financial results complied with the applicable accounting standards and requirements and adequate disclosure have been made.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at the 31 March 2018, none of the directors nor chief executives of the Company and their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the GEM Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

As at 31 March 2018, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

As at 31 March 2018, so far as was known to the Directors, the following persons (other than the Directors or chief executives of the Company as disclosed herein) had interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long Position in the shares

Name of Shareholder	Capacity	Number of shares interested	Approx. % to the issued share capital
Button Hill Limited *(Note 1)*	Beneficial owner	759,740,835	17.14%
Sino Ahead Holdings Limited *(Note 2)*	Interest in a controlled corporation	759,740,835	17.14%
Mr. Hui Chi Kwan *(Note 2)*	Interest in a controlled corporation	759,740,835	17.14%

Notes:

1. The interest disclosed represents the corporate interest in 759,740,835 shares held by Button Hill Limited and Button Hill Limited is wholly owned by Sino Ahead Holdings Limited.

2. The interest disclosed represents the corporate interest in 759,740,835 shares held by Sino Ahead Holdings Limited which is wholly owned by Mr. Hui Chi Kwan.

Save as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company at 31 March 2018.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") pursuant to a resolution passed by the shareholders on 5 November 2010. Under the Scheme, the Board may grant share options to the eligible persons to subscribe for such number of shares during such period of time as the Board may determine.

As at 31 March 2018, none of the Directors, employees and other eligible persons of the Company or its subsidiaries were granted options to subscribe for the shares of the Company.

MAJOR EVENTS DURING THE PERIOD

Capital Raising

(a) Increase in authorised share capital

Pursuant to an ordinary resolution passed at a special general meeting of the Company on 6 July 2017, the shareholders of the Company have approved the increase in authorised share capital of the Company from HK$150,000,000 (divided into 3,000,000,000 shares of a par value of HK$0.05 per share) to HK$500,000,000 (divided into 10,000,000,000 shares of a par value of HK$0.05 per share) by the creation of an additional 7,000,000,000 unissued shares that rank pari passu with all existing shares. Details are set out in the announcement and circular dated 16 May 2017 and 16 June 2017 respectively.

(b) Issue of shares under rights issue

On 10 August 2017, the Company issued and allotted 3,166,918,125 rights shares at a price of HK$0.07 per rights share on the basis of five rights shares for every two existing shares to subscribers for gross proceeds of HK$218,359,000. The difference of HK$60,013,000 (equivalent to approximately RMB51,126,000) between the gross proceeds of HK$218,359,000 and the par value of shares issued of HK$158,346,000 (equivalent to approximately RMB134,894,000) has been credited to the share premium account of the Company. Details are set out in the announcement and circular dated 16 May 2017 and 16 June 2017 respectively.

All new ordinary shares issued during the year rank pari passu in all respects with the existing shares.

Acquisitions

On 6 April 2016, the Company entered into a non-legally binding memorandum of understanding with an independent third party and paid the refundable deposit of HK$5,630,000 (equivalent to approximately RMB5,737,000) for the acquisition of a business, which is principally engaged in provision of transportation service in Philippines. The Company further entered into a formal agreement for sale and purchase with the same independent third party to finalise this acquisition, this aforesaid acquisition was completed on 1 September 2017.

On 13 September 2016, the Group entered into a non-legally binding memorandum of understanding with an independent third party and paid the refundable deposit of RMB4,083,000 for the acquisition of a business, which is principally engaged in provision of financial marketing and event promotion. The Group further entered into a sale and purchase agreement with the same independent third party to acquire 40% equity interest in aforesaid business related to public relation services. This aforesaid acquisition was completed on 15 September 2017.

Disposals

On 31 October 2017, the Group and an independent third party entered into a sale and purchase agreement to dispose certain subsidiaries which were engaged in the provision of energy saving solutions and sale of energy saving products at an aggregate cash consideration of HK$1,200,000. Details are set out in the announcement dated 31 October 2017.

On 12 February 2018, the Group and an independent third party entered into a sale and purchase agreement to dispose available-for-sale financial assets which were engaged in the provision of transportation service in Philippines at an aggregate cash consideration of HK$7,000,000. Details are set out in the announcement dated 12 February 2018.

EVENTS AFTER THE REPORTING PERIOD

The Group had no significant event after the reporting period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2018, none of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group during the period.

COMPLIANCE WITH CODE OF BEST PRACTICE

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions of the Code on Corporate Governance Practices ("Code on CG Practices") as set out in Appendix 15 to the Rules ("GEM Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The Company is in compliance with the CG Code contained in Appendix 15 of the GEM Listing Rules and the Code Provisions save for the deviation as explained below:

The Code provision A4.1 provides that Non-executive Directors should be appointed for specific term, subject to re-election. The Company has deviated from the provision in that the Non-executive Directors and all Independent Non-executive Directors are not appointed for specific term. They are, however, subject to retirement by rotation and re-election. The reason for the deviation is that the Company does not believe that arbitrary limits on term of non-executive directorship are appropriate given that Directors ought to be committed to representing the long time interest of the Company's shareholders and the retirement and the re-election requirements of Non-executive Directors and Independent Non-executive Directors have given the Company's shareholders the right to approve continuation of Independent Non-executive Directors' offices.

Save as the aforesaid and in the opinion of the Directors, the Company has met all relevant code provisions set our in the CG code during the nine months ended 31 March 2018.

ADOPTED CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings ("Standard Dealings") set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and all the Directors confirmed that they have complied with the Standard Dealings during the nine months ended 31 March 2018.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 March 2018.

By order of the Board
Chow Yik
Chairman

Hong Kong, 14 May 2018

As at the date of this report, the Board comprises Mr. Chow Yik, Dr. Ma Jun and Mr. Leung King Fai as the executive directors, Mr. Ng Chi Ho, Dennis, Ms. Chan Sin Wa, Carrie and Mr. Chung Shu Kun, Christopher as the independent non-executive directors.

The report will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days after its posting and the website of the Company at www.tricor.com.hk/webservice/08109.