

# GreaterChina Professional Services Limited 漢華專業服務有限公司

Stock Code: 8193

(Incorporated in the Cayman Islands with limited liability)

Interim Report  
**2018**

A man in a dark suit is seen from the back, looking out a window at a city skyline. The scene is overlaid with a semi-transparent image of an office desk with a laptop and documents. The lighting is warm and golden, suggesting a sunset or sunrise. The overall composition is professional and modern.



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**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 that 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, in both English and Chinese versions, is available on the Company’s website at [www.gca.com.hk](http://www.gca.com.hk).*



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Ip Kwok Kwong (*Managing Director*)

Mr. Wu Di

#### Non-executive Director

Ms. Yang Yan (resigned with effect from 1 August 2018)

#### Independent Non-executive Directors

Mr. Cheung Ka Chun

Mr. So Kwok Yun

Mr. Tang Wai Kee

## BOARD COMMITTEES

### Audit Committee

Mr. Cheung Ka Chun (*Chairman*)

Mr. So Kwok Yun

Mr. Tang Wai Kee

### Remuneration Committee

Mr. So Kwok Yun (*Chairman*)

Mr. Cheung Ka Chun

Mr. Ip Kwok Kwong

Mr. Wu Di

Mr. Tang Wai Kee

### Nomination Committee

Mr. Tang Wai Kee (*Chairman*)

Mr. Cheung Ka Chun

Mr. Ip Kwok Kwong

Mr. Wu Di

Mr. So Kwok Yun



## **COMPANY SECRETARY**

Mr. Kwok Siu Man (resigned with effect from 9 November 2018)

Ms. Cheng Lucy (appointed with effect from 9 November 2018)

## **COMPLIANCE OFFICER**

Mr. Ip Kwok Kwong

## **AUTHORISED REPRESENTATIVES**

Mr. Ip Kwok Kwong

Mr. Kwok Siu Man (ceased to act with effect from 9 November 2018)

Ms. Cheng Lucy (appointed with effect from 9 November 2018)

## **PRINCIPAL BANKERS**

The Hongkong and Shanghai Banking Corporation Limited

OCBC Wing Hang Bank Limited

## **INDEPENDENT AUDITOR**

ZHONGHUI ANDA CPA Limited, *Certified Public Accountants*

## **REGISTERED OFFICE**

Cricket Square

Hutchins Drive

P. O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

## **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room 2703, 27th Floor

Shui On Centre

6-8 Harbour Road

Wanchai

Hong Kong



## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

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

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P. O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## **CORPORATE WEBSITE**

[www.gca.com.hk](http://www.gca.com.hk)

## **STOCK CODE**

8193



The board of Directors (the “Board”) presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (together, the “Group”) for the three months and six months ended 30 September 2018, together with the relevant unaudited/audited comparative figures, as follows.

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

For the three months and six months ended 30 September 2018

|  | Notes | Three months ended<br>30 September |                                 | Six months ended<br>30 September |                                 |
|--|-------|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|  |       | 2018<br>HK\$'000<br>(unaudited)    | 2017<br>HK\$'000<br>(unaudited) | 2018<br>HK\$'000<br>(unaudited)  | 2017<br>HK\$'000<br>(unaudited) |
| <b>Loan interest income</b>  |       | <b>2,339</b>                       | 2,801                           | <b>5,676</b>                     | 10,351                          |
| Other revenue  |       | 15,705                             | 11,211                          | 19,216                           | 22,609                          |
| <b>Total revenue</b>   | 4 & 5 | <b>18,044</b>                      | 14,012                          | <b>24,892</b>                    | 32,960                          |
| Cost of sales  |       | (8,178)                            | (4,710)                         | (10,115)                         | (10,002)                        |
| <b>Gross profit</b>  |       | <b>9,866</b>                       | 9,302                           | <b>14,777</b>                    | 22,958                          |
| Other income   | 5     | 1,292                              | 3,374                           | 2,394                            | 4,166                           |
| Fair value (loss)/gain on financial assets at fair value through profit or loss  |       | (17,609)                           | 11,706                          | (10,722)                         | (50,344)                        |
| Gain/(loss) on disposal of financial assets at fair value through profit or loss |       | –                                  | (105)                           | 72                               | (58,848)                        |
| Marketing, administrative and other operating expenses                           |       | (11,679)                           | (10,456)                        | (21,929)                         | (21,523)                        |
| Reversal of impairment loss on amount due from a related party                   |       | –                                  | 5,500                           | –                                | 5,500                           |
| Loss on disposal of an associate   |       | –                                  | (10,968)                        | –                                | (10,968)                        |
| Finance costs  | 6     | (442)                              | (917)                           | (874)                            | (1,802)                         |
| Share of results of associates   |       | –                                  | (1,591)                         | –                                | 1,368                           |
| <b>(Loss)/profit before tax</b>  | 7     | <b>(18,572)</b>                    | 5,845                           | <b>(16,282)</b>                  | (109,493)                       |
| Income tax expenses  | 8     | (314)                              | (498)                           | (637)                            | (1,571)                         |
| <b>(Loss)/profit for the period</b>  |       | <b>(18,886)</b>                    | 5,347                           | <b>(16,919)</b>                  | (111,064)                       |
| <b>Other comprehensive (expenses)/income for the period, net of tax</b>          |       |                                    |                                 |                                  |                                 |
| <i>Item that may be subsequently reclassified to profit or loss:</i>             |       |                                    |                                 |                                  |                                 |
| Exchange differences on translating foreign operations                           |       | (10)                               | 443                             | (1,045)                          | 890                             |
| <b>Total comprehensive (expenses)/income for the period</b>                      |       | <b>(18,896)</b>                    | 5,790                           | <b>(17,964)</b>                  | (110,174)                       |

| Note   | Three months ended<br>30 September |                                 | Six months ended<br>30 September |                                 |
|--|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|  | 2018<br>HK\$'000<br>(unaudited)    | 2017<br>HK\$'000<br>(unaudited) | 2018<br>HK\$'000<br>(unaudited)  | 2017<br>HK\$'000<br>(unaudited) |
| <b>(Loss)/profit for the period attributable to:</b>                         |                                    |                                 |                                  |                                 |
| Owners of the Company  | (18,897)                           | 5,211                           | (16,436)                         | (111,374)                       |
| Non-controlling interests  | 11                                 | 136                             | (483)                            | 310                             |
|  | <b>(18,886)</b>                    | 5,347                           | <b>(16,919)</b>                  | (111,064)                       |
| <b>Total comprehensive (expenses)/income for the period attributable to:</b> |                                    |                                 |                                  |                                 |
| Owners of the Company  | (18,909)                           | 5,654                           | (17,272)                         | (110,273)                       |
| Non-controlling interests  | 13                                 | 136                             | (692)                            | 99                              |
|  | <b>(18,896)</b>                    | 5,790                           | <b>(17,964)</b>                  | (110,174)                       |
| <b>(Loss)/earnings per share</b>   |                                    |                                 |                                  |                                 |
| Basic and diluted (HK cents)   | 10<br>(0.32)                       | 0.11                            | (0.28)                           | (2.29)                          |



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

|   | Notes | 30 September<br>2018<br>HK\$'000<br>(unaudited) | 31 March<br>2018<br>HK\$'000<br>(audited) |
|---|-------|---|---|
| <b>Non-current assets</b>                             |       |   |   |
| Property, plant and equipment                         | 11    | 1,445   | 1,734                                     |
| Intangible assets                                     |       | 12,800  | 12,800                                    |
| Goodwill  |       | 121,698   | 121,698                                   |
| Deposits placed for life insurance policies           |       | 2,588   | 2,588                                     |
| Investments in associates and a joint venture         |       | 973   | 973                                       |
| Other deposit   |       | 200   | 200                                       |
| Deferred tax assets                                   |       | 1,320   | 1,320                                     |
|   |       | <b>141,024</b>                                  | 141,313                                   |
| <b>Current assets</b>                                 |       |   |   |
| Trade receivables                                     | 12    | 16,647  | 18,457                                    |
| Loan receivables                                      | 13    | 167,655   | 166,853                                   |
| Contract costs  |       | 3,023   | –   |
| Prepayments, deposits and other receivables           |       | 24,941  | 29,562                                    |
| Financial assets at fair value through profit or loss |       | 50,206  | 57,888                                    |
| Amounts due from related parties                      |       | 221   | –   |
| Bank and cash balances                                | 14    | 9,612   | 17,653                                    |
|   |       | <b>272,305</b>                                  | 290,413                                   |
| <b>Current liabilities</b>                            |       |   |   |
| Trade payables  | 15    | 10,387  | 16,340                                    |
| Contract liabilities                                  |       | 7,922   | –   |
| Accruals and other payables                           |       | 26,388  | 26,499                                    |
| Amount due to a director                              |       | 1,434   | 1,744                                     |
| Obligations under finance leases                      |       | 302   | 122                                       |
| Borrowings  |       | 5,936   | 3,729                                     |
| Current tax liabilities                               |       | 1,509   | 1,810                                     |
|   |       | <b>53,878</b>                                   | 50,244                                    |
| <b>Net current assets</b>                             |       | <b>218,427</b>                                  | 240,169                                   |

|  | Note | 30 September<br>2018<br>HK\$'000<br>(unaudited) | 31 March<br>2018<br>HK\$'000<br>(audited) |
|--|------|---|---|
| <b>Non-current liabilities</b>               |      |   |   |
| Promissory notes                             |      | 54,000  | 54,000                                    |
| Obligations under finance leases             |      | –   | 313                                       |
| Deferred tax liabilities                     |      | 2,112   | 2,112                                     |
|  |      | <b>56,112</b>                                   | 56,425                                    |
| <b>NET ASSETS</b>                            |      |   |   |
|  |      | <b>303,339</b>                                  | 325,057                                   |
| <b>Capital and reserves</b>                  |      |   |   |
| Share capital                                | 16   | 58,296  | 58,296                                    |
| Reserves                                     |      | 236,505   | 256,784                                   |
| Equity attributable to owners of the Company |      | 294,801   | 315,080                                   |
| Non-controlling interests                    |      | 8,538   | 9,977                                     |
| <b>TOTAL EQUITY</b>                          |      |   |   |
|  |      | <b>303,339</b>                                  | 325,057                                   |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

|   | Attributable to owners of the Company |                           |                             |  |                                |   |                       |                                      |                          |
|---|---------------------------------------|---------------------------|-----------------------------|--|--------------------------------|---|-----------------------|--------------------------------------|--------------------------|
|   | Share capital<br>HK\$'000             | Share premium<br>HK\$'000 | Capital reserve<br>HK\$'000 | Foreign currency translation reserve<br>HK\$'000 | Accumulated losses<br>HK\$'000 | Share-based payment reserve<br>HK\$'000 | Sub-total<br>HK\$'000 | Non-controlling interest<br>HK\$'000 | Total equity<br>HK\$'000 |
| <b>At 1 April 2018 (audited)</b>                  | 58,296                                | 581,772                   | 5,359                       | 241  | (344,133)                      | 13,545                                  | 315,080               | 9,977                                | 325,057                  |
| Impact on initial application of HKFRS15          | -                                     | -                         | -                           | -  | (3,007)                        | -                                       | (3,007)               | (747)                                | (3,754)                  |
| <b>Adjusted balance at 1 April 2018</b>           | 58,296                                | 581,772                   | 5,359                       | 241  | (347,140)                      | 13,545                                  | 312,073               | 9,230                                | 321,303                  |
| Total comprehensive expense for the period        | -                                     | -                         | -                           | (836)  | (16,436)                       | -                                       | (17,272)              | (692)                                | (17,964)                 |
| Effect of forfeiture of share options granted     | -                                     | -                         | -                           | -  | 2,547                          | (2,547)                                 | -                     | -                                    | -                        |
| <b>At 30 September 2018 (unaudited)</b>           | 58,296                                | 581,772                   | 5,359                       | (595)  | (361,029)                      | 10,998                                  | 294,801               | 8,538                                | 303,339                  |
| <b>At 1 April 2017 (audited)</b>                  | 48,580                                | 542,908                   | 5,359                       | (1,365)  | (168,849)                      | 4,048                                   | 430,681               | 9,091                                | 439,772                  |
| Total comprehensive income/expense for the period | -                                     | -                         | -                           | 1,101  | (111,374)                      | -                                       | (110,273)             | 99                                   | (110,174)                |
| Effect of forfeiture of share options granted     | -                                     | -                         | -                           | -  | 1,416                          | (1,416)                                 | -                     | -                                    | -                        |
| <b>At 30 September 2017 (unaudited)</b>           | 48,580                                | 542,908                   | 5,359                       | (264)  | (278,807)                      | 2,632                                   | 320,408               | 9,190                                | 329,598                  |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

|  | Six months<br>ended<br>30 September<br>2018<br>HK\$'000<br>(unaudited) | Six months<br>ended<br>30 September<br>2017<br>HK\$'000<br>(unaudited) |
|--|--|--|
| <b>Net cash used in operating activities:</b>                          |  |  |
| Decrease in financial asset at fair value<br>through profit or loss    | 10,722   | 109,192  |
| Other operating cash flows   | (10,857)   | (178,460)  |
|  | (135)  | (69,268)   |
| <b>Net cash (used in)/generated from investing activities:</b>         |  |  |
| Proceeds from disposal of an associate                                 | –  | 2,400  |
| Investment in financial assets of fair value<br>through profit or loss | (3,112)  | –  |
| Other investing cash flows   | 37   | (149)  |
|  | (3,075)  | 2,251  |
| <b>Net cash (used in)/generated from financing activities</b>          | (1,987)  | 650  |
| <b>Net decrease in cash and cash equivalents</b>                       | (5,197)  | (66,367)   |
| Cash and cash equivalents at beginning of the period                   | 6,315  | 75,366   |
| Effect of foreign exchange rate changes                                | (1,022)  | 2,247  |
| <b>Cash and cash equivalents at end of the period</b>                  | 96   | 11,246   |
| <b>Analysis of cash and cash equivalents</b>                           |  |  |
| Bank and cash balances   | 4,157  | 11,246   |
| Bank overdrafts  | (4,061)  | –  |
|  | 96   | 11,246   |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 3 December 2010. The ordinary shares of the Company of HK\$0.01 each (the "Shares") are listed on GEM. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the address of its principal place of business in Hong Kong is Room 2703, 27th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong. The Company is an investment holding company.

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2018 (the "Period" and the "Unaudited Condensed Consolidated Financial Statements", respectively) have been reviewed by the audit committee of the Board (the "Audit Committee"). They have been approved and authorised for issue by the Board on 9 November 2018.

## 2. BASIS OF PREPARATION

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of the GEM Listing Rules.

The accounting policies and methods of computation used in preparing the Unaudited Condensed Consolidated Financial Statements are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 March 2018, except for the new Hong Kong Financial Reporting Standards (the "HKFRS") issued by the HKICPA that are adopted for the first time for the Period of the Group as mentioned in the following paragraph.

### (a) New standards adopted by the Group

#### **HKFRS 15 "Revenue from Contracts with Customers"**

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces previous revenue recognition guidance, including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and HK(IFRIC) 13 "Customer Loyalty Programs".

Under HKFRS 15, an entity is required to identify the performance obligations in the contract, determine the transaction price of the contract, allocate the transaction price to the performance obligations in the contract based on each performance obligation's standalone price, and recognise revenue when the performance obligations are satisfied.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2018. Therefore, comparative information has not been restated. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 April 2018.

The following table gives a summary of the opening balance adjustments recognised for each line item in the condensed consolidated statement of financial position that has been impacted by HKFRS 15.

|   | At<br>31 March<br>2018<br>HK\$'000 | Impact on<br>initial<br>application on<br>of HKFRS 15<br>HK\$'000 | At<br>1 April<br>2018<br>HK\$'000 |
|---|------------------------------------|---|-----------------------------------|
| <b>Current assets</b>                                   |                                    |   |                                   |
| Contract costs  | –                                  | 2,744   | 2,744                             |
| <b>Current liabilities</b>                              |                                    |   |                                   |
| Contract liabilities                                    | –                                  | (7,240)   | (7,240)                           |
| Current tax liabilities                                 | (1,810)                            | 742   | (1,068)                           |
| <b>Net current assets</b>                               | 240,169                            | (3,754)   | 236,415                           |
| <b>NET ASSETS</b>                                       | 325,057                            | (3,754)   | 321,303                           |
| <b>Capital and reserves</b>                             |                                    |   |                                   |
| Reserves  | (256,784)                          | 3,007   | (253,777)                         |
| <b>Equity attributable to owners of<br/>the Company</b> | (315,080)                          | 3,007   | (312,073)                         |
| Non-controlling interests                               | (9,977)                            | 747   | (9,230)                           |
| <b>TOTAL EQUITY</b>                                     | (325,057)                          | 3,754   | (321,303)                         |

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(i) *Timing of revenue recognition*

The Group's revenue from the provision of asset appraisal services was previously recognized by reference to the percentage of completion of the transaction. Under HKFRS 15, the percentage of completion method shall no longer be applicable. The revenue is now recognised when the reports are delivered to the customers.

The following table summarises the impact of transition to HKFRS 15 on reserves and accumulated losses and the related tax impact at 1 April 2018:

|   | HK\$'000     |
|---|--------------|
| <b>Reserves and Accumulated losses</b>  |              |
| Later recognition of profit for provision of asset appraisal services<br>with reports not yet delivered | 4,496        |
| Related tax   | (742)        |
| Non-controlling interests   | (747)        |
| <b>Net increase in accumulated losses at 1 April 2018</b>   | <b>3,007</b> |



(ii) *Presentation of contract costs and liabilities*

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

To reflect these changes in presentation, the Group has made the following adjustments at 1 April 2018, as a result of the adoption of HKFRS 15, as explained in (i) above, adjustments to opening balances have been made to increase contract costs and contract liabilities by approximately HK\$2,744,000 and HK\$7,240,000 respectively.

(iii) *Impact on the condensed consolidated financial statements*

The impact on the condensed consolidated statement of financial position by the application of HKFRS 15 as compared to HKAS 18 that was previously in effect before the adoption of HKFRS 15 is as follows. Line items that were not affected by the changes are not included.

|                           | As at 30 September 2018                                       |   |                                    |
|---------------------------|---|---|------------------------------------|
|                           | Results<br>without the<br>adoption of<br>HKFRS 15<br>HK\$'000 | Impact<br>from the<br>adoption of<br>HKFRS 15<br>HK\$'000 | Results as<br>reported<br>HK\$'000 |
| Contract costs            | –   | 3,023   | 3,023                              |
| Contract liabilities      | –   | (7,922)   | (7,922)                            |
| Current tax liabilities   | (2,251)   | 742   | (1,509)                            |
| Reserves                  | (239,835)   | 3,330   | (236,505)                          |
| Non-controlling interests | (9,365)   | 827   | (8,538)                            |

The amount by each line item of condensed consolidated statement of profit or loss and other comprehensive income affected in the Period by the application of HKFRS 15 as compared to HKAS 18 that was previously in effect before the adoption of HKFRS 15 is as follows.

|   | Six months ended 30 September 2018 |                               |                     |
|---|------------------------------------|-------------------------------|---------------------|
|   | Results                            | Impact                        | Results as reported |
|   | without the adoption of HKFRS 15   | from the adoption of HKFRS 15 |                     |
| HK\$'000  | HK\$'000                           | HK\$'000                      |                     |
| Other revenue   | 19,898                             | (682)                         | 19,216              |
| Cost of sales   | (10,394)                           | 279                           | (10,115)            |
| <b>Loss for the period attributable to:</b>                         |                                    |                               |                     |
| Owners of the Company   | (16,113)                           | (323)                         | (16,436)            |
| Non-controlling interests   | (403)                              | (80)                          | (483)               |
| <b>Total comprehensive expenses for the period attributable to:</b> |                                    |                               |                     |
| Owners of the Company   | (16,949)                           | (323)                         | (17,272)            |
| Non-controlling interests   | (612)                              | (80)                          | (692)               |

The adoption of HKFRS 15 has insignificant impact to the loss per share, and has no impact on the condensed consolidated statement of cash flows.

**(b) Possible impact of standards issued but not yet effective for the Period**

The Group has not early adopted any new and revised HKFRSs that have been issued but are not yet effective.

**HKFRS 16 "Leases"**

HKFRS 16 is relevant to the Group and becomes effective for accounting periods beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at 30 September 2018, the Group has the future minimum lease payments, based on the non-cancellable operating lease, that are payable after 6 months of approximately HK\$1,913,000.

The Group is in the process of performing a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

### 3. FAIR VALUE MEASUREMENTS

Fair value estimates are made at a specific point in time and are based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The Group's financial assets at fair value through profit or loss ("FVTPL") and derivative financial assets are carried at fair value as at 30 September and 31 March 2018. The following disclosures of fair value measurements use a fair value hierarchy which has three levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

#### Disclosures of level in fair value hierarchy as at 30 September 2018:

| Description                      | Fair value measurement using: |                         |                         | Total<br>HK\$'000<br>(unaudited) |
|----------------------------------|-------------------------------|-------------------------|-------------------------|----------------------------------|
|                                  | Level 1                       | Level 2                 | Level 3                 |                                  |
|                                  | HK\$'000<br>(unaudited)       | HK\$'000<br>(unaudited) | HK\$'000<br>(unaudited) |                                  |
| Financial assets at FVTPL:       |                               |                         |                         |                                  |
| — Listed securities in Hong Kong | 50,206                        | —                       | —                       | 50,206                           |

#### Disclosures of level in fair value hierarchy as at 31 March 2018:

| Description                      | Fair value measurement using: |                       |                       | Total<br>HK\$'000<br>(audited) |
|----------------------------------|-------------------------------|-----------------------|-----------------------|--------------------------------|
|                                  | Level 1                       | Level 2               | Level 3               |                                |
|                                  | HK\$'000<br>(audited)         | HK\$'000<br>(audited) | HK\$'000<br>(audited) |                                |
| Financial assets at FVTPL:       |                               |                       |                       |                                |
| — Listed securities in Hong Kong | 57,888                        | —                     | —                     | 57,888                         |

#### Disclosures of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Directors are responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The Directors report directly to the Board for these fair value measurements. Discussions of valuation processes and results are held by the Board at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with recognised professional qualifications and recent experience to perform the valuations.

#### 4. SEGMENT INFORMATION

The Group's operating segments are identified on the basis of internal report about the components of the Group that are regularly received by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The chief operating decision maker is the executive Directors.

The Group has four operating and reportable segments as follows:

— Asset advisory services and asset appraisal

Provision of asset appraisal and asset advisory services, including real estate and fixed asset appraisal, mineral property appraisal, business and intangible asset valuation, financial instrument and derivative valuation and advisory related to various types of assets in particular properties

— Corporate services and consultancy

Provision of company secretarial services, human resource management and other administrative services, accounting and tax services, corporate communication and marketing services, corporate governance, internal control, enterprise risk management services and management consultancy services

— Media advertising

Provision of media advertising business services through in-elevator poster frames network and liquid-crystal display displays network inside elevators or lift lobbies of middle to high-end residential community

— Financial services

Provision of (i) financial credit services such as personal loans, commercial loans and mortgages to individuals and (ii) securities broking, placing and underwriting services and trading of securities

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technical requirements and marketing strategies.

Segment profits or losses do not include corporate income and expenses, fair value changes on financial assets at fair value through profit or loss, equity-settled share-based payment and finance costs.

The Group accounts for intersegment revenue and transfers as if the revenue or transfers were to third parties, i.e. at current market prices.

**Information about reportable segments for the six months ended 30 September 2018 and 2017 are as follows:**

|   | Asset advisory services and asset appraisal |                    | Corporate services and consultancy |                    | Media advertising |                    | Financial services |                    | Total             |                    |
|---|---|--------------------|------------------------------------|--------------------|-------------------|--------------------|--------------------|--------------------|-------------------|--------------------|
|   | Six months ended                            |                    | Six months ended                   |                    | Six months ended  |                    | Six months ended   |                    | Six months ended  |                    |
|   | 30 September 2018                           | 30 September 2017  | 30 September 2018                  | 30 September 2017  | 30 September 2018 | 30 September 2017  | 30 September 2018  | 30 September 2017  | 30 September 2018 | 30 September 2017  |
|   | HK\$'000                                    | HK\$'000           | HK\$'000                           | HK\$'000           | HK\$'000          | HK\$'000           | HK\$'000           | HK\$'000           | HK\$'000          | HK\$'000           |
|   | (unaudited)                                 | (unaudited) (Note) | (unaudited)                        | (unaudited) (Note) | (unaudited)       | (unaudited) (Note) | (unaudited)        | (unaudited) (Note) | (unaudited)       | (unaudited) (Note) |
| <b>Disaggregated by timing of revenue recognition</b>             |   |                    |                                    |                    |                   |                    |                    |                    |                   |                    |
| Point in time   | 15,339                                      | -                  | -                                  | -                  | -                 | -                  | 212                | 409                | 15,551            | 409                |
| Over time   | -   | 19,072             | 984                                | 1,294              | 2,163             | 1,830              | 6,194              | 10,335             | 9,341             | 32,551             |
| Revenue from external customers                                   | 15,339                                      | 19,072             | 984                                | 1,294              | 2,163             | 1,850              | 6,406              | 10,744             | 24,892            | 32,960             |
| Intersegment revenue  | 312   | 312                | 1,374                              | 1,374              | -                 | -                  | -                  | -                  | 1,686             | 1,686              |
| Segment (loss)/profit before finance costs and income tax expense | (2,054)                                     | 1,237              | (2,878)                            | (2,580)            | (287)             | (56)               | 2,260              | 5,195              | (2,959)           | 3,796              |
| Fair value loss on financial assets at FVTPL                      |   |                    |                                    |                    |                   |                    |                    |                    | (10,722)          | (50,344)           |
| Gain/(loss) on disposal of financial assets at FVTPL              |   |                    |                                    |                    |                   |                    |                    |                    | 72                | (58,848)           |
| Unallocated corporate expenses, net                               |   |                    |                                    |                    |                   |                    |                    |                    | (2,673)           | (4,097)            |
| Loss before tax   |   |                    |                                    |                    |                   |                    |                    |                    | (16,282)          | (109,493)          |

Note: The Group has initially applied HKFRS 15 using cumulative effect method. Under this method, the comparative information is not restated.

### Geographical information:

In presenting the geographical information, revenue is based on the locations of the customers.

|  | Revenue from external customers              |  |
|--|--|--|
|  | 30 September 2018<br>HK\$'000<br>(unaudited) | 30 September 2017<br>HK\$'000<br>(unaudited) |
| Hong Kong  | 22,379                                       | 30,968                                       |
| The People's Republic of China (the "PRC")<br>except Hong Kong | 2,513  | 1,992  |
| Consolidated total   | 24,892                                       | 32,960                                       |

There was no revenue from customers contributing 10% or more of total revenue for the six months ended 30 September 2018 and 2017.

## 5. REVENUE AND OTHER INCOME

The Group's revenue and other income are as follows:

|  | Three months ended<br>30 September |                                 | Six months ended<br>30 September |                                 |
|--|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|  | 2018<br>HK\$'000<br>(unaudited)    | 2017<br>HK\$'000<br>(unaudited) | 2018<br>HK\$'000<br>(unaudited)  | 2017<br>HK\$'000<br>(unaudited) |
| <b>Revenue</b>                                     |                                    |                                 |                                  |                                 |
| Asset advisory and asset appraisal services income | 13,821                             | 9,321                           | 15,339                           | 19,072                          |
| Corporate services and consultancy income          | 645                                | 537                             | 984                              | 1,294                           |
| Media advertising income                           | 1,129                              | 1,203                           | 2,163                            | 1,850                           |
| Financial services                                 | 2,449                              | 2,951                           | 6,406                            | 10,744                          |
|  | 18,044                             | 14,012                          | 24,892                           | 32,960                          |
| <b>Other income</b>                                |                                    |                                 |                                  |                                 |
| Bank interest income                               | 1                                  | 3                               | 1                                | 4                               |
| Sub-leasing income                                 | 572                                | 539                             | 1,144                            | 1,079                           |
| Dividend income received from an associate         | –                                  | 2,586                           | –                                | 2,586                           |
| Sundry income                                      | 719                                | 246                             | 1,249                            | 497                             |
|  | 1,292                              | 3,374                           | 2,394                            | 4,166                           |



## 6. FINANCE COSTS

|                              | Three months ended<br>30 September |                                 | Six months ended<br>30 September |                                 |
|------------------------------|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|                              | 2018<br>HK\$'000<br>(unaudited)    | 2017<br>HK\$'000<br>(unaudited) | 2018<br>HK\$'000<br>(unaudited)  | 2017<br>HK\$'000<br>(unaudited) |
| Interest on bank borrowings  | 33                                 | 18                              | 56                               | 18                              |
| Interest on promissory notes | 405                                | 895                             | 810                              | 1,767                           |
| Others                       | 4                                  | 4                               | 8                                | 17                              |
|                              | <b>442</b>                         | 917                             | <b>874</b>                       | 1,802                           |

## 7. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is stated after (charging)/crediting the following:

|   | Three months ended<br>30 September |                                 | Six months ended<br>30 September |                                 |
|---|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|   | 2018<br>HK\$'000<br>(unaudited)    | 2017<br>HK\$'000<br>(unaudited) | 2018<br>HK\$'000<br>(unaudited)  | 2017<br>HK\$'000<br>(unaudited) |
| Depreciation  | (169)                              | (220)                           | (325)                            | (426)                           |
| Fair value loss on financial<br>assets at FVTPL                               | (17,609)                           | (11,706)                        | (10,722)                         | (50,344)                        |
| Gain/(loss) on disposal of financial<br>assets at FVTPL                       | –                                  | (105)                           | 72                               | (58,848)                        |
| Staff costs, including Directors'<br>remuneration and share-based<br>payments | (6,688)                            | (6,944)                         | (12,206)                         | (14,163)                        |
| Operating lease charges   | (2,049)                            | (1,891)                         | (4,094)                          | (4,426)                         |

## 8. INCOME TAX EXPENSES

|                                     | Three months ended<br>30 September |                                 | Six months ended<br>30 September |                                 |
|-------------------------------------|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|                                     | 2018<br>HK\$'000<br>(unaudited)    | 2017<br>HK\$'000<br>(unaudited) | 2018<br>HK\$'000<br>(unaudited)  | 2017<br>HK\$'000<br>(unaudited) |
| Current tax — Hong Kong Profits Tax |                                    |                                 |                                  |                                 |
| Provision for the period            | 314                                | 498                             | 637                              | 1,571                           |

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the Period.

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof. The Corporate Income Tax rate applicable to subsidiaries registered in the PRC is 25%.

There was no significant unprovided deferred tax for the relevant periods and at the end of each reporting period.

## 9. DIVIDENDS

The Board has resolved not to declare the payment of an interim dividend for the Period (six months ended 30 September 2017: nil).

## 10. LOSS/EARNINGS PER SHARE

### Basic loss/earnings per share

The calculation of basic loss/earnings per share is based on the loss for the period attributable to owners of the Company for the three months and six months ended 30 September 2018 of approximately HK\$18,897,000 (2017: profit of HK\$5,211,000) and HK\$16,436,000 (2017: loss of HK\$111,374,000), respectively and the weighted average number of ordinary shares for the three months and six months ended 30 September 2018 of 5,829,558,600 (three months and six months ended 30 September 2017: 4,857,968,600) in issue.

### Diluted loss/earnings per share

Diluted loss/earnings per share for the three months and six months ended 30 September 2018 and 2017 are the same as the respective basic loss per share because there were no potential dilutive ordinary Shares outstanding during the respective periods.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired plant and equipment at a cost of approximately HK\$78,000 (six months ended 30 September 2017: HK\$171,000), of which nil (six months ended 30 September 2017: nil) were held under finance leases.

## 12. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 7 to 30 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables in order to minimise credit risk. Overdue balances are reviewed regularly by the senior management.

The aging analysis of the trade receivables, based on the invoice date, and net of allowance, is as follows:

|                 | <b>As at<br/>30 September<br/>2018<br/>HK\$'000<br/>(unaudited)</b> | As at<br>31 March<br>2018<br>HK\$'000<br>(audited) |
|-----------------|---|--|
| 0 to 30 days    | 3,091   | 10,910   |
| 31 to 90 days   | 4,692   | 3,474  |
| 91 to 180 days  | 4,468   | 2,376  |
| 181 to 365 days | 3,925   | 1,551  |
| Over 365 days   | 471   | 146  |
| Total           | <b>16,647</b>   | 18,457   |

## 13. LOAN RECEIVABLES

The aging analysis of the loans receivables is as follows:

|                 | <b>As at<br/>30 September<br/>2018<br/>HK\$'000<br/>(unaudited)</b> | As at<br>31 March<br>2018<br>HK\$'000<br>(audited) |
|-----------------|---|--|
| 31 to 90 days   | –   | 37,800   |
| 91 to 180 days  | 60,500  | 57,379   |
| 181 to 365 days | 95,179  | 52,000   |
| Over 365 days   | 11,976  | 19,674   |
|                 | <b>167,655</b>  | 166,853  |

#### 14. BANK AND CASH BALANCES

|                    | As at<br>30 September<br>2018<br>HK\$'000<br>(unaudited) | As at<br>31 March<br>2018<br>HK\$'000<br>(audited) |
|--------------------|--|--|
| Cash on hand       | 2  | 90   |
| Cash at bank       |  |  |
| — General accounts | 4,155  | 6,225  |
| — Trust accounts   | 5,455  | 11,338   |
|                    | <b>9,612</b>   | <b>17,653</b>                                      |

#### 15. TRADE PAYABLES

The aging analysis of the trade payables based on the invoice date is as follows:

|                | As at<br>30 September<br>2018<br>HK\$'000<br>(unaudited) | As at<br>31 March<br>2018<br>HK\$'000<br>(audited) |
|----------------|--|--|
| 0 to 90 days   | 10,308   | 15,967   |
| 91 to 180 days | —  | 347  |
| Over 365 days  | 79   | 26   |
|                | <b>10,387</b>  | <b>16,340</b>                                      |

#### 16. SHARE CAPITAL

|   | Number of<br>shares<br>'000 | Amount<br>HK\$'000 |
|---|-----------------------------|--------------------|
| Authorised:   |                             |                    |
| Ordinary shares of HK\$0.01 each  |                             |                    |
| At 1 April 2017, 30 September 2017, 1 April 2018<br>and 30 September 2018 | 10,000,000                  | 100,000            |
| Issued and fully paid:  |                             |                    |
| Ordinary shares of HK\$0.01 each  |                             |                    |
| At 1 April 2017 (audited) and 30 September 2017<br>(unaudited)            | 4,857,969                   | 48,580             |
| Placing of shares   | 971,590                     | 9,716              |
| At 1 April 2018 (audited) and 30 September 2018<br>(unaudited)            | 5,829,559                   | 58,296             |

**17. RELATED PARTY TRANSACTIONS**

The Group had the following transactions with its related party during the six months ended 30 September 2018 and 2017:

|  |               | Six months ended |             |
|--|---------------|------------------|-------------|
|  |               | 2018             | 2017        |
| Nature   |               | HK\$'000         | HK\$'000    |
|  |               | (unaudited)      | (unaudited) |
| Corporate services and consultancy income from a related company |               |                  |             |
| — Greater China ESG Advisory Limited                             | Joint venture | 97               | —           |



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group's business can be broadly categorised into four main sectors: (i) asset advisory services and asset appraisal, (ii) corporate services and consultancy, (iii) media advertising, and (iv) financial services.

#### **Asset Advisory Services and Asset Appraisal**

Asset advisory services and asset appraisal are the core business of the Group, which typically involve provision of independent valuation services to a number of listed groups to meet market, regulatory and fiduciary requirements, sourcing and identifying potential investment opportunities or investors, undertaking due diligence and evaluation on the underlying assets and provision of procedural and strategic business advices. Asset advisory services income is primarily success-based and project-based nature.

#### **Corporate Services and Consultancy**

The corporate services and consultancy segment mainly focuses on provision of advice to corporations in areas such as corporate governance, internal control, enterprise risk management and other operational aspects as well as provision of back office administration.

#### **Media Advertising**

Media advertising income is generated mainly through its in-elevator poster frames network and liquid-crystal-display network inside the elevators or lift lobbies of middle to high-end residential community.

#### **Financial Services**

The financial services segment mainly represents the provision of services relating to the dealing in securities via a licensed corporation under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO") via an indirect subsidiary and provision of money lending services.

The provision of services relating to the dealing in securities mainly involves provision of Type 1 (dealing in securities) regulated activity and services under the SFO while the money lending business mainly involves provision of financial credit services such as personal loans and commercial loans to individuals and corporations.





## FINANCIAL REVIEW

The Group's revenue for the Period was approximately HK\$24.9 million (six months ended 30 September 2017: HK\$33.0 million), representing a decrease of approximately 24.5% from that of the corresponding period of 2017 (the "Last Corresponding Period"). The decrease in the Group's revenue during the Period was mainly attributable to the decreases in (i) revenue arising from the asset advisory services and asset appraisal due to the timing effect from delivery of reports; and (ii) loan interest income as a result of the Group's reduced loan portfolio.

The Group's cost of sales for the Period was approximately HK\$10.1 million (six months ended 30 September 2017: HK\$10.0 million), representing a slight decrease of 1% from that of the Last Corresponding Period.

The Group's marketing, administrative and other operating expenses for the Period were approximately HK\$21.9 million (six months ended 30 September 2017: HK\$21.5 million), representing a slight increase of approximately 1.9% from those of the Last Corresponding Period.

The Group's net fair value loss on financial assets at FVTPL and gain on disposal of financial assets at FVTPL for the Period was approximately HK\$10.7 million (six months ended 30 September 2017: HK\$109.2 million). Details are set out in the section headed "Significant Investments Held".

The Group's finance costs for the Period amounted to approximately HK\$0.9 million (six months ended 30 September 2017: HK\$1.8 million), representing a decrease of about 50% from that of the Last Corresponding Period. The decrease was attributable to the absence of interest arising from the promissory notes of approximately HK\$67.4 million during the Period as they were early redeemed in October 2017.

Accordingly, the loss attributable to owners of the Company for the Period was approximately HK\$16.4 million (six months ended 30 September 2017: loss of HK\$111.4 million). The substantial decrease in the loss was mainly attributable to the fair value change on financial assets at FVTPL of approximately HK\$10.7 million and the gain on disposal of financial assets at FVTPL of approximately HK\$0.07 million.



## **REVIEW ON PROVISION OF FINANCIAL ASSISTANCE**

During the Period, none of the financial assistance provided by the Group constituted “discloseable transaction” under Chapter 19 of the GEM Listing Rules, “connected transaction” under Chapter 20 of the GEM Listing Rules and “advances to entity” which requires disclosure pursuant to Chapter 17 of the GEM Listing Rules.

## **OUTLOOK**

Looking ahead, the revenue from each of the sectors of asset advisory and corporate consultancy services remains promising with a steady demand for professional commercial services in the PRC, Taiwan, Hong Kong and Macau (together, the “Greater China”). As companies in the Greater China, especially in the PRC, continue to expand in corporate size, operational complexity and geographical diversification as well as undergo restructuring, listing and mergers and acquisitions, the demand for a leading professional advisor on asset value, procedures and regulations, as well as investment matching is expected to remain high. In view of the Group’s existing competitive advantages and market position in its core business segments, the Group is confident that its experienced professional teams and provision of convenient one-stop professional services will keep it well-positioned to capture the surging business opportunities.

Despite the increase in revenue from media advertising, as there is keen competition in the media advertising industry in the PRC and demand of new advertising channels, the Group will constantly seek new customers.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in this interim report, the Group does not have other plans for material investments and capital assets.

## **MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

There were no other material acquisitions and disposals of subsidiaries, associates or joint ventures during the Period.

## SIGNIFICANT INVESTMENTS HELD

As at 30 September 2018, the Group's financial assets at FVTPL, with a total market value of approximately HK\$50.2 million (31 March 2018: HK\$57.9 million), represented an investment portfolio of seven equity securities listed in Hong Kong (31 March 2018: five equity securities listed in Hong Kong and one convertible bond issued by a company listed in Hong Kong).

Details of the financial assets at FVTPL are set out as follows:

| Name of securities  | As at 30 September 2018                   |  |  | For the six months ended<br>30 September 2018 |                              | As at<br>31 March<br>2018             |  |
|---|---|--|--|---|------------------------------|---------------------------------------|--|
|   | Percentage of<br>shareholding<br>interest | Fair value/<br>carrying<br>value<br>HK\$'000 | Percentage to<br>the financial<br>assets at<br>FVTPL | Percentage<br>to the<br>net assets            | Realised<br>gain<br>HK\$'000 | Unrealised<br>gain/(loss)<br>HK\$'000 | Fair value/<br>carrying<br>value<br>HK\$'000 |
| WLS Holdings Limited ("WLS")<br>(Stock code: 8021) (Note 1)                             | 2.90%                                     | 20,800                                       | 41.4%  | 6.9%  | -                            | 832                                   | 19,968                                       |
| China e-Wallet Payment Group<br>Limited ("e-Wallet")<br>(Stock code: 802) (Note 2)      | 2.19%                                     | 15,000                                       | 29.9%  | 4.9%  | -                            | (9,000)                               | 24,000                                       |
| China Kingstone Mining Holdings<br>Limited ("Kingstone")<br>(Stock code: 1380) (Note 3) | 1.92%                                     | 4,512  | 9.0%   | 1.5%  | -                            | 272                                   | 4,240  |
| China 33 Media Group Limited<br>("China 33") (Stock code: 8087)<br>(Note 4)             | 3.13%                                     | 5,220  | 10.4%  | 1.7%  | -                            | (3,780)                               | 9,000  |
| Cool Link (Holdings) Limited<br>("Cool Link") (Stock code: 8491)<br>(Note 5)            | 0.67%                                     | 3,600  | 7.2%   | 1.2%  | -                            | 1,260                                 | -  |
| Other investments (Notes 6 and 7)   |   | 1,074  | 2.1%   | 0.4%  | 72                           | (306)                                 | 680  |
|   |   | 50,206                                       | 100%   | 16.6%   | 72                           | (10,722)                              | 57,888                                       |

*Notes:*

1. WLS is principally engaged in the provision of scaffolding and fitting-out services, management contracting services, other services for construction and buildings work, money lending business and trading of securities in Hong Kong.
2. e-Wallet is principally engaged in the provision of biometric and radio frequency identification products and solution services, internet and mobile application and related services.
3. Kingstone is principally engaged in the production and sales of marble and marble related products in China.
4. China 33 is principally engaged in printed media advertising, outdoor advertising and film and entertainment investment.
5. Cool Link is principally engaged in the food supplies business in Singapore.
6. The carrying value of the investment represented less than 1% of the net assets of the Group as at 30 September 2018.
7. The Group had less than 1% of the shareholding interest in the investment as at 30 September 2018.

During the Period, the Group recorded a realised gain of approximately HK\$0.07 million and an unrealised loss of approximately HK\$10.7 million (six months ended 30 September 2017: realised loss of approximately HK\$58.8 million and unrealised loss of approximately HK\$50.3 million) under the volatile stock market conditions.

The future performance of the equity securities held by the Group may be influenced by the Hong Kong stock market. In this regard, the Group will continue to maintain a diversified investment portfolio and closely monitor the performance of its investments and the market trends to adjust its investment strategies.

Save as disclosed above, there were no other significant investments held by the Group as at 30 September 2018.

## **CHARGE ON GROUP ASSETS**

At 30 September 2018, the carrying amount of a motor vehicle held by the Group amounted to approximately HK\$394,000 (31 March 2018: HK\$461,000), which was pledged to bank to secure the finance leases granted to the Group.

At 30 September 2018, the carrying amount of deposits placed for life insurance policies held by the Group amounted to approximately HK\$2,588,000 (31 March 2018: HK\$2,588,000), which was pledged to bank to secure the bank loan and overdrafts granted to the Group.



## CAPITAL STRUCTURE

There was no change in the capital structure of the Group as at 30 September 2018 as compared with that as at 31 March 2018.

## FOREIGN CURRENCY RISK

The majority of the Group's businesses is operated in Hong Kong and is denominated in Hong Kong dollars ("HK\$"), Renminbi ("RMB") and United States dollars. The Group currently does not have a foreign currency hedging policy. The Group is of the opinion that its exposure to foreign exchange rate risk is limited. However, the management monitors closely foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2018, the Group had bank and cash balances of approximately HK\$9.6 million (31 March 2018: approximately HK\$17.7 million). The cash and cash balances were denominated in HK\$ and RMB. As at 30 September 2018, the Group had net current assets of approximately HK\$218.4 million (31 March 2018: approximately HK\$240.2 million). Current ratio (calculated based on dividing current assets by current liabilities) as at 30 September 2018 was 5.1 (31 March 2018: 5.8).

As at 30 September 2018, the Group had total borrowings (comprising borrowings and promissory notes) of approximately HK\$59.9 million (31 March 2018: approximately HK\$57.7 million) and a net gearing ratio, which is defined as net debt (total borrowings net of cash and bank balances) over total equity of 0.17 (31 March 2018: 0.12). The borrowings represented bank loans of approximately HK\$1.9 million (31 March 2018: approximately HK\$2.0 million) and bank overdrafts of approximately HK\$4.1 million (31 March 2018: HK\$1.7 million). The bank loans were denominated in HK\$ and carried an average annual interest rate of 2.6% (31 March 2018: denominated in HK\$ and carried an average annual interest rate of 2.5%) and the bank overdrafts were denominated in HK\$ and carried an average annual interest rate of 4.6% (31 March 2018: 4.5%). The promissory notes were denominated in HK\$ and interest-bearing at 3% (31 March 2018: 3% to 7.6%) per annum.

## CAPITAL COMMITMENTS

As at 30 September 2018, the Group did not have any significant capital commitments (31 March 2018: nil).

## CONTINGENT LIABILITIES

The Group had no material contingent liabilities at 30 September 2018 and 31 March 2018.



## **EVENT AFTER THE REPORTING PERIOD**

Up to the date of this interim report, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the Period.

## **HUMAN RESOURCES AND REMUNERATION POLICIES**

As at 30 September 2018, the Group employed 61 (31 March 2018: 64) employees. Total staff costs (including Director's emoluments) for the Period were approximately HK\$12.2 million (six months ended 30 September 2017: HK\$14.2 million). Employees' remuneration, promotion and salary increments are assessed based on both individual's and Company's performance and individual's professional and working experience and by reference to prevailing market practice and standards. The Company has adopted a share option scheme for the grant of share options to eligible participants. The Group also provides and arranges on-the-job training for the employees. The Group regards quality staff as one of the key factors to corporate success.

## OTHER INFORMATION DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would have: (a) 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 (b) pursuant to Section 352 of the SFO, to be entered in the register as referred to therein were as follows:

### (a) Long positions in the Shares

| Name of Director                | Capacity/nature of interest                                | Number of issued Shares held    | Approximate percentage to the issued Shares <sup>(Note 1)</sup> |
|---------------------------------|--|---------------------------------|---|
| Mr. Ip Kwok Kwong<br>("Mr. Ip") | Interest in controlled corporations/<br>Corporate interest | 310,850,000 <sup>(Note 2)</sup> | 5.33%   |

Notes:

- The percentage is calculated on the basis of the total number of issued Shares as at 30 September 2018.
- 310,850,000 Shares were held by Brilliant One Holdings Limited ("Brilliant One") which was wholly owned by GC Holdings Limited ("GC Holdings"). GC Holdings was wholly owned by Mr. Ip, an executive Director and the Managing Director. By virtue of the SFO, Mr. Ip was deemed to have interests in all the Shares held by Brilliant One.

## (b) Long positions in the shares of associated corporations

| <b>Name of Director</b>  | <b>Name of associated corporations</b> | <b>Capacity/nature of interests</b>                         | <b>Number of issued shares held</b> | <b>Percentage of interest in associated corporations</b> |
|--------------------------|--|---|-------------------------------------|--|
| Mr. Ip <sup>(Note)</sup> | Brilliant One                          | Interest in a controlled corporation/<br>Corporate interest | 200                                 | 100%   |
| Mr. Ip <sup>(Note)</sup> | GC Holdings                            | Beneficial owner/<br>Personal interest                      | 1                                   | 100%   |

*Note:* The Company was owned as to approximately 5.33% by Brilliant One. Brilliant One was wholly owned by GC Holdings which was in turn wholly owned by Mr. Ip.

Save as disclosed above, as at 30 September 2018, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules or to be entered in the register referred to in the SFO.



## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2018, the following persons/corporations (other than a Director or the chief executive of the Company) had interests or short positions in the Shares and the underlying Shares, which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to Section 336 of the SFO:

### Long positions in the Shares

| Name of shareholders   | Capacity/nature of interests                                | Number of issued Shares held | Approximate percentage to the issued Shares <sup>(Note 1)</sup> |
|--|---|------------------------------|---|
| Brilliant One <sup>(Notes 2 and 3)</sup>                       | Beneficial owner/<br>Personal interest                      | 310,850,000                  | 5.33%   |
| GC Holdings <sup>(Note 2)</sup>                                | Interest in a controlled corporation/<br>Corporate interest | 310,850,000                  | 5.33%   |
| M Success Finance Limited<br>("M Success") <sup>(Note 3)</sup> | Having a security interest/<br>Other interest               | 310,850,000                  | 5.33%   |
| Roma Group Limited<br>("Roma Group") <sup>(Note 3)</sup>       | Interest in controlled corporations/<br>Corporate interest  | 310,850,000                  | 5.33%   |
| Laberie Holdings Limited<br>("Laberie") <sup>(Note 4)</sup>    | Beneficial owner/<br>Personal interest                      | 1,400,000,000                | 24.02%  |
| SEEC Media Group Limited<br>("SEEC Media") <sup>(Note 4)</sup> | Interest in a controlled corporation/<br>Corporate interest | 1,400,000,000                | 24.02%  |



*Notes:*

1. The percentage is calculated on the basis of the total number of issued Shares as at 30 September 2018.
2. Brilliant One was wholly owned by GC Holdings which was wholly owned by Mr. Ip, an executive Director and the Managing Director. Therefore, under the SFO, GC Holdings was deemed to be interested in all the Shares held by Brilliant One.
3. On 8 July 2015, 310,850,000 Shares held by Brilliant One were pledged to M Success which was wholly owned by Ascendant Success Limited. Ascendant Success Limited was wholly owned by United Brilliant Limited which was in turn wholly owned by Roma Group.
4. Laberie was wholly owned by SEEC Media. By virtue of the SFO, SEEC Media was deemed to be interested in all the Shares held by Laberie.

Save as disclosed above, as at 30 September 2018, the Company had not been notified by any parties (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

## SHARE OPTION SCHEME

To attract and retain the eligible persons, provide additional incentive to them and promote the success of the business of the Group, the Company conditionally approved and adopted a share option scheme (the "Scheme") by a resolution in writing on 18 May 2011 whereby the Board was authorised to grant options (the "Options") to subscribe for the Shares to the eligible participants as defined in the Scheme, including the Directors and employees. The Scheme is valid for a period of ten years commencing on the adoption date as defined in the Scheme, i.e. 18 May 2011.

A summary of the movements of the outstanding Options under the Scheme during the Period is as follows:

| Eligible participants            | Number of underlying Shares comprised in Options |                           |                             |                          |                             | Outstanding as at 30 September 2018 | Exercise price per Share HK\$ | Adjusted exercise price per Share HK\$ (Note) | Date of grant | Exercisable period   |
|----------------------------------|--|---------------------------|-----------------------------|--------------------------|-----------------------------|-------------------------------------|-------------------------------|---|---------------|--|
|                                  | Outstanding as at 1 April 2018                   | Granted during the period | Exercised during the period | Lapsed during the period | Cancelled during the period |                                     |                               |   |               |  |
| <b>Director</b>                  |  |                           |                             |                          |                             |                                     |                               |   |               |  |
| Mr. Wu Di                        | 8,575,000  | -                         | -                           | (8,575,000)              | -                           | -                                   | 0.367                         | N/A   | 27.8.2015     | 27.8.2015 - 26.8.2018 (both dates inclusive)   |
| <b>Employees and consultants</b> | 356,700  | -                         | -                           | (98,400)                 | -                           | <b>258,300</b>                      | 0.20                          | 0.1626  | 6.1.2012      | a) One-third of the Options comprising 258,300 Shares is exercisable from 30.1.2012 to 17.5.2021, one-third of the Options is exercisable from 1.1.2013 to 17.5.2021 and the remaining one-third of the Options is exercisable from 1.1.2014 to 17.5.2021.<br><br>b) One-half of the Options comprising 98,400 Shares is exercisable from 1.1.2013 to 17.5.2021 and the remaining one-half of the Options is exercisable from 1.1.2014 to 17.5.2021. |
|                                  | 147,600  | -                         | -                           | (73,800)                 | -                           | <b>73,800</b>                       | 0.20                          | 0.1626  | 6.1.2012      | 1.7.2012 - 17.5.2021 (both dates inclusive)  |
|                                  | 73,800   | -                         | -                           | -                        | -                           | <b>73,800</b>                       | 0.20                          | 0.1626  | 6.1.2012      | 30.1.2012 - 17.5.2021 (both dates inclusive)   |
|                                  | 553,500  | -                         | -                           | -                        | -                           | <b>553,500</b>                      | 0.20                          | 0.1626  | 6.1.2012      | One-third of the Options is exercisable from 1.7.2013 to 17.5.2021, one-third of the Options is exercisable from 1.1.2014 to 17.5.2021 and the remaining one-third of the Options is exercisable from 1.1.2015 to 17.5.2021.   |
|                                  | 8,575,000  | -                         | -                           | (8,575,000)              | -                           | -                                   | 0.367                         | N/A   | 27.8.2015     | 27.8.2015 - 26.8.2018 (both dates inclusive)   |
|                                  | 485,750,000                                      | -                         | -                           | -                        | -                           | <b>485,750,000</b>                  | 0.0726                        | N/A   | 10.11.2017    | 10.11.2017 - 9.11.2020 (both dates inclusive)  |
|                                  | 504,031,600                                      | -                         | -                           | (17,322,200)             | -                           | <b>486,709,400</b>                  |                               |   |               |  |

Note: Pursuant to the Company's announcement dated 27 August 2014, the exercise price and the number of underlying shares comprised in the outstanding Options have been adjusted as a result of the completion of an open offer of shares with effect from 28 August 2014.



## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in the securities of the Company by the Directors (the “Required Standard of Dealings”). The Company had made a specific enquiry with each of the Directors and all the Directors confirmed that they had complied with the Required Standard of Dealings during the Period.

## **MANAGEMENT CONTRACTS**

No contracts, other than a contract of service with any Director or any person under the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Period.

## **DIRECTORS’ INTERESTS IN COMPETING BUSINESS**

None of the Directors or the substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interest in the business that competed or might compete or was likely to compete, either directly or indirectly, with the business of the Group during the Period.

## **PURCHASE, REDEMPTION OR SALE OF THE COMPANY’S LISTED SECURITIES**

The Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the Period.

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions as set out in the Corporate Governance Code as contained in Appendix 15 to the GEM Listing Rules (the “CG Code”) during the Period save for code provision A.2.1 of the CG Code, which requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The Company currently does not have any officer who carries the title of the chairman of the Board (the “Chairman”) or chief executive officer of the Company (the “CEO”) but instead, the roles of both the Chairman and the CEO are performed by Mr. Ip Kwok Kwong, an executive Director and the Managing Director. The Board believes that vesting the roles of both Chairman and CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

## CHANGE IN INFORMATION OF DIRECTOR

Subsequent to the date of the 2018 annual report of the Company, the change in Director's information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules is set out below:

- Ms. Yang Yan has resigned as a non-executive Director with effect from 1 August 2018.

## AUDIT COMMITTEE

The Unaudited Condensed Consolidated Financial Statements and this report have been reviewed by the Audit Committee, which was of the opinion that such results had been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board  
**GreaterChina Professional Services Limited**  
**Ip Kwok Kwong**  
*Executive Director and Managing Director*

Hong Kong, 9 November 2018

*As at the date of this report, the Board comprises Mr. Ip Kwok Kwong (Managing Director) and Mr. Wu Di as executive Directors; and Mr. Cheung Ka Chun, Mr. So Kwok Yun and Mr. Tang Wai Kee as independent non-executive Directors.*