



# **INNOVAX HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

Stock code: 2680

# **Interim Report 2018/19**

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Chung Chi Man  
Mr. Poon Siu Kuen, Calvin

### Independent Non-executive Directors

Mr. Lo Wai Kwan  
Dr. Wu Kwun Hing  
Mr. Choi Wai Ping  
Ms. Chan Ka Lai, Vanessa  
Mr. Cheung Kwok Kwan *JP*

## AUDIT COMMITTEE

Ms. Chan Ka Lai, Vanessa (*Chairlady*)  
Mr. Lo Wai Kwan  
Dr. Wu Kwun Hing  
Mr. Cheung Kwok Kwan *JP*

## REMUNERATION COMMITTEE

Mr. Lo Wai Kwan (*Chairman*)  
Dr. Wu Kwun Hing  
Mr. Choi Wai Ping  
Ms. Chan Ka Lai, Vanessa

## NOMINATION COMMITTEE

Dr. Wu Kwun Hing (*Chairman*)  
Mr. Lo Wai Kwan  
Mr. Choi Wai Ping  
Ms. Chan Ka Lai, Vanessa

## REGISTERED OFFICE

Cricket Square  
Hutchison Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit A–C, 20/F, Neich Tower  
128 Gloucester 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

## COMPANY SECRETARY

Ms. Chau Lok Yi

## LEGAL ADVISERS

L&C Legal LLP in association with Jingtian & Gongcheng

## AUDITOR

Deloitte Touche Tohmatsu

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Hang Seng Bank Limited  
Nanyang Commercial Bank Limited  
Industrial and Commercial Bank of China (Asia) Limited

## COMPLIANCE ADVISER

Sinolink Securities (Hong Kong) Company Limited

## WEBSITE

[www.innovax.hk](http://www.innovax.hk)

# Management Discussion and Analysis

## OVERVIEW

Established in Hong Kong since 2014, Innovax Holdings Limited (the “Company, together with its subsidiaries, the “Group”) are an integrated financial services provider licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) through three operating subsidiaries including Innovax Capital Limited, Innovax Securities Limited and Innovax Asset Management Limited.

The Group aims to establish an integrated platform for providing a wide range of financial and securities services to its clients. The Group provides corporate finance advisory services including (i) acting as sponsors to companies pursuing listing on the Main Board and GEM (ii) acting as financial and independent financial adviser (iii) acting as compliance adviser. On the other hand, the Group also provides placing and underwriting services, securities dealing and brokerage services, securities financing services as well as asset management services.

The total revenue of the Group increased from approximately HK\$22.6 million for the six months ended 31 August 2017 to approximately HK\$30.0 million for the six months ended 31 August 2018 (the “Period”), representing an increase of approximately 32.7%.

On 14 September 2018 (the “Listing Date”), the shares of the Company (the “Shares”) were listed on the Main Board of the Stock Exchange of Hong Kong Limited by way of global offering (the “Listing”), raising gross proceeds of approximately HK\$180.0 million. With the support from the Listing, the Group believes that it can continue with the momentum and continue to develop and grow sustainably in its business.

## REVIEW

### Market Review

During the Period, building on the positive momentum from 2017, the local stock market started bullishly, benefitting from the south-bound funds brought by the cross-border connect schemes especially when the Mainland economy stayed on a robust growth during the Period. The total number of listings and capital raised have both increased in the first quarter of 2018 when compared to the same period last year. Moreover, The Mainland A-shares has promoted depositary receipts which increases companies’ flexibility to use IPO platforms in Hong Kong and Mainland to raise capital. In the first three months of 2018, there were a total of 69 newly listed companies, which was an increase of 73% when compared to the 40 listed companies in the corresponding period in 2017. A total of HK\$24.3 billion of IPO funds was raised in the first quarter of 2018.

Nevertheless, the market situation became gloomy with the gradual hikes of US interest rates and geopolitical economic and political uncertainties, like the intensified US-China trade war of late. These factors may affect not only the market sentiment but also the IPO and other fund-raising activities which may potentially bring more challenges ahead. That said, there will still be several large-scale IPOs with targeted fund raising in excess of HK\$10 billion in the second half of 2018. The Company will keep alert of the market situation and shall take appropriate steps for the business of the Group accordingly.

# Management Discussion and Analysis (Continued)

## Business Review

### Corporate Finance Advisory Services

The corporate finance advisory services mainly comprise services including (i) IPO sponsorship services; (ii) financial and independent financial advisory services; and (iii) compliance advisory services. Our corporate finance advisory business recorded a significant growth in revenue of approximately 65.9%, from approximately HK\$17.3 million for the period ended 31 August 2017 to approximately HK\$28.7 million during the period ended 31 August 2018. During the period ended 31 August 2018, we were engaged in a total of 58 corporate finance advisory projects, which included 29 IPO sponsorship projects, 11 financial and independent financial advisory projects and 18 compliance advisory projects, while we were engaged in a total of 34 corporate finance advisory projects, which included 19 IPO sponsorship projects, three financial and independent financial advisory projects and 12 compliance advisory projects during the period ended 31 August 2017.

#### *IPO sponsorship services*

IPO sponsorship services remain the Group's core driver for the Period. During the Period, the Group has completed one Main Board IPO sponsorship engagement and one GEM transfer to Main Board engagement.

Income generated from IPO sponsorship services was approximately HK\$20.7million during the Period (six months ended 31 August 2017: approximately HK\$14.7 million). During the period ended 31 August 2018, we were engaged in 29 IPO sponsorship projects, while we were engaged in 19 IPO sponsorship projects during the period ended 31 August 2017.

#### *Financial and independent financial advisory service*

The Group acts as (i) financial advisers to clients to advise them on the terms and structures of the proposed transactions, and the relevant implications and compliance matters under the Hong Kong regulatory framework including the Listing Rules, the GEM Listing Rules and the Takeovers Code; or (ii) independent financial advisers giving opinions or recommendations to the independent board committee and independent shareholders of listed companies.

Income generated from financial and independent financial advisory service was approximately HK\$4.0 million during the Period (six months ended 31 August 2017: approximately HK\$920,000). During the period ended 31 August 2018, we were engaged in 6 financial advisor projects, 5 independent financial advisory projects while we were engaged in three financial advisor projects, zero independent financial advisory projects during the period ended 31 August 2017.

#### *Compliance advisory services*

The Group act as compliance advisers to listed companies on the Main Board or GEM and advise them on post-listing compliance matters in return for advisory fee.

Income generated from compliance advisory services was approximately HK\$4.0million during the Period (six months ended 31 August 2017: approximately HK\$1.7 million). During the period ended 31 August 2018, we were engaged in 18 compliance advisory projects, while we were engaged in 12 compliance advisory projects during the period ended 31 August 2017.

### Placing and Underwriting Services

The Group provides placing and underwriting services by acting as (i) placing or sub-placing agent for issue of new shares by listed companies; and (ii) global coordinator or bookrunner or lead manager or underwriter for IPOs of listing applicants, in return for placing and/or underwriting commission income.

# Management Discussion and Analysis (Continued)

During the Period, the Group completed one transaction as lead manager and one transaction as co-lead manager for two IPOs. Income generated from placing and underwriting business was approximately HK\$18,000 during the Period (six months ended 31 August 2017: HK\$5.08 million). We had only two placing and underwriting projects during the period ended 31 August 2018 due to the slightly weakened stock market in Hong Kong. During the period ended 31 August 2017, we completed four placing and underwriting projects.

## Securities Dealing and Brokerage Services

The Group provides securities dealing and brokerage services to its clients for trading in securities listed on the Main Board or GEM in return for brokerage commission income. In conjunction with its securities dealing and brokerage services, the Group also provides advice on securities as value-added services to its clients. Such value-added services include provision of daily market update reports, securities performance analysis reports and monthly and yearly market outlook reports.

As at 31 August 2018, the Group had 485 securities accounts maintained in Innovax Securities (As at 28 February 2018: 437) and its commission income generated from securities dealing and brokerage business was approximately HK\$798,000 during the Period (six months ended 31 August 2017: approximately HK\$196,000).

## Securities Financing Services

The Group provides securities financing services to its clients by (i) providing margin financing to them for purchasing securities on the secondary market; and (ii) IPO financing to clients for subscribing shares offered under public tranche of IPOs.

As at 31 August 2018, the total outstanding balance of margin loans amounted to HK\$3.3 million (As at 28 February 2018: approximately HK\$3.9 million) and its income generated from securities financing services was approximately HK\$153,000 during the Period (six months ended 31 August 2017: approximately HK\$1,000).

## Asset Management Services

The Group provides fund management and discretionary account management services to its clients.

As at 31 August 2018, the asset under management ("AUM") of Innovax Balanced Fund SP was approximately US\$5.6 million (equivalent to approximately HK\$43.6 million) (As at 28 February 2018: approximately US\$2.7 million) and the AUM of the discretionary account managed by the Group was approximately HK\$2.7 million (As at 28 February 2018: approximately HK\$3.5 million). The income generated from asset management business was approximately HK\$338,000 during the Period (six months ended 31 August 2017: approximately HK\$26,000).

## FINANCIAL REVIEW

### Revenue

During the Period, the Group's revenue registered growth of 32.7% to HK\$30.0 million (six months ended 31 August 2017: HK\$22.6 million), mainly driven by growth of corporate finance services segment.

### Profit attributable to the owners of the Company

Profit for the Period attributable to owners of the Company dropped by 83.5% to approximately HK\$872,000 (six months ended 31 August 2017: HK\$5.3million) due to listing expenses of approximately HK\$7.3 million.

# Management Discussion and Analysis (Continued)

## Administrative Expenses

The Group's administrative and operating expenses increased by approximately HK\$756,000 from approximately HK\$4.2 million for the six months ended 31 August 2017 to approximately HK\$5.0 million for the Period.

## Staff Costs

Staff costs increased by approximately 40.0% from approximately HK\$11.5 million for the six months ended 31 August 2017 to approximately HK\$16.1 million for the Period.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's working capital and other capital requirements were principally satisfied by cash generated from the Group's operations and capital.

As at 31 August 2018, the Group's net current assets amounted to HK\$39.5 million (as at 28 February 2018: HK\$44.4 million), and its liquidity as represented by current ratio (current assets/current liabilities) was 1.73 times (as at 28 February 2018: 1.52 times). Bank balances amounted to HK\$34.4 million (as at 28 February 2018: HK\$56.1 million). As at 31 August 2018, the Group has no bank loans (as at 28 February 2018: HK\$8.1 million) and amount due to a director (as at 28 February 2018: HK\$1.7 million). As at 31 August 2018 and 28 February 2018, our debts including payables incurred not in the ordinary course of business were nil and approximately HK\$8.1 million, representing a gearing ratio of approximately nil and 0.2, respectively.

Gearing ratio is calculated based on debts including payables incurred not in the ordinary course of business (representing bank loans and amounts due to a Director) divided by the total equity as at the end of reporting period.

On 14 September 2018, the Shares of the Company were listed on the Main Board of the Stock Exchange by way of global offering comprising a public offering of 10,000,000 ordinary shares and international offering of 90,000,000 Shares, with a par value of HK\$0.01 each at an offer price of HK\$1.80 per Share with net proceeds of approximately HK\$158.0 million. The Company believes that the funding from the global offering on the Main Board would allow the Group to continue with its future business development as a more integrated and reputable financial services provider and to gain access to capital market for raising funds in the future.

## SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules. The Share Option Scheme was conditionally adopted and effective upon Listing by the written resolutions of its then sole Shareholder passed on 24 August 2018. The Company is thus entitled to issue a maximum of 40,000,000 shares upon exercise of the share options to be granted under the Share Option Scheme limit, representing 10% of the shares in issue as at the Listing Date. The purpose of the Share Option Scheme is to motivate any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any directors (including executive, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries, any advisers (professional or otherwise), consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and related entities who, in the sole opinion of the Board, will contribute or have contributed to the Company or any of its subsidiaries (collectively, the "Eligible Participants") to optimize their performance efficiency for benefit of the Group and attract and retain or otherwise maintain on-going business relationship with the Eligible Participants.

# Management Discussion and Analysis (Continued)

During the Period and since the Listing Date, no options were granted by the Company under the Share Option Scheme.

The Company did not have any outstanding share options, warrants derivatives or securities which are convertible or exchangeable into Shares as at 31 August 2018 and up to the date of this report.

## **PLEDGE OF ASSETS**

As at 31 August 2018, the Group did not have any pledged assets (As at 28 February 2018: Nil).

## **FOREIGN CURRENCY EXPOSURE**

The majority of the Group's revenue is denominated in Hong Kong dollars and the Group's accounts are prepared in Hong Kong dollars. Consequently, the exposure to the risk of foreign exchange rate fluctuations for the Group is not material.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 August 2018, the Group did not have any significant capital commitment and contingent liabilities (As at 28 February 2018: Nil).

## **OPERATING LEASE COMMITMENT AND UNDERWRITING COMMITMENT**

Details regarding the operating lease commitment and underwriting commitment are set out in Note 30 of the condensed consolidated financial statements.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 August 2018, the Group employed 50 staff (including executive Directors) (As at 28 February 2018: 43). The employees' remuneration was determined based on factors such as qualification, duty, contributions and years of experience. Moreover, the Group provides comprehensive training programs to its employees or sponsors the employees to attend various job-related training courses. Employee benefit expenses primarily consist of salaries, bonus and allowance as well as contributions to the mandatory provident fund for the Directors and employees of the Group.

Employee benefits expenses was approximately HK\$16.1 million during the Period (six months ended 31 August 2017: approximately HK\$11.5 million), representing an increase of approximately HK\$4.6 million.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND CAPITAL ASSETS**

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets during the Period.



# Management Discussion and Analysis (Continued)

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES**

There were no other significant investments held, material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended 31 August 2018.

## **RISK MANAGEMENT**

The risk management process includes risk identification, risk evaluation, risk management measures and risk control and review.

The management is entrusted with duties to identify, analyze, evaluate, respond, monitor and communicate risks associated with any activity, function or process within its scope of responsibility and authority. It endeavours to evaluate and compare the level of risk against predetermined acceptable level of risk. For risk control and monitoring, it involves making decisions regarding which risks are acceptable and how to address those that are not. The management will develop contingency plans for possible loss scenarios. Accidents and other situations involving loss or near-loss will be investigated and properly documented as part of the effort to manage risks.

## **INTERIM DIVIDEND**

On 17 May 2018, the Company declared dividend of approximately HK\$5.0 million, which was fully repaid by its internal resources before the Listing. After the Listing, the Board did not recommend a payment of an interim dividend for the six months ended 31 August 2018 (six months ended 31 August 2017: Nil).

## **USE OF PROCEEDS**

The net proceeds of the Group raised from the initial public offering was approximately HK\$158 million, after deducting the underwriting fees, commissions and other listing expenses. None of the net proceeds has been utilized as at the date of this report and they are placed in licensed banks in Hong Kong. Net proceeds will be used according to the manner as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

## **NO MATERIAL ADVERSE CHANGE**

Save for the one-off listing expenses incurred during the Period, the Directors have confirmed that there was no material adverse change in the Group's financial and trading position or prospects as at 31 August 2018.

## **OUTLOOK AND PROSPECT**

The mounting trade tensions between US and China and the tumbling global stock market, paint a volatile and uncertain background for the financial situation in Hong Kong and in the world. In addition to the more stringent local regulatory requirements, the financial market is so ever-changing that there are seemingly various challenges ahead to the business.

## Management Discussion and Analysis (Continued)

Notwithstanding, during the Period, the Group had been equipping itself to meet these challenges. The Group has established a milestone with the Listing of Shares, which enhanced its corporate profile and reputation while helps attract more clients and broaden spectrum of the clients. Throughout the Listing process, the Company had strived its best to strengthen the internal control and corporate governance systems, giving clients confidence on its services provided. The Group believes that this made it more than competent to tackle the stricter regulations and provide high quality and secured services to its clients.

The Company understands that having a sufficient and healthy capital base is important if not fundamental to a capital intensive business of placing and underwriting business and securities financing business. The Listing of Shares not only enables the Group to do so, it even gives the Group opportunities to establish and enhance a more efficient and sustainable fund-raising platform thereby empowering the Group to open up new and direct access to the capital market for equity and/or debt financing at a lower cost of funding for its existing and future developments of the Group.

In this ruffling economic situation, there are inevitably risks to overcome, yet, opportunities are potentially embedded for those who are well prepared. For example, the China's "One Belt One Road" and cross-border Stock Connect ignite new prospects for capital inflow to Hong Kong. Participating in the financial industry which is vulnerable to the global and local economic volatilities, the Group believe that the hard work it has done during the Period as well as the Listing of Shares not only cemented ourselves a solid foundation to stay strong in the market, it gave the Group the impetus to continue with its business objectives so that the Group can act accordingly to the market situation and the emerging industry and technological trends. The Group is poised to grab hold of the opportunities that the dynamic financial market gives it while prudently review and adjust its business strategies regularly for the long term development and benefits of the Group and its Shareholders.

### CORPORATE GOVERNANCE AND OTHER INFORMATION

#### Compliance with Corporate Governance Code

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the period from the Listing Date and up to the date of this report.

#### Purchase, Sale or Redemption of the Company's Listed Securities

Throughout the period from the Listing Date and up to the date of this report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

#### Audit Committee

The Company established its audit committee on 24 August 2018 which comprise four independent non-executive Directors, namely Ms. Chan Ka Lai, Vanessa (Chairlady), Mr. Lo Wai Kwan, Dr. Wu Kwun Hing and Mr. Cheung Kwok Kwan *JP*. The audit committee has also adopted written terms of reference which clearly set out its duties and obligations for ensuring compliance with the relevant regulatory requirements. The Audit Committee has reviewed with management of the Company the Group's unaudited condensed consolidated interim financial statements for the six months ended 31 August 2018 including the accounting principles and practices adopted by the Group.

# Management Discussion and Analysis (Continued)

## Review of Interim Report

The condensed consolidated financial statements of the Group as set out in this interim report had not been audited nor reviewed by the Company's auditor, Deloitte Touche Tohmatsu, but this report had been reviewed by the audit committee of the Company.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company of all Directors that they have fully complied with the required standard as set out in the Model Code throughout the period under review.

## Directors' Interest in Contracts

None of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party throughout the period from the Listing Date and up to the date of this report.

## Directors' Interest in a Competing Business

During the Period, the Directors (with the exception of the independent non-executive Directors) who have an interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business that need to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

Director	Name of Company	Nature of Business	Nature of Interest
Chung Chi Man	China Capital Finance International Holdings Limited ("CCFI")	Money Lending Business	100% shareholder of CCFI

For details of the money lending business operated by CCFI, please refer to the section headed "Relationship with Our Controlling Shareholders — Excluded business" in the Prospectus.

## Deed of Non-Competition

The controlling shareholders as defined in the Listing Rules and, in the context of the Company, means Mr. Chung Chi Man and Billion Shine International Investment Limited (the "Controlling Shareholders"), have entered into the deed of non-competition dated 24 August 2018 (the "Deed of Non-competition") in favour of the Company, details of which were set out in the Prospectus. Pursuant to the Deed of Non-competition, the Controlling Shareholders have undertaken to the Company (for itself and as trustee for each of its subsidiaries from time to time) that with effect from the Listing Date, they would not and would procure that none of their close associates (except for any members of our Group) shall, except through their interests in the Company, whether as principal or agent and whether undertaken directly or indirectly, either on their own account or in conjunction with or on behalf of any person, corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, among other things, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, directly or indirectly, any business which is, directly or indirectly, in any respect in competition with or similar to or is likely to be in competition with the business of our Group in Hong Kong or such other countries as our Group may conduct or carry on business from time to time.

## Management Discussion and Analysis (Continued)

The Controlling Shareholders have confirmed to the Company that from the Listing Date and up to the date of this report, they and their respective close associates (as defined under the Listing Rules) have complied with the undertakings contained in the Deed of Non-competition. For the Period and up to the date of this report, save and except for the interest the Directors have in the Company and its subsidiaries, none of the Directors, the Controlling Shareholders or their respective close associates (as defined under the Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group and any other conflicts of interest with the Group.

### Directors' and Chief Executive's Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

The Shares were listed on the Stock Exchange on 14 September 2018. As at the date of this report, the interests or short positions of the directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which will be required to notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, are as follows:

#### Interest in Shares of our Company

Name of Director	Capacity/Nature of interest	Number and class of securities <sup>(Note 1)</sup>	Approximate percentage of interest in the Company
Mr. Chung Chi Man	Interest in controlled corporation <sup>(Note 2)</sup>	300,000,000 Shares (L)	75%

Notes:

- (1) The letter "L" denotes a person's long position in the Shares.
- (2) Mr. Chung and BSI are the Controlling Shareholders. Mr. Chung owns the entire issued share capital of BSI. By virtue of the SFO, Mr. Chung is deemed to be interested in such Shares held by BSI.
- (3) The calculation is based on the total number of 400,000,000 Shares in issue as at the date of this report.

#### Interest in Shares of associated corporation of our Company

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number and class of securities <sup>(Note 1)</sup>	Approximate percentage of shareholding
Mr. Chung Chi Man	BSI	Beneficial owner	110 shares (L)	100%

Note:

1. The letter "L" denotes a person's long position in the shares.

# Management Discussion and Analysis (Continued)

## Interest discloseable under the SFO and substantial shareholders

So far as is known to the Directors, as at the date of this report, the following persons have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of members of the Group:

Name of Shareholder	Capacity/Nature of interest	Number and class of securities <sup>(Note 1)</sup>	Approximate percentage of shareholding
BSI	Beneficial owner	300,000,000 Shares (L) <sup>(Note 2)</sup>	75%
Mr. Chung	Interest in controlled corporation <sup>(Note 2)</sup>	300,000,000 Shares (L)	75%
Ms. Lee Yin Har	Interest of spouse <sup>(Note 3)</sup>	300,000,000 Shares (L)	75%

Notes:

- (1) The letter "L" a person's with long position in the Shares.
- (2) Mr. Chung and BSI are the Controlling Shareholders. Mr. Chung owns the entire issued share capital of BSI. By virtue of the SFO, Mr. Chung is deemed to be interested in such Shares held by BSI.
- (3) Ms. Lee Yin Har is the spouse of Mr. Chung. She is deemed, or taken to be, interested in all Shares in which Mr. Chung is interested in for the purpose of the SFO.
- (4) The calculation is based on the total number of 400,000,000 Shares in issue as at the date of this report.

## INTERESTS OF COMPLIANCE ADVISER

As at 31 August 2018, save and except for (i) the participation of Sinolink Securities (Hong Kong) Limited ("Sinolink") as Joint Sponsor, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager in relation to the Listing; and (ii) the compliance adviser's agreement entered into between the Company and Sinolink dated 17 May 2018, neither Sinolink nor any of its directors, employees or close associates had any interest in the securities of the Company.

By Order of the Board of  
**Innovax Holdings Limited**  
**Chung Chi Man**  
Chairman

Hong Kong, 30 October 2018

As at the date of this report, Mr. Chung Chi Man and Mr. Poon Siu Kuen, Calvin are the executive Directors, Mr. Lo Wai Kwan, Dr. Wu Kwun Hing, Mr. Choi Wai Ping, Ms. Chan Ka Lai, Vanessa and Mr. Cheung Kwok Kwan are the independent non-executive Directors.

# Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Notes	Six months ended	
		31 August 2018 (unaudited) HK\$'000	31 August 2017 (unaudited) HK\$'000
Revenue			
Corporate finance advisory services	5	28,676	17,281
Placing and underwriting services	5	18	5,077
Securities dealing and brokerage services	5	798	196
Securities financing services	5	153	1
Asset management services	5	338	26
Total revenue		29,983	22,581
Other income	6	197	17
Other losses	7	—	(364)
		30,180	22,234
Administrative and operating expenses		(4,969)	(4,213)
Net impairment gain/(loss) on financial instruments	8	293	—
Listing expenses		(7,326)	—
Staff costs	9	(16,067)	(11,530)
Finance costs	10	(191)	—
Total expenses		(28,260)	(15,743)
Profit before tax	11	1,920	6,491
Income tax expense	12	(1,048)	(1,183)
Profit and total comprehensive income for the period		872	5,308
Earnings per share			
Basic (HK cents)	14	0.29	1.77

# Condensed Consolidated Statements of Financial Position

		As at	
	Notes	31 August 2018 (unaudited) HK\$'000	28 February 2018 (audited) HK\$'000
<b>Non-current assets</b>			
Property and equipment	16	1,365	1,672
Intangible asset	17	500	500
Deposits with the Stock Exchange and a clearing house		205	205
Other receivables, deposits and prepayments	20	504	—
		<b>2,574</b>	2,377
<b>Current assets</b>			
Accounts receivable	18	7,905	34,464
Accrued income	19	3,112	3,428
Other receivables, deposits and prepayments	20	2,907	641
Tax recoverable		35	1,135
Bank balances	21	34,394	56,105
Cash held on behalf of customers	22	45,024	33,697
		<b>93,377</b>	129,470
<b>Total current assets</b>		<b>93,377</b>	129,470
<b>Total assets</b>		<b>95,951</b>	131,847
<b>Current liabilities</b>			
Accounts payable and short term advances from a broker	23	45,488	50,633
Amounts due to a director	24	—	1,673
Other payables and accruals	25	2,282	18,765
Bank loans	26	—	8,130
Deferred revenue	27	3,088	2,890
Tax payable		3,006	3,006
		<b>53,864</b>	85,097
<b>Total current liabilities</b>		<b>53,864</b>	85,097
<b>Net current assets</b>		<b>39,513</b>	44,373
<b>Total assets less current liabilities</b>		<b>42,087</b>	46,750
<b>Equity</b>			
Share capital	28	1	1
Retained profits		42,084	46,695
<b>Total equity</b>		<b>42,085</b>	46,696
<b>Non-current liability</b>			
Deferred tax liabilities	29	2	54
<b>Total non-current liabilities and equity</b>		<b>42,087</b>	46,750

# Condensed Consolidated Statements of Changes in Equity

	<b>Share capital</b> HK\$'000 (note 28)	<b>Retained profits</b> HK\$'000	<b>Total equity</b> HK\$'000
At 1 March 2017	1	21,264	21,265
Profit and total comprehensive income for the period	—	5,308	5,308
At 31 August 2017	1	26,572	26,573
At 28 February 2018	1	46,695	46,696
Impact on initial application of HKFRS 9	—	(483)	(483)
At 1 March 2018	1	46,212	46,213
Profit and total comprehensive income for the period	—	872	872
Dividend (note 13)	—	(5,000)	(5,000)
At 31 August 2018	1	42,084	42,085

Note: Ordinary shares issued for 1 share at par value of US\$1.



# Condensed Consolidated Statements of Cash Flows

	Six months ended	
	31 August 2018 HK\$'000 (unaudited)	31 August 2017 HK\$'000 (unaudited)
CASH (USED IN)/GENERATED FROM OPERATIONS	<b>(6,795)</b>	7,692
Income tax paid	—	(3,053)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	<b>(6,795)</b>	4,639
INVESTING ACTIVITIES		
Purchases of property and equipment	16	(629)
Net cash outflow for disposal of a subsidiary	—	(576)
NET CASH USED IN INVESTING ACTIVITIES	<b>(113)</b>	(1,205)
FINANCING ACTIVITIES		
Dividend paid	13	—
Repayment to a director	24	(8,500)
Repayment of bank loans	26	—
NET CASH USED IN FINANCING ACTIVITIES	<b>(14,803)</b>	(8,500)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(21,711)</b>	(5,066)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<b>56,105</b>	28,838
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<b>34,394</b>	23,772

# Notes to the Condensed Consolidated Financial Statements

## 1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 14 June 2016. The immediate holding company is Billion Shine International Investment Limited (“BSI”), a limited liability company incorporated in the British Virgin Islands (“BVI”), which is wholly-owned by Mr. Chung Chi Man (“Mr. Chung”) who is the founder of the Group. The shares of the Company (the “Shares”) have been listed on the Main Board of the Stock Exchange of Hong Kong (the “Stock Exchange”) on 14 September 2018.

The address of the Company’s registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the address of its principal place of business is at Unit A–C, 20/F, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in corporate financial advisory services, placing and underwriting services, securities dealing and brokerage services, securities financing services and asset management services.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is also the functional currency of the Company. All values are rounded to the nearest thousand (“HK\$’000”) except otherwise indicated.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Except as described in note 3, the accounting policies applied are consistent with accountants’ report set out in Appendix I of the prospectus of the Company (“Accountants’ Report”) for the year ended 28 February 2018, as described in those annual financial statements.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 31 August 2018 are the same as those followed in the preparation of the Accountants’ Report for the year ended 28 February 2018.

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 March 2018 for the preparation of the Group's unaudited condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

### 3.1 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets, loan commitments and financial guarantee contracts and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognized as at 1 March 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 March 2018. The difference between carrying amounts as at 28 February 2018 and the carrying amounts as at 1 March 2018 are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

#### 3.1.1 Key changes in accounting policies resulting from application of HKFRS 9

##### *Classification and measurement of financial assets*

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the 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.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.1 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

#### 3.1.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

##### *Classification and measurement of financial assets (Continued)*

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the 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.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

##### *Impairment under ECL model*

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, accrued income and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.1 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

#### 3.1.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

##### *Significant increase in credit risk*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in (1) regulatory, economic or technological environments; (2) business or financial conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- financial re-organisation/restructuring entered by the debtor.

##### *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

As at 1 March 2018, the Management of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in Note 3.1.2.

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.1 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

#### 3.1.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including the measurement of ECL) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 March 2018.

	<b>Accounts receivable</b> HK\$'000	<b>Accrued income</b> HK\$'000	<b>Retained profits</b> HK\$'000
Closing balance at 28 February 2018 — HKAS 39	34,464	3,428	46,695
Effect arising from initial application of HKFRS 9:			
Impairment under ECL model	(410)	(73)	(483)
Opening balance at 1 March 2018	34,054	3,355	46,212

All loss allowances for accounts receivable and accrued income as at 28 February 2018 reconcile to the opening loss allowance as at 1 March 2018 is as follows:

	<b>Accounts receivable</b> HK\$'000	<b>Accrued income</b> HK\$'000	<b>Retained profits</b> HK\$'000
At 28 February 2018 — HKAS 39	—	—	—
Impairment allowances through opening retained profits	410	73	483
Opening balance at 1 March 2018	410	73	483

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.1 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

3.1.3 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the entity's accounting policies above, the opening unaudited condensed consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each individual line item.

	28 February 2018 (audited) HK\$'000	Impairment allowances HK\$000	1 March 2018 (restated) HK\$'000
<b>Non-current assets</b>			
Property and equipment	1,672	—	1,672
Intangible asset	500	—	500
Deposits with the Stock Exchange and a clearing house	205	—	205
Other receivables, deposits and prepayments	—	—	—
	2,377	—	2,377
<b>Current assets</b>			
Accounts receivable	34,464	(410)	34,054
Accrued income	3,428	(73)	3,355
Other receivables, deposits and prepayments	641	—	641
Tax recoverable	1,135	—	1,135
Bank balances	56,105	—	56,105
Cash held on behalf of customers	33,697	—	33,697
Total current assets	129,470	(483)	128,987
Total assets	131,847	(483)	131,364

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.1 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

3.1.3 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards (Continued)

	<b>28 February 2018</b> (audited) HK\$'000	<b>Impairment allowances</b> HK\$000	<b>1 March 2018</b> (restated) HK\$'000
Current liabilities			
Accounts payable and short term advances			
from a broker	50,633	—	50,633
Amounts due to a director	1,673	—	1,673
Other payables and accruals	18,765	—	18,765
Bank loans	8,130	—	8,130
Deferred revenue	2,890	—	2,890
Tax payable	3,006	—	3,006
<b>Total current liabilities</b>	<b>85,097</b>	<b>—</b>	<b>85,097</b>
<b>Net current assets</b>	<b>44,373</b>	<b>(483)</b>	<b>43,890</b>
<b>Total assets less current liabilities</b>	<b>46,750</b>	<b>(483)</b>	<b>46,267</b>
Equity			
Share capital	1	—	1
Retained profits	46,695	(483)	46,212
<b>Total equity</b>	<b>46,696</b>	<b>(483)</b>	<b>46,213</b>
Non-current liability			
Deferred tax liabilities	54	—	54
<b>Total non-current liabilities and equity</b>	<b>46,750</b>	<b>(483)</b>	<b>46,267</b>



# Notes to the Condensed Consolidated Financial Statements (Continued)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 3.2 HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations when it becomes effective.

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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group provides various types of financial services. Revenue comprises primarily corporate finance advisory services, placing and underwriting services, securities dealing and brokerage services, securities financing services and asset management. As regards the corporate finance advisory service revenue, the management of the Group has assessed that as performance obligation is satisfied over time, the revenue should be recognised over time during the course of the work by the Group. The input method currently used to measure the progress towards complete satisfaction of these performance obligations will continue to be appropriate under HKFRS 15.

The directors of the Company have assessed the impact on application of HKFRS 15 and does not anticipate a material impact on revenue from corporate finance advisory services, placing and underwriting services, securities dealing and brokerage services, securities financing services and asset management services. However, application of HKFRS 15 may have impact on the timing on revenue recognition from performance fee income.

The management of the Group intends to apply the limited retrospective method for revenue recognition with cumulative effect of initial application adjusted in the opening retained profits as at 1 March 2018. The management of the Group anticipates that the application of HKFRS 15 in the future may result in more disclosures, however, the management of the Group does not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that cannot be measured accurately. These judgments, estimates and assumptions are based on historical experience of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing the unaudited condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended 28 February 2018, except for expected credit loss allowance as detailed in notes 3, 18, 19 and 20.

The measurement of ECL under HKFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

## 5. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable by the Group to external customers.

Information reported to the executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on revenue for each type of services provided. CODM considers the business from service perspectives whereby assesses the performance of the services based on revenue generated in the course of the ordinary activities of a recurring nature of the Group. CODM considers the business of the Group as a whole as the Group is primarily engaged in corporate financial advisory services. Therefore the management of the Group considers that the Group only has one single operating segment. No further analysis of this single segment is presented.

For the period ended 31 August 2018, the Group has also carried other businesses in addition to corporate financial advisory services, however no discrete financial information is available for identifying operating segments among different services, therefore no further analysis of segment information is presented.

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue from its major services:

	Six months ended	
	31 August 2018 HK\$'000 (unaudited)	31 August 2017 HK\$'000 (unaudited)
Corporate finance advisory services		
Sponsor fee income	20,730	14,669
Advisory fee income — financial and independent financial advisory	3,974	920
Advisory fee income — compliance advisory	3,972	1,692
	<b>28,676</b>	17,281
Placing and underwriting services		
Underwriting fee income	18	5,077
Securities dealing and brokerage services		
Commission income — Hong Kong equities	691	18
Commission income — Subscription of initial public offering (“IPO”) and placing	107	178
	<b>798</b>	196
Securities financing services		
Interest income — Margin clients	132	1
Interest income — Cash clients	21	—
	<b>153</b>	1
Asset management services		
Management fee income	338	26
	<b>338</b>	26
<b>Total</b>	<b>29,983</b>	22,581

### Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's non-current assets (excluding financial assets) are all located in Hong Kong by location of assets.

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 6. OTHER INCOME

	Six months ended	
	31 August 2018 HK\$'000 (unaudited)	31 August 2017 HK\$'000 (unaudited)
Other income		
Exchange gain	1	2
Handling fee income	133	1
Loan interest income	—	14
Others	63	—
	197	17

### 7. OTHER LOSSES

	Six months ended	
	31 August 2018 HK\$'000 (unaudited)	31 August 2017 HK\$'000 (unaudited)
Loss on disposal of a subsidiary	—	364
	—	364

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 8. NET IMPAIRMENT GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

	Six months ended	
	31 August 2018 HK\$'000 (unaudited)	31 August 2017 HK\$'000 (unaudited)
Reversal gain on accounts receivable	302	—
Reversal gain on accrued income	5	—
Net impairment losses on other receivables	(14)	—
	293	—

The Group has applied the impairment measurement requirement in accordance with HKFRS 9 without restating comparative information which was prepared under HKAS 39 as detailed in Note 3.1.1.

### 9. STAFF COSTS

	Six months ended	
	31 August 2018 HK\$'000 (unaudited)	31 August 2017 HK\$'000 (unaudited)
Directors' emoluments (note 15)	1,357	1,559
Other staffs		
Salaries and allowance	13,920	8,195
Bonuses	420	1,536
Contributions to Mandatory Provident Fund Scheme ("MPF Scheme")	370	240
	16,067	11,530

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 10. FINANCE COSTS

	Six months ended	
	31 August 2018 HK\$'000 (unaudited)	31 August 2017 HK\$'000 (unaudited)
Interest expenses — bank loans	162	—
Interest expenses — broker	29	—
	191	—

### 11. PROFIT BEFORE TAX

	Six months ended	
	31 August 2018 HK\$'000 (unaudited)	31 August 2017 HK\$'000 (unaudited)
Profit before tax has been arrived at after charging:		
Depreciation	420	154
Operating lease rentals in respect of rented premises		
— Minimum lease payments	889	872

### 12. INCOME TAX EXPENSE

	Six months ended	
	31 August 2018 HK\$'000 (unaudited)	31 August 2017 HK\$'000 (unaudited)
Hong Kong Profits Tax:		
— Current tax	1,100	1,183
Deferred tax credit (note 29)	(52)	—
	1,048	1,183

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the period.

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 13. DIVIDEND

On 17 May 2018, Innovax Holdings Limited declared dividends of HK\$5,000,000 to immediate holding company, Billion Shine International Investment Limited.

### 14. EARNINGS PER SHARE

The calculation of the basic earnings per share for the period is based on the consolidated profit of HK\$872,000 and HK\$5,308,000 for six months ended 31 August 2018 and 2017 respectively, and a number of 300,000,000 shares on the assumption that the Reorganisation and Capitalisation Issue as described, as detailed in notes 28 and 35 respectively, has been effective on 1 March 2017.

No diluted earnings per share is presented as there were no potential dilutive shares during six months ended 31 August 2018 and 2017.

### 15. DIRECTORS' EMOLUMENTS

	Six months ended	
	31 August 2018 HK\$'000 (unaudited)	31 August 2017 HK\$'000 (unaudited)
Salaries and allowance	1,338	1,188
Bonuses	—	352
Contributions to MPF Scheme	19	19
	<b>1,357</b>	1,559

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 16. PROPERTY AND EQUIPMENT

	Computer and software HK\$'000	Furniture and fixtures HK\$'000	Leasehold improvement HK\$'000	Office equipment HK\$'000	Total HK\$'000
<b>Cost</b>					
As at 1 March 2017	165	259	395	—	819
Additions	482	226	866	77	1,651
Disposals/written-off	—	(2)	—	—	(2)
As at 28 February 2018	647	483	1,261	77	2,468
Additions	59	—	50	4	113
As at 31 August 2018	706	483	1,311	81	2,581
<b>Accumulated depreciation</b>					
As at 1 March 2017	71	64	99	—	234
Charge for the year	122	96	326	18	562
As at 28 February 2018	193	160	425	18	796
Charge for the period	78	60	273	9	420
As at 31 August 2018	271	220	698	27	1,216
<b>Net carrying amount</b>					
As at 28 February 2018	454	323	836	59	1,672
As at 31 August 2018	435	263	613	54	1,365

The above items of property and equipment are depreciated on a straight-line basis, at the following rates per annum:

Computer and software	25%
Furniture and fixtures	25%
Leasehold improvement	Over shorter of the lease terms and 25%
Office equipment	25%



# Notes to the Condensed Consolidated Financial Statements (Continued)

## 17. INTANGIBLE ASSET

	<b>Stock Exchange trading rights</b> HK\$'000
<b>COST</b>	
At 1 March 2017, 28 February 2018 and 31 August 2018	500

Intangible assets with no legal life are considered by the directors of the Company as having an indefinite useful life because the Stock Exchange trading rights are expected to contribute to net cash inflows indefinitely.

The intangible asset will not be amortised until their useful lives are determined to be finite. Instead, the intangible asset was tested for impairment annually.

## 18. ACCOUNTS RECEIVABLE

	<b>As at</b>	
	<b>31 August 2018 HK\$'000 (unaudited)</b>	28 February 2018 HK\$'000 (audited)
Accounts receivable arising from:		
— Corporate finance advisory services	<b>4,125</b>	7,869
— Securities dealing and brokerage services	<b>454</b>	2,009
— Securities financing services		
— Margin financing	<b>3,301</b>	3,875
— IPO financing	—	13,495
— Placing and underwriting services	—	6,969
— Asset management business	<b>133</b>	247
Less: impairment allowance	<b>(108)</b>	—
	<b>7,905</b>	34,464

Income arising from the corporate finance advisory services and placing and underwriting services are payable upon presentation of invoices.

Accounts receivable arising from securities dealing and brokerage business are repayable two days after trade date.

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 18. ACCOUNTS RECEIVABLE (Continued)

Accounts receivable arising from margin financing business are generally secured by listed equity securities. The management of the Group ensures that the available cash balance and listed equity securities belonging to clients in which the Group holds as custodian are sufficient to cover the amounts due to the Group. The amounts due from margin clients are repayable on demand and bear interest at commercial rates.

Accounts receivable arising from IPO financing business are generally secured by securities, receivables or monies in the securities account from time to time and other monies and securities of the client which are now or shall in the future come into the possession, custody or control of the Group. Such amounts are repayable upon the allotment of IPO subscription.

In respect of the accounts receivable arising from corporate finance advisory services, securities dealing and brokerage services, placing and underwriting services and asset management business, except for the accounts receivable arising from securities financing services, the aging analysis based on trade date/invoice date at the end of reporting period are as follows:

	As at	
	31 August 2018 HK\$'000 (unaudited)	28 February 2018 HK\$'000 (audited)
0–30 days	3,839	14,476
31–60 days	873	1,597
61–90 days	—	31
91–181 days	—	990
Less : impairment allowance	(91)	—
	<b>4,621</b>	17,094

No aging analysis in relation to securities financing services is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of the business.

The Group has a policy for determining the allowance for impairment based on the evaluation of collectability and aging analysis of accounts and on management's judgement, including the current creditworthiness, collateral, subsequent settlement and the past collection history of each client.

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 18. ACCOUNTS RECEIVABLE (Continued)

The movements in the allowance of impairment for the trade receivables during the period are as follows:

	HK\$'000
As 1 March 2018	—
Restated on adoption of HKFRS 9	410
Reversal of impairment loss	(302)
As 31 August 2018	108

## 19. ACCRUED INCOME

Accrued income represented the sponsor fee income arising from business of corporate finance advisory services recognised after work is performed but not yet billed to customers.

	<b>As at</b>	
	<b>31 August 2018 HK\$'000 (unaudited)</b>	28 February 2018 HK\$'000 (audited)
Accrued income	<b>3,180</b>	3,428
Less: impairment allowance	<b>(68)</b>	—
	<b>3,112</b>	3,428

The movements in the allowance of impairment for the accrued income during the period are as follows:

	HK\$'000
As 1 March 2018	—
Restated on adoption of HKFRS 9	73
Reversal of impairment loss	(5)
As 31 August 2018	68

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	
	<b>31 August 2018 HK\$'000 (unaudited)</b>	28 February 2018 HK\$'000 (audited)
Other receivables, deposits and prepayments	<b>3,425</b>	641
Less: impairment allowance	<b>(14)</b>	—
	<b>3,411</b>	641
Less: Non-current portion	<b>(504)</b>	—
Current portion	<b>2,907</b>	641

The movements in the allowance of impairment for the accrued income during the period are as follows:

	HK\$'000
As 1 March 2018	—
Impairment allowance	14
As 31 August 2018	14

### 21. BANK BALANCES

Bank balances mainly represent demand deposits at a bank which are non-interest bearing.

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 22. CASH HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated trust accounts with authorised financial institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of customers under the current assets section of the condensed consolidated statements of financial position and recognised the corresponding accounts payable (note 23) to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance. The Group is not allowed to use the client's monies to settle its own obligations.

## 23. ACCOUNTS PAYABLE AND SHORT TERM ADVANCES FROM A BROKER

	As at	
	31 August 2018 HK\$'000 (unaudited)	28 February 2018 HK\$'000 (audited)
Accounts payable arising from:		
— Securities dealing and brokerage services	45,488	37,791
— Placing and underwriting services	—	317
Short term advances from a broker	—	12,525
	<b>45,488</b>	50,633

The settlement terms of payable to brokers, clearing house and securities trading clients from the ordinary course of business of securities dealing and brokerage services range from one to three days after the trade date of those transactions. Accounts payable from placing and underwriting services are repayable on demand. Short term advances from a broker are repayable upon the allotment of IPO subscription.

No aging analysis is disclosed as, in the opinion of directors of the Company, such analysis does not give additional value in view of the nature of these businesses.

Short term advances from a broker are secured by monies or securities of the Group which are now or which shall at any time hereafter be deposited with, transferred or caused to be transferred to or held by the broker for the Group's obligations under the relevant agreement.

As at 31 August 2018, accounts payable of securities dealing and brokerage services also include those payables placed in segregated accounts with authorised institutions of HK\$45,024,000 (28 February 2018 : HK\$33,697,000).

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 24. AMOUNTS DUE TO A DIRECTOR

	As at	
	31 August 2018 HK\$'000 (unaudited)	28 February 2018 HK\$'000 (audited)
<b>Mr. Chung</b>		
Amounts due to a director	—	1,673

The amounts due to a director are non-trade nature, unsecured, interest-free and repayable on demand.

### 25. OTHER PAYABLES AND ACCRUALS

	As at	
	31 August 2018 HK\$'000 (unaudited)	28 February 2018 HK\$'000 (audited)
Accrued expenses	128	533
Accrued bonus	—	17,210
Other payables	2,154	1,022
	<b>2,282</b>	<b>18,765</b>

Other payables are unsecured, non-interest bearing and repayable on demand.

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 26. BANK LOANS

	As at	
	<b>31 August 2018 HK\$'000 (unaudited)</b>	28 February 2018 HK\$'000 (audited)
Unsecured and guaranteed	—	8,130

The bank loans are repayable on demand. The loans are unsecured and guaranteed by Mr. Chung (director of the Company) of HK\$10 million. The bank loans are bearing interest at Hong Kong Dollar Best Lending Rate minus 1.5% to 2% per annum.

### 27. DEFERRED REVENUE

	As at	
	<b>31 August 2018 HK\$'000 (unaudited)</b>	28 February 2018 HK\$'000 (audited)
Sponsor fee	<b>2,675</b>	2,378
Advisory fee	<b>413</b>	512
	<b>3,088</b>	2,890

Sponsor fee income is generally paid in advance prior to the beginning of each project and is initially record as deferred revenue in the condensed consolidated statements of financial position. The portion of income received from the clients but not yet earned is recorded as deferred revenue in the condensed consolidation statement of financial position and will be reflected as a current liability if such amount represents revenue that the Group expects to recognise within one year from reporting date.

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 28. SHARE CAPITAL

The share capital of the Company as at 31 August 2018 and 28 February 2018 are as follows:

	Par value	Number of shares	Nominal amount	
			US\$'000	HK\$'000
Ordinary shares				
Authorised:				
— At date of incorporation on 14 June 2016	US\$1	50,000	50	—
At 28 February 2017	US\$1	50,000	50	—
— Cancellation (note ii)	US\$1	(50,000)	(50)	—
— Increase (note ii)	HK\$0.01	38,000,000	—	380
At 28 February 2018	HK\$0.01	38,000,000	—	380
— Increase (note iv)	HK\$0.01	962,000,000	—	9,620
At 31 August 2018	HK\$0.01	1,000,000,000	—	10,000
Issued and fully paid:				
— At date of incorporation on 14 June 2016 (note i)	US\$1	1	—*	—
At 28 February 2017	US\$1	1	—*	—
— Share repurchased and cancelled (note ii)	US\$1	(1)	—*	—
— Issuance of ordinary shares on 30 June 2017 (note ii)	HK\$0.01	1	—*	—*
— Issuance of ordinary shares on 11 January 2018 (note iii)	HK\$0.01	79,999	—	1
At 28 February 2018 and 31 August 2018	HK\$0.01	80,000	—	1

Notes:

- (i) On 14 June 2016, the Company allotted and issued 1 share to the initial subscriber at nominal value of US\$1, which was in turn transferred to Mr. Chung.
- (ii) On 30 June 2017, the authorised share capital of the Company was increased by HK\$380,000 by the creation of 38,000,000 ordinary shares of a nominal value of HK\$0.01 each, following which the Company issued fully paid 1 share of nominal value of HK\$0.01 to Mr. Chung. On the same day, the Company repurchased and cancelled 1 share of nominal value of US\$1 registered in the name of Mr. Chung. Following the repurchase, the authorised but unissued share capital of the Company was diminished by the cancellation of all the 50,000 unissued shares of nominal value US\$1 each in the capital of the Company.
- (iii) On 11 January 2018, Mr. Chung transferred the entirety of his shares in Crystal Prospect Limited at par value to the Company in consideration of additional 79,999 shares in the Company being allotted and issued at par to BSI on the same day. The new shares rank pari passu with the existing shares in all respects.



# Notes to the Condensed Consolidated Financial Statements (Continued)

## 28. SHARE CAPITAL (Continued)

Notes: (Continued)

- (iv) On 24 August 2018, written resolutions of the sole shareholder were passed to approve the matters as follows:
- (a) the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000 by the creation of 962,000,000 new shares of the Company;
  - (b) conditionally adopted a share option scheme where eligible participants may be granted options entitling them to subscribe for the Company's shares. No share has been granted since the adoption of the scheme; and
  - (c) conditional upon the share premium account of the Company being credited as a result of the offer of the Company's shares, the directors of the Company were authorised to capitalise the amount of HK\$2,999,200 from the amount standing to the credit of the share premium account of the Company and to apply such amount to pay up in full at par 299,920,000 shares of the Company for allotment and issue to the persons whose name appeared on the register of members of the Company at the close of business on 24 August 2018.

\*: Less than US\$1,000 or HK\$1,000

## 29. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised by the Group and movement therein during the period.

	<b>Temporary difference on accumulated tax depreciation</b> HK\$'000
At 1 March 2017	23
Charged to profit or loss for the year	31
At 28 February 2018	54
Charged to profit or loss for the period	(52)
At 31 August 2018	2

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 30. OPERATING LEASE COMMITMENT AND UNDERWRITING COMMITMENT

### a) Operating lease commitment

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

	As at	
	31 August 2018 HK\$'000 (unaudited)	28 February 2018 HK\$'000 (audited)
Within one year	1,875	1,427
In the second to fifth year inclusive	1,903	—
	<b>3,778</b>	1,427

Operating leases payments represent rentals payable by the Group for certain of its office properties. The lease terms and rentals of properties are fixed at two to three years.

### b) Underwriting commitment

At the end of the reporting period, the Group had underwriting commitment as follows:

	As at	
	31 August 2018 HK\$'000 (unaudited)	28 February 2018 HK\$'000 (audited)
Underwriting commitment for IPO	10,397	355

## 31. CONTINGENT LIABILITIES

As at 31 August 2018, the Group did not have any significant contingent liabilities.

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 32. RELATED PARTY TRANSACTIONS

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

	For the six months ended	
	31 August 2018 HK\$'000 (unaudited)	31 August 2017 HK\$'000 (unaudited)
Commission income		
— director of the Company	2	1
— key management personnel of the Group	—	1
Loan interest income		
— director of the Company	—	3
Management fee income		
Innovax Alpha SPC — Innovax Balanced Fund SP (note 1)	128	26

Note 1: Mr. Li Lap Sun (key management personnel of the Group) has interests in management shares of Innovax Alpha SPC and participating shares of Innovax Alpha SPC — Innovax Balanced Fund SP which is managed by Innovax Asset Management Limited.

## 33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure each group entity will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the period.

The capital structure of the Group consists of debt (comprising short-term bank loans) and equity attributable to owners of the Company (comprising issued share capital and retained profits).

The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group manages its overall capital structure through the drawdown and repayment of short-term bank loans, payment of dividends and issuance of new shares.

Several subsidiaries of the Group (the "Regulated Subsidiaries") are registered with the Hong Kong Securities and Futures Commission (the "SFC") for the businesses they operate in. The Regulated Subsidiaries are subject to liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R") adopted by the SFC. Under the SF(FR)R, the Regulated Subsidiaries must maintain their liquid capital (assets and liabilities adjusted as determined by the SF(FR)R) in excess of HK\$3 million or 5% of their total adjusted liabilities, whichever is higher. The required information is filed with the SFC on a monthly basis.

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 34. FINANCIAL INSTRUMENTS

### Financial risk management

The Group's risk management objectives are to achieve a proper balance between risks and yield and minimise the adverse impact of risks on the Group's operating performance. Based on these risk management objectives, the Group's risk management strategy is to identify and analyse the various risks the Group's exposed to, and to establish an appropriate tolerance for risk management practice, so as to monitor, notify and respond to the risks regularly and effectively and to control risks at an acceptable level. The principal financial risks inherent in the Group's business are market risk (includes interest rate risk), credit risk and liquidity risk. The Group's risk management objective is to enhance shareholders' value while retaining exposure within acceptable thresholds.

#### Market risk

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to fair value interest rate risk in relation to fixed-rate accounts receivable and accounts payable arising from securities dealing and brokerage services, short term advances from a broker and cash flow interest rate risk in relation to variable-rate short-term bank loans.

As at 31 August 2018 and 28 February 2018, the interest rate risk is considered to be limited because the Group's exposure to interest rate risk arising from the interest-bearing assets can be offset against the Group's interest-bearing liabilities. Accordingly, no sensitivity analysis on interest rate risk was presented.

#### Credit risk

At the end of reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the condensed consolidated statements of financial position.

The Group's credit risk is primarily attributable to accounts receivable. In order to minimise the credit risk on margin financing and IPO financing, the credit committee responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts and receivables from margin clients with shortfalls in relation to the securities dealing and brokerage services. In addition, the Group reviews the recoverable amount of each individual receivable at the end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 31 August 2018 and 28 February 2018, the Group has concentration of credit risk on accounts receivable as 63% and 55% of the total accounts receivable was due from three customers.

Bank balances are placed in an authorised institution and the directors of the Company consider the credit risk of such authorised institution is minimal.

Other than concentration of credit risk on accounts receivable and liquid funds, the Group does not have any other significant concentration of credit risk.

# Notes to the Condensed Consolidated Financial Statements (Continued)

## 34. FINANCIAL INSTRUMENTS (Continued)

### Financial risk management (Continued)

#### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deems adequate by management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

#### Fair value measurements

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statements of financial position approximate their fair values.

## 35. EVENT AFTER THE REPORTING PERIOD

### Capitalisation issue

Pursuant to a written resolution of the sole shareholder of the Company passed on 24 August 2018, a total of 299,920,000 shares of HK\$0.01 each were allotted and issued at par value to BSI by way of capitalisation of HK\$2,999,200 from the Company's share premium account on 14 September 2018. The respective Shares allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares.

### Initial public offering

On 14 September 2018, 100,000,000 shares of HK\$0.01 each were issued at a price of HK\$1.8 per share in connection with the Company's initial public offering. The proceeds of HK\$1,000,000 representing the par value, were credited to the Company's share capital. The remaining proceeds of HK\$179,000,000 (before listing expenses) were credited to the share premium account. Dealings in the Shares on the Stock Exchange commenced on 14 September 2018.

## 36. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements was approved and authorised for issue by the board of directors on 30 October 2018.