



GOLD-FINANCE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1462

ONE WORLD ONE JC

Interim Report **2018/19**



REGISTERED OFFICE

Clifton House,
75 Fort Street, P.O. Box 1350,
Grand Cayman, KY1-1108,
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

2806-2807, 28/F,
Champion Tower, 3 Garden Road,
Central, Hong Kong

EXECUTIVE DIRECTORS

Mr. Wei Jie
(the Chairman and Chief Executive Officer)
Ms. Xu Li Yun
Mr. Wong Kam Ting, *CPA*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Niu Zhongjie
Mr. Cheung Ying Kwan
Mr. Chen Zhao

AUDIT COMMITTEE

Mr. Cheung Ying Kwan *(Chairman)*
Mr. Niu Zhongjie
Mr. Chen Zhao

REMUNERATION COMMITTEE

Mr. Niu Zhongjie *(Chairman)*
Mr. Wei Jie
Mr. Cheung Ying Kwan

NOMINATION COMMITTEE

Mr. Wei Jie *(Chairman)*
Mr. Niu Zhongjie
Mr. Chen Zhao

AUTHORISED REPRESENTATIVES

Mr. Wei Jie
Mr. Wong Kam Ting, *CPA*

COMPANY SECRETARY

Mr. Wong Kam Ting, *CPA*

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House,
75 Fort Street, P.O. Box 1350,
Grand Cayman, KY1-1108,
Cayman Islands

AUDITOR

Ernst & Young

LEGAL ADVISOR

As to Hong Kong Law:
Howse Williams Bowers

SHARE INFORMATION

Place of listing: Main Board of The Stock
Exchange of Hong Kong Limited
Stock code: 1462
Board lot size: 2,000 shares

WEBSITE

www.gold-finance-gp.com.hk

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Six months ended 30 September 2018

The board (the "Board") of directors (the "Directors") of Gold-Finance Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2018 (the "Reporting Period") together with comparative figures for the corresponding period in the previous year as follows:

| | Notes | Unaudited Six months ended 30 September | |
|--|-------|---|------------------|
| | | 2018 HK\$'000 | 2017 HK\$'000 |
| REVENUE | 5 | 278,115 | 448,992 |
| Cost of services provided | | (203,048) | (406,590) |
| Gross profit | | 75,067 | 42,402 |
| Fair value gain on investment properties | | 6,386 | 23,440 |
| Other income, gains and losses, net | 5 | (36) | 4,108 |
| Administrative expenses | | (30,327) | (16,798) |
| Finance costs | 6 | (4,168) | (1,576) |
| PROFIT BEFORE TAX | 7 | 46,922 | 51,576 |
| Income tax expense | 8 | (16,901) | (10,384) |
| PROFIT FOR THE PERIOD | | 30,021 | 41,192 |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | | |
| Items that may be reclassified to profit or loss in subsequent periods: | | | |
| Change in fair value in an available-for-sale investment | | — | 935 |
| Exchange differences on translation of foreign operations | | (65,887) | 2,251 |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | | (65,887) | 3,186 |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | | (35,866) | 44,378 |
| PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO: | | | |
| Owners of the parent | | 30,051 | 41,192 |
| Non-controlling interests | | (30) | — |
| | | 30,021 | 41,192 |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO: | | | |
| Owners of the parent | | (35,416) | 44,378 |
| Non-controlling interests | | (450) | — |
| | | (35,866) | 44,378 |
| EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT | | | |
| Basic | 10 | HK0.75 cents | HK1.03 cents |
| Diluted | 10 | HK0.75 cents | HK1.01 cents |

Details of dividend are disclosed in note 9 to the condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

As at 30 September 2018

| | Notes | Unaudited 30 September 2018 HK\$'000 | Audited 31 March 2018 HK\$'000 |
|---|-------|---|--------------------------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 11 | 65,546 | 66,554 |
| Investment properties | 11 | 650,368 | 601,754 |
| Financial assets at fair value through profit or loss | 12 | 32,530 | — |
| Available-for-sale investments | 12 | — | 37,662 |
| Pledged deposit for a life insurance product | | 6,671 | 6,594 |
| Investment in a film | | — | 13,844 |
| Prepayment, deposits and other receivables | | 5,328 | 5,989 |
| Total non-current assets | | 760,443 | 732,397 |
| CURRENT ASSETS | | | |
| Contract assets | | 115,480 | — |
| Gross amount due from customers for contract works | | — | 41,223 |
| Accounts receivable | 13 | 130,503 | 114,638 |
| Prepayments, deposits and other receivables | | 105,237 | 61,387 |
| Tax recoverable | | 188 | 188 |
| Financial assets at fair value through profit or loss | 12 | 3,475 | 15,167 |
| Cash and bank balances | | 100,146 | 327,122 |
| Total current assets | | 455,029 | 559,725 |
| CURRENT LIABILITIES | | | |
| Accounts payable | 15 | 142,655 | 63,309 |
| Accruals of costs for contract works | | — | 56,641 |
| Other payables and accruals | | 140,544 | 257,748 |
| Receipts in advance | | 10,833 | 31,117 |
| Bank and other borrowings | 16 | 90,000 | 90,000 |
| Tax payable | | 15,495 | 13,347 |
| Total current liabilities | | 399,527 | 512,162 |
| NET CURRENT ASSETS | | 55,502 | 47,563 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 815,945 | 779,960 |
| NON-CURRENT LIABILITIES | | | |
| Bank and other borrowings | 16 | 286,153 | 213,094 |
| Convertible bonds | 14 | — | 56,193 |
| Deferred tax liabilities | | 22,416 | 22,839 |
| Total non-current liabilities | | 308,569 | 292,126 |
| Net assets | | 507,376 | 487,834 |
| EQUITY | | | |
| Equity attributable to owners of the parent | | | |
| Issued capital | 17 | 4,038 | 4,000 |
| Reserves | | 461,748 | 441,794 |
| | | 465,786 | 445,794 |
| Non-controlling interests | | 41,590 | 42,040 |
| Total equity | | 507,376 | 487,834 |

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 September 2018

| | Attributable to owners of the parent | | | | | | | | | | | | Total equity HK\$'000 |
|---|--------------------------------------|---------------------------|---------------------------------------|--|---|--|-----------------------------|----------------------------|----------------------------------|------------------------------|-------------------|---------------------------------------|--------------------------|
| | Issued capital HK\$'000 | Share premium HK\$'000 | Statutory surplus reserve HK\$'000 | Exchange fluctuation reserve HK\$'000 | Equity component of convertible bonds HK\$'000 | Available-for-sale investments revaluation reserve HK\$'000 | Capital reserve HK\$'000 | Merger reserve HK\$'000 | Share option reserve HK\$'000 | Retained profits HK\$'000 | Total HK\$'000 | Non-controlling interests HK\$'000 | |
| At 1 April 2017 (audited) | 4,000 | 203,061 | — | 180 | — | — | (109,551) | (1,677) | 3,387 | 156,856 | 256,256 | — | 256,256 |
| Profit for the period | — | — | — | — | — | — | — | — | — | 41,192 | 41,192 | — | 41,192 |
| Other comprehensive income for the period: | | | | | | | | | | | | | |
| Changes in fair value in an available-for-sale investment | — | — | — | — | — | 935 | — | — | — | — | 935 | — | 935 |
| Exchange difference on translation of foreign operations | — | — | — | 2,251 | — | — | — | — | — | — | 2,251 | — | 2,251 |
| Total comprehensive income for the period | — | — | — | 2,251 | — | 935 | — | — | — | 41,192 | 44,378 | — | 44,378 |
| Business acquisition under common control | — | — | — | (129) | — | — | — | (3,602) | — | — | (3,731) | — | (3,731) |
| At 30 September 2017 (unaudited) | 4,000 | 203,061 | — | 2,302 | — | 935 | (109,551) | (5,279) | 3,387 | 198,048 | 296,903 | — | 296,903 |
| At 1 April 2018 (audited) | 4,000 | 203,061* | 6,857* | 19,503* | 384* | 662* | (109,551)* | 8,138* | 3,387* | 309,353* | 445,794 | 42,040 | 487,834 |
| Impact on initial application of HKFRS 9 (note 3) | — | — | — | — | — | (662) | — | — | — | 662 | — | — | — |
| Adjusted balance at 1 April 2018 | 4,000 | 203,061 | 6,857 | 19,503 | 384 | — | (109,551) | 8,138 | 3,387 | 310,015 | 445,794 | 42,040 | 487,834 |
| Profit for the Period | — | — | — | — | — | — | — | — | — | 30,051 | 30,051 | (30) | 30,021 |
| Other comprehensive loss for the period: | | | | | | | | | | | | | |
| Exchange difference on translation of foreign operations | — | — | — | (65,467) | — | — | — | — | — | — | (65,467) | (420) | (65,887) |
| Total comprehensive income/(loss) for the period | — | — | — | (65,467) | — | — | — | — | — | 30,051 | (35,416) | (450) | (35,866) |
| Conversion of convertible bonds (note 14) | 38 | 55,754 | — | — | (384) | — | — | — | — | — | 55,408 | — | 55,408 |
| At 30 September 2018 (unaudited) | 4,038 | 258,815* | 6,857* | (45,964)* | —* | —* | (109,551)* | 8,138* | 3,387* | 340,066* | 465,786 | 41,590 | 507,376 |

* These reserve accounts comprise the consolidated reserves of HK\$461,748,000 (31 March 2018: HK\$441,794,000) in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

Six months ended 30 September 2018

| | Unaudited Six months ended 30 September | |
|---|---|------------------|
| | 2018 HK\$'000 | 2017 HK\$'000 |
| CASH GENERATED FROM (USED IN) OPERATIONS | | |
| Cash generated from (used in) operating activities | 41,227 | (6,289) |
| Interest received | 851 | 48 |
| Interest paid | (3,708) | (395) |
| Hong Kong profits tax paid | — | (469) |
| PRC tax paid | (11,877) | (246) |
| Net cash flows from/(used in) operating activities | 26,493 | (7,351) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of items of property, plant and equipment | (1,985) | (846) |
| Proceeds from disposal of items of property, plant and equipment | 3 | 367 |
| Purchases of financial assets at fair value through profit or loss | — | (39,408) |
| Acquisition of a subsidiary under common control | — | (32) |
| Additions of investment properties | (101,783) | (146,823) |
| Proceeds from disposal of financial assets at fair value through profit or loss | 7,021 | 50,991 |
| Proceeds from investment in a film | 13,040 | — |
| Net cash used in investing activities | (83,704) | (135,751) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of convertible bonds | — | 57,059 |
| New bank and other borrowings | — | 220,515 |
| Repayment of bank and other borrowings | (158,476) | — |
| Net cash (used in)/generated from financing activities | (158,476) | 277,574 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (215,687) | 134,472 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 327,122 | 119,109 |
| Effect of foreign exchange rate changes, net | (11,289) | 2,439 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 100,146 | 256,020 |
| ANALYSIS OF CASH AND CASH EQUIVALENTS: | | |
| Cash and bank balances | 100,146 | 256,020 |

Notes to the Condensed Consolidated Interim Financial Information

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at 2806–2807, 28/F., Champion Tower, 3 Garden Road, Central, Hong Kong.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. During the six months ended 30 September 2018, the Group were principally engaged in the following principal activities:

- Investment and asset management services in the People’s Republic of China (the “PRC”)
- Property investment and development in the PRC
- Building services in Hong Kong

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 September 2018 has 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”) and the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The accounting policies and the basis of preparation adopted in the preparation of this condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2018 except for the adoption of the revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA as disclosed in note 3 below.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the Reporting Period’s unaudited interim condensed consolidated financial statements.

| | |
|-------------------------------------|--|
| Amendments to HKFRS 2 | <i>Classification and Measurement of Share-based Payment Transactions</i> |
| Amendments to HKFRS 4 | <i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i> |
| HKFRS 9 | <i>Financial Instruments</i> |
| HKFRS 15 | <i>Revenue from Contracts with Customers</i> |
| Amendments to HKFRS 15 | <i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i> |
| Amendments to HKAS 40 | <i>Transfers of Investment Property</i> |
| HK(IFRIC) – Int 22 | <i>Foreign Currency Transactions and Advance Consideration</i> |
| Annual Improvements 2014–2016 Cycle | <i>Amendments to HKFRS 1 and HKAS 28</i> |

Other than as noted below, the adoption of these revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial information and there has been no significant changes to the accounting policies in the unaudited interim condensed consolidated financial information.

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" ("ECL") model for the impairment of financial assets.

The Group has applied HKFRS 9 prospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

The adoption of HKFRS 9 has impacted the following areas:

(a) Classification and measurement

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

The Group's unlisted fund investments previously classified as available-for-sale are classified as financial assets at fair value through profit or loss because the cash flow characteristics of these investments failed the SPPI criterion under HKFRS 9. Fair value changes previously accounted for in available-for-sale investments revaluation reserve has transferred to the opening balance of retained profits as at 1 April 2018. In addition, the Group's investment in a film previously categorised as loans and receivables under HKAS 39 would be categorised as financial assets at fair value through profit or loss under HKFRS 9 as at 1 April 2018.

In summary, the following reclassification was made to the amounts recognised in the condensed consolidated statement of financial position at the date of initial application (1 April 2018):

| | Carrying amount at 1 April 2018 under HKAS 39 HK\$'000 | Reclassification HK\$'000 | Carrying amount at 1 April 2018 under HKFRS 9 HK\$'000 |
|--|---|------------------------------|---|
| NON-CURRENT ASSETS | | | |
| Available-for-sale investments | 37,662 | (37,662) | — |
| Financial assets at fair value through profit or loss | — | 37,662 | 37,662 |

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

(a) **Classification and measurement** *(Continued)*

The impact of these changes on the Group's equity is as follows:

| | Available-for-sale investments revaluation reserve HK\$'000 | Retained profits HK\$'000 |
|---|--|---------------------------------|
| Balance at 1 April 2018 | 662 | 309,353 |
| Reclassification from available-for-sale investments to financial assets at fair value through profit or loss | (662) | 662 |
| Balance at 1 April 2018 | — | 310,015 |

(b) **Impairment**

Under the ECL model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a twelve-month ECL or a lifetime ECL, depending on the asset and the facts and circumstances.

The Group applies the simplified approach and records lifetime ECL that are estimated based on the present values of all cash shortfalls over the remaining life of all of its accounts receivable and contract assets. Furthermore, the Group applies the general approach and record twelve-month ECL that are estimated based on the possible default events on its other receivables within the next twelve months.

As at 1 April 2018, no additional credit loss allowance has been recognised against retained profits.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to be recognised through a 5-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise revenue when a performance obligation is satisfied. The core principle is that a company should recognise revenue at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration of all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

HKFRS 15 Revenue from Contracts with Customers *(Continued)*

The Group has elected to apply the modified retrospective method whereby the effects of adopting HKFRS 15 for uncompleted contracts with customers as at 31 March 2018 are adjusted at the opening balance of retained profits as at 1 April 2018 and prior period comparatives are not restated. The effects of the adoption of HKFRS 15 are set out below.

From 1 April 2018 onwards, the Group has adopted the following accounting policies on revenues:

General policies

Revenue is recognised when or as the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, the control of the goods or services may be transferred over time or at a point in time.

Control of the goods or services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group unconditional right to consideration.

A contract liability represents the Group's obligation to transfer goods and services to a customer for which the Group has received consideration from the customer.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised.

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

HKFRS 15 Revenue from Contracts with Customers *(Continued)*

Contract works

In prior reporting periods, the Group accounted for revenue from construction contracts using the percentage of completion method, measured by reference to the percentage of certified value of work performed to date to the total contract sum of the relevant contract. Profit is only recognised when the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for contract works. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as accruals of costs for contract works.

Under HKFRS 15, revenue from construction contracts will continue to be recognised over time when the Group creates or enhances an asset that the customer controls in accordance with the direct measurements of the value transferred by the Group to the customer with reference to the certified value of work performed to date.

Following reclassifications were made to the amounts recognised in the condensed consolidated statement of financial position at the date of initial application of HKFRS 15 (1 April 2018):

| | As at 1 April 2018 | | |
|--|-------------------------------------|-----------------------------------|----------------------------|
| | As previously stated HK\$'000 | Impact of HKFRS 15 HK\$'000 | As restated HK\$'000 |
| Gross amount due from customers for contract works | 41,223 | (41,223) | — |
| Accounts receivable | 114,638 | (44,250) | 70,388 |
| Contract assets | — | 85,473 | 85,473 |
| Accruals of costs for contract work | 56,641 | (56,641) | — |
| Other payables and accruals | 257,748 | 56,641 | 314,389 |

The adoption of HKFRS 15 has no material impact on the Group's condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of cash flows.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- Investment and asset management services segment — provision of investment and asset management services in the PRC
- Property investment and development segment in the PRC
- Building services segment — Provision of building service in Hong Kong

Management monitors the results of the Group's operating segments separately for the purpose of making decision about resource allocations and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

4. SEGMENT INFORMATION *(Continued)*

Segment assets exclude investment in a film, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bank and other borrowings, convertible bonds and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Segment revenue and results

| | Investment and asset management services | | Property investment and development | | Building services | | Total | |
|---|---|------------------|--|------------------|----------------------------------|------------------|----------------------------------|------------------|
| | Unaudited | | Unaudited | | Unaudited | | Unaudited | |
| | Six months ended 30 September | | Six months ended 30 September | | Six months ended 30 September | | Six months ended 30 September | |
| | 2018 HK\$'000 | 2017 HK\$'000 | 2018 HK\$'000 | 2017 HK\$'000 | 2018 HK\$'000 | 2017 HK\$'000 | 2018 HK\$'000 | 2017 HK\$'000 |
| Segment revenue | 100,468 | 30,703 | 957 | — | 176,690 | 418,289 | 278,115 | 448,992 |
| Segment results | 54,813 | 28,948 | 4,389 | 22,469 | 296 | 4,886 | 59,498 | 56,303 |
| Interest income | | | | | | | 966 | 158 |
| Corporate and other unallocated expenses, net | | | | | | | (9,374) | (3,309) |
| Finance costs | | | | | | | (4,168) | (1,576) |
| Profit before tax | | | | | | | 46,922 | 51,576 |
| Other segment disclosures | | | | | | | | |
| Capital expenditure# | | | | | | | | |
| Operating segment | 38 | 43 | 103,205 | 147,292 | 525 | 334 | 103,768 | 147,669 |
| Fair value gain on investment properties | — | — | 6,386 | 23,440 | — | — | 6,386 | 23,440 |
| Depreciation | | | | | | | | |
| Operating segment | 96 | 87 | 380 | — | 2,254 | 1,775 | 2,730 | 1,862 |
| Unallocated | | | | | | | 2 | 2 |
| Total depreciation | | | | | | | 2,732 | 1,864 |

Capital expenditure consists of additions to property, plant and equipment and investment properties.

Notes to the Condensed Consolidated Interim Financial Information (Continued)

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

| | Investment and asset management services | | Property investment and development | | Building services | | Total | |
|--|---|---|---|---|---|---|---|---|
| | Unaudited 30 September 2018 HK\$'000 | Audited 31 March 2018 HK\$'000 | Unaudited 30 September 2018 HK\$'000 | Audited 31 March 2018 HK\$'000 | Unaudited 30 September 2018 HK\$'000 | Audited 31 March 2018 HK\$'000 | Unaudited 30 September 2018 HK\$'000 | Audited 31 March 2018 HK\$'000 |
| | Assets | | | | | | | |
| Segment assets | 133,324 | 138,731 | 741,039 | 617,856 | 237,987 | 191,464 | 1,112,350 | 948,051 |
| Corporate and other unallocated assets | | | | | | | 103,122 | 344,071 |
| Total assets | | | | | | | 1,215,472 | 1,292,122 |
| Liabilities | | | | | | | | |
| Segment liabilities | 52,533 | 53,056 | 116,313 | 47,740 | 99,192 | 99,261 | 268,038 | 200,057 |
| Corporate and other unallocated liabilities | | | | | | | 440,058 | 604,231 |
| Total liabilities | | | | | | | 708,096 | 804,288 |

Geographical information

(a) Revenue from external customers

| | Unaudited Six months ended 30 September | |
|-----------|---|------------------|
| | 2018 HK\$'000 | 2017 HK\$'000 |
| Hong Kong | 176,690 | 418,289 |
| PRC | 101,425 | 30,703 |
| | 278,115 | 448,992 |

The revenue information is based on the locations of the customers.

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

4. SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)* *(b) Non-current assets*

| | Unaudited 30 September 2018 HK\$'000 | Audited 31 March 2018 HK\$'000 |
|-----------|---|---|
| Hong Kong | 73,113 | 73,204 |
| PRC | 644,532 | 595,449 |
| | 717,645 | 668,653 |

The non-current asset information is based on the locations of the assets and excludes financial assets at fair value through profit or loss, available-for-sale investments, investment in a film, pledged deposit for a life insurance product and financial assets in prepayments, deposits and other receivables.

5. REVENUE, OTHER INCOME, GAINS AND LOSSES

An analysis of revenue, other income, gains and losses is as follows:

| | Unaudited Six months ended 30 September 2018 HK\$'000 | 2017 HK\$'000 |
|--|---|------------------|
| Revenue | | |
| Contract revenue | 176,690 | 418,289 |
| Investment and asset management fee income | 100,468 | 30,703 |
| Rental income from investment properties | 957 | — |
| | 278,115 | 448,992 |
| Timing of revenue recognition | | |
| Over time | 278,115 | 448,992 |
| Other income, gains and losses, net | | |
| Interest income | 966 | 158 |
| Management fee income | — | 1,028 |
| Investment advisory income | 680 | — |
| Gross rental income | 108 | 108 |
| Fair value gain on revaluation of derivative financial instruments | — | 1,369 |
| Fair value (loss)/gain on financial assets at fair value through profit or loss | (5,664) | 627 |
| Gain on written off of other payables | — | 342 |
| (Loss)/gain on disposal of financial assets at fair value through profit or loss | (632) | 228 |
| Gain on disposal of items of property, plant and equipment | 3 | 187 |
| Foreign exchange difference, net | 4,390 | — |
| Sundry income | 113 | 61 |
| | (36) | 4,108 |

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

6. FINANCE COSTS

| | Unaudited Six months ended 30 September | |
|---|---|------------------|
| | 2018 HK\$'000 | 2017 HK\$'000 |
| Interest on convertible bonds (note 14) | 940 | 847 |
| Interest on bank and other borrowings | 3,228 | 729 |
| | 4,168 | 1,576 |

7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

| | Unaudited Six months ended 30 September | |
|--|---|------------------|
| | 2018 HK\$'000 | 2017 HK\$'000 |
| Contract cost | 167,044 | 404,451 |
| Cost of management services provided | 36,004 | 2,139 |
| Depreciation | 2,732 | 1,864 |
| Employee benefit expenses (exclusive of directors' remuneration) | 29,866 | 26,700 |
| Directors' remuneration | 1,519 | 894 |
| Foreign exchange difference, net | (4,390) | 766 |

8. INCOME TAX

Hong Kong profit tax is calculated at 16.5% (six months ended 30 September 2017: 16.5%) on the estimated assessable profits. Tax on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

| | Unaudited Six months ended 30 September | |
|---------------------------------|---|------------------|
| | 2018 HK\$'000 | 2017 HK\$'000 |
| Current — Hong Kong | — | 726 |
| Current — PRC | 15,275 | 3,798 |
| Deferred | 1,626 | 5,860 |
| Total tax charge for the period | 16,901 | 10,384 |

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

9. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic earnings per share for the Reporting Period is based on the consolidated profit attributable to owners of the parent and the weighted average number of ordinary shares of 4,022,971,338 (six months ended 30 September 2017: 4,000,000,000) in issue during the Reporting Period.

| | Unaudited Six months ended 30 September | |
|--|---|------------------|
| | 2018 HK\$'000 | 2017 HK\$'000 |
| Earnings | | |
| Profit attributable to owners of the parent, used in the basic earnings per share calculation: | 30,051 | 41,192 |
| Interest on convertible bonds | — | 707 |
| Fair value gain on the derivative component of the convertible bonds | — | (1,369) |
| Profit attributable to owners of the parent used in the diluted earnings per share calculation | 30,051 | 40,530 |

| | Number of shares Unaudited Six months ended 30 September | |
|--|---|---------------|
| | 2018 | 2017 |
| Shares | | |
| Weighted average number of ordinary share in issue during the period used in the basic earnings per share calculation | 4,022,971,338 | 4,000,000,000 |
| Effect of dilution — weighted average number of ordinary shares: | | |
| Share options | 960,020 | — |
| Convertible bonds | — | 22,971,338 |
| Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation | 4,023,931,358 | 4,022,971,338 |

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

11. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 September 2018, the Group incurred approximately HK\$1,985,000 and HK\$101,783,000 (six months ended 30 September 2017: approximately HK\$846,000 and HK\$146,823,000) on the additions of items of property, plant and equipment and investment properties, respectively.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE INVESTMENTS

| | Unaudited 30 September 2018 HK\$'000 | Audited 31 March 2018 HK\$'000 |
|---|---|---|
| Unlisted fund investments, at fair value (note) | 32,530 | 37,662 |
| Listed equity investments, at market value | 3,475 | 15,167 |
| | 36,005 | 52,829 |
| Analysed into: | | |
| Non-current | 32,530 | 37,662 |
| Current | 3,475 | 15,167 |
| | 36,005 | 52,829 |

Note: The unlisted fund investments were previously classified as available-for-sale financial assets as at 31 March 2018. Upon adoption of HKFRS 9 as detailed in note 3, the Group reclassified the investments as financial assets at fair value through profit or loss.

13. ACCOUNTS RECEIVABLE

| | Unaudited 30 September 2018 HK\$'000 | Audited 31 March 2018 HK\$'000 |
|------------------------|---|---|
| Due from third parties | 130,503 | 114,638 |

Accounts receivable mainly represented receivables for investment and asset management services and contract works.

The payment terms of receivables for investment and asset management services are due upon billing. The payment terms of receivables for contract works are stipulated in the relevant contracts and the receivables are usually due for settlement within 30 days after the customers receive interim payments from their project employers.

As set out in note 3, retentions receivable included in accounts receivable which amounted to HK\$44,250,000 were reclassified to contract assets upon initial application of HKFRS 15 as at 1 April 2018. Retention receivables are repayable within terms ranging from one to three years. The entire amount is expected to be recovered more than twelve months after the Reporting Period.

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

13. ACCOUNTS RECEIVABLE *(Continued)*

The ageing analysis of the accounts receivable as at the end of the Reporting Period, based on the invoice date, is as follows:

| | Unaudited 30 September 2018 HK\$'000 | Audited 31 March 2018 HK\$'000 |
|---------------------|---|---|
| One to three months | 129,287 | 111,249 |
| Four to six months | — | 797 |
| Over six months | 1,216 | 2,592 |
| | 130,503 | 114,638 |

The ageing analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

| | Unaudited 30 September 2018 HK\$'000 | Audited 31 March 2018 HK\$'000 |
|-------------------------------|---|---|
| Past due but not impaired: | | |
| One to three months past due | 3,921 | 7,455 |
| Four to six months past due | — | 56 |
| Over six months past due | — | 2,592 |
| | 3,921 | 10,103 |
| Neither past due nor impaired | 126,582 | 104,535 |
| | 130,503 | 114,638 |

Accounts receivable that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Accounts receivable that are neither past due nor impaired relate to a number of independent customers for whom there was no recent history of default.

14. CONVERTIBLE BONDS

On 12 June 2017 (the "Issue Date"), the Company issued convertible bonds in the principal amount of US\$7,330,000 (the "Convertible Bonds") which bear interest at 6% per annum and is payable half-yearly in arrears on 12 December and 12 June. The Convertible Bonds mature on the date ending on 24 months from the date of the Issue Date (the "Maturity Date") and are convertible at the option of the bondholders into ordinary shares of the Company at any time after one year of the Issue Date and ending on 10 business days immediately preceding the Maturity Date at an initial conversion price of HK\$1.5 per share. The Company may early redeem the Convertible Bonds on or at any time after 6 months from the Issue Date but prior to the Maturity Date at 100% of the outstanding principal amount of the Convertible Bonds plus accrued and unpaid interest.

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

14. CONVERTIBLE BONDS *(Continued)*

The Convertible Bonds contain two components, liability component and derivative financial instruments component. The liability component was carried at amortised cost using effective interest method. The derivative financial instruments component was measured at fair value using the Binomial Option Pricing model method with any changes in fair value recognised in profit or loss. The effective interest rate of the liability component was 4.71%.

On 9 February 2018, the Group entered into a supplemental agreement to modify the principal amount of convertible bonds (the "Modified Convertible Bonds") from US\$7,330,000 to HK\$56,808,000 and certain anti-dilutive clauses. The modification was completed on the same date of the supplemental agreement. Upon modification, the Modified Convertible Bonds contain two components: liability component and equity component. The liability component was carried at amortised cost using effective interest method. The residual amount is assigned as the equity component and is included in reserve. The effective interest rate of the liability component upon modification was 8.48%.

On 12 June 2018, the bondholder has exercised its conversion options and convertible bonds in the aggregate principal amount of HK\$56,808,000 were converted into 37,871,666 ordinary shares of the Company.

The movement of the net proceeds received from the issue of the Convertible Bonds and the modification of the Modified Convertible Bonds are as follows:

| | Derivative component HK\$'000 | Liability component HK\$'000 | Equity component HK\$'000 | Total HK\$'000 |
|---|-------------------------------------|------------------------------------|---------------------------------|-------------------|
| At Issue Date | (1,360) | 58,419 | — | 57,059 |
| Fair value gain | (716) | — | — | (716) |
| Exchange loss | — | 156 | — | 156 |
| Modification of the terms of convertible bonds | | | | |
| — Gain on modification of convertible bonds | — | 684 | — | 684 |
| — Extinguishment of original convertible bonds upon modification of terms | 2,076 | (59,377) | — | (57,301) |
| — Recognition of convertible bonds upon modification of terms | — | 55,548 | 384 | 55,932 |
| Interest on convertible bonds | — | 2,492 | — | 2,492 |
| Interest paid | — | (1,729) | — | (1,729) |
| At 31 March 2018 and 1 April 2018 (audited) | — | 56,193 | 384 | 56,577 |
| Interest on convertible bonds | — | 940 | — | 940 |
| Interest paid | — | (1,725) | — | (1,725) |
| Conversion during the period | — | (55,408) | (384) | (55,792) |
| At 30 September 2018 (unaudited) | — | — | — | — |

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

15. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable at the end of the reporting date, based on the invoice date, is as follows:

| | Unaudited 30 September 2018 HK\$'000 | Audited 31 March 2018 HK\$'000 |
|---------------------|---|---|
| Current to 3 months | 142,655 | 63,309 |

As at 30 September 2018, retentions payable included in accounts payable amounted to HK\$34,376,000 (31 March 2018: HK\$36,583,000), which are normally settled on terms ranging from two to three years.

Accounts payable are non-interest-bearing and are normally settled within three months. The payment terms are stipulated in the relevant contracts.

16. BANK AND OTHER BORROWINGS

| | Unaudited 30 September 2018 HK\$'000 | Audited 31 March 2018 HK\$'000 |
|--|---|---|
| Current | | |
| Other loan from a money lender licensee — secured (note a) | 90,000 | 90,000 |
| Non-current | | |
| Bank loans — secured (note b) | 158,590 | 169,047 |
| Other loan from the ultimate holding company of the Company (note c) | — | 44,047 |
| Other loan from a company controlled by Mr. Wei (note d) | 127,563 | — |
| | 376,153 | 303,094 |
| Analysed into: | | |
| Within one year or on demand | 90,000 | 90,000 |
| In the second to fifth years, inclusive | 286,153 | 213,094 |
| | 376,153 | 303,094 |

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

16. BANK AND OTHER BORROWINGS *(Continued)*

- Note a: The balance is secured by charges over the Group's certain property, plant and equipment and an investment property situated in Hong Kong, with carrying amounts of HK\$55,537,000 and HK\$9,000,000 respectively as at 30 September 2018 (31 March 2018: HK\$56,496,000 and HK\$9,000,000 respectively). The balance is also guaranteed by the Company and bearing a contractual interest rate of 3.89% per annum.
- Note b: The balance is secured by pledged deposit of HK\$158,158,000 (31 March 2018: HK\$201,989,000) by the ultimate holding company of the Company and bearing a contractual interest rate of 1.7%.
- Note c: The balance was bearing a contractual interest rate of 1.5%.
- Note d: Mr. Wei Jie ("Mr. Wei") is an executive director, chairman of the Board and the chief executive officer of the Company. The balance is unsecured, interest-free and not repayable within one year from the end of the Reporting Period.

17. SHARE CAPITAL

Shares

| | Unaudited 30 September 2018 HK\$'000 | Audited 31 March 2018 HK\$'000 |
|--|---|---|
| Authorised: 100,000,000,000 ordinary shares of HK\$0.001 each (31 March 2018: 100,000,000,000 ordinary shares of HK\$0.001 each) | 100,000 | 100,000 |
| Issued and fully paid: 4,037,871,666 ordinary shares of HK\$0.001 each (31 March 2018: 4,000,000,000 ordinary shares of HK\$0.001 each) | 4,038 | 4,000 |

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

18. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties during the Reporting Period:

| | Unaudited Six months ended 30 September | |
|---|---|------------------|
| | 2018 HK\$'000 | 2017 HK\$'000 |
| Companies controlled by Mr. Wei: | | |
| — Share of administrative expenses | 2,033 | 1,287 |
| — Sales and customer service fee (note) | 24,093 | 1,174 |
| — Interest expenses | 74 | — |
| — Rental income | 957 | — |

The above transactions were conducted on terms and conditions mutually agreed between the relevant parties.

Note: These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

- (b) Outstanding balances with related parties:

| | Unaudited 30 September 2018 HK\$'000 | Audited 31 March 2018 HK\$'000 |
|---------------------------------|---|---|
| Other receivable from: | | |
| A company controlled by Mr. Wei | — | 1,554 |
| Other payables to: | | |
| The ultimate holding company | 56,970 | 67 |
| Companies controlled by Mr. Wei | 3,886 | 241,992 |

The above balances are unsecured, interest free and has no fixed terms of repayment.

Other than the above balances with related parties and those disclosed elsewhere in the condensed consolidated interim financial information, the Group had no material outstanding balances with related parties at the end of the Reporting Period.

- (c) Certain companies controlled by Mr. Wei granted credit facilities to the Group for an aggregate amount of HK\$683,640,000, which were not utilised as at 30 September 2018 (31 March 2018: HK\$755,100,000).

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

18. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Compensation of key management personnel of the Group:

| | Unaudited Six months ended 30 September | |
|------------------------------|---|------------------|
| | 2018 HK\$'000 | 2017 HK\$'000 |
| Short term employee benefits | 1,519 | 894 |

19. CONTINGENT LIABILITIES

In the ordinary course of the Group's building services business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The Directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

As at 30 September 2018, the Group had performance bonds issued by a bank in favour of certain contract customers amounted to approximately HK\$14,799,000 (31 March 2018: HK\$36,683,000).

20. COMMITMENTS

At the end of the Reporting Period, the Group had the following significant commitments:

| | Unaudited 30 September 2018 HK\$'000 | Audited 31 March 2018 HK\$'000 |
|--|---|---|
| Contracted, but not provided for: Construction of investment properties | 738,390 | 436,235 |

Notes to the Condensed Consolidated Interim Financial Information *(Continued)*

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The following table presents the carrying values of financial instruments measured at fair value at the end of the Reporting Period across the applicable levels of the fair value hierarchy defined in HKFRS 7 Financial Instruments: Disclosures with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

| | Quoted prices in active markets Level 1 HK\$'000 | Significant observable inputs Level 2 HK\$'000 | Significant unobservable inputs Level 3 HK\$'000 | Total HK\$'000 |
|---|---|--|--|-------------------|
| As at 30 September 2018 (unaudited) | | | | |
| Assets | | | | |
| Financial assets at fair value through profit or loss | 3,475 | 32,530 | — | 36,005 |
| Pledged deposit for a life insurance product | — | — | 6,671 | 6,671 |
| As at 31 March 2018 (audited) | | | | |
| Assets | | | | |
| Available-for-sale investments | — | 37,662 | — | 37,662 |
| Financial assets at fair value through profit or loss | 15,167 | — | — | 15,167 |
| Pledged deposit for a life insurance product | — | — | 6,594 | 6,594 |

The carrying amounts of the Group's financial instruments which were stated at amortised cost reasonably approximate to their fair values.

The fair value of the non-current portion of the pledged deposit for a life insurance product is categorised within Level 3 of the fair value hierarchy and has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar credit risk and remaining maturities.

Management has assessed that the fair values of the current portion of deposits, contract assets, accounts and other receivables, cash and bank balances, accounts payable, other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

During the Reporting Period, there was no transfer of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

22. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

This unaudited condensed consolidated interim financial information was approved and authorised for issue by the Board on 29 November 2018.

Management Discussion and Analysis

BUSINESS REVIEW

Overview

The Group is principally engaged in the provision of investment and asset management services in the PRC, property investment and development in the PRC and building services in Hong Kong. Since the second half of 2017, the Group has acquired the land use rights of several parcels of land in the PRC as it intends to expand its business portfolio in property investment and development with focuses primarily in developing unique towns in the PRC.

Investment and Asset Management Services

Since the year ended 31 March 2017, the Group has expanded its business portfolio into the areas of investment and asset management with focuses on the public private partnership (“PPP”) projects under the collaboration with the PRC government in relation to infrastructure projects through the subsidiaries, which are principally engaged in investment management and consulting (save for securities and futures) and with the required licence for fund management activities. As at 30 September 2018, the Group is responsible for the management and operation of 30 private equity funds (the “Funds”) with target investment primarily in the PPP projects. As of 30 September 2018, the aggregate target fund size of the Funds were approximately RMB25.5 billion and the total asset under management amounted to approximately RMB9.7 billion.

Property Investment and Development

As at 30 September 2018, the Group held three parcels of land in Gaoyou City of Jiangsu Province, one parcel of land in the Huaian City of Jiangsu Province, one parcel of land located at Xiangshan County of Ningbo City in Zhejiang Province, one parcel of land in the Yueyang City of Hunan Province and a parcel of land with seven commercial buildings erected on the same land located at Xuyi County of Huaian City in Jiangsu Province.

Bao Ming (Hong Kong) Real Estate Group Limited (“Bao Ming”), an indirect wholly-owned subsidiary of the Company, is the investment vehicle of the Group for property investment and development business with focus primarily in developing unique towns in the PRC. The Board believes that focusing on unique towns projects in the PRC represents an opportunity for the Group to lay a solid foundation for its long term development growth.

In anticipation of volatility and uncertain economic environment in the PRC, the Group will remain cautious and continue to seek sound and stable investment opportunities to enhance its property investment and development business in the PRC to generate sustainable returns to the shareholders of the Company.

Management Discussion and Analysis (Continued)

Summary of the Group's property development in the PRC is disclosed as follows:

| City | Yueyang City | Ningbo City | Gaoyou City | Gaoyou City | Huaian City | Huaian City |
|--|--|---|---|---|---|--|
| Land/property | Yueyang Land | Xiangshan Land | First and second Gaoyou Land | Third Gaoyou Land | Huaian Land | Xuyi Property |
| Province | Hunan Province | Zhejiang Province | Jiangsu Province | Jiangsu Province | Jiangsu Province | Jiangsu Province |
| Address | Located at Junshan District* (君山區), Yueyang City | Located at Xiangshan County* (象山縣), Ningbo City | Located at Song Qiao Town, Li Gu Village* (送橋鎮李古村), Gaoyou City | Located at Song Qiao Town, Li Gu Village* (送橋鎮李古村), Gaoyou City | Located at Hongze District* (洪澤區), Huaian City | Located at Xuyi County* (盱眙縣), Huaian City |
| Usage | Office, shopping mall, hotel and serviced Apartments | Office, convention and exhibition Centre, hotel | Research and development Centre, production Factory | Office, convention and exhibition Centre, hotel | Research and development centre, production factory | Office, hotel |
| Site area (s.q.m) | 138,648 | 51,222 | 189,756 | 32,365 | 193,016 | 9,173 |
| Maximum gross floor area (s.q.m) | 298,093 | 112,688 | 379,512 | 129,460 | 308,826 | 4,913 |
| Interest attributable to the Group (%) | 99.7% | 99.7% | 98.9% | 99.8% | 98.9% | 100.0% |
| Stage of completion | Construction in progress | Expected to commerce in fourth quarter of 2018 | Construction in progress | Construction in progress | Construction in progress | N/A |
| Expected year of construction completion | By phases from 2019 to 2020 | By phases from 2020 to 2021 | By phases from 2019 to 2020 | By phases from 2019 to 2020 | By phases from 2020 | N/A |

* for identification purpose only

Building Services

The engineering works undertaken by the Group are mainly related to (i) electrical installation works; (ii) air-conditioning installation works; and (iii) fire services installation works. The Group undertakes engineering projects in both public and private sectors, which are mainly building related projects including (i) new building development; and (ii) existing building renovation. All of the Group's contract revenues were derived in Hong Kong.

As at 30 September 2018, the Group had 47 one-off and retainer projects in progress, with a total estimated outstanding contract sum and work order value of approximately HK\$243.6 million. The Group's building services business is undertaken by an operating subsidiary, Fungs E & M Engineering Company Limited, a building services engineering specialist in various building works in both public and private sectors in Hong Kong.

Management Discussion and Analysis *(Continued)*

FINANCIAL REVIEW

Revenue

The Group's revenue for the Reporting Period was approximately HK\$278.1 million, representing an decrease of approximately 38.1% from approximately HK\$449.0 million for the same period last year. The decrease was mainly due to the combined effect of:

- (i) Provision of investment and asset management services in the PRC has generated rapid growth in revenue from approximately HK\$30.7 million for the same period last year to approximately HK\$100.5 million for the Reporting Period, as the number of the Funds established by the Group and the fund size of the Funds have increased compared to the same period last year.
- (ii) Contract revenue from building services business has decreased from approximately HK\$418.3 million for the same period last year to approximately HK\$176.7 million for the Reporting Period, as certain one-off project with significant project amount has been substantially completed during the year ended 31 March 2018.

Gross profit margin

During the Reporting Period, the Group recorded a gross profit of approximately HK\$75.1 million. The gross profit margin increased from approximately 9.4% for the six months ended 30 September 2017 to approximately 27.0% for the Reporting Period. The increase was mainly due to growth in revenue from the investment and asset management business during the Reporting Period, which contributed a higher gross profit margin for the Reporting Period.

Fair value gain on investment properties

For the Reporting Period, the Group recorded fair value gain on investment properties of approximately HK\$6.4 million, and approximately HK\$23.4 million for the same period last year.

Other income, gains and losses, net

Other income, gains and losses represents net losses of approximately HK\$36,000 for the Reporting Period (six months ended 30 September 2017: net gains of approximately HK\$4.1 million). The change was mainly due to the fair value loss on financial assets at fair value through profit or loss of approximately HK\$5.7 million for the Reporting Period, while a fair value gain on financial assets at fair value through profit or loss of approximately HK\$0.6 million was recorded for the same period last year. In addition, a fair value gain of approximately HK\$1.4 million on revaluation of derivative financial instruments was recorded for the same period last year, while no such gain was recorded for the Reporting Period.

Administrative expenses

The Group's administrative expenses for the six months ended 30 September 2018 were approximately HK\$30.3 million, representing an increase of 80.4% from approximately HK\$16.8 million for the same period last year. The increase was mainly attributable to the expansion of the businesses of investment and assets management service and property investment and development.

Profit for the period

For the Reporting Period, the Group recorded net profit of approximately HK\$30.0 million, an decrease of approximately HK\$11.2 million as compared to the net profit of approximately HK\$41.2 million for the same period last year. This was mainly due to the decrease in fair value gain on investment properties and increase in administrative expenses for the Reporting Period, as compared to the same period last year.

Management Discussion and Analysis *(Continued)*

Liquidity and Financial Resources

The Group has funded its liquidity and capital requirements primarily through capital contributions from shareholders, bank and other borrowings and cash inflows from operating activities.

As at 30 September 2018, the Group had a total of bank and other borrowings of approximately HK\$376.2 million (31 March 2018: approximately HK\$303.1 million). HK\$90.0 million of the bank and other borrowings will be due within one year from the end of the Reporting Period or on demand; and approximately HK\$286.2 million of the bank and other borrowings will be due in the second to fifth years, inclusive, from the end of the Reporting Period.

As at 30 September 2018, the Group had an aggregate of banking facilities and other loan facilities of approximately HK\$18.0 million and HK\$683.6 million (31 March 2018: approximately HK\$30.0 million and HK\$755.1 million), respectively.

As at 30 September 2018, the Group had cash and cash equivalents of approximately HK\$100.1 million, representing a decrease of 69.4% from approximately HK\$327.1 million as of 31 March 2018. The Group had a pledged deposit for a life insurance product with a carrying amount of approximately HK\$6.7 million and HK\$6.6 million as at 30 September 2018 and 31 March 2018, respectively. The decrease in cash and cash equivalents during the Reporting Period was mainly due to the combined effects of (i) repayment of bank and other borrowings of approximately HK\$158.5 million; and (ii) payment for the additions of investment properties of approximately HK\$101.8 million. As at 30 September 2018, the Group's cash and cash equivalents were mainly denominated in Renminbi ("RMB") and Hong Kong dollars ("HK\$").

Gearing ratio is calculated based on the net debt divided by the adjusted capital plus net debt. Net debt is calculated as the total of bank and other borrowings and amounts due to companies controlled by Mr. Wei (included in other payables and accruals) less cash and cash equivalents. Adjusted capital is calculated as the total of equity attributable to owners of the parent and liability component of convertible of bonds. Gearing ratio as at 30 September 2018 was 42.0% (31 March 2018: 30.3%).

On 12 June 2018, the Company received a conversion notice from the subscriber of the Convertible Bonds in relation to the exercise in full of the conversion rights attached to the Convertible Bonds, to convert the Convertible Bonds in the principal amount of US\$7.33 million (equivalent to HK\$56,807,500) at the conversion price of HK\$1.50 per conversion share (the "Conversion"). Accordingly, 37,871,666 conversion shares, representing approximately 0.95% of the total issued shares of the Company immediately before the Conversion and approximately 0.94% of the total issued shares of the Company immediately after the Conversion, were allotted and issued to the subscriber on 12 June 2018 pursuant to the terms and conditions of the Convertible Bonds. The conversion shares rank pari passu in all respects among themselves and with all other existing shares in issue. Please refer to the announcements of the Company dated 1 June 2017, 12 June 2017 and 12 June 2018 for further details of the Convertible Bonds and the Conversion.

Capital Expenditures

For the Reporting Period, the Group incurred approximately HK\$2.0 million and HK\$101.8 million (six months ended 30 September 2017: approximately HK\$0.9 million and HK\$146.8 million) on the additions of items of property, plant and equipment and investment properties, respectively.

Management Discussion and Analysis *(Continued)*

PROSPECTS

The recent trade tensions between the United States and the PRC has created uncertainties to the global economy as well as businesses. The uncertainties may hinder the investor's confidence in financial market and increase the volatility of financial markets of both the PRC and Hong Kong. In order to stabilise the economy and mitigate the impact of tariff, the PRC government has recently announced certain defensive measures such as moderate relaxation of monetary policy and implementation of certain proactive fiscal policies. In light of the challenging environment, the Group would take a very cautious view on the outlook and shall adopt a prudent approach in its business activities, property investments and other investments.

During the Reporting Period, the PRC regulatory authorities launched a series of policies and measures to strengthen supervision, and smoothly and orderly promoted the financial system to reduce leverage. The Group expects this will undoubtedly accelerate the restructuring of economic ecosystem in the PRC. Considering the Group's operating results in the Reporting Period, the Group believes its investment and asset management business will continue to deliver long term growth and play a leading position in the market. The Group looks forward to continuing to fulfill the ever-changing investment and asset management needs of its clients.

According to the relevant PRC national policies, private capital is encouraged to participate in the public sector, and pursuant to which, PPP is increasingly adopted in public infrastructure projects in the PRC, and in particular predominantly adopted in unique town initiatives, led by the PRC government. In the first half of 2018, the PRC's economy maintained a generally stable and improved trend, with growth in GDP up to 6.8% on a year-on-year basis, which was better than expected. The Group expects the PRC government will provide continuous support on the development of unique towns in the form of PPP.

In the view of the above, the Group considers its continued expansion and development in the property investment and development business with the focus on developing unique towns still represents an excellent opportunity for the Group to achieve sustainable long term growth.

For building services business in Hong Kong, the Group is aware that the keen industry competition and economic uncertainties in Hong Kong may continually affect the Group's operation in building services business. The Group will closely monitor the market and respond to changes in market conditions and continue to improve the competitiveness in the market by continuing to provide quality works to the customers. The Group will also price its tender or quotation competitively to maintain business relationship with existing customers.

FOREIGN EXCHANGE RISK

Foreign exchange risk means the risk on the fluctuation of fair value or future cash flows of financial instruments which arose from changes in exchange rates.

As at 30 September 2018, the Group's bank borrowings are denominated in Euro, being currencies other than the functional currency of the relevant group entities, which expose the Group to foreign currency risk. The Group has not used any financial instruments to hedge against currency risk. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's building services business is located in Hong Kong and is transacted and settled in HK\$ while the Group's investment and asset management services business and property investment and development business are located in the PRC and are transacted and settled in RMB. Accordingly, the Directors considered that the Group's foreign exchange risk is insignificant.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The Group had no material acquisitions and disposals of subsidiaries, associated companies and joint ventures during the Reporting Period.

CHARGE ON ASSETS

Save as disclosed in note 16 to the condensed consolidated interim financial information, as at 30 September 2018, the banking facilities of the Group amounting to approximately HK\$18.0 million were secured by (i) pledged deposit for a life insurance product with a carrying amount of approximately HK\$6.7 million; (ii) bank balances with a carrying amount of approximately HK\$19.4 million.

SIGNIFICANT INVESTMENTS

Save as disclosed, during the Reporting Period, the Company did not hold any significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

In view of the expansion of the Group in property investment and development with focuses primarily in developing unique towns in the PRC, the Group shall further invest in the development of land parcels acquired by the Group and shall participate in the auction of land use rights of additional land parcels should the location of the land parcels are in line with the Group's strategy in property investment and development. The Group's investments are expected to be financed by internal resources and bank and other borrowings.

STAFF AND REMUNERATION POLICY

As of 30 September 2018, the Group employed 122 employees. The Group reviewed employees' remuneration from time to time and salary adjustment was normally made on an annual basis with reference to their performance, work experience and the prevailing market conditions. Staff benefits include mandatory provident fund and training programs. The Company adopted a share option scheme on 22 September 2014, under which the Company can grant options to selected participants including employees and Directors as incentives or rewards for their contribution to the Group. As at 30 September 2018, 5,000,000 share options were granted under the share option scheme.

The total remuneration cost incurred by the Group for the Reporting Period was approximately HK\$31.4 million (six months ended 30 September 2017: approximately HK\$27.6 million).

Other Information

SHARE OPTION SCHEME

Pursuant to the share option scheme adopted by the Company on 22 September 2014 (the "Scheme"), the Company may grant options to directors (including executive directors, non-executive directors and independent non-executive directors) and full-time employees of any member of the Group and any advisers, consultants, contractors, sub-contractors, suppliers, agents, customers, business partners, joint venture business partners, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to subscribe for shares in the Company with the payment of HK\$1.00 upon each option granted and the options granted must be accepted within 14 days from the date of offer.

The subscription price of a share shall be at least the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the shares of the Company on the date of grant of the option. The share options granted are exercisable at any time during a period of not more than 10 years from the date of grant, subject to the provisions of early termination contained in the Scheme. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not exceed 30% of the number of shares of the Company in issue from time to time. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not, in aggregate, exceed 10% of the number of shares of the Company in issue on the date the shares of the Company commence trading on the Stock Exchange. The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12 months period up to the date of grant shall not exceed 1% of the shares of the Company then in issue.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

5,000,000 share options were granted on 17 February 2017 and the followings are details of the options granted pursuant to the Scheme but not yet exercised as at 30 September 2018:

| Grantee | Date of grant | No. of share options outstanding as at 1 April 2018 | Exercise Price HK\$ (note) | Closing price of Company's shares immediately before the date of grant of options HK\$ | Number of options granted/ cancelled/ lapsed/ exercised during the six months ended 30 September 2018 | Number of options outstanding as at 30 September 2018 | Exercise period |
|----------------------------|------------------|---|----------------------------|--|---|---|--------------------------------------|
| Executive Directors | | | | | | | |
| Mr. Wei Jie | 17 February 2017 | 2,500,000 | 2.0 | 1.29 | — | 2,500,000 | 17 February 2017 to 16 February 2027 |
| Ms. Xu Li Yun | 17 February 2017 | 2,500,000 | 2.0 | 1.29 | — | 2,500,000 | 17 February 2017 to 16 February 2027 |
| Total | | 5,000,000 | | | — | 5,000,000 | |

Note:

The exercise price is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 September 2018, the interests and short positions of the Directors and chief executive in shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required to be recorded in the register required to be kept under Section 352 of the SFO; or which would otherwise be notified to the Company and the Stock Exchange pursuant to the model code for securities transactions by directors of listed issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") were as follows:

Long position in shares, underlying share and debentures of the Company

| Director | Name of corporation | Capacity and nature of interests | Number of ordinary shares held | Number of underlying ordinary shares of HK\$0.001 each in the Company (Options (Note 2)) | Total | Approximately % of issued share capital |
|-------------------|---------------------|--------------------------------------|--------------------------------|--|---------------|---|
| Mr. Wei Jie | The Company | Interest in a controlled corporation | 3,025,430,000 (Note 1) | — | 3,025,430,000 | 74.93% (Note 3) |
| | | Direct beneficial interest | 500,000 | 2,500,000 | 3,000,000 | 0.07% |
| Ms. Xu Li Yun | The Company | Direct beneficial interest | — | 2,500,000 | 2,500,000 | 0.06% |
| Mr. Wong Kam Ting | The Company | Direct beneficial interest | 1,868,000 | — | 1,868,000 | 0.05% |

Notes:

- Out of the 3,025,430,000 ordinary shares, 2,200,000,000 ordinary shares were held by Gold-Finance (Hong Kong) Asset Management Limited ("Gold-Finance (HK)"), which is wholly-owned by Gold-Finance Industrial Group Co., Limited ("Gold-Finance Industrial") and in turn wholly-owned by 浙江金誠資產管理有限公司 (Zhejiang Jin Cheng Asset Management Company Limited*) ("Zhejiang Jin Cheng"). Zhejiang Jin Cheng is wholly-owned by 新余金誠實業集團有限公司 (Xin Yu Jin Cheng Industrial Group Limited*) ("Xin Yu Jin Cheng"), which is approximately 93.76% directly controlled by Mr. Wei Jie and approximately 1.82% indirectly owned by Mr. Wei Jie. 25,430,000 ordinary shares were held by Gold-Finance Korea Limited ("Gold-Finance Korea"), which is wholly-owned by Gold-Finance (HK). The remaining 800,000,000 ordinary shares were held by Gold-Finance (Holdings) Group Co. Limited ("Gold-Finance (Holdings)"), which is 45.51% owned by Hengyuan Holdings Group Co. Ltd. ("Hengyuan Holdings"). Hengyuan Holdings is wholly-owned by Mr. Wei Jie. Therefore, Mr. Wei Jie is deemed to be interested in the 3,025,430,000 ordinary shares.
- The options were granted on 17 February 2017 under the Scheme. The options could be exercised from the date of the grant to 16 February 2027 in accordance with the rules of the Scheme to subscribe for ordinary shares of HK\$0.001 each in the Company at an initial exercise price of HK\$2.0 per share. None of the options were exercised by any of the Directors during the Reporting Period.
- Pursuant to the conditions of the grant of the options, no options shall be exercised if as a result of which the aggregate holding of the Company's shares by Mr. Wei Jie and his associates (as defined in the Listing Rules) may cause the Company failing to maintain the minimum public float as stipulated by the Listing Rules.

Other Information *(Continued)*

Interests in shares, underlying shares and debentures of the associated corporations of the Company

| Director | Name of associated corporation | Capacity and nature of interest | Number of ordinary share(s)/registered capital held | Approximately % of issued share capital |
|---------------|--------------------------------|--------------------------------------|---|---|
| Mr. Wei Jie | Gold-Finance (HK) | Interest in a controlled corporation | 10,000 (Note) | 100% |
| Mr. Wei Jie | Gold-Finance Korea | Interest in a controlled corporation | 8,217,109 (Note) | 100% |
| Mr. Wei Jie | Gold-Finance Industrial | Interest in a controlled corporation | 10,000 (Note) | 100% |
| Mr. Wei Jie | Zhejiang Jin Cheng | Interest in a controlled corporation | RMB50,000,000 (Note) | 100% |
| Mr. Wei Jie | Xin Yu Jin Cheng | Direct beneficial interest | RMB2,873,362,200 (Note) | 93.76% |
| | | Interest in a controlled corporation | RMB55,681,500 | 1.82% |
| Ms. Xu Li Yun | Xin Yu Jin Cheng | Direct beneficial interest | RMB1,000,000 | 0.03% |
| | | Interest in a controlled corporation | RMB134,494,300 | 4.39% |

Note: Out of the 3,025,430,000 ordinary shares, 2,200,000,000 ordinary shares were held by Gold-Finance (HK), which is wholly-owned by Gold-Finance Industrial and in turn wholly owned by Zhejiang Jin Cheng. Zhejiang Jin Cheng is wholly-owned by Xin Yu Jin Cheng, which is approximately 93.76% directly controlled by Mr. Wei Jie and approximately 1.82% indirectly owned by Mr. Wei Jie. 25,430,000 ordinary shares were held by Gold-Finance Korea, which is wholly-owned by Gold-Finance (HK). The remaining 800,000,000 ordinary shares were held by Gold-Finance (Holdings), which is 45.51% owned by Hengyuan Holdings. Hengyuan Holdings is wholly-owned by Mr. Wei Jie and therefore, Mr. Wei Jie is deemed to be interested in the 3,025,430,000 ordinary shares.

Save as disclosed above, as at 30 September 2018, none of the Directors or chief executive of the Company or any of their spouses or children under 18 years of age had registered an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2018, to the best of the Directors' knowledge, the interests and short positions of the person (other than the Directors or chief executive of the Company) or company in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in shares and underlying shares of the Company

| Name of shareholders | Capacity and nature of interests | Number of ordinary shares held | % of issued share capital |
|----------------------------------|--------------------------------------|--------------------------------|---------------------------|
| Gold-Finance (HK) | Beneficial owner | 2,200,000,000 | 54.48% |
| | Interest in a controlled corporation | 25,430,000 | 0.63% |
| Gold-Finance Industrial (note 1) | Interest in a controlled corporation | 2,225,430,000 | 55.11% |
| Zhejiang Jin Cheng (note 1) | Interest in a controlled corporation | 2,225,430,000 | 55.11% |
| Xin Yu Jin Cheng (note 2) | Interest in a controlled corporation | 2,225,430,000 | 55.11% |
| Gold-Finance (Holdings) | Beneficial owner | 800,000,000 | 19.81% |
| Hengyuan Holdings (note 3) | Interest in a controlled corporation | 800,000,000 | 19.81% |

Notes:

- Gold-Finance (HK) is owned as to 100% by Gold-Finance Industrial, which in turn is wholly-owned by Zhejiang Jin Cheng. Zhejiang Jin Cheng is wholly-owned by Xin Yu Jin Cheng. As at the date of this report, (i) Mr. Wei Jie, a Director, is a director of Gold-Finance (HK) and Gold-Finance Industrial and (ii) Ms. Xu Li Yun, a Director, is a director of Zhejiang Jin Cheng and Xin Yu Jin Cheng.
- Xin Yu Jin Cheng is directly controlled as to approximately 93.76% by Mr. Wei Jie and indirectly owned as to approximately 1.82% by Mr. Wei Jie, who is deemed to be interested in the 2,225,430,000 shares owned by Gold-Finance (HK) by virtue of the SFO.
- Gold-Finance (Holdings) is owned as to 45.51% by Hengyuan Holdings, which in turn is wholly-owned by Mr. Wei Jie, who is deemed to be interested in the 800,000,000 shares owned by Gold-Finance (Holdings) by virtue of the SFO. As at the date of this report, (i) Mr. Wei Jie, a Director, is a director of Gold-Finance (Holdings) and Hengyuan Holdings; and (ii) Ms. Xu Li Yun, a Director, is a director of Gold-Finance (Holdings).

Save as disclosed above, as at 30 September 2018, to the best of the Directors' knowledge, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests in Shares" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Other Information *(Continued)*

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as “Related Parties” under applicable accounting principles. Further details are set out in note 18 to the condensed consolidated financial information.

CONTINUING CONNECTED TRANSACTIONS

In accordance with the reporting and announcement requirements under Chapter 14A of the Listing Rules, the Group had entered into the following non-exempt continuing connected transactions:

| Connected persons | Note | Duration of agreement | Date of agreement | Nature and purpose of transactions |
|---|------|-------------------------------|-------------------|--|
| 浙江金觀誠財富管理有限公司 Zhejiang Jin Guan Cheng Asset Management Company Limited* (“Jin Guan Cheng”) | a | 33 months from 1 July 2017 | 20 June 2017 | To provide sales and customers services to 杭州金開圓觀投資管理有限公司 Hangzhou Jin Kai Yuan Guan Investment Management Company Limited* (“Jin Kai Yuan Guan”) and its subsidiaries |

Note:

- (a) Jin Guan Cheng is a connected person of the Company by virtue of it being beneficially held and under the control of Mr. Wei Jie.

On 20 June 2017, Jin Kai Yuan Guan entered into a contract framework agreement with Jin Guan Cheng (the “Jin Guan Cheng Contract Framework Agreement”) in relation to the provision of sales and customer services by Jin Guan Cheng to Jin Kai Yuan Guan and its subsidiaries for a term of 33 months commencing from 1 July 2017 and ending on 31 March 2020. The maximum amount of services fees payable to Jin Guan Cheng under the Jin Guan Cheng Contract Framework Agreement shall not exceed the annual caps of RMB28.6 million (equivalent to approximately HK\$32.9 million), RMB62.1 million (equivalent to approximately HK\$71.4 million) and RMB65.5 million (equivalent to approximately HK\$75.4 million) for the nine months ending 31 March 2018 and the years ending 31 March 2019 and 2020, respectively. Details of the Jin Kai Yuan Guan Contract Framework Agreement are set out in the circular of the Company dated 11 August 2017.

During the Reporting Period, the service fees paid to Jin Guan Cheng amounted to approximately HK\$24.1 million, which did not exceed the relevant annual cap for the same period.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period under review.

CORPORATE GOVERNANCE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. This report outlines the principles and the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules. The Directors consider that the Company has applied the principles and complied with all the applicable code provisions set out in the Code during the Reporting Period, except for the below deviation:

Code Provisions A.2.1

Mr. Wei Jie, the Chairman of the Group, is responsible for the leadership and effective running of the Board, ensuring that all material issues are decided by the Board in a conducive manner. Mr. Wei Jie is also responsible for running the Group's business and effective implementation of the strategies of the Group. The Company is aware of the requirement under paragraph A.2.1 of the Code that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Nevertheless, the Board considers that the combination of the roles of Chairman and Chief Executive Officer will not impair the balance of power and authority between the Board and the management of the Company as the Board will meet regularly to consider major matters affecting the operations of the Group. The Board is of the view that this structure provides the Group with strong and consistent leadership, which can facilitate the formulation and implementation of its strategies and decisions and enable it to grasp business opportunities and react to changes efficiently. As such, the Board believes that it is beneficial to the business prospects of the Group with Mr. Wei Jie performing both the roles of Chairman and Chief Executive Officer.

Code Provisions E.1.2

Under code provision E.1.2, the Chairman of the Board should attend the annual general meeting. Due to other business engagement which must be attended to by the Chairman, Mr. Wei Jie, he was unable to attend the annual general meeting of the Company held on 14 September 2018 ("the 2018 AGM"). Mr. Wong Kam Ting, an executive Director and the Company Secretary of the Company, acted as the chairman of the 2018 AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors of the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the Reporting Period.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend in respect of the Reporting Period.

Other Information *(Continued)*

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed minimum public float under the Listing Rules.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Mr. Cheung Ying Kwan (Chairman), Mr. Niu Zhongjie and Mr. Chen Zhao, with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed the Group's condensed consolidated financial information for the six months ended 30 September 2018, including the accounting principles adopted by the Group, with the Company's management. The Group's condensed consolidated financial information for the six months ended 30 September 2018 has not been reviewed by the auditor of the Company.

PUBLICATION OF INTERIM REPORT

This interim report will be published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.gold-finance-gp.com.hk>). This interim report will also be despatched to the shareholders of the Company and made available for review on the aforesaid websites.

By Order of the Board
Gold-Finance Holdings Limited
Wei Jie
Chairman and Chief Executive Officer

Hong Kong, 29 November 2018

* *for identification purpose only*