



易易壹金融集團有限公司

EASY ONE FINANCIAL GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
Stock Code: 221



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2018

INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Chun Hong, Thomas
(*Chairman & Managing Director*)
Mr. Cheung Wai Kai
Ms. Stephanie

Independent Non-executive Directors

Mr. Sin Ka Man
Mr. Cheung Sau Wah, Joseph, *PMSM*
Mr. Wong Hung Tak, *PMSM*

AUDIT COMMITTEE

Mr. Sin Ka Man (*Chairman*)
Mr. Cheung Sau Wah, Joseph, *PMSM*
Mr. Wong Hung Tak, *PMSM*

REMUNERATION COMMITTEE

Mr. Cheung Sau Wah, Joseph, *PMSM*
(*Chairman*)
Mr. Sin Ka Man
Mr. Wong Hung Tak, *PMSM*
Mr. Chan Chun Hong, Thomas
Mr. Cheung Wai Kai

NOMINATION COMMITTEE

Mr. Wong Hung Tak, *PMSM* (*Chairman*)
Mr. Cheung Sau Wah, Joseph, *PMSM*
Mr. Sin Ka Man
Mr. Chan Chun Hong, Thomas
Mr. Cheung Wai Kai

INVESTMENT COMMITTEE

Mr. Chan Chun Hong, Thomas (*Chairman*)
Mr. Cheung Wai Kai
Mr. Cheung Sau Wah, Joseph, *PMSM*

COMPANY SECRETARY

Mr. Cheung Chin Wa, Angus

LEGAL ADVISERS

DLA Piper Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3202, 32/F., Skyline Tower
39 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN BERMUDA

Conyers Corporate Services
(Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

HOMEPAGE

www.easynonefg.com

STOCK CODE

221

INTERIM DIVIDEND

The board of directors (the “**Board**” or the “**Director(s)**”) of Easy One Financial Group Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) did not recommend the payment of any interim dividend for the six months ended 30 September 2018 (the “**First Half of 2018**” or the “**Period**”) (six months ended 30 September 2017 (the “**Prior Period**”): nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS REVIEW

During the Period, the Group was principally engaged in the businesses of the provision of finance and securities brokerage services in Hong Kong and property development in the People’s Republic of China (the “**PRC**”). For the First Half of 2018, the Group’s revenue amounted to approximately HK\$68.4 million (six months ended 30 September 2017: approximately HK\$114.5 million), representing a decrease of approximately HK\$46.1 million compared to the Prior Period, of which the revenue generated from provision of finance business in Hong Kong amounted to approximately HK\$50.5 million (six months ended 30 September 2017: approximately HK\$40.7 million), revenue generated from securities brokerage services in Hong Kong amounted to approximately HK\$11.3 million (six months ended 30 September 2017: approximately HK\$7.0 million) and revenue generated from property sales in the PRC amounted to approximately HK\$6.6 million (six months ended 30 September 2017: approximately HK\$66.8 million).

The Group reported net profit after tax attributable to owners of the Company of approximately HK\$77.4 million for the Period (six months ended 30 September 2017: net loss after tax attributable to owners of the Company was approximately HK\$117.1 million). The Group turned around from loss for the Prior Period to profit for the Period which was primarily due to (i) the recognition of a gain on disposal of subsidiaries; (ii) a reduction in net loss on financial assets at fair value through profit or loss; and (iii) a reduction of loss on deemed disposal of interest in an associate and a reduction in share of loss of an associate; but offsetting by (iv) a reduction in interest income on unlisted bonds and convertible notes as compared to the Prior Period.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW

Provision of Finance

Despite the interest rate hike in the United States (the “**US**”) and market instability as a result of the on-going US-China trade war, the money lending business recorded a tremendous growth in the First Half of 2018. The revenue from the money lending business amounted to approximately HK\$50.5 million during the Period, representing an increase of approximately 24% compared to approximately HK\$40.7 million in the Prior Period. The overall loan portfolio as at 30 September 2018 was approximately HK\$707.2 million, representing an increase of approximately 63% compared to the balance of approximately HK\$433.1 million as at 31 March 2018.

As at 30 September 2018, the Group operated four shops in Central, Wanchai, Mongkok and Tuen Mun, with a focus on mortgage loan and personal loan businesses. Apart from the traditional branch operations, the Group has also developed an online platform to increase the accessibility to its customers and to facilitate the provision of services to its customers. The Group will continue to focus on its brand building via advertising and promotion activities and to expand the product portfolio as well as the customer base to develop its “Easy Access” and “Easy Apply” services.

Though the Group recorded a notable growth in loan portfolio during the Period, a series of challenges impeded on this growth including the keen market competition, intense price war on interest margin, a recent increase in Hong Kong Prime Rate and the emergence of signals of a downward trend in the Hong Kong property market. The above factors have created uncertainties in its loan businesses. As a result, the Group will continue to adopt its prudent credit policy and risk management approach with a view to generate a sustainable and stable income growth.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Securities Brokerage Services

Easy One Securities Limited (“**Easy One Securities**”), a wholly-owned subsidiary of the Company, is licensed by the Securities and Futures Commission (the “**SFC**”) to carry out securities brokerage and related services, including provision of placing and underwriting services for Hong Kong listed companies. In addition to Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities, the SFC has further approved Easy One Securities to carry out Type 2 (dealing in futures contracts) regulated activity in April 2018. This marks an important milestone to Easy One Securities as it enables the Group to provide a one-stop service to its customers including the cash equities, futures contracts dealing and margin financing etc.

The securities brokerage market in Hong Kong remains highly competitive. The subsequently stronger US Dollar quickened the capital outflows from the Southeast Asia market and the emerging markets including Hong Kong. The intensified trade tension between the US and China as well as the depreciation of the Renminbi (“**RMB**”) created a downside momentum to the Hong Kong stock market. Despite these economic headwinds, the Group’s securities brokerage business continued to grow and the total revenue increased to approximately HK\$11.3 million (six months ended 30 September 2017: approximately HK\$7.0 million). The commission and fee income from brokerage services and brokerage financing interest revenue both recorded a significant increase to approximately HK\$3.9 million (six months ended 30 September 2017: approximately HK\$1.9 million) and approximately HK\$5.8 million (six months ended 30 September 2017: approximately HK\$1.7 million), respectively. The placing and underwriting commission decreased to approximately HK\$1.7 million (six months ended 30 September 2017: approximately HK\$3.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATION AND BUSINESS REVIEW (Continued)

Property Development

During the Period, the Group disposed the property development project in Fuzhou, Jiangxi Province, the PRC (the “**Fuzhou Project**”) at an aggregate consideration of RMB1.0 million. The Group recorded a gain in the consolidated statement of profit or loss of approximately HK\$72.8 million arising from the disposal of the Fuzhou Project. After the disposal, the remaining property project held by the Group is the commercial complex in Dongguan, Guangdong Province, the PRC (the “**Dongguan Project**”), details of which are as follows:

City/province	Percentage ownership/ interest	Approximate site area (square feet)	Approximate saleable area (square feet)	Development Plan
Dongguan, Guangdong Province, the PRC	100%	0.2 million	0.4 million	Commercial complex

Over 99% of the leasable area of the Dongguan Project was leased out as at 30 September 2018. The Group's income from property leasing for the Period was approximately HK\$11.0 million (six months ended 30 September 2017: approximately HK\$9.2 million).

Liquidity and Financial Resources

The Group's total assets as at 30 September 2018 were approximately HK\$1,800 million (31 March 2018: approximately HK\$1,972 million) which were financed by total liabilities of approximately HK\$662 million (31 March 2018: approximately HK\$809 million) and total equity of approximately HK\$1,139 million (31 March 2018: approximately HK\$1,163 million). The current ratio as at 30 September 2018 was approximately 3.1 times (31 March 2018: approximately 1.8 times).

As at 30 September 2018, the Group's total borrowings amounted to approximately HK\$491.4 million (31 March 2018: approximately HK\$343.8 million), which were denominated in Hong Kong Dollar and RMB. The gearing ratio was calculated by reference to the Group's total borrowings net of cash and cash equivalents and the total equity of the Group. As at 30 September 2018, the gearing ratio was approximately 37.9% (31 March 2018: approximately 5.3%).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OPERATION AND BUSINESS REVIEW *(Continued)*

Exposure to Fluctuation in Exchange Rates

The revenue, bank deposits and operating costs of the Group are mainly denominated in Hong Kong Dollar and RMB. The Group did not enter into or have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 30 September 2018. Due to the currency fluctuation of RMB, the Group had been considering alternative risk hedging tools to mitigate RMB currency exchange risk.

MATERIAL DISPOSAL AND ITS FINANCIAL IMPACT

On 19 April 2018, Joyful Leap Investments Limited, an indirect wholly-owned subsidiary of the Company, completed the disposal of the entire issued share capital in Strengthen Investments Limited and Jumbo Sun Investments Limited (collectively, the “**Target Group**”) at an aggregate consideration of RMB1.0 million. The principal asset of the Target Group was the properties which comprised all the unsold units in the Fuzhou Project. Immediately after the completion of the disposal of the Target Group, the Company ceased to have any interest therein. The financial results of the Target Group were deconsolidated from the Group’s financial statements. The Group recorded a gain in the consolidated statement of profit or loss of approximately HK\$72.8 million arising from the disposal of the Target Group. Details of the disposal were disclosed in the announcements issued by the Company dated 15 February 2018 and 18 April 2018 and the circular issued by the Company dated 28 March 2018.

EMPLOYEES AND REMUNERATION POLICY

The Group aims to recruit, retain and develop competent individuals who are committed to its long-term success and growth. Remunerations and other benefits of employees are reviewed periodically in response to both market conditions and trends, and are based on qualifications, experience, responsibilities, competence, skills and performance of the relevant employees.

As at 30 September 2018, the Group had a total of 109 employees (31 March 2018: 133), in which 63 employees were based in Hong Kong and 46 employees were based in the PRC (31 March 2018: 68 employees were based in Hong Kong and 65 employees were based in the PRC).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

EMPLOYEES AND REMUNERATION POLICY *(Continued)*

The Group provides medical insurance and participates in the Mandatory Provident Fund Scheme for employees in Hong Kong, who are eligible to participate, and provides retirement contributions in accordance with the statutory requirements for employees in the PRC. The Group also adopts a performance-based reward system to motivate its staff and the system is reviewed on a regular basis by the management team. On 21 August 2012, the Company terminated the old share option scheme adopted on 8 October 2002 and adopted a new share option scheme (the “**Share Option Scheme**”) which became effective on 21 August 2012 in compliance with Chapter 17 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). During the Period, the Board had not granted any share option under the Share Option Scheme to any Directors or eligible employee of the Group for the subscription of shares of the Company. As at 30 September 2018, there were 17,800,000 (31 March 2018: 17,800,000) share options that remained outstanding under the Share Option Scheme.

CONTINGENT LIABILITIES AND CHARGE ON ASSETS

As at 30 September 2018, the Group had no significant contingent liability (31 March 2018: nil).

As at 30 September 2018, (i) stock of properties with a carrying value of approximately HK\$261.9 million (31 March 2018: approximately HK\$292 million) and (ii) a loan receivable with a carrying value of approximately HK\$163.5 million (31 March 2018: approximately HK\$37 million) were pledged to secure the Group’s banking and other loan facilities.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

DEBT PROFILES AND FINANCIAL PLANNING

The interest-bearing debt profile of the Group as at 30 September 2018 was analyzed as follows:

	Outstanding amount (HK\$ million)	Approximate annual effective interest rate (per annum)	Interest charging basis	Maturity date
Loans from financial institution	151.0	3.0% - 6.2%	Floating	From July 2019 to February 2020
Loan from non-financial institution	125.4	6.0% - 7.2%	Fixed/ Floating	From October 2018 to August 2019
Loan from related companies	215.0	6.5% - 7.0%	Fixed	From April 2020 to September 2021
Total	491.4			

In order to meet borrowing obligation and business operation funding needs, the Group had from time to time been considering various financing alternatives including but not limited to equity fund raising, financial institution borrowings, non-financial institution borrowings, bonds issuance, convertible notes, other debt financial instruments and sales of stock of properties.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ASSETS INVESTMENT HELD

The Group had financial assets at fair value through profit or loss investment of approximately HK\$102.6 million as at 30 September 2018 (31 March 2018: approximately HK\$131.8 million), details of which are set out as follows:

Nature of investments	As at 30 September 2018		Percentage		For the period ended 30 September 2018	Fair value/carrying amount		Investment cost
	Number of shares/ units held	Amount	of shareholding in such stock	to the Group's net assets		Net gain on financial assets at Fair Value Through Profit or Loss	As at 30 September 2018	
	'000	(HK\$'million)	%	%	(HK\$'million)	(HK\$'million)	(HK\$'million)	(HK\$'million)
A. Unlisted Convertible Notes								
China Agri-Products Exchange Limited (stock code: 149)	N/A	98.9	N/A	8.680	2.4	98.9	96.5	103.0
B. Mutual Funds								
Manulife Investment International Bond Fund	N/A	—	N/A	—	—	—	3.6	—
HongHe Venture Fund I, L.P.	N/A	3.7	N/A	0.329	—	3.7	3.7	3.9
C. Listed Investments								
Town Health Medical Group Limited (stock code: 3886)*	N/A	N/A	N/A	N/A	N/A	N/A	28.0	N/A
Other	125	0.0	0.004	0.001	—	0.0	0.0	1.0
		102.6		9.010	2.4	102.6	131.8	107.9

* Item has been reclassified to financial assets at fair value through other comprehensive income due to the impact of transition to HKFRS 9.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

CAPITAL COMMITMENT

The Group had no capital commitment as at 30 September 2018 (31 March 2018: approximately HK\$27.5 million).

TREASURY POLICY

The Group's treasury policy includes diversifying the funding sources. Generating cash flow internally and interest-bearing bank and other loans during the Period are the general sources of funds to finance the operation of the Group. The Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as the disposal disclosed in the above section headed "MATERIAL DISPOSAL AND ITS FINANCIAL IMPACT", there was no significant investments held, nor was there any material acquisition or disposal of subsidiaries during the Period. As at 30 September 2018, the Group did not have a concrete plan for material investments or capital assets nor acquisition or disposal of subsidiaries.

FUTURE PLANS AND PROSPECTS

Hong Kong's property market is coming under stress. The turbulent stock market, weakening economic outlook and interest rate hike will clearly create pressure on Hong Kong's property price. With the gathering economic headwinds in the local economy, the Group is prepared to implement periodic measures so as to manage the risk prudently to prepare for possible volatility in property price. Furthermore, the expected rising in the interest rate will also put pressure on the Group's funding cost. The Group will carefully monitor the interest rate risk and will make corresponding adjustments in its business and pricing strategy. As the US-China trade war intensified, the Hong Kong stock market was volatile during the Period and is expected to remain turbulent throughout the remainder of the financial year. In spite of these uncertainties, the Group remains cautiously optimistic about the future and expects the provision of finance and the securities brokerage businesses will continue its growth in the long run.

DISCLOSURE OF INTERESTS

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

To the best of the Directors' knowledge, as at 30 September 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of Directors	Capacity	Total number of underlying shares held <i>(Note 1)</i>	Approximate percentage of the Company's total issued shares <i>(Note 2)</i> %
Mr. Chan Chun Hong, Thomas	Beneficial owner	4,600,000	0.83
Mr. Cheung Wai Kai	Beneficial owner	4,600,000	0.83
Ms. Stephanie	Beneficial owner	4,600,000	0.83

Notes:

1. These shares represented such shares which may fall to be issued upon the exercise of the share options by the Directors. Details of the share options are set out in the section headed "Share Option Scheme" of this interim report.
2. The percentage stated represented the percentage of the Company's total issued shares as stated in the relevant disclosure of interests forms.

DISCLOSURE OF INTERESTS *(Continued)*

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

Save as disclosed above, as at 30 September 2018, none of the Directors or the chief executive of the Company, nor any of their respective associates, had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Mode Code.

SHARE OPTION SCHEME

The Company has adopted a performance based reward system to motivate its staff and such system is reviewed on a regular basis. On 21 August 2012, the Company adopted a new share option scheme (the “**Share Option Scheme**”) in compliance with Chapter 17 of the Listing Rules. The Share Option Scheme became effective on 21 August 2012 and, unless otherwise cancelled or amended, will remain in force for a period of 10 years from that date.

DISCLOSURE OF INTERESTS *(Continued)*

SHARE OPTION SCHEME *(Continued)*

Details of the movements of the share options under the Share Option Scheme during the Period were as follows:

Name of category of participants	Outstanding as at 1 April 2018	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding as at 30 September 2018	Date of grant	Exercise price per share HK\$	Exercise period	Closing price immediately before the date of grant
Executive Director										
Mr. Chan Chun Hong, Thomas	4,600,000	—	—	—	—	4,600,000	23.02.2018	0.48	23.02.2018-22.02.2025	0.48
Mr. Cheung Wai Kai	4,600,000	—	—	—	—	4,600,000	23.02.2018	0.48	23.02.2018-22.02.2025	0.48
Ms. Stephanie	4,600,000	—	—	—	—	4,600,000	23.02.2018	0.48	23.02.2018-22.02.2025	0.48
Subtotal	13,800,000	—	—	—	—	13,800,000				
Other employee	4,000,000	—	—	—	—	4,000,000	23.02.2018	0.48	23.02.2018-22.02.2025	0.48
Total	17,800,000	—	—	—	—	17,800,000				

No share options were granted, exercised, cancelled and lapsed during the Period. 17,800,000 share options were outstanding as at 30 September 2018.

As at the date of this interim report, the maximum number of shares available for issue upon exercise of all options to be granted under the Share Option Scheme shall not exceed 55,643,250, representing 10% of the total number of issued shares of the Company.

DISCLOSURE OF INTERESTS *(Continued)*

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme", at no time during the Period were rights to acquire benefits by means of the acquisition of shares or underlying shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

To the best of the Directors' knowledge, as at 30 September 2018, the following persons (other than the Directors or the chief executive of the Company) had, or was deemed or taken to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to section 336 of the SFO or, who had notified the Company of the relevant interests or short positions in the shares or underlying shares of the Company, were as follows:

Long positions in the shares of the Company:

Name	Capacity	Total number of shares held	Approximate percentage of the Company's total issued shares (Note 1) %
Tang Ching Ho (Note 2)	Interest of controlled corporation	161,718,625	29.06
Yau Yuk Yin (Note 2)	Interest of controlled corporation	161,718,625	29.06
Wang On Group Limited ("WOG") (Note 2)	Interest of controlled corporation	161,718,625	29.06
Wai Yuen Tong Medicine Holdings Limited ("WYT") (Note 2)	Interest of controlled corporation	161,718,625	29.06

DISCLOSURE OF INTERESTS *(Continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Notes:

- (1) The percentage stated represented the percentage of the Company's total issued shares as stated in the relevant disclosure of interest forms.
- (2) Hearty Limited and Suntech Investments Limited held 160,534,225 shares and 1,184,400 shares of the Company, respectively. Both companies were wholly-owned subsidiaries of Total Smart Investments Limited. Total Smart Investments Limited was a wholly-owned subsidiary of WYT. WYT was held as to 56.54% by Rich Time Strategy Limited. Rich Time Strategy Limited was a wholly-owned subsidiary of WOG. WOG was held as to 52.75% by Tang Ching Ho and Yau Yuk Yin through their associates' interests.

Save as disclosed above, as at 30 September 2018, there were no other persons (other than the Directors or the chief executive of the Company) who had any 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 Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the Period except for the following deviation:

Code provision A.2.1

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(Continued)

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE *(Continued)*

Code provision A.2.1 (Continued)

Mr. Chan Chun Hong, Thomas currently takes up the roles of both the chairman and managing Director and is responsible for overall corporate planning, strategic policy making and management of day-to-day operations of the Group. Mr. Chan has extensive experience in the industry which is of great value to overall development of the Company. The Company does not propose to comply with code provision A.2.1 of the CG Code for the time being as the Board considers that the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals with a balance of skills and experience appropriate for the requirements of the Group. The current structure also allows flexibility and enhances the efficiency of decision-making process in response to the constantly changing competitive environment.

The Group will continue to review and recommend such proposals, as appropriate, in aspect of such deviation or other aspects in order to enhance the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the shareholders of the Company.

UPDATE ON DIRECTOR'S INFORMATION

The basic monthly salary payable to Ms. Stephanie has been increased by HK\$28,000 to HK\$100,000 with effect from 1 April 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 September 2018.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(Continued)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiries of all Directors, the Company confirmed that all Directors had complied with the required standard set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Sin Ka Man, Mr. Cheung Sau Wah, Joseph and Mr. Wong Hung Tak, and is chaired by Mr. Sin Ka Man. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial statements of the Group and the interim report for the six months ended 30 September 2018.

By Order of the Board
Chan Chun Hong, Thomas
Chairman and Managing Director

Hong Kong, 20 November 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

		For the six months ended 30 September	
	Notes	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Revenue	4	68,362	114,533
Cost of sales		(584)	(29,715)
Gross profit		67,778	84,818
Other revenue and gain	4	20,714	29,299
Selling and distribution expenses		(4,629)	(9,231)
Administrative expenses		(46,772)	(69,083)
Operating profit		37,091	35,803
Finance costs	5	(13,829)	(13,494)
Net gain on disposal of subsidiaries		72,681	—
Net gain/(loss) on financial assets at fair value through profit or loss		2,351	(90,615)
Loss on deemed disposal of interest in an associate		—	(15,982)
Share of results of an associate		(17,595)	(27,288)
Profit/(loss) before taxation	6	80,699	(111,576)
Taxation	7	(3,308)	(5,124)
Profit/(loss) for the period		77,391	(116,700)

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

For the six months ended 30 September 2018

		For the six months ended 30 September	
	Note	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Other comprehensive (loss)/income, net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange fluctuation reserve reclassified to profit or loss upon disposal of subsidiaries		(52,293)	—
Share of changes in other comprehensive (loss)/income in an associate		(9,455)	20,328
Exchange differences on translation of financial statements of overseas subsidiaries		(24,244)	12,363
Change in fair value of available-for-sale financial assets		—	959
		(85,992)	33,650
<i>Items that may not be reclassified subsequently to profit or loss:</i>			
Change in financial assets at fair value through other comprehensive income		(12,236)	—
Other comprehensive (loss)/ income for the period		(98,228)	33,650
Total comprehensive loss for the period		(20,837)	(83,050)
Profit/(loss) for the period attributable to:			
— Owners of the Company		77,391	(117,147)
— Non-controlling interests		—	447
		77,391	(116,700)
Total comprehensive loss for the period attributable to:			
— Owners of the Company		(20,837)	(83,497)
— Non-controlling interests		—	447
		(20,837)	(83,050)
Profit/(loss) per share attributable to owners of the Company for the period			
— Basic and diluted	8	HK13.91 cents	HK(25.22) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2018

	Notes	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	10	3,474	5,946
Interest in an associate	11	293,247	320,362
Loan receivables	12	141,986	143,823
Available-for-sale financial assets		—	55,224
Financial assets at fair value through other comprehensive income		49,383	—
Financial assets at fair value through profit or loss	13	98,848	96,484
Intangible assets	14	95	653
Deposit paid		500	500
		587,533	622,992
Current assets			
Stock of properties	15	362,428	548,049
Loan receivables	12	565,199	289,274
Account receivables	16	156,887	114,256
Prepayments, deposits and other receivables		26,008	54,523
Financial assets at fair value through other comprehensive income		21,592	—
Financial assets at fair value through profit or loss	13	3,755	35,333
Cash and bank balance held in segregated accounts		17,168	25,294
Time deposits		1,067	1,024
Cash and bank balances		58,770	281,747
		1,212,874	1,349,500
Less: Current liabilities			
Account payables	17	22,446	42,291
Deposits received, accruals and other payables		79,731	199,276
Receipts in advance		—	151,209
Tax payable		68,032	72,839
Bank and other loans	18	227,425	163,493
Loans from related company	19	—	100,000
		397,634	729,108
Net current assets		815,240	620,392
Total assets less current liabilities		1,402,773	1,243,384

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 September 2018

	Notes	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Less: Non-current liabilities			
Bank and other loans	18	48,976	80,343
Loans from related companies	19	215,000	—
		263,976	80,343
Net assets		1,138,797	1,163,041
Capital and reserves			
Share capital	20	5,564	5,564
Reserves		1,133,233	1,157,477
Total equity		1,138,797	1,163,041

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus (Note i) HK\$'000	Exchange fluctuation reserve HK\$'000	Other reserve (Note ii) HK\$'000	Revaluation reserve HK\$'000	Share options reserve HK\$'000	Statutory reserve fund (Note iii) HK\$'000	Retained profits HK\$'000	Attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2017 (audited)	4,644	—	1,163,292	(47,844)	38,959	725	—	28,430	62,413	1,250,619	4,147	1,254,766
(Loss)/profit for the period	—	—	—	—	—	—	—	—	(117,147)	(117,147)	447	(116,700)
Other comprehensive loss for the period	—	—	—	32,677	—	973	—	—	—	33,650	—	33,650
Total comprehensive (loss)/income for the period	—	—	—	32,677	—	973	—	—	(117,147)	(83,497)	447	(83,050)
Acquisition of the remaining interest in a non wholly-owned subsidiary	—	—	—	—	(16,706)	—	—	—	—	(16,706)	(4,594)	(21,300)
Share of other reserve in an associate	—	—	—	—	(12,699)	—	—	—	—	(12,699)	—	(12,699)
At 30 September 2017 (unaudited)	4,644	—	1,163,292	(15,167)	9,554	1,698	—	28,430	(54,734)	1,137,717	—	1,137,717
At 1 April 2018 (audited)	5,564	20,008	1,163,292	33,721	3,961	18,054	3,341	28,430	(113,330)	1,163,041	—	1,163,041
Impact on initial application of HKFRS 9 (Note 2)	—	—	—	—	—	(14,070)	—	—	10,728	(3,342)	—	(3,342)
Adjusted balance as 1 April 2018	5,564	20,008	1,163,292	33,721	3,961	3,984	3,341	28,430	(102,602)	1,159,699	—	1,159,699
Profit for the period	—	—	—	—	—	—	—	—	77,391	77,391	—	77,391
Other comprehensive loss for the period	—	—	—	(85,992)	—	(12,236)	—	—	—	(98,228)	—	(98,228)
Total comprehensive income/(loss) for the period	—	—	—	(85,992)	—	(12,236)	—	—	77,391	(20,837)	—	(20,837)
Disposal of subsidiaries	—	—	—	—	—	—	—	(19,983)	19,983	—	—	—
Share of other reserve in an associate	—	—	—	—	(65)	—	—	—	—	(65)	—	(65)
At 30 September 2018 (unaudited)	5,564	20,008	1,163,292	(52,271)	3,896	(8,252)	3,341	8,447	(5,228)	1,138,797	—	1,138,797

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

For the six months ended 30 September 2018

Notes:

- (i) Contribution surplus account represents the cancellation of the share premium account of the Company before the change of domicile and the reduction of paid-up capital of the Company under capital reorganisation.
- (ii) Other reserve represents the share of the changes in the associate's ownership interests and the amount arising from acquisition of the remaining interest in a non wholly-owned subsidiary.
- (iii) According to the relevant People's Republic of China (the "PRC") regulations applicable to the PRC group companies which are foreign investment enterprises, each of these subsidiaries is required to allocate a certain portion (not less than 10%) of its profit after tax, as determined in accordance with the PRC Accounting Regulations, to the statutory reserve fund until such reserve reaches 50% of its registered capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	For the six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Net cash used in operating activities	(347,612)	(34,709)
Cash flows from investing activities		
Interest received	3,914	5,946
Dividend income received	2,655	2,830
Net proceeds from disposal of property, plant and equipment	—	9
Purchase of property, plant and equipment	(213)	(1,744)
Property under development paid	—	(61,623)
Disposal of subsidiaries	(29,179)	—
Disposal of financial assets	3,605	—
Acquisition of the remaining interest in a non wholly-owned subsidiary	—	(21,300)
Net cash used in investing activities	(19,218)	(75,882)
Cash flows from financing activities		
Interest paid	(14,596)	(5,584)
Proceeds from bank and other loans	95,450	43,000
Proceeds from loans from related companies	150,000	194,000
Repayment of bank and other loans	(53,024)	(5,037)
Repayment of loans from related companies	(35,000)	—
Repayment of loans from non-controlling interests	—	(73,500)
Net cash generated from financing activities	142,830	152,879
Net (decrease)/increase in cash and cash equivalents	(224,000)	42,288
Cash and cash equivalents at the beginning of the period	282,771	253,491
Effects of exchange rate changes on the balance of cash held in foreign currencies	1,066	(435)
Cash and cash equivalents at the end of the period	59,837	295,344
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	58,770	294,183
Time deposits	1,067	1,161
	59,837	295,344

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The unaudited condensed consolidated interim 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 (the “**Listing Rules**”) and with Hong Kong Accounting Standard (the “**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The unaudited condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 March 2018, which has been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”).

The preparation of the unaudited condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimate uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2018.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for financial assets at fair value through other comprehensive income (“**FVOCI**”) and at fair value through profit or loss (“**FVPL**”), which are measured at fair values. In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (the “**new and revised HKFRSs**”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 April 2018.

HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendment)	Clarifications to IFRS 15 Revenue from Contracts with Customers
HKAS 40 (Amendment)	Transfers of investment property
HK (IFRIC 22)	Foreign Currency Transactions and Advance Consideration
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

Other than as explained below regarding the impact of HKFRS 9, HKFRS 15 and Amendments to HKFRS 15, the adoption of the above new and revised standards has had no significant financial effect on the unaudited interim condensed consolidated financial statements.

The following table gives a summary of the opening balance adjustments recognised for each line item in the condensed consolidated statement of financial position that has been impacted by HKFRS 9:

	At 31 March 2018	Impact on initial application of HKFRS 9	At 1 April 2018
	HK\$'000	HK\$'000	HK\$'000
Non-current assets			
Available-for-sale financial assets	55,224	(55,224)	—
Financial assets at FVOCI	—	55,224	55,224
Loan receivables	143,823	(2,319)	141,504
Current assets			
Financial assets at FVOCI	—	27,986	27,986
Financial assets at FVPL	35,333	(27,986)	7,347
Loan receivables	289,274	(1,023)	288,251
Net current assets	620,392	(1,023)	619,369
Total assets less current liabilities	1,243,384	(3,342)	1,240,042
Net assets	1,163,041	(3,342)	1,159,699
Capital and reserves			
Reserves	1,157,477	(3,342)	1,154,135
Total equity	1,163,041	(3,342)	1,159,699

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

HKFRS 9, FINANCIAL INSTRUMENTS

HKFRS 9 replaces HKAS 39 Financial Instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell nonfinancial items.

HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the balance sheet as at 31 March 2018, but are recognised in the opening balance sheet on 1 April 2018.

The following table summarises the impact to transition to HKFRS 9 on retained profits and reserves impact at 1 April 2018.

	HK'000
Retained profits	
Transferred to revaluation reserve relating to available-for-sale financial assets now measured at financial assets at FVOCI	22,515
Transferred to revaluation reserve relating to financial assets at FVPL now measured at financial assets at FVOCI	(8,445)
Increase in provisions for loan receivables	(3,342)
	<hr/>
Net increase in retained profits	10,728
	<hr/>
	HK'000
Revaluation reserve	
Transferred from retained profits relating to available-for-sale financial assets now measured at financial assets at FVOCI	(22,515)
Transferred to revaluation reserve relating to financial assets at FVPL now measured at financial assets at FVOCI	8,445
	<hr/>
Net increase in revaluation reserve	(14,070)
	<hr/>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

HKFRS 9, FINANCIAL INSTRUMENTS *(Continued)*

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

(i) *Classification of financial assets and financial liabilities*

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at FVOCI and FVPL. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;
- FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

HKFRS 9, FINANCIAL INSTRUMENTS *(Continued)*

(i) *Classification of financial assets and financial liabilities (Continued)*

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as FVPL or FVOCI (non-recycling), are recognised in profit or loss as revenue.

Available-for-sale financial assets measured under HKAS 39 is now presented as financial assets at FVOCI under HKFRS 9.

(ii) *Credit losses*

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises the expected credit losses ("ECLs") earlier than under the "incurred loss" accounting model in HKAS 39.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the effective interest rate determined at initial recognition or an approximation thereof for fixed rate financial assets and trade and other receivables where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

HKFRS 9, FINANCIAL INSTRUMENTS *(Continued)*

(ii) Credit losses (Continued)

Measurement of ECLs *(Continued)*

ECLs are measured on either of the following basis:

- 12 month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognised a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increase in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

HKFRS 9, FINANCIAL INSTRUMENTS *(Continued)*

(ii) Credit losses (Continued)

Significant increase in credit risk *(Continued)*

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtors; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for financial asset at FVPL.

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

HKFRS 9, FINANCIAL INSTRUMENTS *(Continued)*

(ii) Credit losses (Continued)

Basis of calculation of interest income on credit-impaired financial assets *(Continued)*

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired included the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

(iii) Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor and borrower do not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

HKFRS 9, FINANCIAL INSTRUMENTS *(Continued)*

(iv) Hedge accounting

The Group does not apply hedge accounting. The adoption of HKFRS 9 hedge accounting model has no significant impact on the Group's financial statements in this regard.

(v) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.
- The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the Group).
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised 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 all of 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.

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 April 2018 which resulted in changes in accounting policies. The Group adopted HKFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption (if any) will be recognised in retained profits as at 1 April 2018 and that comparatives will not be restated.

The adoption of HKFRS 15 did not result in any significant impact to the financial statements as the timing of revenue recognition is not changed.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective in the current period.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable segments for the six months ended 30 September 2018 and 2017, respectively:

2018

	Provision of finance business operation HK\$'000	Provision of brokerage services operation HK\$'000	Property development operation HK\$'000	Total HK\$'000
Segment revenue	50,470	11,323	6,569	68,362
Segment results	23,647	3,086	11,436	38,169
Unallocated interest income and gain				6,595
Net gain on disposal of subsidiaries				72,681
Net gain on financial assets at FVPL				2,351
Corporate and other unallocated expenses				(7,673)
Finance costs				(13,829)
Share of results of an associate				(17,595)
Profit before taxation				80,699

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. SEGMENT INFORMATION *(Continued)*

2017

	Provision of finance business operation HK\$'000	Provision of brokerage services operation HK\$'000	Property development operation HK\$'000	Total HK\$'000
Segment revenue	40,696	7,046	66,791	114,533
Segment results	5,717	2,260	23,262	31,239
Unallocated interest income and gain				14,099
Corporate and other unallocated expenses				(9,535)
Finance costs				(13,494)
Net loss on financial assets at FVPL				(90,615)
Loss on deemed disposal of interest in an associate				(15,982)
Share of results of an associate				(27,288)
Loss before taxation				(111,576)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the period (six months ended 30 September 2017: Nil).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. REVENUE AND OTHER REVENUE AND GAIN

Revenue represents interest income earned, commission and fee income from brokerage services and sales of stock of properties. All significant intra-group transactions have been eliminated on consolidation.

An analysis of the Group's revenue and other revenue and gain for the period is as follows:

	For the six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Revenue		
Interest income from loan financing	50,470	40,696
Interest income from brokerage financing	5,764	1,738
Commission and fee income from brokerage services	3,877	1,887
Placing and underwriting commission	1,682	3,421
Sales of stock of properties	6,569	66,791
	68,362	114,533

	For the six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Other revenue and gain		
Rental income	11,020	9,201
Interest income on bank deposits	62	632
Interest income on convertible notes	3,873	5,261
Interest income on unlisted bonds	—	6,013
Interest income from cash clients	1,867	2,440
Dividend income on listed securities	2,655	2,830
Handling fee	163	176
Sundry income	1,074	2,746
	20,714	29,299

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. FINANCE COSTS

	For the six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Interest on interest-bearing bank loans wholly repayable within five years	4,792	4,592
Interest on interest-bearing loans wholly repayable within five years	9,037	8,902
	13,829	13,494

6. PROFIT/(LOSS) BEFORE TAXATION

	For the six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Profit/(loss) before taxation is stated at after charging/(crediting):		
Cost of completed properties sold and other taxes and levies	584	25,084
Commission paid to brokers and others	3,530	2,031
Depreciation of owned property, plant and equipment	2,184	2,365
Exchange loss/(gain)	26	(707)
Impairment loss on loan receivables and interest receivables	6,293	13,408
Minimum lease payments under operating leases for land and buildings	4,010	6,020
Net (gain)/loss on financial assets at FVPL	(2,351)	90,615
Net loss on disposal of property, plant and equipment	—	3
	—	3

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. The PRC corporate income tax has been provided at the rate of 25% (six months ended 30 September 2017: 25%) on the estimated assessable profits arising in the PRC during the period.

	For the six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Current taxation:		
— Hong Kong profits tax	3,308	705
— PRC corporate income tax	—	4,419
	<hr/> 3,308 <hr/>	<hr/> 5,124 <hr/>
Total tax charge for the period	3,308	5,124

8. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD

The calculation of the basic profit/(loss) per share attributable to owners of the Company is based on the following data:

	For the six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
<i>Profit/(loss)</i>		
Profit/(loss) for the purpose of basic loss per share (profit/(loss) for the period attributable to owners of the Company)	77,391	(117,147)
	<hr/> 77,391 <hr/>	<hr/> (117,147) <hr/>
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic profit/(loss) per share	556,432,000	464,432,500
	<hr/> 556,432,000 <hr/>	<hr/> 464,432,500 <hr/>

Diluted loss per share for the periods ended 30 September 2018 and 2017 was the same as the basic profit/(loss) per share as there was no dilutive event existed.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. DIVIDEND

The Directors do not recommend the payment of interim dividend for the periods ended 30 September 2018 and 2017.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group had acquired property, plant and equipment amounting to approximately HK\$213,000 (six months ended 30 September 2017: approximately HK\$1,744,000).

During the six months ended 30 September 2018, the Group had no disposal of property, plant and equipment (six months ended 30 September 2017: approximately HK\$12,000).

11. INTEREST IN AN ASSOCIATE

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Cost of investment in an associate — listed in Hong Kong	667,958	667,958
Share of net assets	293,247	320,362

On 19 December 2017, China Agri-Products Exchange Limited (“CAP”) raised gross proceeds of approximately HK\$730 million by way of the rights issues. Pursuant to the rights issue, CAP shall allot and issue 8,294,223,185 rights shares at the subscription price of HK\$0.088 per rights share, on the basis of five rights shares for every one existing share. For details, please refer to the prospectus of CAP dated 27 November 2017 and the announcement of CAP dated 18 December 2017.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. INTEREST IN AN ASSOCIATE *(Continued)*

Details of the Group's associate which is held indirectly by the Company at 30 September 2018 and 31 March 2018 are as follows:

Name of associate	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued share capital held	Proportion of voting power held	Principal activities
CAP	Limited company	Bermuda	HK and the PRC	Ordinary	20.17%	20.17%	Agricultural produce exchange market management and property sales

For the purpose of applying the equity method of accounting for the current period, the unaudited consolidated financial statements of CAP for the six months ended 30 June 2018 have been used.

12. LOAN RECEIVABLES

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Loan receivables:		
Within one year	566,632	291,092
Two to five years	79,514	90,641
Over five years	66,701	57,249
	712,847	438,982
Less: Provision for collective impairment assessment of loan receivables	(5,662)	(5,885)
	707,185	433,097
Carrying amount analysed for reporting purpose:		
Current assets	565,199	289,274
Non-current assets	141,986	143,823
	707,185	433,097

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

12. LOAN RECEIVABLES *(Continued)*

The Group's loan receivables which arise from the money lending business of providing property mortgage loans, personal loans and corporate loans in Hong Kong are denominated in Hong Kong dollars.

Before approving any loans to new borrowers, the Group has assessed the potential borrower's credit quality and defined credit limits individually. The Group has policy for allowance of doubtful debts which is based on the evaluation of collectability and ageing analysis of accounts and on management's judgment, including the current creditworthiness, collaterals and the past collection history of each client.

The credit quality analysis of the loan receivables is as follows:

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Neither past due nor impaired		
Secured	551,034	312,786
Unsecured	158,743	120,311
Impaired	3,070	5,885
	<hr/> 712,847 <hr/>	<hr/> 438,982 <hr/>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Equity securities listed in Hong Kong <i>(Note i)</i>	14	28,013
Unlisted bond fund <i>(Note ii)</i>	3,741	7,320
Convertible notes <i>(Note iii)</i>	98,848	96,484
	102,603	131,817
Carrying amount analysed for reporting purpose		
Current assets	3,755	35,333
Non-current assets	98,848	96,484
	102,603	131,817

Notes:

- (i) The fair values of the listed equity securities are determined with reference to the quoted market bid prices available on the website of The Stock Exchange of Hong Kong Limited, except for the listed equity securities suspended from trading which are valued by an independent valuer.
- (ii) The unlisted bond fund is denominated in US dollar. The fair value of unlisted bond fund is with reference to indicative market price.
- (iii) The fair value of convertible notes is determined using binomial model.
- (iv) During the period ended 30 September 2018, the Group recognised net gain on financial assets at FVPL of approximately HK\$2,351,000 (six months ended 30 September 2017: net loss of approximately HK\$90,615,000) in the unaudited consolidated statement of profit or loss and other comprehensive income. Such amount is comprised of loss in listed equity securities approximately HK\$13,000 and gain in convertible notes of approximately HK\$2,364,000 (six months ended 30 September 2017: loss in listed equity securities and convertible notes of approximately HK\$33,802,000 and approximately HK\$56,813,000, respectively).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. INTANGIBLE ASSETS

	Money lender license HK\$'000
Cost	
At 31 March 2018 and 1 April 2018	653
Disposals of subsidiaries	(558)
	<hr/>
30 September 2018	95
	<hr/>
Accumulated amortisation	
At 31 March 2018, 1 April 2018 and 30 September 2018	—
	<hr/>
Carrying amounts	
At 30 September 2018 (Unaudited)	95
	<hr/>
31 March 2018 (Audited)	653
	<hr/>

The money lender license represents the right granted to the Group for carrying on the business of a money lender for an indefinite period of time. Such intangible assets are carried at cost less accumulated impairment losses. The recoverable amount of the intangible assets has been determined based on a value in use calculation. No impairment loss was recognised during the period in which, the recoverable amount was determined on discounted cash flow method. The calculation uses cash flow projections based on financial budgets approved by the management covering 5 years. The discount rate applied was approximately 19%. The directors of the Company are not aware of any expected impediment with respect to the renewal of the license and consider that the possibility of failing in licenses renewal is remote. Therefore, the directors of the Company consider that the intangible assets are treated as having indefinite useful lives.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15. STOCK OF PROPERTIES

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Property under development	—	116,983
Completed properties	362,428	431,066
	362,428	548,049

As at 30 September 2018, there is no property under development and prepaid lease payments (31 March 2018: approximately HK\$93,219,000 and approximately HK\$20,832,000, respectively) was transferred to stock of properties because they were scheduled to be completed in the coming twelve months.

16. ACCOUNT RECEIVABLES

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Account receivables arising from the ordinary course of business of dealing in securities:		
— Cash clients	21,147	46,470
— Margin clients	132,452	65,345
— Clearing houses	3,288	2,056
— Brokers	—	385
	156,887	114,256
Less: Impairment	—	—
	156,887	114,256

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. ACCOUNT RECEIVABLES *(Continued)*

The settlement terms of account receivables arising from the business of dealing in securities are two days after trade date. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Cash clients overdue balances are reviewed regularly by senior management. The Group does not hold any collateral over these balances.

No ageing analysis of margin clients is disclosed as in the opinion of the executive directors of the Company, the ageing analysis does not give additional value in the view of the nature of this business.

The ageing analysis of the remaining account receivables as at the end of the reporting period, based on settlement or invoice date, net of impairment is as follows:

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Current	5,378	12,957
Within 30 days	4,260	15,880
31 to 90 days	174	18,793
Over 90 days	14,623	1,281
	24,435	48,911

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

17. ACCOUNT PAYABLES

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Clients	21,599	37,119
Brokers, dealers and clearing houses	847	5,172
	22,446	42,291

The settlement terms of account payables arising from the business of dealing in securities are two days after trade date. No ageing analysis is disclosed as in the opinion of the executive directors of the Company, the ageing analysis does not give additional value in the view of the nature of this business.

Included in account payables as at 30 September 2018, amounts of approximately HK\$17,168,000 (31 March 2018: approximately HK\$25,294,000) were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of conducting the regulated activities. However, the Group currently does not have an enforceable right to offset these account payables with the deposit placed.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. BANK AND OTHER LOANS

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Carrying amount repayable:		
On demand or within one year	227,425	163,493
More than one year, but not exceeding two years	48,976	80,343
	276,401	243,836
Interest-bearing bank and other loans at:		
Floating interest rate	246,401	243,836
Fixed interest rate	30,000	—
	276,401	243,836

The ranges of effective interest rates (which equal to contracted interest rates) on the Group's borrowings are as follows:

	As at 30 September 2018 (Unaudited)	As at 31 March 2018 (Audited)
Floating interest rate loans	3.0%-7.2%	2.8%-8.0%
Fixed interest rate loans	6.0%	—

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. BANK AND OTHER LOANS *(Continued)*

The bank loans denominated in RMB bearing interest are at the prevailing market rates quoted by the People's Bank of China. The loans of approximately HK\$97,951,000 (31 March 2018: approximately HK\$115,158,000) are secured by pledge of the Group's stock of properties of approximately HK\$261,946,000 (31 March 2018: approximately HK\$291,622,000). The loans of approximately HK\$97,951,000 (31 March 2018: approximately HK\$115,158,000) are secured by corporate guarantees from subsidiaries of the Group and the Company.

The bank loans denominated in Hong Kong dollars are at the prevailing market rates with reference to HIBOR+1.5% (31 March 2018: HIBOR+2%). As at 30 September 2018, the loans of approximately HK\$53,000,000 (31 March 2018: approximately HK\$98,678,000) are secured by pledge of the Group's stock of properties of approximately HK\$261,946,000 (31 March 2018: approximately HK\$291,622,000).

The other loans denominated in Hong Kong dollars is carry the interest rates between P+2% to 6% (31 March 2018: P+3%). As at 30 September 2018, the loan of approximately HK\$125,450,000 (31 March 2018: approximately HK\$30,000,000) is secured by the Group's loan receivables of approximately HK\$163,532,000 (31 March 2018: approximately HK\$36,800,000). A loan is secured by corporate guarantees from the Group.

19. LOANS FROM RELATED COMPANIES

As at 30 September 2018, loans with aggregate principal amount of HK\$65,000,000 (31 March 2018: HK\$100,000,000) were borrowed from Able Trend Limited which is an indirect wholly-owned subsidiary of Wai Yuen Tong Medicine Holdings Limited ("WYT") and loans with aggregate principal amount of HK\$150,000,000 (31 March 2018: 200,000,000) were borrowed from Emperor Smart Investments Limited which is an indirect wholly-owned subsidiary of Wang On Group Limited ("WOG"). The loans are unsecured and carry fixed rate of 7.0% and 6.5% per annum (31 March 2018: 6.5% per annum) respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

20. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised		
At 31 March 2018 and 1 April 2018, ordinary shares of HK\$0.01 each (audited)	20,000,000	200,000
	20,000,000	200,000
At 30 September 2018, ordinary shares of HK\$0.01 each (unaudited)		
	20,000,000	200,000
Issued and fully paid		
At 31 March 2018 and 1 April 2018, ordinary shares of HK\$0.01 each (audited)	556,432	5,564
	556,432	5,564
At 30 September 2018, ordinary shares of HK\$0.01 each (unaudited)		
	556,432	5,564

Share option scheme

Details of the Company's share option scheme are set out in Note 21 to the condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

21. SHARE OPTION SCHEME

The Company operated a share option scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, and customers of the Group. The Scheme became effective on 8 October 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

In view of the termination of the Scheme, the Company approved for the adoption of a new share option scheme (“**New Share Option Scheme**”) on 21 August 2012.

The purpose of the New Share Option Scheme is providing incentives and rewards to eligible participants who contribute or potentially contribute to the development and growth of the Group. Eligible participants include directors, including independent non-executive directors, other employees, individual who work for any member of the Group or any substantial shareholder or any company controlled by a substantial shareholder, holder of securities issued by the member of the Group and any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group.

The maximum number of unexercised share options currently permitted to be granted under the New Share Option Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the New Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting of the Company.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting of the Company.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

21. SHARE OPTION SCHEME *(Continued)*

The offer of a grant of share options may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors of the Company, but may not be less than the higher of (i) the nominal value of a share of the Company; (ii) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; and (iii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer of the share options.

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

As at the date of this report, the total number of shares available for issue under the New Share Option Scheme is 55,643,250 shares, representing 10% of the total number of issued shares of the Company as at the date of this report.

Up to the date of this report, 17,800,000 share options have been granted by the Company under the New Share Option Scheme and no share option has been exercised, lapsed or cancelled under the Scheme and the New Share Option Scheme during the reporting period.

Under the terms of the New Share Option Scheme and the offer letter dated 23 February 2018, the board of directors of the Company, with a notional consideration of HK\$1, granted options to the eligible persons to subscribe for shares in the Company at HK\$0.48, being not lower than the highest of: (i) the average closing price of the shares of the Company quoted on the Stock Exchange for the 5 business days immediately preceding the date of the letter; (ii) the closing price of the shares of the Company quoted on the Stock Exchange as at the date of the letter; and (iii) the par value of the shares of the Company (i.e. HK\$0.01). Options granted under the New Share Option Scheme must be taken up within 30 days from the date on which the offer is made by returning a written acceptance of the offer signed by the eligible persons upon payment of a nominal consideration of HK\$1 by the grantee. Options granted and accepted may be exercised at any time for 7 years from the date of the letter. Options granted under the New Share Option Scheme will be exercisable in the option period notwithstanding that the scheme period of the New Share Option Scheme does not prescribe any minimum period for which an option must be held before it can be exercised and has not specified that the exercise of an option is subject to any performance target.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

21. SHARE OPTION SCHEME *(Continued)*

Details of the movements of the share options during the period were as follows:

Name of category of participants	Date of grant	Exercise Period	Exercise price per share HK\$	Outstanding as at 1 April 2018	Granted during the period	Lapsed during the period	Outstanding as at 30 September 2018
Executive Director							
Mr. Chan Chun Hong, Thomas	23 February 2018	<i>Note</i>	0.48	4,600,000	—	—	4,600,000
Mr. Cheung Wai Kai	23 February 2018	<i>Note</i>	0.48	4,600,000	—	—	4,600,000
Mr. Stephanie	23 February 2018	<i>Note</i>	0.48	4,600,000	—	—	4,600,000
Subtotal				13,800,000	—	—	13,800,000
Other employee	23 February 2018	<i>Note</i>	0.48	4,000,000	—	—	4,000,000
Total				17,800,000	—	—	17,800,000

Note: Options are exercisable on or after 23 February 2018. The options will be expired after seven years since the date of grant.

Save as disclosed above, at no time during the period under review was the Company or its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

22. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office premises under operating lease arrangements which are negotiated for lease terms of from one to three years.

At 30 September 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Within one year	5,962	9,371
In the second to fifth years, inclusive	—	2,726
	5,962	12,097

23. MATERIAL RELATED PARTY TRANSACTIONS

During the period, the Group had entered into the following transactions with related parties which, in the opinion of the Directors, were carried out in the ordinary course of the Group's business.

	For the six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Interest income on convertible notes issued by an associate	3,872	5,261
Interest income on unlisted bonds issued by an associate	—	6,013
License fee paid to a subsidiary of WOG	150	—
Rental expense paid to a subsidiary of WYT	—	150
Interest expense on an interest-bearing loan from an indirect wholly-owned subsidiary of WOG	2,271	5,415
Interest expense on an interest-bearing loan from an indirect wholly-owned subsidiary of WYT	3,189	3,223

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

23. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

Remuneration for key management personnel, including amounts paid to the Company's Directors during the period is as follows:

	For the six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Key management personnel compensation		
Salaries and other short-term employee benefits	2,074	1,540
Retirement benefits scheme contributions	24	22
	2,098	1,562

24. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

24. FAIR VALUE HIERARCHY *(Continued)*

Assets measured at fair value:

	As at 30 September 2018			
	Level 1	Level 2	Level 3	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets				
FVPL				
— listed equity securities	14	—	—	14
— unlisted bond fund	3,741	—	—	3,741
— convertible notes	—	—	98,848	98,848
FVOCI				
— listed equity securities	49,383	—	21,592	70,975
Total	53,138	—	120,440	173,578

	As at 31 March 2018			
	Level 1	Level 2	Level 3	Total
	(Audited)	(Audited)	(Audited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets				
FVPL				
— listed equity securities	27	—	27,986	28,013
— unlisted bond fund	7,320	—	—	7,320
— convertible notes	—	—	96,484	96,484
Available-for-sale				
— listed equity securities	55,224	—	—	55,224
Total	62,571	—	124,470	187,041

There were no transfers between Level 1 and 2 in both period/year ended 30 September 2018 and 31 March 2018.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

25. CAPITAL COMMITMENT

At 30 September 2018, the Group had the following capital commitments:

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Contracted but not provided for:		
Additions of property under development	—	27,491
	—	27,491

26. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure interest-bearing bank and other loans of the Group are as follows:

	As at 30 September 2018 (Unaudited) HK\$'000	As at 31 March 2018 (Audited) HK\$'000
Stock of properties	261,946	291,622
Loan receivables	163,532	36,800
	425,478	328,422

As at 30 September 2018 and 31 March 2018, shares of a wholly-owned subsidiary of the Company have been pledged to secure interest-bearing bank loans of the Group.

27. CONTINGENT LIABILITIES

As at 30 September 2018, the Group and the Company had no material contingent liabilities (31 March 2018: Nil).

28. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENT

The unaudited condensed consolidated financial statements were approved by the Board on 20 November 2018.