金榜集團控股有限公司
GOLDBOND GROUP HOLDINGS LIMITED

(A company incorporated in Hong Kong with limited liability)

Stock Code: 00172

Interim Report 2018/19

This interim report is printed on environmentally friendly paper

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Yu Lung, Charles
(Deputy Chairman)
Mr. Ding Chung Keung, Vincent
(Chief Executive Officer)
Ms. Wong, Michelle Yatyee

Independent non-executive Directors

Mr. Ma Ho Fai GBS JP
Mr. Cheng Yuk Wo
Mr. Ng Chi Keung MH

AUDIT COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*
Mr. Ma Ho Fai GBS JP
Mr. Ng Chi Keung MH

REMUNERATION COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*
Mr. Ma Ho Fai GBS JP
Mr. Ding Chung Keung, Vincent

NOMINATION COMMITTEE

Mr. Ng Chi Keung MH *(Chairman)*
Mr. Cheng Yuk Wo
Mr. Ding Chung Keung, Vincent

SECRETARY

Ms. Li Yu Lian, Kelly

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

STOCK CODE

00172

REGISTERED OFFICE

Unit 3901, 39/F
Tower One, Lippo Centre
89 Queensway
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–16
17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISER

Iu, Lai & Li

PRINCIPAL BANKERS

Bank of Communications Co., Ltd., Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
China CITIC Bank International Limited
China Everbright Bank Co., Ltd., Hong Kong Branch
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

WEBSITES

http://www.goldbondgroup.com
http://www.irasia.com/listco/hk/goldbondgroup/

This interim report is printed on soy ink

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend in respect of the results for the period ended 30 September 2018 ("the Period") (corresponding period in 2017: nil).

BUSINESS REVIEW

For the period ended 30 September 2018, Goldbond Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") continued to principally engaged in the provision of financing services and trading of goods in the People's Republic of China ("China") and holds interests in a joint venture and associates. The Group, headquartered in Hong Kong, has offices in Shanghai, Nanjing and Yancheng, forming a good client service network.

Core business

Trading

The Group's trading business is conducted through Shanghai Goldbond Trading Company Limited ("Shanghai Goldbond"), a wholly-owned subsidiary of the Company.

The Group's products traded are chemical products which are essential to the manufacturing of polyester fibers and antifreeze formulations. The operation recorded a remarkable growth in revenue by over 2.5 times to HK$199.4 million (corresponding period in 2017: HK$79.9 million), and a profit of HK$4.2 million (corresponding period in 2017: HK$0.9 million). The increases in revenue and profit of the operation were principally due to the increase in volume of chemical products transacted during the Period, which was in turn resulting from the management's successful efforts in business expansion and securing more banking facilities. The Group also seeks to minimise credit risk by assigning a maximum credit limit for each customer and maintain strict control over its outstanding receivables.

Shanghai Goldbond normally settles payables for its purchase by bank acceptance bills in six months, while it generally allows credit period of 60 days for its customers. During the Period, Shanghai Goldbond subscribed several principal-protected and floating income structured deposit by utilising settlement time gap to earn extra income.

The Group will continue to develop the trading business of the Company, and will look for potential suppliers and/or customers for trading of other products and commodities in the context of diversification. The Board expects that the trading business will enable the Group to expand its business network and market reach which may bring synergy effect to the Group's other business and investment opportunities.

Financing

During the period ended 30 September 2018, the financing services segment realised revenue and segment results of HK$9.3 million and HK$7.4 million, respectively (corresponding period in 2017: HK$9.6 million and HK$6.6 million, respectively).

– *Factoring*

  The Group's factoring business is conducted through Jiangsu Goldbond Factoring Co., Ltd., a wholly-owned subsidiary of the Company.

  The Group provides customers with funds secured by, amongst others, their accounts receivable, and offers them accounts receivable management services, which include review of documents relating to the accounts receivable, collection of the accounts receivable, and reports regularly to customers on matters concerning their accounts receivable. In return, the Group receives interest income as well as professional fees for the services rendered.

The factoring business has recorded satisfactory results since its commencement of business, with a focus on account receivables due by large state-owned enterprises or listed companies. Before granting loans to potential customers, the Group assesses the potential borrower's credit quality and/or receivables' quality and defines the credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly. It has come to the Board's attention that a state-owned enterprise, which is the holding company and guarantor of a major customer with outstanding advance provided to customers of RMB100 million (the "Major Customer"), has defaulted on some bonds repayment recently. For details of the guarantor, please refer to the announcement of the Company dated 17 June 2017. There was no principal or interest past due for the Major Customer as at 30 September 2018 and the Major Customer settled all due interest up to the date of this report under the factoring facility agreement. The Board will closely monitor the Major Customer's operation and take appropriate actions when necessary.

– *Small loan financing*

The Group engages in small loan financing business through Yancheng Goldbond Technology Small Loan Company Limited ("Yancheng Goldbond"), established in Yancheng, Jiangsu Province, China. Yancheng Goldbond offers short-term loan financing services, loan guarantee services, direct investment and other services approved by the provincial government, to small and medium-sized enterprises ("SMEs") and individuals in Yancheng.

In view of the slow-down of the economy in third-tier cities like Yancheng, the Group adjusted its operating strategy. The revenue from the small loan financing business further dropped to zero as no new small loan have been granted during the Period. The Group decided to further reduce the investment in the small loan financing and capital reduction of US$6.5 million was approved in October 2018. Financial resources will be diverted to other businesses with better growth potential, such as factoring and trading.

– *Loan to Yong Hua International Ltd. ("Yong Hua")*

As disclosed in the annual report 2017/18, Solomon Glory Limited, a wholly-owned subsidiary of the Company ("Solomon Glory") has commenced legal proceedings against Yong Hua International Ltd. ("Yong Hua") and Mr. Xie Xiaoqing ("Mr. Xie") pursuant to a term loan facility in the principal amount of HK$128.8 million in The Court of First Instance of The High Court. The judgement was awarded in favour of Solomon Glory. Solomon Glory is taking enforcement actions against the assets of Yong Hua and Mr. Xie for the recovery of outstanding loan. Up to the date of the report, we have obtained a garnishee order in respect of a bank account of Mr. Xie and recovered approximately HK$0.3 million. Charging order has also been granted by the court in Hong Kong in favour of Solomon Glory for 38,503,380 issued shares of China Rongzhong Financial Holdings Company Limited ("China Rongzhong") (Stock code: 03963) held by Yong Hua.

The Board, after taking into account currently available information on the financial status of Yong Hua, and Mr. Xie, including but not limited to the legal actions in Hong Kong and China, and based on the search on the website: http://zxgk.court.gov.cn/ on 30 November 2018, Mr. Xie was on List of Dishonest Persons Subject to Enforcement (失信被執行人), considers that the chance of recovering the debt due and owing by them is still low. Accordingly, the full impairment loss recognised during the year ended 31 March 2018 was not reversed in the Period.

Investments

Interest in a joint venture: 40% of Rongzhong Group Limited ("Rongzhong Group")

Rongzhong Group and its subsidiaries ("Rongzhong Group Companies") are principally engaged in the provision of non-bank financial services, comprising small loan financing, loan guarantee, bill financing and financial consulting services to SMEs and individuals in various cities in China.

With the slowdown in economic growth in China, Rongzhong Group Companies experience a significant increase in interest or principal payment defaults and extension applications by their customers. The quality of loan portfolio of Rongzhong Group Companies significantly declined. The impairment loss on accounts receivable and advances provided to customers of Rongzhong Group Companies amounted to HK$179.1 million for the Period (corresponding period in 2017: HK$618.3 million). Rongzhong Group incurred net loss attributable to the owners of the company of HK$66.7 million for the Period (corresponding period in 2017: HK$632.3 million). The Group's share of loss of a joint venture was HK$26.7 million (corresponding period in 2017: HK$252.9 million) of which nil (corresponding period in 2017: loss of HK$2.9 million) was recognised in the condensed consolidated statement of profit or loss for the Period as the unrecognised loss exceeded the Group's interest in the joint venture. The carrying amount of the Group's interest in Rongzhong Group Companies was zero as at 30 September 2018.

The Board considered that the operating environment for Rongzhong Group Companies is expected to remain extremely difficult as the liquidity pressure on Rongzhong Group Companies will relieve only upon the successful recovery of outstanding loans.

Interest in an associate: 34.86% of China Rongzhong

China Rongzhong and its subsidiaries ("China Rongzhong Group"), primarily engages in finance leasing business through Rongzhong International Financial Leasing Co., Ltd., which provides finance lease services to customers in Hubei Province.

The revenue of China Rongzhong Group for the Period was HK$26.0 million (corresponding period in 2017: HK$68.8 million), which decreased by HK$42.8 million or 62% compared to previous period. China Rongzhong Group experienced high level of impairment loss on its finance lease receivables in the amount of HK$57.1 million for the Period (corresponding period in 2017: HK$216.0 million). As a result, China Rongzhong Group reported a net loss attributable to the owners of the company of HK$56.6 million (corresponding period in 2017: HK$189.3 million). The Group's share of loss of China Rongzhong Group for the Period was HK$19.7 million (corresponding period in 2017: HK$66.0 million).

The interim report of China Rongzhong Group is available for viewing and downloading from the website of the Stock Exchange at http://www.hkexnews.hk and the website of China Rongzhong at http://www.chinarzfh.com.

The Group carried out an assessment as at 30 September 2018 whether there is any indication that an impairment loss recognised in prior periods for the investment in China Rongzhong may no longer exist or may be decreased. Given that the indications of impairment previously identified still existed as at 30 September 2018, no reversal of impairment had been recognised.

Also, the Board considered that the operating environment for China Rongzhong Group is expected to remain challenging. The Board carried out impairment reviews on the carrying amount of China Rongzhong as 30 September 2018 by comparing the recoverable amount estimated using higher of fair value less costs of disposal and value in use with the carrying amount of the investment in China Rongzhong. Fair value less costs of disposal, measured using the quoted price for China Rongzhong listed shares on Hong Kong Exchanges and Clearing Limited as at 28 September 2018 was approximately HK$66.2 million (31 March 2018: HK$138.1 million). In determining the value in use of the investment as at 30 September 2018, the Group estimated its share of the present value of the estimated future cash flows expected to be generated by the associate, including cash flows from the operations of the associate and the estimated terminal value at a discount rate of 23.0% (31 March 2018: 23.4%). Based on the assessment, as at 30 September 2018, the recoverable amount of China Rongzhong based on fair value less costs of disposal amounted to HK$66.2 million (31 March 2018: HK$138.1 million) is higher than its carrying amount.

As at 30 November 2018, the market value of the Group's listed investments in China Rongzhong, based on quoted market price was approximately HK$69.7 million.

Interests in associates: 49% of Goldbond Capital Investments Limited (the "Manager") and 19.9% of Allied Golden Capital Fund I (Cayman) Company Limited (the "Fund")

The Fund has sold the first piece of real estate investment in Los Angeles of the United States of America with a successful closing in the Period. A new piece of investment of US$10.5 million was made in November 2018. The Fund is managed by the Manager. The Manager will continue to look for opportunistic investments for the Fund in the United States of America, United Kingdom and Hong Kong. The Group's share of profit of the Fund for the Period was HK$0.3 million while its share of loss of the Manager was HK$0.2 million.

OUTLOOK

The Group's trading and financing businesses have solid progress during the Period. However, the trade wars between the United States and China in recent months have added new uncertainties and variables to outlook of the world economy and global financial markets. The Group will be more cautious on the counterparties' ability on resisting fluctuation in the market when exploring new opportunities in the trade and financing businesses. The Group is considering to devote more resources in the real estate markets in the developed countries as the Board considers that the property market will have stable growth in the future.

Looking ahead, the Group will continue its business strategy of building an asset portfolio with good balance of recurring income streams and growth opportunities.

FINANCIAL REVIEW

Revenue

The Group realised revenue for the Period of HK$208.6 million, representing an increase of HK$119.2 million as compared to previous period. The increase was mainly contributed by the revenue derived from the trading business of the Group of HK$199.4 million (corresponding period in 2017: HK$79.9 million).

Staff costs

Staff costs of the Group amounted to HK$8.1 million, which decreased by HK$0.3 million or 4% compared to previous period. Such decrease is mainly attributable to the decrease in salary and share option expenses.

Other operating expenses

Other operating expenses were HK$6.2 million, which decreased by HK$1.2 million compared to previous period. The decrease was mainly attributable to the decrease in the impairment loss on advances provided to customers by HK$1.1 million.

Share of loss of a joint venture

The Group shared loss of a joint venture, Rongzhong Group, of nil for the Period (corresponding period in 2017: HK$2.9 million).

Share of loss of associates

Share of loss of associates mainly composed of the share of loss of China Rongzhong of HK$19.7 million (corresponding period in 2017: HK$66.0 million) and the share of loss of the Manager of HK$0.2 million (corresponding period in 2017: HK$0.3 million), partly offset by the share of profit of the Fund of HK$0.3 million.

Profit (loss) for the Period attributable to the owners of the Company

As a result of the foregoing, profit for the Period attributable to the owners of the Company was HK$4.2 million (corresponding period in 2017: loss for the period of HK$97.7 million).

Other comprehensive (expenses) income for the Period

Other comprehensive expenses for the Period represented exchange differences arising on translation to presentation currency of HK$54.6 million (corresponding period in 2017: other comprehensive income of HK$44.4 million).

Liquidity, financial resources and capital structure

The Group always seeks to maintain healthy liquid position and sufficient capital for business development. The Group generally finances its operations through its internal resources. As at 30 September 2018, the aggregate sum of cash, bank balances and short term bank deposits amounted to HK$195.2 million (31 March 2018: HK$296.7 million) and there was no bank borrowing. The working capital (current assets less current liabilities) and the total equity of the Group were HK$400.5 million (31 March 2018: HK$422.0 million) and HK$455.8 million (31 March 2018: HK$511.1 million) respectively. No gearing ratio was calculated as the Group had no debt as at 30 September 2018.

KEY FINANCIAL RATIO

Net asset value per share

	30 September 2018	31 March 2018
Net asset value per share (HK cents)	**16.5**	18.5

The decrease in the net asset value per share in the Period was mainly contributed by share of loss of China Rongzhong and other comprehensive expenses (exchange differences arising from translation to presentation currency).

Charges on group assets

As at 30 September 2018, structured deposits of HK$186.3 million and short term bank deposits with original maturity more than three months of HK$1.2 million were pledged to bank to comply with the deposit requirement for the issuance of bills payable by the Group.

Contingent liabilities

As at 30 September 2018, there was no contingent liability.

Employees and remuneration policy

As at 30 September 2018, the Group had 29 staff located in both Hong Kong and China. The Group remunerates these employees based on their performance, experience and prevailing industry practices. Other benefits offered to these employees include medical insurance, retirement scheme and training subsidies. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees.

In Hong Kong, the Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees' relevant monthly income subject to a cap, which is currently set at HK$1,500.

The employees employed by the subsidiaries in China are members of the state-managed retirement benefit schemes operated by the China government. The China subsidiaries are required to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make specified contributions.

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

In the opinion of the Board, the Company complied with the code provisions and, where applicable, the recommended best practices of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the Period except for code provision E.1.2 of the CG Code, which requires the chairman of the board to attend the annual general meeting ("AGM"). The Chairman of the Board (the "Chairman"), was absent from the Company's AGM held on 27 September 2018 (the "2018 AGM") due to health reason. The Deputy Chairman, the Chief Executive Officer and other Directors, including the respective chairmen/members of the audit, nomination, remuneration committees, were available to answer the shareholders' questions regarding the activities of the Group and various committees.

BOARD COMPOSITION AND BOARD PRACTICES

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders' value. As at 30 September 2018, the Board consists of a total of six Directors, comprising three Executive Directors, and three Independent Non-executive Directors. At least one-third of the Board are Independent Non-executive Directors of which more than one have appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All Directors (including Independent Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Articles of Association and the CG Code.

With effect from the conclusion of the 2018 AGM, Mr. Wang Jun, ex-Chairman, retired from his position as Chairman and Executive Director of the Company. Subsequent to the retirement of the Chairman, the Deputy Chairman performed his role and presided at the meetings of the Company.

The positions of the Deputy Chairman and the Chief Executive Officer are currently held by separate individuals with a view to maintaining an effective segregation of duties respecting management of the Board and the day-to-day management of the Group's business.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code for securities transactions by directors of listed issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries to all Directors, they confirmed that they had fully complied with the Model Code throughout the Period.

AUDIT COMMITTEE

The Company established its audit committee (the "Audit Committee") in June 2003 and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the CG Code. The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Cheng Yuk Wo (Chairman of the Audit Committee), Mr. Ma Ho Fai GBS JP and Mr. Ng Chi Keung MH. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board.

The Group's interim report for the six months ended 30 September, 2018 has been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company established its remuneration committee (the "Remuneration Committee") in March 2005 with a majority of the members thereof being Independent Non-executive Directors. The Remuneration Committee comprises two Independent Non-executive Directors, namely, Mr. Cheng Yuk Wo (Chairman of the Remuneration Committee) and Mr. Ma Ho Fai GBS JP, and one Executive Director, Mr. Ding Chung Keung, Vincent.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the senior management, and reviewing the remuneration packages of all Executive Directors and the senior management with reference to the corporate goals and objectives of the Board resolved from time to time.

NOMINATION COMMITTEE

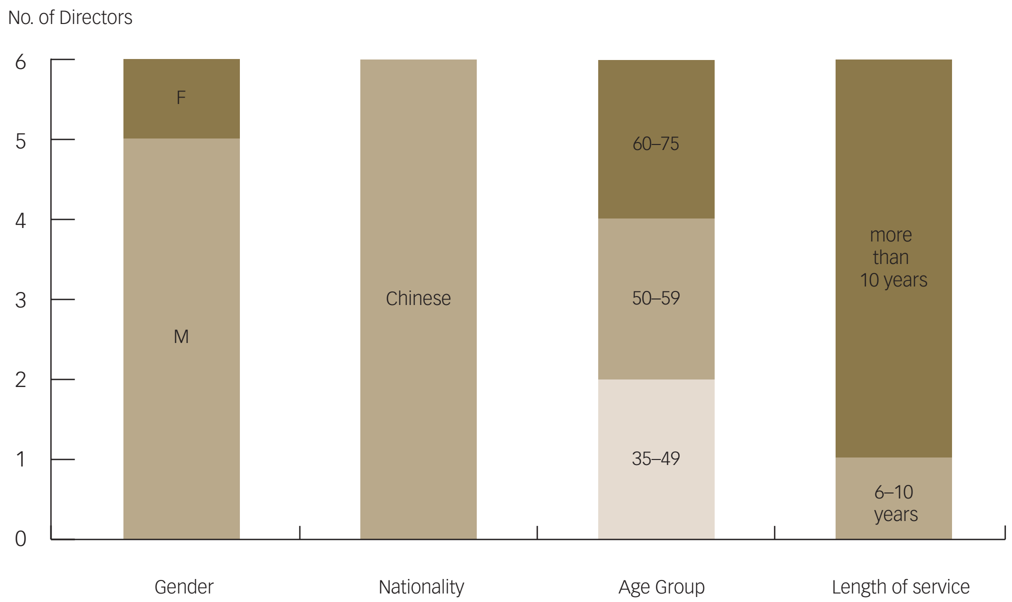
In compliance with the CG Code, the Company established its nomination committee (the "Nomination Committee") in March 2012 with a majority of the members thereof being Independent Non-executive Directors. The Nomination Committee comprises two Independent Non-executive Directors, namely, Mr. Ng Chi Keung MH (Chairman of the Nomination Committee) and Mr. Cheng Yuk Wo, and one Executive Director, Mr. Ding Chung Keung, Vincent.

The primary objectives of the Nomination Committee are to review the size, structure and composition of the Board, identify suitably qualified individual for appointment to the Board, assess the independence of independent non-executive Directors and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy on 1 September 2013 which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.



Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF GOLDBOND GROUP HOLDINGS LIMITED

Introduction

We have reviewed the condensed consolidated financial statements of Goldbond Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 10 to 40, which comprise the condensed consolidated statement of financial position as of 30 September 2018 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 November 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2018

	NOTES	**1.4.2018 to 30.9.2018 HK$'000 (Unaudited)**	1.4.2017 to 30.9.2017 HK$'000 (Unaudited)
Revenue			
Trading income		**199,366**	79,877
Income from financing services		**9,275**	9,583
	3	**208,641**	89,460
Other income		**7,054**	3,939
Net exchange gain (loss)		**24,085**	(17,354)
Cost of sales of trading business		**(198,658)**	(79,738)
Staff costs		**(8,066)**	(8,370)
Other operating expenses		**(6,169)**	(7,356)
Impairment loss on interest in an associate	9	**–**	(7,170)
Finance costs		**(462)**	(401)
Share of loss of a joint venture		**–**	(2,895)
Share of loss of associates		**(19,627)**	(66,319)
Profit (loss) before taxation	4	**6,798**	(96,204)
Taxation	5	**(2,552)**	(1,446)
Profit (loss) for the period		**4,246**	(97,650)
Other comprehensive (expenses) income			
Items that will not be reclassified to profit or loss			
Exchange differences arising on translation to presentation currency attributable to:			
The Group		**(49,163)**	32,747
A joint venture		**–**	326
An associate		**(5,491)**	11,336
Other comprehensive (expenses) income for the period		**(54,654)**	44,409
Total comprehensive expense for the period		**(50,408)**	(53,241)
Profit (loss) for the period attributable to owners of the Company		**4,246**	(97,650)
Total comprehensive expense for the period attributable to owners of the Company		**(50,408)**	(53,241)
Earnings (loss) per share	7		
– Basic and diluted		**HK0.15 cent**	HK (3.54) cents

	NOTES	30.9.2018 HK$'000 (Unaudited)	31.3.2018 HK$'000 (Audited)
Non-current assets			
Equipment	8	**625**	948
Interests in associates and a joint venture	9	**43,303**	74,846
Loan to an associate		**1,470**	1,470
Club debentures		**16,733**	18,179
		62,131	95,443
Current assets			
Accounts receivable	10	**70,182**	53,750
Advances provided to customers	11	**151,285**	160,494
Prepayments, deposits and other receivables		**1,253**	3,614
Structured deposits		**195,381**	96,543
Short term bank deposits			
– with original maturity within three months		**186,420**	197,055
– with original maturity more than three months		**1,197**	72,164
Bank balances and cash		**7,605**	27,479
		613,323	611,099
Current liabilities			
Bills and other payables	12	**208,959**	185,333
Taxation		**3,841**	3,740
		212,800	189,073
Net current assets		**400,523**	422,026
Total assets less current liabilities		**462,654**	517,469
Capital and reserves			
Share capital	13	**829,209**	829,209
Reserves		**(373,399)**	(318,122)
Total equity		**455,810**	511,087
Non-current liability			
Redeemable convertible preference shares	14	**6,844**	6,382
		462,654	517,469

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2018

	Attributable to owners of the Company							
	Share capital HK$'000	Investment revaluation/ FVTOCI reserve HK$'000	Employee share-based compensation reserve HK$'000	General reserve HK$'000	Statutory surplus reserve HK$'000 (Note)	Translation reserve HK$'000	(Accumulated losses) retained profits HK$'000	Total HK$'000
At 1 April 2017 (audited)	829,209	3,000	68,787	6,000	2,333	(76,555)	(87,520)	745,254
Loss for the year	–	–	–	–	–	–	(307,617)	(307,617)
Exchange differences arising on translation to presentation currency attributable to:								
The Group	–	–	–	–	–	53,848	–	53,848
A joint venture	–	–	–	–	–	326	–	326
An associate	–	–	–	–	–	16,132	–	16,132
Total comprehensive income (expense) for the year	–	–	–	–	–	70,306	(307,617)	(237,311)
Expiry of share options	–	–	(33,436)	–	–	–	33,436	–
Lapse of share options	–	–	(121)	–	–	–	121	–
Recognition of equity-settled share-based payments	–	–	3,144	–	–	–	–	3,144
Transferred to statutory surplus reserve	–	–	–	–	775	–	(775)	–
At 31 March 2018 (audited)	829,209	3,000	38,374	6,000	3,108	(6,249)	(362,355)	511,087
Adjustment (note 2)	–	(3,000)	–	–	–	–	(3,425)	(6,425)
At 1 April 2018 (restated)	829,209	–	38,374	6,000	3,108	(6,249)	(365,780)	504,662
Profit for the period	–	–	–	–	–	–	4,246	4,246
Exchange differences arising on translation to presentation currency attributable to:								
The Group	–	–	–	–	–	(49,163)	–	(49,163)
An associate	–	–	–	–	–	(5,491)	–	(5,491)
Total comprehensive (expense) income for the period	–	–	–	–	–	(54,654)	4,246	(50,408)
Expiry of share options	–	–	(1,439)	–	–	–	1,439	–
Lapse of share options	–	–	(371)	–	–	–	371	–
Recognition of equity-settled share-based payments (note 15)	–	–	1,556	–	–	–	–	1,556
At 30 September 2018 (unaudited)	829,209	–	38,120	6,000	3,108	(60,903)	(359,724)	455,810

	Attributable to owners of the Company							
	Share capital HK$'000	Investment revaluation/ FVTOCI reserve HK$'000	Employee share-based compensation reserve HK$'000	General reserve HK$'000	Statutory surplus reserve HK$'000 (Note)	Translation reserve HK$'000	(Accumulated losses) retained profits HK$'000	Total HK$'000
At 1 April 2017 (audited)	829,209	3,000	68,787	6,000	2,333	(76,555)	(87,520)	745,254
Loss for the period	–	–	–	–	–	–	(97,650)	(97,650)
Exchange differences arising on translation to presentation currency attributable to:								
The Group	–	–	–	–	–	32,747	–	32,747
A joint venture	–	–	–	–	–	326	–	326
An associate	–	–	–	–	–	11,336	–	11,336
Total comprehensive income (expense) for the period	–	–	–	–	–	44,409	(97,650)	(53,241)
Expiry of share options	–	–	(33,436)	–	–	–	33,436	–
Lapse of share options	–	–	(122)	–	–	–	122	–
Recognition of equity-settled share-based payments (note 15)	–	–	1,643	–	–	–	–	1,643
At 30 September 2017 (unaudited)	829,209	3,000	36,872	6,000	2,333	(32,146)	(151,612)	693,656

Note: Pursuant to the articles of association of the group companies established in the People's Republic of China ("China"), the group companies are required to appropriate 10% or an amount to be determined by the directors of their respective profits after taxation in accordance with the relevant accounting rules and financial regulations of China before any distribution of dividends to owners each year to the statutory surplus reserve until their balances reach 50% of their respective registered capital.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2018

	NOTES	**1.4.2018 to 30.9.2018 HK$'000 (Unaudited)**	1.4.2017 to 30.9.2017 HK$'000 (Unaudited)
Net cash from operating activities			
Increase in accounts receivable		**(22,025)**	(19,586)
(Increase) decrease in advances provided to customers		**(2,999)**	30,116
Increase in bills and other payables		**44,095**	77,652
Other operating activities		**(10,044)**	(13,284)
		9,027	74,898
Net cash used in investing activities			
Proceeds from maturity of structured deposits		**136,038**	–
Release of short term bank deposits with original maturity more than three months		**70,789**	19,101
Interest received		**4,655**	3,808
Proceeds from disposal of equipment	8	**144**	–
Placement of structured deposits		**(245,330)**	(74,618)
Placement of short term bank deposits with original maturity more than three months		**(1,261)**	(126,174)
Purchase of equipment	8	**(4)**	(2)
Capital injection to an associate		**–**	(3,803)
		(34,969)	(181,688)
Net decrease in cash and cash equivalents		**(25,942)**	(106,790)
Cash and cash equivalents at beginning of the period		**224,534**	255,201
Effect of foreign exchange rate changes		**(4,567)**	5,462
Cash and cash equivalents at end of the period		**194,025**	153,873
Analysis of balances of cash and cash equivalents			
Bank balances and cash		**7,605**	38,388
Short term bank deposits with original maturity within three months		**186,420**	115,485
		194,025	153,873

1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 March 2018 that is included in the condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

Application of new and amendments to HKFRSs

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue* and the related interpretations.

The Group recognises revenue from the following major sources:

- Trading of chemical products
- Income from provision of financing services

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

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

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.1 Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers* (continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

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. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

2.1.2 Summary of effects arising from initial application of HKFRS 15

Except for interest income from provision of financing which fall outside the scope of HKFRS 15, revenue from trading of chemical products is recognised at a point in time.

The application of HKFRS 15 has no significant impact to the condensed consolidated financial statements.

2.2 Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments*

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments* (continued)

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

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

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Accounts receivable arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value.

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

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

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Classification and measurement of financial assets (continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in note 2.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including accounts receivables, advances provided to customers, bank interest receivable, short-term bank deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

The Group always recognises lifetime ECL for accounts receivable. The ECL on accounts receivable are assessed individually for each debtor with reference to historical payment pattern and external credit ratings.

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Impairment under ECL model (continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, 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.

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Impairment under ECL model (continued)

Definition of default

The Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, or in the case of accounts receivable, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (continued)

Impairment under ECL model (continued)

Measurement and recognition of ECL

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

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

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 amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable and advances provided to customers where the corresponding adjustment is recognised through a loss allowance account.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in note 2.2.2.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (continued)

2.2.2 Summary of effects arising from initial application of HKFRS 9

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

	Notes	Financial assets designated at FVTPL HK$'000	Financial assets at FVTPL required by HKFRS 9 HK$'000	Amortised cost (previously classified as loans and receivables) HK$'000	Investment revaluation/ FVTOCI reserve HK$'000	Interests in associates HK$'000	Accumulated losses HK$'000
Closing balances at 31 March 2018		96,543	–	515,150	3,000	74,846	(362,355)
Effect arising from initial application of HKFRS 9:							
Reclassification							
From designated at FVTPL	(a)	(96,543)	96,543	–	–	–	–
From loan and receivables	(a)	–	1,470	(1,470)	–	–	–
Others		–	–	–	(3,000)	–	3,000
Remeasurement							
Provision of impairment by an associate under ECL model shared by the Group	(c)	–	–	–	–	(6,425)	(6,425)
Opening balances at 1 April 2018		–	98,013	513,680	–	68,421	(365,780)

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (continued)

2.2.2 Summary of effects arising from initial application of HKFRS 9 (continued)

Notes:

(a) Financial assets designated at FVTPL

At the date of initial application, the Group no longer applied designation as measured at FVTPL for the structured deposits which is managed and its performance is evaluated on a fair value basis, as these financial assets are required to be measured at FVTPL under HKFRS 9. As a result, the fair value of these investments of HK$96,543,000 were reclassified from financial assets designated at FVTPL to financial assets at FVTPL.

Loan to an associate of HK$1,470,000 previously classified as loans and receivables was reclassified to FVTPL upon the application of HKFRS 9 because its cash flows do not represent solely payments of principal and interest on the principal amount outstanding.

(b) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all accounts receivable. The ECL of accounts receivable is assessed individually for the debtors with significant balances. For accounts receivable not assessed individually, the respective ECL is assessed collectively based on shared credit risk characteristics and factors specific to the accounts receivable.

Loss allowances for other financial assets at amortised cost mainly comprise of advances provided to customers, bank interest receivable, short term bank deposits and bank balances are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, except for share of additional credit loss allowance of associates as mentioned at Note (c) below, there is no material additional credit loss allowance is charged against the respective assets or accumulated losses.

(c) Interests in associates

The net effects arising from the initial application of HKFRS 9 by the associates of the Group resulted in a decrease in the carrying amount of interests in associates by HK$6,425,000, with a corresponding adjustment to accumulated losses by the same amount.

3. REVENUE AND SEGMENT INFORMATION

The Group's operating segments in prior years, identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker ("CODM"), in order to allocate resources to the segments and to assess performance, are summarised as follows:

(a) trading of chemical products;

(b) factoring service; and

(c) financing service.

To better manage and evaluate the performance of the Group's business of provision of financing business and allocations of resources thereto, the CODM determined in the current interim period to combine the operating segment of factoring service and financing service. This led to a change in the segment reporting for the comparable period. The Group's operating segments are therefore modified as follows:

(i) trading of chemical products; and

(ii) financing services.

Comparative figures in the prior period have also been restated to conform to the current period's presentation.

The Group's revenue for the trading segment is recognised at a point in time while the interest income for the financing services segment is recognised over time.

Revenue from major products and services

The following is an analysis of the Group's external revenue from its major products and services.

	1.4.2018 to 30.9.2018 HK$'000 (Unaudited)	1.4.2017 to 30.9.2017 HK$'000 (Unaudited)
Trading of chemical products	**199,366**	79,877
Income from financing services	**9,275**	9,583
	208,641	89,460

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The segment information is reported below.

Segment revenue and results

An analysis of the Group's revenue and results by reportable and operating segments is as follows:

For the six months ended 30 September 2018

	Trading HK$'000 (Unaudited)	Financing services HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Revenue from customers	199,366	9,275	208,641
Segment results	4,186	7,450	11,636
Unallocated other income			2,893
Central administration costs			(11,727)
Net exchange gain			24,085
Finance costs			(462)
Share of loss of associates			(19,627)
Profit before taxation			6,798

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

For the six months ended 30 September 2017 (restated)

	Trading HK$'000 (Unaudited)	Financing services HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Revenue from customers	79,877	9,583	89,460
Segment results before impairment loss	878	7,683	8,561
Impairment loss on advances provided to customers	–	(1,091)	(1,091)
Segment results	878	6,592	7,470
Unallocated other income			2,634
Central administration costs			(12,169)
Impairment loss on interest in an associate			(7,170)
Net exchange loss			(17,354)
Finance costs			(401)
Share of loss of a joint venture			(2,895)
Share of loss of associates			(66,319)
Loss before taxation			(96,204)

Segment results represent the profit earned by each segment, without allocation of impairment loss on interest in an associate, central administration costs, other income (primarily interest income from bank deposits), net exchange gain (loss), finance costs, share of loss of associates and share of loss of a joint venture. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

An analysis of the Group's assets and liabilities by reportable segments is as follows:

As at 30 September 2018

	Trading HK$'000 (Unaudited)	Financing services HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Assets			
Segment assets	257,780	151,812	409,592
Interests in associates			43,303
Loan to an associate			1,470
Unallocated assets			221,089
Total assets			675,454
Liabilities			
Segment liabilities	185,522	1,770	187,292
Unallocated liabilities			32,352
Total liabilities			219,644

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (continued)

As at 31 March 2018 (restated)

	Trading HK$'000 (Unaudited)	Financing services HK$'000 (Unaudited)	Total HK$'000 (Unaudited)
Assets			
Segment assets	217,076	161,416	378,492
Interests in associates			74,846
Loan to an associate			1,470
Unallocated assets			251,734
Total assets			706,542
Liabilities			
Segment liabilities	160,633	3,629	164,262
Unallocated liabilities			31,193
Total liabilities			195,455

For the purposes of monitoring segment performance and allocating resources between segments, the CODM monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than interests in associates, loan to an associate, club debentures, part of short term bank deposits, bank balances and cash, and certain corporate assets for central administrative uses. All liabilities are allocated to reportable segments other than taxation, redeemable convertible preference shares and certain corporate liabilities incurred for central administrative purpose.

Geographical information

Revenue reported above represents income generated from external customers based on the locations of their operations.

	1.4.2018 to 30.9.2018 HK$'000 (Unaudited)	1.4.2017 to 30.9.2017 HK$'000 (Unaudited)
China	**208,641**	87,523
Outside of China	**–**	1,937
	208,641	89,460

4. PROFIT (LOSS) BEFORE TAXATION

	1.4.2018 to 30.9.2018 HK$'000 (Unaudited)	1.4.2017 to 30.9.2017 HK$'000 (Unaudited)
Profit (loss) before taxation has been arrived at after charging (crediting) the following items:		
Impairment loss on advances provided to customers	**–**	1,091
Imputed interest on redeemable convertible preference shares	**462**	401
Depreciation of equipment	**221**	748
Operating lease rentals in respect of properties	**3,012**	2,980
Interest income from bank deposits and structured deposits	**(6,968)**	(3,808)
Gain on disposal of equipment	**(84)**	–

5. TAXATION

	1.4.2018 to 30.9.2018 HK$'000 (Unaudited)	1.4.2017 to 30.9.2017 HK$'000 (Unaudited)
The charge comprises:		
Current tax		
Enterprise Income Tax in China		
– Provision for the current period	**2,552**	1,446

Under the Enterprise Income Tax Law of China (the "EIT Law") and the Implementation Regulation of the EIT Law, all subsidiaries in China are subject to the tax rate of 25% during both periods.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the subsidiaries in China from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of the temporary differences attributable to the accumulated profits of the subsidiaries in China amounting to HK$36,343,000 (31 March 2018: HK$31,313,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

6. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2018 (nil for the six months ended 30 September 2017).

7. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share attributable to the owners of the Company was based on the following data:

	1.4.2018 to 30.9.2018 HK$'000 (Unaudited)	1.4.2017 to 30.9.2017 HK$'000 (Unaudited)
Earnings (loss):		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share (profit (loss) for the period attributable to owners of the Company)	**4,246**	(97,650)
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**2,761,913**	2,761,913

Note: The computation of diluted earnings (loss) per share for both periods does not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price of shares for both periods.

8. MOVEMENTS IN EQUIPMENT

During the period, the Group incurred HK$4,000 (HK$2,000 for the six months ended 30 September 2017) to acquire equipment for its business use.

In addition, the Group disposed of certain equipment with an aggregate carrying amount of HK$60,000 (nil for the six months ended 30 September 2017) for cash proceeds of HK$144,000 (nil for the six months ended 30 September 2017), resulting in a gain on disposal of HK$84,000 (nil for the six months ended 30 September 2017).

9. INTERESTS IN ASSOCIATES AND A JOINT VENTURE

(a) Interests in associates

	30.9.2018 HK$'000 (Unaudited)	31.3.2018 HK$'000 (Audited)
Cost of investments in associates		
Listed in Hong Kong	315,505	317,751
Unlisted	5,335	5,335
Share of post-acquisition losses and other comprehensive expenses, net of dividends received	(250,511)	(218,878)
	70,329	104,208
Impairment loss	(27,026)	(29,362)
	43,303	74,846

Particulars of the associates as at 30 September 2018 and 31 March 2018 are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Effective ownership interest indirectly held by the Group	Proportion of voting power held	Principal activity
China Rongzhong Financial Holdings Company Limited ("China Rongzhong") (Note)	Limited	Cayman Islands/ China	HK$4,125,090	34.86%	34.86%	Provision for financial leasing service
Allied Golden Capital Fund I (Cayman) Company Limited (Note)	Limited	Cayman Islands	US$2,452,000	19.90%	19.90%	Investment holding
Goldbond Capital Investments Limited (Note)	Limited	Cayman Islands	US$400,000	49%	49%	Provision for fund management service

Note: Based on the legal form and terms of the contractual arrangements, the interests in China Rongzhong, Allied Golden Capital Fund I (Cayman) Company Limited and Goldbond Capital Investments Limited are classified as associates as the Group has significant influence over these entities.

9. INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)

(a) Interests in associates (continued)

During the period, the share of loss of associates and other comprehensive expense of associates by the Group was HK$19,627,000 (HK$66,319,000 for the six months ended 30 September 2017) and HK$5,491,000 (income of HK$11,336,000 for the six months ended 30 September 2017), respectively. Out of the above share of loss of associates, an amount of HK$19,724,000 (HK$66,003,000 for the six months ended 30 September 2017) represented the share of loss of China Rongzhong which suffered from a high level of impairment allowances on its finance lease receivables and significant loss for both periods.

During the year ended 31 March 2017, management of the Group understood that a significant amount of impairment losses on finance lease receivables of HK$333,612,000 was made by China Rongzhong due to significant slow-down in the collection of these receivables. It was expected that China Ronghong was likely to face more challenges from the overall protracting economic downturn and leading to the possibility of deterioration of its assets quality, and hence its profit generating abilities. The Group concluded that these facts and circumstances represented clear indications that the Group's investment in China Rongzhong was impaired, and accordingly, an impairment loss of HK$20,680,000 on its interest in this associate was made during the year then ended. The management of the Group has again carried out impairment review of its interest in China Rongzhong during the six months ended 30 September 2017 and a further impairment loss of HK$7,170,000 was made.

The management of the Group carried out an assessment as at 30 September 2018 and 31 March 2018 whether there is any indication that an impairment loss recognised in prior periods for the investment in China Rongzhong may no longer exist or may be decreased. Given that the indications of impairment previously identified still existed as at 30 September 2018 and 31 March 2018, no reversal of impairment had been recognised.

The value of the investment in China Rongzhong measured using the quoted price for China Rongzhong listed shares on Hong Kong Exchanges and Clearing Limited as at 28 September 2018 was approximately HK$66,151,000 (31 March 2018: HK$138,054,000).

In determining the value in use of the investment as at 30 September 2018, the Group estimated its share of the present value of the estimated future cash flows expected to be generated by China Rongzhong, including cash flows from its operations and estimated terminal value at a discount rate of 23.0% (31 March 2018: 23.4%).

As at 30 September 2018 and 31 March 2018, the respective recoverable amounts of China Rongzhong were higher than the corresponding carrying amounts.

9. INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)

(b) Interest in a joint venture

	30.9.2018 HK$'000 (Unaudited)	31.3.2018 HK$'000 (Audited)
Cost of investment in a joint venture, unlisted	**1,026,758**	1,051,603
Share of post-acquisition loss and other comprehensive expenses, net of dividends received	**(775,488)**	(778,618)
	251,270	272,985
Impairment, net of other gain	**(251,270)**	(272,985)
	–	–

Particulars of the joint venture as at 30 September 2018 and 31 March 2018 are as follows:

Name of joint venture	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Effective ownership interest indirectly held by the Group	Proportion of voting power held	Principal activity
Rongzhong Group Limited ("Rongzhong Group") (Note)	Limited	British Virgin Islands/China	US$34,276,000	40%	40%	Provision for financing and loan guarantee services

Note: Based on the legal form and terms of the contractual arrangements, the interest in Rongzhong Group is classified as joint venture as the major decisions require the unanimous consent among the shareholders.

9. INTERESTS IN ASSOCIATES AND A JOINT VENTURE (CONTINUED)

(b) Interest in a joint venture (continued)

The Group's unrecognised share of loss and other comprehensive income (expense) of the joint venture is as follows:

	1.4.2018 to 30.9.2018 HK$'000 (Unaudited)	1.4.2017 to 30.9.2017 HK$'000 (Unaudited)
Unrecognised share of loss	**(26,669)**	(250,011)
Unrecognised share of other comprehensive income	**6,184**	–
Unrecognised share of total comprehensive expense	**(20,485)**	(250,011)

	30.9.2018 HK$'000 (Unaudited)	31.3.2018 HK$'000 (Audited)
Cumulative unrecognised share of loss	**(91,606)**	(64,937)
Cumulative unrecognised share of other comprehensive income (expense)	**3,568**	(2,616)
Cumulative unrecognised share of total comprehensive expense	**(88,038)**	(67,553)

Rongzhong Group suffered from a high level of impairment allowances on accounts receivable and advances provided to customers which resulted in significant loss in prior and current periods.

10. ACCOUNTS RECEIVABLE

The Group normally allows credit period for trade customers of 60 days. The accounts receivable presented based on the invoice date, which approximated the respective revenue recognition dates, at the end of the reporting period was 0-60 days. At the end of the reporting period, the accounts receivable were neither past due nor impaired and were related to customers of good credit quality.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limit. Credit sales are made to customers with appropriate credit history. Credit limits attributed to customers are reviewed regularly.

Since the adoption of HKFRS 9 on 1 April 2018, the Group applies the simplified approach to providing for credit losses prescribed by HKFRS 9, which permits the use of lifetime expected loss provision for accounts receivable. To measure the ECL of accounts receivable, these amounts have been assessed individually for each customer according to the past payment pattern with references to external credit ratings of comparable companies. No impairment allowance has been provided as at 1 April 2018 and 30 September 2018 since the loss given default and exposure at default are low based on historical credit loss experience, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future condition.

11. ADVANCES PROVIDED TO CUSTOMERS

	30.9.2018 HK$'000 (Unaudited)	31.3.2018 HK$'000 (Audited)
Advances provided to customers	**341,177**	355,027
Less: Impairment allowances	**(189,892)**	(194,533)
Amounts shown under current assets	**151,285**	160,494

Movement in the impairment allowances

	30.9.2018 HK$'000 (Unaudited)	31.3.2018 HK$'000 (Audited)
Balance at beginning of the period/year	**194,533**	52,076
Exchange realignment	**(4,641)**	5,184
Impairment losses recognised	**–**	137,273
Balance at end of the period/year	**189,892**	194,533

Since the adoption of HKFRS 9 on 1 April 2018 except for the advances provided to customers which were considered credit-impaired due to the significant financial difficulty position of the borrowers, the Group provides for credit losses to advances provided to customers expected to result from default events that are possible within 12 months after the reporting date. To measure the ECL of the advances provided to customers, each borrower has been assessed individually according to the historical payment pattern and values of the assets pledged to the Group with references to external credit ratings of comparable companies.

Based on these assessments in the risk of default of each of the borrower, no additional allowance has been provided as at 1 April 2018 and 30 September 2018 since the advances provided to customers are effectively secured by collaterals of good credit qualities and the credit risk of these advances is low.

As at 30 September 2018, the advances provided to customers, which bore fixed interest at a rate of not more than 16.8% (31 March 2018: 16.8%) per annum, were repayable according to the terms stipulated in the loan agreements and factoring facility agreements. The entire balances as at 30 September 2018 and 31 March 2018 were secured by accounts receivable and/or commercial acceptance bills.

12. BILLS AND OTHER PAYABLES

	30.9.2018	31.3.2018
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Bills payable	**185,122**	160,633
Other payables	**23,837**	24,700
	208,959	185,333

Bills payable were normally required to be settled with six months and secured by certain assets as disclosed in note 17. The entire balance of bills payable were aged within 6 months (31 March 2018: within 6 months) based on the invoice date at the end of the reporting period. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

13. SHARE CAPITAL

	Number of shares	**Amount**
	'000	HK$'000
Issued and fully paid:		
At 1 April 2017, 31 March 2018 and 30 September 2018	2,761,913	829,209

14. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

As at 30 September 2018, 68,400,000 (31 March 2018: 68,400,000) preference shares were in issue.

Pursuant to the terms and conditions of the preference shares, the preference shares may be redeemed by the holders of the preference shares at any time subsequent to 50 years after the date of issue on 18 September 2001 at a redemption value of HK$10.00 per preference share. The preference shares carry no right to dividend distributions to the holders. The preference shares were convertible until 17 September 2004 and the conversion rights attached to the preference shares lapsed with no conversion then.

The liability component of the preference shares is carried at amortised cost based on an effective interest rate of 13.97% per annum.

15. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

A share option scheme was adopted by the Company on 18 September 2002 (the "2002 Share Option Scheme") with amendments made on 29 August 2003 to give clarity to it. Upon a new share option scheme of the Company came into effect on 31 August 2012, the 2002 Share Option Scheme was terminated and no further share options will be granted thereunder, but the provisions of the 2002 Share Option Scheme will remain in full force and effective to the extent necessary to give effect to the exercise of the share options (to the extent not already exercised) granted prior to its termination.

The Company has the above share option scheme for eligible directors of the Company and eligible employees of the Group and other participants. Details of the share options outstanding during the current period are as follows:

	Number of share options	
	1.4.2018 to 30.9.2018	1.4.2017 to 30.9.2017
Outstanding at beginning of the period	**317,700,000**	411,500,000
Expired during the period	**(4,600,000)**	(90,300,000)
Lapsed during the period	**(3,800,000)**	(1,000,000)
Outstanding at end of the period	**309,300,000**	320,200,000

The Group recognised total expenses of HK$1,556,000 (HK$1,643,000 for the six months ended 30 September 2017) relating to share option payment transactions for the six months ended 30 September 2018.

16. OPERATING LEASE COMMITMENTS

As at 30 September 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

As lessee

The Group is the lessee of a number of properties held under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease upon expiry when all terms are re-negotiated.

	30.9.2018 HK$'000 (Unaudited)	31.3.2018 HK$'000 (Audited)
Within one year	**3,283**	5,912
After one year but within five years	**164**	644
	3,447	6,556

17. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure the bills payable as disclosed in note 12:

	30.9.2018 HK$'000 (Unaudited)	31.3.2018 HK$'000 (Audited)
Structured deposits	**186,290**	89,136
Short term bank deposits with original maturity more than three months	**1,197**	72,164
	187,487	161,300

18. RELATED PARTY TRANSACTIONS

Save as disclosed in the condensed consolidated financial statements, the Group had the following transactions with related parties during both periods.

(a) Key management personnel remuneration

	1.4.2018 to 30.9.2018 HK$'000 (Unaudited)	1.4.2017 to 30.9.2017 HK$'000 (Unaudited)
Short-term employee benefits	**3,152**	3,302
Post-employment benefits	**16**	18
Share-based payments	**1,319**	1,319
	4,487	4,639

(b) Transactions with related parties

	1.4.2018 to 30.9.2018 HK$'000 (Unaudited)	1.4.2017 to 30.9.2017 HK$'000 (Unaudited)
Imputed interest on redeemable convertible preference shares held by Miss Jacqueline Wong (Note 1)	**(462)**	(285)
Rental expense paid to a related company with common controlling shareholders (Note 2)	**(2,354)**	(2,354)

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

Notes:

(1) Miss Jacqueline Wong, who is the daughter of Mr. Wong Yu Lung, Charles ("Mr. Wong", a director of the Company), is the beneficial owner of the redeemable convertible preference shares issued by the Company during both periods.

(2) Mr. Wong and his daughter, Ms. Wong Michelle Yatyee ("Ms. Michelle Wong"), who both are the directors of the Company, were considered as materially interested in the transaction as the related company was held by trusts whereby Mr. Wong and Ms. Michelle Wong were a trustee and an eligible beneficiary, respectively.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table provides an analysis of financial instruments that are measured on recurring basis subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- 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).

Financial assets	Fair value as at 30.9.2018 HK$'000	Fair value as at 31.3.2018 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Structured deposits				
– financial assets at fair value through profit or loss	**195,381**	N/A	Level 2	Adjusted price by reference to recent market transactions
– financial assets designated at fair value through profit or loss	**N/A**	96,543	Level 2	Adjusted price by reference to recent market transactions
Loan to an associate				
– financial assets at fair value through profit or loss	**1,470**	N/A	Level 3	Discount cash flows method the major significant unobservable input used include discount rate

The fair values of the structured deposits were determined by reference to recent market transaction.

For the six month ended 30 September 2018 and 2017, there were no transfers between Level 1 and 2 or transfer in/out for Level 3 of the fair value hierarchy.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 September 2018, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("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 recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares ("Shares")/underlying Shares of the Company

		Number of Shares/underlying Shares				
Name of Director	Capacity	Personal Interest	Corporate Interest	Other Interest	Total	Approximate % of Shareholding *(Note 8)*
Mr. Wong Yu Lung, Charles ("Mr. Wong")	Beneficial owner and trustee of discretionary trusts	103,000,000 *(Note 1)*	–	1,575,465,517 *(Note 2)*	1,678,465,517	60.77%
Ms. Wong, Michelle Yatyee ("Ms. Michelle Wong")	Beneficial owner and beneficiary of discretionary trusts	23,000,000 *(Note 3)*	–	1,575,465,517 *(Note 2)*	1,598,465,517	57.88%
Mr. Ding Chung Keung, Vincent ("Mr. Ding")	Beneficial owner	124,230,000 *(Note 4)*	–	–	124,230,000	4.50%
Mr. Ma Ho Fai GBS JP ("Mr. Ma")	Beneficial owner	2,700,000 *(Note 5)*	–	–	2,700,000	0.10%
Mr. Cheng Yuk Wo ("Mr. Cheng")	Beneficial owner	2,600,000 *(Note 6)*	–	–	2,600,000	0.09%
Mr. Ng Chi Keung MH ("Mr. Ng")	Beneficial owner	2,600,000 *(Note 7)*	–	–	2,600,000	0.09%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS (continued)

Long positions in shares of US$0.1 each of an associated corporation, namely, Goldbond Capital Investments Limited

Name of Director	Capacity	Number of shares	Approximate % of Shareholding *(Note 9)*
Mr. Wong	Trustee of a trust	124,000	31%
Ms. Michelle Wong	Beneficiary of a trust	124,000	31%

Long position in shares of HK$0.01 each of an associated corporation, namely, China Rongzhong Financial Holdings Company Limited ("China Rongzhong")

Name of Director	Capacity	Number of shares	Approximate % of Shareholding *(Note 10)*
Ms. Michelle Wong	Trustee of a trust	20,234,242	4.91%

Notes:

1. These interests were underlying Shares derived from share options granted to Mr. Wong under the 2002 Scheme and the 2012 Scheme (as defined under the paragraph "SHARE OPTION SCHEMES" on pages 45 to 46 of this report).

2. These Shares were indirectly held by two discretionary trusts. The assets of these trusts included the entire issued share capital of Allied Luck Trading Limited ("Allied Luck") (directly holding 855,808,725 Shares), Allied Golden Investment Limited ("Allied Golden") and Aceyork Investment Limited ("Aceyork") (indirectly holding 719,656,792 Shares through Ace Solomon Investments Limited ("Ace Solomon"), a company which was equally owned by Allied Golden and Aceyork). The trustees of these trusts were Mr. Wong and Mrs. Wong Fang Pik Chun ("Mrs. Wong") and the beneficiaries of these trusts were Ms. Michelle Wong and Miss Wong, Jacqueline Yue Yee ("Miss Jacqueline Wong") and their children.

   In light of the above, each of Mr. Wong and Ms. Michelle Wong is deemed to be interested in these Shares under the SFO.

3. These interests were underlying Shares derived from share options granted to Ms. Michelle Wong under the 2002 Scheme and the 2012 Scheme.

4. These interests included 21,230,000 Shares and 103,000,000 underlying Shares derived from share options granted to Mr. Ding under the 2002 Scheme and the 2012 Scheme.

5. These interests included 1,200,000 Shares and 1,500,000 underlying Shares derived from share options granted to Mr. Ma under the 2002 Scheme.

6. These interests were underlying Shares derived from share options granted to Mr. Cheng under the 2002 Scheme.

7. These interests were underlying Shares derived from share options granted to Mr. Ng under the 2012 Scheme.

8. As at 30 September 2018, there was a total of 2,761,912,843 Shares in issue.

9. As at 30 September 2018, there was a total of 400,000 shares of Goldbond Capital Investments Limited in issue.

10. As at 30 September 2018, there was a total of 412,509,000 shares of China Rongzhong in issue.

Save as disclosed above, as at 30 September 2018, none of the Directors or chief executive of the Company or any of their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30 September 2018, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the Shares/underlying Shares of the Company

Name of substantial shareholder	Capacity	Number of Shares/ underlying Shares	Total	Approximate % of Shareholding *(Note 5)*
Mrs. Wong	(i) Interest of spouse	103,000,000 *(Note 1)*	1,678,465,517	60.77%
	(ii) Trustees	1,575,465,517 *(Note 2)*		
Miss Jacqueline Wong	Beneficiary of the discretionary trusts	1,575,465,517 *(Note 2)*	1,575,465,517	57.04%
Mr. Kwok Wing-Sien (“Mr. Kwok”)	Interest of spouse	1,598,465,517 *(Note 3)*	1,598,465,517	57.88%
Allied Luck	Beneficial owner	855,808,725	855,808,725	30.99%
Ace Solomon	Beneficial owner	719,656,792 *(Note 4)*	719,656,792	26.06%
Aceyork	Interest in controlled corporation	719,656,792 *(Note 4)*	719,656,792	26.06%
Allied Golden	Interest in controlled corporation	719,656,792 *(Note 4)*	719,656,792	26.06%

Long position in the Company’s redeemable convertible preference shares (“PS”) *(Note 6)*

Name of substantial shareholder	Capacity	Total number of PS	Approximate % of shareholding of PS
Miss Jacqueline Wong	Interest in controlled corporation	68,400,000	100%

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Notes:

1. Mrs. Wong is deemed to be interested in these underlying Shares held by Mr. Wong, her spouse, for the purpose of the SFO.

2. These Shares were indirectly held by two discretionary trusts. The assets of these trusts included the entire issued share capital of Allied Luck (directly holding 855,808,725 Shares), Allied Golden and Aceyork (indirectly holding 719,656,792 Shares through Ace Solomon, a company which was equally owned by Allied Golden and Aceyork). The trustees of these trusts were Mr. Wong and Mrs. Wong and the beneficiaries of these trusts were Ms. Michelle Wong and Miss Jacqueline Wong and their children.

   In light of the above, each of Mrs. Wong and Miss Jacqueline Wong is deemed to be interested in these Shares.

3. Mr. Kwok is deemed to be interested in these Shares/underlying Shares held by Ms. Michelle Wong, his spouse, for the purpose of the SFO.

4. These Shares were held by Ace Solomon as described in Note 2 above. Allied Golden and Aceyork are taken to be interested in these Shares.

5. As at 30 September 2018, there was a total of 2,761,912,843 Shares in issue.

6. As at 30 September 2018, there was a total of 68,400,000 PS in issue.

Save as disclosed above, as at 30 September 2018, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions 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.

SHARE OPTION SCHEMES

On 31 August 2012, the Company terminated the old share option scheme (the "2002 Scheme") which was adopted on 18 September 2002, and adopted a new share option scheme (the "2012 Scheme") on the same date with similar terms for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. No further share options will be granted under the 2002 Scheme, but the provisions of the 2002 Scheme remain in full force and effect to the extent necessary to give effect to the exercise of the share options (to the extent not already exercised) granted prior to its termination.

Details of the movements of share options under the 2002 Scheme during the Period were as follows:

Grantee	**Date of grant**	**Exercise price** (HK$)	**Exercise period** *(Note 2)*	**Outstanding at 31/3/18**	**Lapsed during the Period**	**Outstanding at 30/9/18**
Directors						
Mr. Wong	13/10/2009	0.500	13/10/2012 – 12/10/2019	26,000,000	–	26,000,000
	1/2/2011	0.410	1/2/2014 – 31/1/2021	26,000,000	–	26,000,000
Mr. Ding	13/10/2009	0.500	13/10/2012 – 12/10/2019	26,000,000	–	26,000,000
	1/2/2011	0.410	1/2/2014 – 31/1/2021	26,000,000	–	26,000,000
Ms. Michelle Wong	1/2/2011	0.410	1/2/2014 – 31/1/2021	13,000,000	–	13,000,000
Mr. Ma	1/2/2011	0.410	1/2/2014 – 31/1/2021	1,500,000	–	1,500,000
Mr. Cheng	23/5/2008	0.692	23/5/2011 – 22/5/2018	1,600,000	(1,600,000)	–
	1/2/2011	0.410	1/2/2014 – 31/1/2021	2,600,000	–	2,600,000
Eligible employees	23/5/2008	0.692	23/5/2011 – 22/5/2018	3,000,000	(3,000,000)	–
(in aggregate)	13/3/2009	0.360	13/9/2011 – 12/3/2019	1,000,000	–	1,000,000
	13/3/2009	0.360	13/3/2012 – 12/3/2019	600,000	–	600,000
	1/2/2011	0.410	1/2/2014 – 31/1/2021	8,400,000	(300,000)	8,100,000
				135,700,000	(4,900,000)	130,800,000

SHARE OPTION SCHEMES (CONTINUED)

Details of the movements of share options under the 2012 Scheme during the Period were as follows:

Grantee	Date of grant	Exercise price (HK$)	Exercise period *(Note 2)*	Outstanding at 31/3/18	Lapsed during the Period	Outstanding at 30/9/18
Directors						
Mr. Wong	14/10/2014	0.360	14/10/2016 – 13/10/2024	26,000,000	–	26,000,000
	8/12/2016	0.272	8/12/2018 – 7/12/2026	25,000,000	–	25,000,000
Mr. Ding	14/10/2014	0.360	14/10/2016 – 13/10/2024	26,000,000	–	26,000,000
	8/12/2016	0.272	8/12/2018 – 7/12/2026	25,000,000	–	25,000,000
Ms. Michelle Wong	8/12/2016	0.272	8/12/2018 – 7/12/2026	10,000,000	–	10,000,000
Mr. Ng	28/6/2013	0.295	28/6/2015 – 27/6/2023	2,600,000	–	2,600,000
Eligible employees	28/6/2013	0.295	28/6/2015 – 27/6/2023	14,800,000	(500,000)	14,300,000
(in aggregate)	14/10/2014	0.360	14/10/2016 – 13/10/2024	39,000,000	(2,500,000)	36,500,000
	8/12/2016	0.272	8/12/2018 – 7/12/2026	13,600,000	(500,000)	13,100,000
				182,000,000	(3,500,000)	178,500,000

Notes:

1. During the Period, no share options were granted, exercised or cancelled under the 2002 Scheme and the 2012 Scheme; and

2. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

FORWARD-LOOKING STATEMENTS

This interim report contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of Directors of the Company regarding the industry and markets in which it operates. These forward looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.