



GLOBAL MASTERMIND  
環球大通

## GLOBAL MASTERMIND HOLDINGS LIMITED 環球大通集團有限公司\*

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 8063

# Third Quarterly Report 2018

\*For identification purposes only

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## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

Global Mastermind Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) recorded a loss attributable to owners of the Company of HK\$18,133,000 for the nine months ended 30 September 2018 (for the nine months ended 30 September 2017: HK\$29,147,000), representing basic loss per share of HK0.43 cent (for the nine months ended 30 September 2017: HK0.77 cent). The decrease in loss attributable to owners of the Company was mainly contributed by the decrease in staff costs and the decrease in impairment loss of intangible assets, during the nine months ended 30 September 2018.

#### Revenue and profitability

An analysis of the Group’s revenue for the nine months ended 30 September 2018 and 2017 was as follows:

	<b>For the nine months ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$’000</b>	HK\$’000
	<b>(Unaudited)</b>	(Unaudited)
Service income from provision of travel related services	<b>22,512</b>	23,949
Interest income from money lending business	<b>11,824</b>	10,519
Net realised gain on securities investment	<b>263</b>	1,219
Revenue derived from financial services business	<b>8,276</b>	12
	<b>42,875</b>	35,699

For the nine months ended 30 September 2018, the consolidated revenue of the Group amounted to HK\$42,875,000 (for the nine months ended 30 September 2017: HK\$35,699,000), comprised of (i) service income from provision of travel related services of HK\$22,512,000 (for the nine months ended 30 September 2017: HK\$23,949,000); (ii) interest income from money lending business of HK\$11,824,000 (for the nine months ended 30 September 2017: HK\$10,519,000); (iii) net realised gain on securities investment of HK\$263,000 (for the nine months ended 30 September 2017: HK\$1,219,000); and (iv) revenue derived from financial services business of HK\$8,276,000 (for the nine months ended 30 September 2017: HK\$12,000) (including commission income from securities brokerage; interest income from margin financing and initial public offering (“**IPO**”) financing; handling and settlement income arising from securities brokerage; and asset management fee income), representing an increase of approximately 20.1% as compared to the corresponding period of last year. The increase was mainly contributed by the financial services business which has commenced full operation since the third quarter of 2017.

The revenue arising from travel business in Singapore consists of agency commission and service income (both from customers and suppliers) generated from the provision of travel related services, including airtickets, hotel rooms, Free Independent Traveler (“**FIT**”) packages and ground transportation handling services.

Corporate customers are business travelers who require travel products and services for their travel purposes. Wholesale customers are usually travel services providers who purchase airtickets, hotel rooms, FIT packages and other travel related products. Meetings, Incentives, Conventions and Exhibitions (“**MICE**”) customers refer to customers who are mainly corporate customers, convention organisers and special projects organisers who require one stop professional MICE/special project/event management services.

The revenue arising from travel agency operation in Hong Kong consists of rendering travel agency services related to air ticketing and air/hotel packages.



For the nine months ended 30 September 2018, approximately 52.5% or HK\$22,512,000 (for the nine months ended 30 September 2017: HK\$23,949,000) of the total consolidated revenue was derived from the provision of travel related services of which HK\$21,845,000 (for the nine months ended 30 September 2017: HK\$22,157,000) and HK\$667,000 (for the nine months ended 30 September 2017: HK\$1,792,000) was generated from the market in Singapore and Hong Kong respectively.

The interest income revenue derived from the provision of money lending services amounted to HK\$11,824,000 for the nine months ended 30 September 2018 (for the nine months ended 30 September 2017: HK\$10,519,000), representing an increase of approximately 12.4% as compared to that of last corresponding period and approximately 27.6% of the total consolidated revenue for the nine months ended 30 September 2018.

For treasury management business, net realised gain of HK\$263,000 was generated from securities investment (for the nine months ended 30 September 2017: HK\$1,219,000), representing 0.6% of the total consolidated revenue for the nine months ended 30 September 2018.

For the financial services business, revenue of HK\$8,276,000 (for the nine months ended 30 September 2017: HK\$12,000), representing approximately 19.3% of the total consolidated revenue, was generated, including (i) commission income from securities brokerage of HK\$2,610,000 (for the nine months ended 30 September 2017: HK\$9,000); (ii) interest income from margin financing of HK\$1,880,000 (for the nine months ended 30 September 2017: HK\$3,000); (iii) interest income from IPO financing of HK\$12,000 (for the nine months ended 30 September 2017: nil); (iv) handling and settlement income arising from securities brokerage of HK\$3,598,000 (for the nine months ended 30 September 2017: nil); and (v) asset management fee income of HK\$176,000 (for the nine months ended 30 September 2017: nil), for the nine months ended 30 September 2018.

### **Other income, other gains and losses**

Other income, other gains and losses for the nine months ended 30 September 2018 amounted to HK\$3,352,000 representing a decrease of 55.7% as compared to HK\$7,568,000 for the corresponding period of last year. Such decrease was mainly attributed to the absence of incentive income from the Group's travel business in Singapore and the written off of property, plant and equipment, in the current period.

### **Expenditure**

For the reporting period, staff costs amounted to HK\$33,946,000 (for the nine months ended 30 September 2017: HK\$41,114,000). Depreciation and amortisation expenses amounted to HK\$5,031,000 (for the nine months ended 30 September 2017: HK\$6,704,000). Other expenses amounted to HK\$21,173,000 (for the nine months ended 30 September 2017: HK\$13,888,000).

The decrease in staff costs was mainly due to the absence of the provision of equity-settled share-based payment expenses in the current period. The increase in other expenses was mainly due to the increase in rental expenses and the administrative expenses of the financial services business which has commenced full operation since the third quarter of 2017. The decrease in depreciation and amortisation expenses was mainly resulting from the absence of amortisation of intangible assets in the current period.

### **Share of loss of a joint venture**

On 30 July 2013, the Group entered into an agreement with a venturer to form a joint venture which principally engages in the business of operating as tours and travel agents in Malaysia at a cash consideration of HK\$14 million and the transaction was completed on 31 August 2013. Since then, the Group has been entitled to receive a management fee which was equivalent to 90% of the profit before taxation of its Malaysia travel business.

During the three months ended 30 September 2018, the Group shared a profit of HK\$624,000 from the joint venture. Adding the loss of HK\$1,112,000 shared by the Group from the joint venture for the six months ended 30 June 2018, the Group shared a loss from the joint venture amounting to HK\$488,000 for the nine months ended 30 September 2018 (for the nine months ended 30 September 2017: HK\$67,000).

### **Impairment loss on intangible assets**

The management performs regular review on the carrying values of intangible assets of the acquired business to determine any potential impairment loss.

During the six months ended 30 June 2018, the management, with the assistance of an independent professional qualified valuer not connected with the Group, reviewed the carrying amounts of the intangible assets, which were purchased as part of the acquisition of Safe2Travel Pte Ltd completed on 30 March 2011 and was recognised as their fair value at the date of acquisition, were higher than the respective recoverable amounts. An impairment loss of HK\$2,000,000 (for the six months ended 30 June 2017: HK\$10,000,000) was recognised in profit or loss during the period.

During the three months ended 30 September 2018 and 2017, the management further reviewed the carrying amounts of the intangible assets, as compared with the impairment test conducted in the second quarter of the corresponding years, which were lower than the respective recoverable amounts. No further impairment loss was identified on the intangible assets during both periods.

### **Finance costs**

The finance costs of HK\$621,000 (for the nine months ended 30 September 2017: HK\$499,000) was attributed to the interest on short term bank borrowings during the reporting period.

## BUSINESS REVIEW

### Travel business

During the period under review, the performance of the segment in travel business was still not satisfactory. The Group's travel business in Singapore recorded a slight decrease in revenue to HK\$21,845,000 for the nine months ended 30 September 2018 (for the nine months ended 30 September 2017: HK\$22,157,000). The Group's travel business in Hong Kong recorded a significant decrease in revenue to HK\$667,000 for the nine months ended 30 September 2018 (for the nine months ended 30 September 2017: HK\$1,792,000). The overall revenue in this segment decreased to HK\$22,512,000 for nine months ended 30 September 2018 (for the nine months ended 30 September 2017: HK\$23,949,000), representing a decrease of 6.0% as compared to last corresponding period.

### Money lending business

During the reporting period, the Group's money lending business generated interest income on loans of HK\$11,824,000 (for the nine months ended 30 September 2017: HK\$10,519,000). The increase was contributed by the increase in average interest rate charged to the customers during the reporting period. During the period under review, the Group granted new loans in the aggregate principal amount of HK\$75,000,000 (for the nine months ended 30 September 2017: HK\$122,126,000) to its customers and received prepayment and repayment of HK\$54,186,000 (for the nine months ended 30 September 2017: HK\$96,803,000) from its customers. The average monthly balance of loan receivables (excluded accrued interest receivables) amounted to HK\$149,042,000 (for the nine months ended 30 September 2017: HK\$152,633,000) in the nine months ended 30 September 2018. At the end of the reporting period, the directors assessed the collectability of loans receivables. As there was no objective evidence, including both historical experience and forward-looking information, that the Group would not be able to collect all amounts due, no impairment loss on loans receivables was recognised.





## Treasury management business

During the period under review, the Group acquired Hong Kong equities and Shenzhen A-Share with the aggregate market value of HK\$62,827,000 and RMB4,867,000 (equivalent to HK\$5,911,000) respectively. For the corresponding period of last year, the Group acquired Hong Kong equities with the aggregate market value of HK\$11,578,000. In addition, the Group disposed Hong Kong equities with market value of HK\$33,000,000 (for the nine months ended 30 September 2017: HK\$31,710,000) with financial assets at fair value through profit or loss plus transaction costs of HK\$32,967,000 (for the nine months ended 30 September 2017: HK\$30,689,000). Adding the dividend income from securities investment of HK\$230,000 (for the nine months ended 30 September 2017: HK\$198,000), the Group's trading of financial assets at fair value through profit or loss recorded a net realised gain of HK\$263,000 (for the nine months ended 30 September 2017: HK\$1,219,000). At 30 September 2018, the Group remeasured its equity portfolio at market prices and recorded an unrealised gain of HK\$25,000 (for the nine months ended 30 September 2017: an unrealised loss of HK\$452,000) arising on change in fair value of financial assets at fair value through profit or loss.

## Financial services business

The financial services business has commenced full operation since the third quarter of 2017. During the period under review, the revenue generated from the financial services business was HK\$8,276,000 (for the nine months ended 30 September 2017: HK\$12,000), including commission income from securities brokerage of HK\$2,610,000 (for the nine months ended 30 September 2017: HK\$9,000); interest income from margin financing and IPO financing of HK\$1,880,000 (for the nine months ended 30 September 2017: HK\$3,000) and HK\$12,000 (for the nine months ended 30 September 2017: nil) respectively; handling and settlement income arising from securities business of HK\$3,598,000 (for the nine months ended 30 September 2017: nil); and asset management fee income of HK\$176,000 (for the nine months ended 30 September 2017: nil).

On 12 July 2018, Global Mastermind Securities Limited, an indirect wholly-owned subsidiary of the Company, had lodged an application to the Securities and Futures Commission for the licence to carry on Type 6 (Advising on corporate finance) regulated activity (the “**Advising on Corporate Finance Business**”) under the Securities and Futures Ordinance.

## OUTLOOK

In the coming quarters, the travel business environment is continuing to be challenging. The Group's profitability in travel business in Singapore is facing pressure from the rising costs of operations and stiff price driven competition, while the travel business in Hong Kong is facing intense competition with other providers of hotel accommodations and airline tickets, and online travel reservation services. Our management team will cautiously monitor the market, adopt appropriate measures and business strategies in response to changing market conditions.

The economic outlook for the rest of 2018 remains uncertain, the Hong Kong securities markets are expected to be volatile. The Group will adopt a conservative investment approach towards its treasury management business in the coming quarters. The management will cautiously monitor Hong Kong equity, change the Group's equity portfolio mix from time to time and realise the equities held by the Group into cash as and when appropriate.

For the money lending business, the Group expects that more resources will be allocated to develop such business. The management has adopted a more cautious approach during its assessment and approval of new loans in order to mitigate its credit risk.

The Group will continue to develop the financial services business by exerting more marketing efforts and allocating more resources to promote our services to the customers, in order to increase and broaden the income stream in the future. The application for the Advising on Corporate Finance Business would create enhanced value and synergy to the Group by providing more comprehensive services to the customers.

## **EVENTS AFTER THE REPORTING PERIOD**

On 29 October 2018, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with Heng Tai Finance Limited (the “**Subscriber**”), a subsidiary of Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange under stock code: 197. Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe, and the Company has conditionally agreed to issue the convertible bonds in the principal amount of HK\$80,000,000 (the “**Convertible Bonds**”). The Convertible Bonds is unsecured and bears coupon rate of 8% per annum. The Convertible Bonds can be converted into shares of the Company of an initial conversion price of HK\$0.115 per conversion share, subject to adjustment, during its conversion period for a period of 24 months from the issue date of the Convertible Bonds. Upon exercise of the conversion rights attached to the Convertible Bonds in full, the holder of the Convertible Bonds is entitled to convert up to 695,652,173 shares of the Company. The conversion shares will be allotted and issued pursuant to the general mandate granted to the director pursuant to an ordinary resolution passed by shareholders of the Company at the annual general meeting of the Company held on 7 June 2018. Details of the transaction have been set out in the Company’s announcement dated 29 October 2018. As at the date of this report, the transaction has not yet been completed.

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

	NOTES	Three months ended		Nine months ended	
		30 September		30 September	
		2018	2017	2018	2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Service income from provision of					
travel related services		6,900	7,829	22,512	23,949
Interest income from					
money lending business	3	4,413	3,356	11,824	10,519
Commission income from					
securities brokerage	4	876	9	2,610	9
Interest income from margin financing	4	1,212	3	1,880	3
Interest income from initial public					
offering financing		1	-	12	-
Handling and settlement income arising					
from securities brokerage		1,233	-	3,598	-
Asset management fee income		112	-	176	-
Net realised gain on					
securities investment	5	71	64	263	1,219
Net unrealised gain (loss) on					
securities investment	5	9,908	473	25	(452)
Other income, other gains and losses	6	1,206	3,865	3,352	7,568
Staff costs		(10,882)	(16,415)	(33,946)	(41,114)
Depreciation and amortisation expenses		(1,624)	(1,752)	(5,031)	(6,704)
Other expenses		(7,880)	(5,464)	(21,173)	(13,888)
Impairment loss on intangible assets	7	-	-	(2,000)	(10,000)
Finance costs	8	(212)	(193)	(621)	(499)
Share of profit (loss) of a joint venture		624	(86)	(488)	(67)
Profit (loss) before tax		5,958	(8,311)	(17,007)	(29,457)
Income tax (expense) credit	9	(437)	(552)	(1,126)	310
<b>Profit (loss) for the period</b>		<b>5,521</b>	<b>(8,863)</b>	<b>(18,133)</b>	<b>(29,147)</b>

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Other comprehensive (expense) income for the period</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operation	(1,501)	2,433	(2,705)	10,981
Share of exchange difference of a joint venture	350	237	(284)	900
Other comprehensive (expense) income for the period	(1,151)	2,670	(2,989)	11,881
<b>Total comprehensive income (expense) for the period</b>	<b>4,370</b>	<b>(6,193)</b>	<b>(21,122)</b>	<b>(17,266)</b>
<b>Profit (loss) for the period attributable to owners of the Company</b>	<b>5,521</b>	<b>(8,863)</b>	<b>(18,133)</b>	<b>(29,147)</b>
<b>Total comprehensive income (expense) attributable to owners of the Company</b>	<b>4,370</b>	<b>(6,193)</b>	<b>(21,122)</b>	<b>(17,266)</b>
<b>Earnings (loss) per share (HK cents) Basic and diluted</b>	<b>0.13</b>	<b>(0.21)</b>	<b>(0.43)</b>	<b>(0.77)</b>

NOTE

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## NOTES TO THE QUARTERLY FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2018

### 1. BASIS OF PREPARATION

The quarterly financial information has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited. The quarterly financial information does not include all the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2017 (the “**2017 Financial Statements**”).

The principal accounting policies applied in preparing this quarterly financial information are set out in note 3 to the 2017 Financial Statements.

### 2. PRINCIPAL ACCOUNTING POLICIES

The amounts included in this quarterly financial information have been computed based on the accounting policies adopted by the Group which are in accordance with HKFRSs issued by the HKICPA applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs.

The quarterly financial information has been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the quarterly financial information for the nine months ended 30 September 2018 are consistent with those followed in the preparation of the 2017 Financial Statements, except as described below.

**2. PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

In the current period for the nine months ended 30 September 2018, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 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 in interim report for the six months ended 30 June 2018.

**3. INTEREST INCOME FROM MONEY LENDING BUSINESS**

During the nine months ended 30 September 2018, the Group generated income of HK\$11,824,000 (for the nine months ended 30 September 2017: HK\$10,519,000) from money lending business.

**4. BROKERAGE COMMISSION AND INTEREST INCOME FROM MARGIN FINANCING**

During the nine months ended 30 September 2018, the Group generated brokerage commission income of HK\$2,610,000 (for the nine months ended 30 September 2017: HK\$9,000) and interest income from margin financing of HK\$1,880,000 (for the nine months ended 30 September 2017: HK\$3,000).

## 5. NET GAIN ON SECURITIES INVESTMENT

Net realised gain or loss on securities investment represents the proceed from sale of financial assets at fair value through profit or loss less the carrying amount of respective financial assets measured at fair value at the end of last financial year, and the dividend income recognised when the Group's right to receive the dividends is established. Net unrealised gain or loss represents the remaining fair value changes on the financial assets at fair value through profit or loss.

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Net realised gain on financial assets at fair value through profit or loss:				
Proceeds from sale of financial assets at fair value through profit or loss	12,627	-	33,000	31,710
Carrying amount of financial assets at fair value through profit or loss plus transaction costs	(12,639)	-	(32,967)	(30,689)
	(12)	-	33	1,021
Dividend income from securities investment	83	64	230	198
	71	64	263	1,219
Net unrealised gain (loss) on financial assets at fair value through profit or loss	9,908	473	25	(452)
Net gain on financial assets at fair value through profit or loss	9,979	537	288	767

## 6. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Management and administrative income	968	1,030	3,043	3,214
Commercial credit card rebate	68	131	358	406
Net exchange (loss) gain	(8)	149	344	292
Employment credits from government grants	51	102	232	171
Bank interest income	58	58	119	117
Miscellaneous income	69	33	101	34
Written off of property, plant and equipment	-	-	(845)	-
Incentive income	-	2,362	-	3,334
	<b>1,206</b>	<b>3,865</b>	<b>3,352</b>	<b>7,568</b>

## 7. IMPAIRMENT LOSS ON INTANGIBLE ASSETS

For the impairment testing, trade name is allocated to the Group's cash generating units ("CGUs") identified according to business segment which is the travel business segment.

As of 30 June 2018, the management carried out the impairment assessment on the recoverable amount of the travel business's CGUs that was based on its value in use and was determined with the assistance of Ascent Partners Valuation Service Limited, an independent professional qualified valuer not connected with the Group. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and at a discount rate of 15.94% (30 June 2017: 16.01%). Cash flows after the five-year period were extrapolated using a steady terminal growth rate of 2.28% (30 June 2017: 1.75%) in considering the economic condition of the market. Other key assumptions for the value in use calculations relate to the estimation of cash inflows which include budgeted sales and gross margin. Such estimation is based on the unit's past performance and management's expectations for the market development including the fluctuation in the travel business in the current economic environment. Both actual sales and profit generated from the travel business segment in Singapore had fallen below expectations, and therefore the management had revised the cash flow projections. In this regard, the management reviewed the current and expected performance of the travel business which indicated that the carrying amounts of the CGUs were above the respective recoverable amounts. On this basis, the directors of the Company concluded that an impairment loss of HK\$2,000,000 (for the six months ended 30 June 2017: HK\$10,000,000) was recognised in profit or loss in relation to trade name (for the six months ended 30 June 2017: trade name).

**7. IMPAIRMENT LOSS ON INTANGIBLE ASSETS** (Continued)

As of 30 September 2018 and 2017, the management of the Group further reviewed the current and expected performance of the travel business and assessed whether there existed any indication that there was further impairment loss or reversal of impairment loss to be recognised and concluded that there was no indication of material impairment loss or reversal of impairment loss on the intangible assets in the three months ended 30 September 2018.

**8. FINANCE COSTS**

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Interest on short term bank borrowings	212	-	621	54
Interest on bank overdrafts	-	193	-	445
	<b>212</b>	<b>193</b>	<b>621</b>	<b>499</b>

**9. INCOME TAX (EXPENSE) CREDIT**

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
The tax (expense) credit comprises:				
Hong Kong Profits Tax				
– current period	(437)	(552)	(1,466)	(1,732)
Deferred taxation				
– current period	-	-	340	2,042
	<b>(437)</b>	<b>(552)</b>	<b>(1,126)</b>	<b>310</b>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Singapore Corporate Income Tax is calculated at 17% in accordance with the relevant laws and regulations in Singapore for both periods. No provision for Singapore Corporate Income Tax has been made as the subsidiary operating in Singapore had no assessable profit for both periods.



## 10. EARNINGS (LOSS) PER SHARE

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

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
<b>Earnings (loss)</b>				
Earnings (loss) for the purposes of basic earnings (loss) per share				
– Earnings (loss) for the period attributable to owners of the Company	<b>5,521</b>	(8,863)	<b>(18,133)</b>	(29,147)

### Number of shares

Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share

	Three months ended 30 September		Nine months ended 30 September	
	2018 '000 (Unaudited)	2017 '000 (Unaudited)	2018 '000 (Unaudited)	2017 '000 (Unaudited)
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	<b>4,262,867</b>	4,247,423	<b>4,262,867</b>	3,786,631

The computation of diluted loss per share for the nine months ended 30 September 2018 and 2017, and for the three months ended 30 September 2017, does not assume the exercise of the Company's outstanding share options since their assumed exercise would result in a decrease in loss per share.

The computation of diluted earnings per share for the three months ended 30 September 2018 does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of the Company's shares during the period.

## 11. INTERIM DIVIDEND

No dividend was paid, declared or proposed during the nine months ended 30 September 2018 and 2017, nor has any dividend been proposed since the end of both reporting periods.

## 12. SHARE CAPITAL, SHARE PREMIUM AND RESERVES

	Attributable to owners of the Company						Total HK\$'000
	Share capital	Share premium	Capital reserve	Share options reserve	Exchange reserve	Accumulated losses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2018 (audited)	42,629	920,537	32,589	10,840	(17,353)	(321,166)	668,056
Loss for the period	-	-	-	-	-	(18,133)	(18,133)
Exchange difference arising in translation of foreign operation	-	-	-	-	(2,705)	-	(2,705)
Share of exchange difference of a joint venture	-	-	-	-	(284)	-	(284)
Total comprehensive expense for the period	-	-	-	-	(2,989)	(18,133)	(21,122)
Lapse of equity-settled share-based payments (note 13)	-	-	-	(10,840)	-	10,840	-
At 30 September 2018 (unaudited)	42,629	920,537	32,589	-	(20,342)	(328,479)	646,934
At 1 January 2017 (audited)	35,524	859,253	32,589	-	(32,258)	(292,737)	602,371
Loss for the period	-	-	-	-	-	(29,147)	(29,147)
Exchange difference arising in translation of foreign operation	-	-	-	-	10,981	-	10,981
Share of exchange difference of a joint venture	-	-	-	-	900	-	900
Total comprehensive income (expense) for the period	-	-	-	-	11,881	(29,147)	(17,266)
Issue of ordinary shares (Note a)	7,105	63,940	-	-	-	-	71,045
Transaction costs attributable to issue of ordinary shares	-	(2,656)	-	-	-	-	(2,656)
Recognition of equity-settled share-based payments (note 13)	-	-	-	10,840	-	-	10,840
At 30 September 2017 (unaudited)	42,629	920,537	32,589	10,840	(20,377)	(321,884)	664,334

*Note:*

- (a) On 3 July 2017, the Company completed a placing of 710,450,000 ordinary shares at the price of HK\$0.10 per share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing after deducting the placing commission and other expenses in connection with the placing are approximately HK\$68.4 million. Details of the placing were set out in the Company's announcements dated 13 June 2017 and 3 July 2017.

### 13. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted an old share option scheme and terminated it pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2011, and the Company adopted a new share options scheme (the “**2011 Scheme**”) at the same meeting. The purpose of both share option schemes is to enable the Board, at its discretion, to grant options to any eligible participants who include directors and employees as incentives or rewards for their contribution to the Group. Under both schemes, the directors of the Company may grant options to eligible participants, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Under the 2011 Scheme, a share option may be exercised in accordance with the terms of the scheme prior to the expiry of ten years from the date of acceptance.

As at 30 September 2017, the number of share options in respect of which options had been granted and remained outstanding under the 2011 Scheme was 468,600,000 which included 213,000,000 granted on 12 May 2017 and 255,600,000 granted on 5 September 2017, representing 6% and 6% of the shares of the Company in issue at the respective dates of grant. The above share options were vested immediately at the date of grant.

During the nine months ended 30 September 2018, the above outstanding share options were expired and lapsed. No share option had been exercised before the expiry date and no share option was granted during the period.

Details of specific categories of options are as follows:

Date of grant	Vesting date	Exercise period	Exercise price
12 May 2017	12 May 2017	12 May 2017 to 11 May 2018	HK\$0.114
5 September 2017	5 September 2017	5 September 2017 to 4 September 2018	HK\$0.136

**13. SHARE-BASED PAYMENT TRANSACTIONS** (Continued)

The following table discloses movements of the number of the Company's share options held by the eligible participants during the period:

	Outstanding at 1 January 2018	Lapsed during the period	Outstanding at 30 September 2018
<b>Category of participants</b>			
Director	42,600,000	(42,600,000)	-
Employees	426,000,000	(426,000,000)	-
At end of the reporting period	<u>468,600,000</u>	<u>(468,600,000)</u>	<u>-</u>
Exercisable at the end of the period			<u>-</u>
Weighted average exercise price (HK\$)	<u>0.126</u>	<u>0.126</u>	<u>N/A</u>

	Outstanding at 1 January 2017	Granted on 12 May 2017	Granted on 5 September 2017	Outstanding at 30 September 2017
<b>Category of participants</b>				
Director	-	35,500,000	7,100,000	42,600,000
Employees	-	177,500,000	248,500,000	426,000,000
At end of the reporting period	<u>-</u>	<u>213,000,000</u>	<u>255,600,000</u>	<u>468,600,000</u>
Exercisable at the end of the period				<u>468,600,000</u>
Weighted average exercise price (HK\$)	<u>N/A</u>	<u>0.114</u>	<u>0.136</u>	<u>0.126</u>

For the nine months ended 30 September 2017, the Group recognised the total expense of HK\$10,840,000, included in the staff costs, in relation to share options granted by the Company. There was no such expense recognised in the nine months ended 30 September 2018.

## 14. RELATED PARTY TRANSACTIONS

### (a) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Short-term employee benefits	1,350	195	2,510	585
Post-employment benefits	14	8	34	23
Equity-settled share-based payment expenses	-	197	-	903
	<b>1,364</b>	<b>400</b>	<b>2,544</b>	<b>1,511</b>

The remuneration of directors and key executives is determined by the remuneration committee having regards to the performance of individuals and market trends.

### (b) During the period, the Group entered into the following transactions with related parties:

Relationship	Nature of transaction	Three months ended 30 September		Nine months ended 30 September	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Related companies <i>(Note)</i>	Management and administrative income	968	1,030	3,043	3,214
	Secretarial fee and other office expenses	34	-	101	-

*Note:* Mr. Mung Hon Ting, Jackie, a close family member of Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan, both of them are directors of the Company, and Mr. Mung Kin Keung have beneficial interests in the related companies.



## 15. EVENT AFTER THE REPORTING PERIOD

On 29 October 2018, the Company entered into a subscription agreement with an independent third party (the “**Subscriber**”), pursuant to which the Subscriber has conditionally agreed to subscribe, and the Company has conditionally agreed to issue convertible bonds (the “**Convertible Bonds**”) with the principal amount of HK\$80,000,000.

The Convertible Bonds will bear coupon interest at 8% per annum, payable annually in arrears, and with maturity period of two years. Unless previously converted or cancelled as provided under the terms of the Convertible Bonds, the Convertible Bonds will be redeemed at 100% of the principal amount outstanding on the maturity date. Up to the date of this report, the issuance of the Convertible Bonds is yet to be completed.

The estimated net proceeds from the issue of the Convertible Bonds (after deducting all related expenses), are estimated to be approximately HK\$79.5 million, of which (i) HK\$60.0 million is intended to be used for financing the Group’s money lending business; (ii) HK\$2.3 million is for increase the paid-up share capital of Global Mastermind Asset Management Limited, which is a licensed corporation to carry on Type 9 (asset management) regulated activity under the Securities and Futures Ordinance; and (iii) HK\$17.2 million is for general working capital purposes and/or securities margin financing business. Details of the issuance of the Convertible Bonds are set out in the Company’s announcement dated 29 October 2018.

## OTHER INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2018, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or any associated corporations, within the meaning of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

## Long positions

## (a) Ordinary shares of HK\$0.01 each of the Company

Name of Director	Capacity	Number of issued ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company (Note 2)
Mr. Mung Kin Keung (Note 1)	Interest of controlled corporation	532,000,000	12.48%
Mr. Mung Bun Man, Alan (Note 1)	Interest of controlled corporation	532,000,000	12.48%
Mr. Tse Ke Li	Beneficial owner	1,150,000	0.03%

## Notes:

- These shares were registered in the name of and were beneficially owned by Excellent Mind Investments Limited ("**Excellent Mind**"), a company is owned as to 60% by Mr. Mung Kin Keung and 40% by Mr. Mung Bun Man, Alan, both of them are executive Directors. Therefore, they are deemed to be interested in all the shares in which Excellent Mind is interested by virtue of the SFO.
- The percentage is calculated on the basis of 4,262,867,050 shares in issued as at 30 September 2018.

Save as disclosed above, none of the Directors and chief executives of the Company nor their associates had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules as at 30 September 2018.

## SHARE OPTION SCHEME

Pursuant to a special resolution passed at the annual general meeting held on 19 May 2011, a new share option scheme (“**Option Scheme**”) was adopted for the purpose of providing incentive to eligible participants who contribute to the success of the Group’s operation. Unless otherwise cancelled or amended, the expiry date of the Option Scheme will be on 18 May 2021. Details of movements in the Company’s share options during the nine months ended 30 September 2018 are set out as follows:

	Share options type (Note)	Number of share options				Outstanding at 30 September 2018
		Outstanding at 1 January 2018	Granted during the period	Exercised during the period	Lapsed during the period	
Directors and chief executives						
– Mr. Cheung Kwok Wai, Elton	2017A	35,500,000	–	–	(35,500,000)	–
	2017B	7,100,000	–	–	(7,100,000)	–
Total directors and chief executives		42,600,000	–	–	(42,600,000)	–
Senior management and employees	2017A	177,500,000	–	–	(177,500,000)	–
	2017B	248,500,000	–	–	(248,500,000)	–
Total senior management and employees		426,000,000	–	–	(426,000,000)	–
Total		468,600,000	–	–	(468,600,000)	–
Exercisable at the end of the period						–

Note:

Share options type	Date of grant	Exercise period	Exercise price
2017A	12 May 2017	12 May 2017 to 11 May 2018	HK\$0.114
2017B	5 September 2017	5 September 2017 to 4 September 2018	HK\$0.136

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 30 September 2018, the register of substantial shareholders/other persons maintained by the Company pursuant to section 336 of the SFO showed that the following shareholders, other than a Director or chief executive of the Company, had notified the Company of relevant interests in the issued share capital of the Company:

### Long positions in ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares of the Company held	Approximate percentage of the issued ordinary share capital of the Company <i>(Note 3)</i>
Eternity Investment Limited <i>(Note 1)</i>	Held by controlled corporation	1,237,750,000	29.04%
Excellent Mind Investments Limited <i>(Note 2)</i>	Beneficial owner	532,000,000	12.48%

#### Notes:

1. Eternity Investment Limited ("**Eternity Investment**"), a company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (Stock Code: 764). Eternity Finance Group Limited, a wholly-owned subsidiary of Eternity Investment, is interested in 1,237,750,000 shares in the Company. Eternity Investment is deemed to be interested in such 1,237,750,000 shares by virtue of the SFO.
2. These shares are held by Excellent Mind Investments Limited ("**Excellent Mind**"), which is owned as to 60% by Mr. Mung Kin Keung and 40% by Mr. Mung Bun Man, Alan, both of them are executive Directors, who are deemed to be interested in all the shares in which Excellent Mind is interested by virtue of the SFO.
3. The percentage is calculated on the basis of 4,262,867,050 shares in issue as at 30 September 2018.

Save as disclosed above, as at 30 September 2018, the Directors were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company under Section 336 of the SFO.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) currently comprises three independent non-executive Directors, namely Mr. Law Kwok Ho, Kenward (as chairman), Mr. Tsai Yung Chieh, David and Mr. Fung Wai Ching, with written terms of reference in compliance with the GEM Listing Rules.

## **REVIEW OF QUARTERLY FINANCIAL INFORMATION**

The quarterly financial information of the Group for the nine months ended 30 September 2018 has not been audited. The Audit Committee has reviewed with management team the quarterly financial information and the quarterly report of the Group, the accounting principles and practices adopted by the Group, and other financial reporting matters for the nine months ended 30 September 2018. The Audit Committee was satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

## **COMPETING INTERESTS**

Mr. Cheung Kwok Wai, Elton, the Chairman and executive Director, has an indirect interest in approximately 15.39% of the issued and underlying shares of and is an executive director of Eternity Investment engaging in sale of financial assets, property investment, money lending, design and sale of jewelry products, which competes with the Group’s money lending business.

Saved for the disclosed above, during the period under review, neither the Directors, the management shareholders of the Company nor their respective associates (as defined under the GEM Listing Rules) had any interests in a business which competes or may compete with the business of the Group.



## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings regarding securities transactions by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. All the Directors have confirmed that they have complied with the required standard as set out in the GEM Listing Rules for the nine months ended 30 September 2018.

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

The Company has not redeemed any of its shares during the nine months ended 30 September 2018.

Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the period under review.

On behalf of the Board

### **Cheung Kwok Wai, Elton**

*Chairman and Executive Director*

Hong Kong, 12 November 2018

*As at the date of this report, the Board comprises Mr. Cheung Kwok Wai, Elton, Mr. Mung Kin Keung, Mr. Mung Bun Man, Alan and Mr. Tse Ke Li as executive Directors, and Mr. Law Kwok Ho, Kenward, Mr. Tsai Yung Chieh, David and Mr. Fung Wai Ching as independent non-executive Directors.*