

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

INTERIM REPORT 2018

*For identification purposes only



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Global Mastermind Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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\$23,654,000 for the six months ended 30 June 2018 (for the six months ended 30 June 2017: HK\$20,284,000), representing basic loss per share of HK0.55 cent (for the six months ended 30 June 2017: HK0.57 cent). The increase in loss attributable to owners of the Company was mainly attributed to (i) the increase in administrative expenses of the financial services business which commenced full operation in the third quarter of 2017; (ii) increase in net unrealised loss on securities investment in the current period; and (iii) the share of loss of a joint venture during the six months ended 30 June 2018.

Revenue and profitability

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

	For the six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Service income from provision of travel related services	15,612	16,120
Interest income from money lending business	7,411	7,163
Net realised gain on securities investment	192	1,155
Revenue derived from financial services business	4,842	–
	28,057	24,438



For the six months ended 30 June 2018, the consolidated revenue of the Group amounted to HK\$28,057,000 (for the six months ended 30 June 2017: HK\$24,438,000), comprised of (i) service income from provision of travel related services of HK\$15,612,000 (for the six months ended 30 June 2017: HK\$16,120,000); (ii) interest income from money lending business of HK\$7,411,000 (for the six months ended 30 June 2017: HK\$7,163,000); (iii) net realised gain on securities investment of HK\$192,000 (for the six months ended 30 June 2017: net realised gain of HK\$1,155,000); and (iv) revenue derived from financial services business of HK\$4,842,000 (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) (for the six months ended 30 June 2017: Nil), representing an increase of approximately 14.8% as compared to the corresponding period of last year. The increase was mainly contributed by the financial services business which commenced full operation in 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 organizers and special projects organizers 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 six months ended 30 June 2018, approximately 55.6% or HK\$15,612,000 (for the six months ended 30 June 2017: HK\$16,120,000) of the total revenue was derived from the provision of travel related services of which HK\$15,152,000 (for the six months ended 30 June 2017: HK\$14,800,000) and HK\$460,000 (for the six months ended 30 June 2017: HK\$1,320,000) 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\$7,411,000 for the six months ended 30 June 2018 (for the six months ended 30 June 2017: HK\$7,163,000), representing an increase of approximately 3.5% as compared to that of last corresponding period and approximately 26.4% of the total revenue for the six months ended 30 June 2018.

For treasury management business, net realised gain of HK\$192,000 was generated from securities investment (for the six months ended 30 June 2017: net realised gain of HK\$1,155,000), representing 0.7% of the total revenue for the six months ended 30 June 2018.

For the financial services business, revenue of HK\$4,842,000, representing approximately 17.3% of the total revenue, was generated, including (i) commission income from securities brokerage of HK\$1,734,000; (ii) interest income from margin financing of HK\$668,000; (iii) interest income from IPO financing of HK\$11,000; (iv) handling and settlement income arising from securities brokerage of HK\$2,365,000; and (v) asset management fee income of HK\$64,000, for the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil).



Other income, other gains and losses

Other income, other gains and losses for the six months ended 30 June 2018 amounted to HK\$2,146,000 representing a decrease of 42.0% as compared to HK\$3,703,000 for the corresponding period of last year. Such decrease was mainly attributed to the absence of incentives income from the Group's travel business in Singapore in the current period and written off of property, plant and equipment.

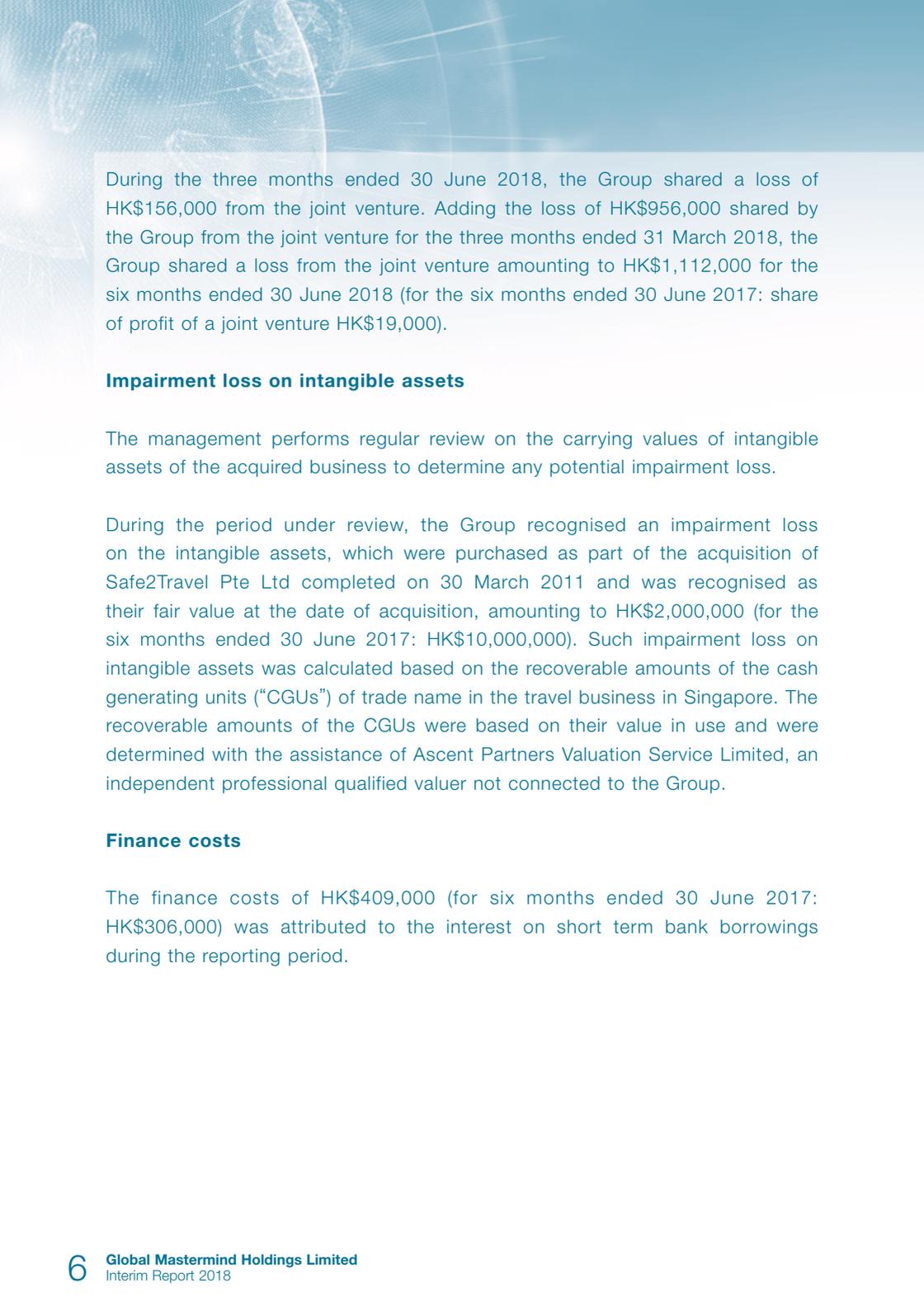
Expenditure

For the reporting period, staff costs amounted to HK\$23,064,000 (for the six months ended 30 June 2017: HK\$24,699,000). Depreciation and amortisation expenses amounted to HK\$3,407,000 (for the six months ended 30 June 2017: HK\$4,952,000). Other expenses amounted to HK\$13,293,000 (for the six months ended 30 June 2017: HK\$8,424,000).

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 commenced full operation in 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 June 2018, the Group shared a loss of HK\$156,000 from the joint venture. Adding the loss of HK\$956,000 shared by the Group from the joint venture for the three months ended 31 March 2018, the Group shared a loss from the joint venture amounting to HK\$1,112,000 for the six months ended 30 June 2018 (for the six months ended 30 June 2017: share of profit of a joint venture HK\$19,000).

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 period under review, the Group recognised an impairment loss on 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, amounting to HK\$2,000,000 (for the six months ended 30 June 2017: HK\$10,000,000). Such impairment loss on intangible assets was calculated based on the recoverable amounts of the cash generating units (“CGUs”) of trade name in the travel business in Singapore. The recoverable amounts of the CGUs were based on their value in use and were determined with the assistance of Ascent Partners Valuation Service Limited, an independent professional qualified valuer not connected to the Group.

Finance costs

The finance costs of HK\$409,000 (for six months ended 30 June 2017: HK\$306,000) 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. Although the Group's travel business in Singapore recorded a slight increase in revenue to HK\$15,152,000 for the six months ended 30 June 2018 (for the six months ended 30 June 2017: HK\$14,800,000), the Group's travel business in Hong Kong recorded a decrease in revenue to HK\$460,000 for the six months ended 30 June 2018 (for the six months ended 30 June 2017: HK\$1,320,000), which led to a fall in the overall revenue in this segment to HK\$15,612,000 for the six months ended 30 June 2018 (for the six months ended 30 June 2017: HK\$16,120,000), representing a decrease of 3.2% 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\$7,411,000 (for the six months ended 30 June 2017: HK\$7,163,000). The increase was contributed by more loans granted to customers compared to last corresponding period. During the period under review, the Group granted new loans in the aggregate principal amount of HK\$75,000,000 (for the six months ended 30 June 2017: HK\$64,126,000) to its customers and received prepayment and repayment of HK\$33,953,000 (for the six months ended 30 June 2017: HK\$34,450,000) from its customers. The average monthly balance of loan receivables (excluding accrued interest receivables) decreased from HK\$160,668,000 for the six months ended 30 June 2017 to HK\$147,046,000 for the six months ended 30 June 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. As at 30 June 2018, the Group's loans receivables together with accrued interest receivables amounted to HK\$177,286,000 (as at 30 June 2017: HK\$160,127,000). Return on loans receivables (excluding accrued interest receivables) for the six months ended 30 June 2018 is 5.0% (for the six months ended 30 June 2017: 4.5%).

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\$60,374,000 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\$20,373,000 (for the six months ended 30 June 2017: HK\$31,710,000) with a carrying amount of financial assets at fair value through profit or loss plus transaction costs of HK\$20,328,000 (for the six months ended 30 June 2017: HK\$30,689,000). Adding the dividend income from securities investment of HK\$147,000 (for the six months ended 30 June 2017: HK\$134,000), the Group's trading of financial assets at fair value through profit or loss recorded a net realised gain of HK\$192,000 (for the six months ended 30 June 2017: a net realised gain of HK\$1,155,000). At 30 June 2018, the Group remeasured its equity portfolio at market prices and recorded an unrealised loss of HK\$9,883,000 (for the six months ended 30 June 2017: an unrealised loss of HK\$925,000) arising on change in fair value of financial assets at fair value through profit or loss.

Financial services business

During the period under review, the revenue generated from the financial services business was HK\$4,842,000 (for the six months ended 30 June 2017: Nil), including commission income from securities brokerage of HK\$1,734,000; interest income from margin financing and IPO financing of HK\$668,000 and HK\$11,000 respectively; handling and settlement income arising from securities business of HK\$2,365,000; and asset management fee income of HK\$64,000.



LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained sufficient working capital during the period. As at 30 June 2018, the working capital, calculated by current assets less current liabilities, of the Group was of HK\$438,939,000 compared to HK\$511,996,000 as at 31 December 2017.

As at 30 June 2018, the Group's current ratio was 4.3 times (as at 31 December 2017: 9.0 times), calculated by current assets of HK\$572,111,000 (as at 31 December 2017: HK\$575,782,000) divided by current liabilities of HK\$133,172,000 (as at 31 December 2017: HK\$63,786,000).

As at 30 June 2018, the Group's gearing ratio, expressed as percentage of total borrowings of the Group to total equity attributable to owners of the Company, was 2.3%, as compared with 1.4% as at 31 December 2017.

During the period under review, net cash used in operating activities amounted to HK\$136,471,000 (for the six months ended 30 June 2017: net cash used in operating activities of HK\$6,568,000). Net cash used in investing activities for the period was HK\$3,000 (for the six months ended 30 June 2017: net cash generated from investing activities of HK\$852,000). Net cash generated from financing activities amounted to HK\$4,661,000 (for the six months ended 30 June 2017: net cash used in financing activities of HK\$11,032,000). As a result, cash and cash equivalents of the Group as at 30 June 2018 was HK\$96,431,000, compared with HK\$228,301,000 as at 31 December 2017. The decrease in cash and cash equivalent was mainly attributed to grant more new loans to customers and increase in securities investment during the period under review.

CAPITAL STRUCTURE

As at 30 June 2018, the Company has 4,262,867,050 shares (31 December 2017: 4,262,867,050 shares) of HK\$0.01 each (the “Shares”) in issue.

As at 30 June 2018, the total borrowings of the Group amounted to HK\$14,586,000 (31 December 2017: HK\$9,516,000), representing the short term secured bank borrowings, which are repayable within one year.

EXCHANGE RATE RISK

Foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies were recognised in the profit or loss. In the event of fluctuating foreign exchange rates, there is a risk exposure to that settlement to suppliers and payment from customers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, forward contracts would be entered for hedging the risks if considered necessary.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the total number of employees of the Group was 119.

The Group fixes and reviews the emoluments of its directors and staff based on the qualification, experience, performance and the market rates from time to time so as to maintain the remunerations of the directors and staff at a competitive level. Salary increment is normally approved annually or by special adjustment depending on length of services and individual performance. In addition to salaries, the Group provides employee benefits such as medical insurance and pension funds. Moreover, discretionary bonus and share options will be paid or granted to employees based on the Group’s and individual performances.

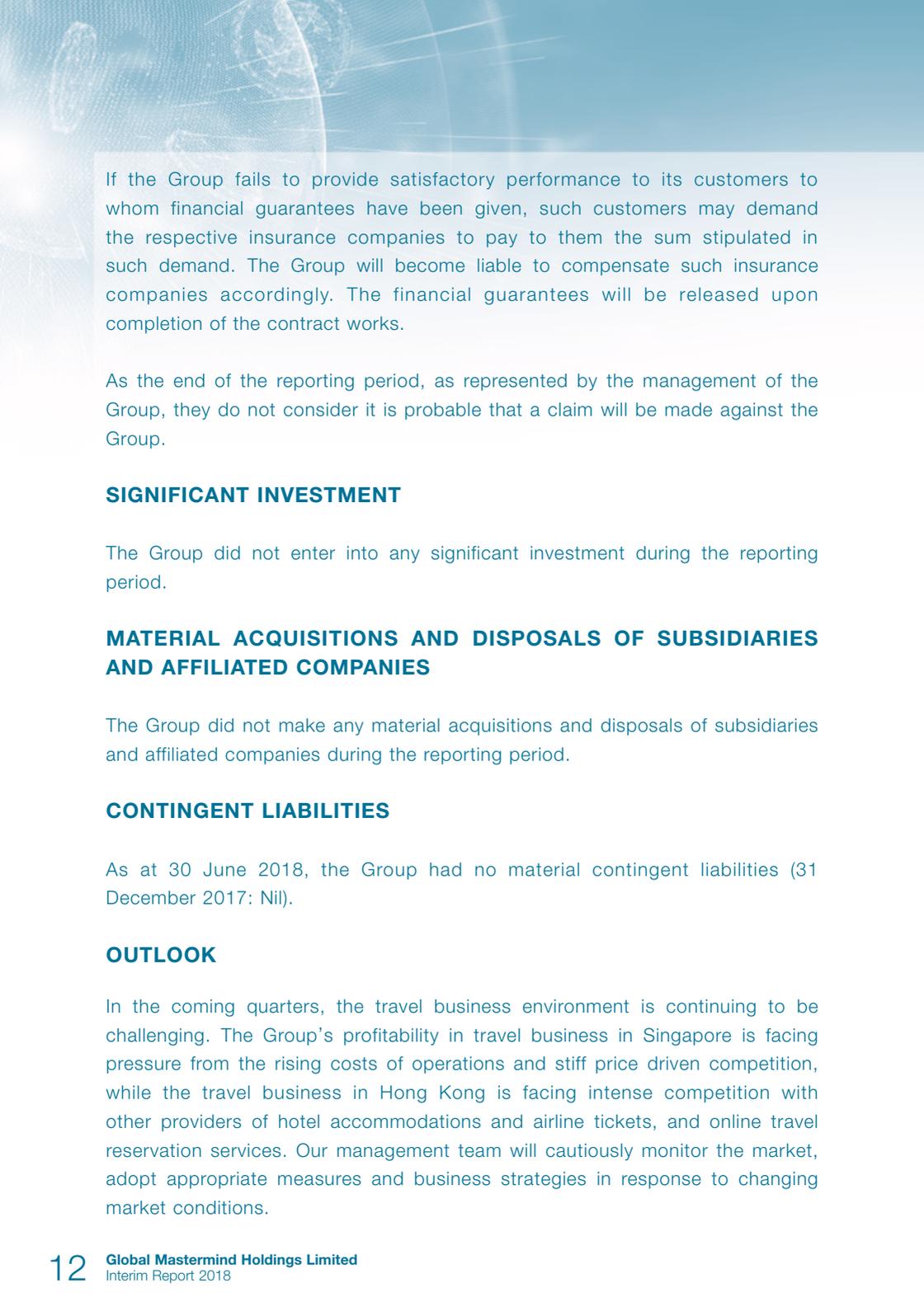
The Group makes contributions to the Central Provident Fund Scheme in Singapore and the Mandatory Provident Fund in Hong Kong for all qualifying employees in accordance with the statutory requirements in both territories.



PLEDGE OF ASSETS

As at 30 June 2018, trade receivables amounting to SG\$25,192,000 (equivalent to approximately HK\$145,112,000) have been pledged to banks by way of a floating charge. In addition, bank deposits of SG\$222,000 (equivalent to approximately HK\$1,279,000) of the Group were pledged to secure a credit facility as at 30 June 2018. The bank has provided banker's guarantee, bank overdrafts and commercial card guarantee to a subsidiary of the Company in an aggregate amount of approximately SG\$7,100,000 (equivalent to approximately HK\$40,898,000) of which the amounts utilised as at 30 June 2018 were approximately SG\$5,108,000 (equivalent to approximately HK\$29,425,000). The banker's guarantee had been given in favour to international airlines. As at 30 June 2018, cash collateral included in other receivables of approximately SG\$640,000 (equivalent to approximately HK\$3,687,000) was pledged for financial guarantees of SG\$3,321,000 (equivalent to approximately HK\$19,132,000) given by insurance companies in favour of the Group's customers of the travel business as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers.

As at 31 December 2017, trade receivables amounting to SG\$22,526,000 (equivalent to approximately HK\$131,625,000) have been pledged to banks by way of a floating charge. In addition, bank deposits of SG\$222,000 (equivalent to approximately HK\$1,297,000) of the Group were pledged to secure a credit facility as at 31 December 2017. The bank has provided banker's guarantee, bank overdrafts and commercial card guarantee to a subsidiary of the Company in an aggregate amount of approximately SG\$7,100,000 (equivalent to approximately HK\$41,487,000) of which the amounts utilised as at 31 December 2017 were approximately SG\$3,052,000 (equivalent to approximately HK\$17,834,000). The banker's guarantee had been given in favour to international airlines. As at 31 December 2017, cash collateral included in other receivables of approximately SG\$565,000 (equivalent to approximately HK\$3,301,000) was pledged for financial guarantees of SG\$5,421,000 (equivalent to approximately HK\$31,767,000) given by insurance companies in favour of the Group's customers of the travel business as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers.



If the Group fails to provide satisfactory performance to its customers to whom financial guarantees have been given, such customers may demand the respective insurance companies to pay to them the sum stipulated in such demand. The Group will become liable to compensate such insurance companies accordingly. The financial guarantees will be released upon completion of the contract works.

As the end of the reporting period, as represented by the management of the Group, they do not consider it is probable that a claim will be made against the Group.

SIGNIFICANT INVESTMENT

The Group did not enter into any significant investment during the reporting period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not make any material acquisitions and disposals of subsidiaries and affiliated companies during the reporting period.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group had no material contingent liabilities (31 December 2017: Nil).

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 recent US-China trade war would pose crisis to the securities markets in Hong Kong and the People's Republic of China. The Group will adopt a conservative investment approach towards its treasury management business in the coming quarters. The management will cautiously monitor the equities held by the Group, 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 management has adopted a more cautious approach during its assessment and approval of new loans in order to mitigate its credit risk.

For the financial services business, the Group will exert more marketing efforts by allocation 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 (as defined below) would create enhanced value and synergy to the Group by providing with more comprehensive services to the customers.

EVENTS AFTER THE REPORTING PERIOD

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 Future Ordinance.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 30 June 2018 and up to the date of this report.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF GLOBAL MASTERMIND HOLDINGS LIMITED
環球大通集團有限公司*

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Global Mastermind Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 16 to 56, which comprise the condensed consolidated statement of financial position as of 30 June 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 Rules Governing the Listing of Securities on GEM of 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 on these condensed consolidated financial statements 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

14 August 2018

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	NOTES	Three months ended		Six months ended	
		30 June		30 June	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Service income from provision of travel related services		8,490	8,250	15,612	16,120
Interest income from money lending business	3	4,398	4,051	7,411	7,163
Commission income from securities brokerage		1,154	-	1,734	-
Interest income from margin financing		509	-	668	-
Interest income from initial public offering financing		8	-	11	-
Handling and settlement income arising from securities brokerage		1,200	-	2,365	-
Asset management fee income		64	-	64	-
Net realised gain on securities investment	4	192	665	192	1,155
Net unrealised loss on securities investment	4	(10,542)	(1,199)	(9,883)	(925)
Other income, other gains and losses	6	705	1,358	2,146	3,703
Staff costs		(11,060)	(13,563)	(23,064)	(24,699)
Depreciation and amortisation expenses		(1,643)	(1,535)	(3,407)	(4,952)
Other expenses		(7,439)	(4,648)	(13,293)	(8,424)
Impairment loss on intangible assets	13	(2,000)	(10,000)	(2,000)	(10,000)
Finance costs	7	(209)	(185)	(409)	(306)
Share of (loss) profit of a joint venture		(156)	(168)	(1,112)	19
Loss before tax		(16,329)	(16,974)	(22,965)	(21,146)
Income tax (charge) credit	8	(238)	1,036	(689)	862
Loss for the period	9	(16,567)	(15,938)	(23,654)	(20,284)

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

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	NOTE	Three months ended 30 June		Six months ended 30 June	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Other comprehensive (expense) income for the period					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences arising on translation of foreign operation		(4,367)	2,723	(1,204)	8,548
Share of exchange difference of a joint venture		(1,350)	444	(634)	663
Other comprehensive (expense) income for the period		(5,717)	3,167	(1,838)	9,211
Total comprehensive expense for the period		(22,284)	(12,771)	(25,492)	(11,073)
Loss for the period attributable to owners of the Company		(16,567)	(15,938)	(23,654)	(20,284)
Total comprehensive expense attributable to owners of the Company		(22,284)	(12,771)	(25,492)	(11,073)
Loss per share (HK cents)					
Basic	11	(0.39)	(0.45)	(0.55)	(0.57)
Diluted	11	(0.39)	(0.45)	(0.55)	(0.57)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

	NOTES	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	12	130,788	134,996
Intangible assets	13	2,223	4,283
Interest in a joint venture		13,258	14,288
Loan receivables	14	57,731	3,219
		<u>204,000</u>	<u>156,786</u>
CURRENT ASSETS			
Trade and other receivables	15	241,697	171,558
Loan receivables	14	119,555	131,170
Financial assets at fair value through profit or loss	16	62,700	26,619
Tax recoverable		15	–
Pledged bank deposits		1,279	1,297
Bank trust account balances		50,434	16,837
Bank balances and cash		96,431	228,301
		<u>572,111</u>	<u>575,782</u>
CURRENT LIABILITIES			
Trade and other payables	17	113,893	51,493
Contract liabilities		898	–
Tax payable		3,795	2,777
Bank borrowings	18	14,586	9,516
		<u>133,172</u>	<u>63,786</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AT 30 JUNE 2018

	30 June 2018	31 December 2017
<i>NOTE</i>	HK\$'000 (Unaudited)	<i>HK\$'000</i> <i>(Audited)</i>
NET CURRENT ASSETS	438,939	511,996
TOTAL ASSETS LESS CURRENT LIABILITIES	642,939	668,782
NON-CURRENT LIABILITY		
Deferred tax liabilities	375	726
	642,564	668,056
CAPITAL AND RESERVES		
Share capital	42,629	42,629
Share premium and reserves	599,935	625,427
	642,564	668,056

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Attributable to owners of the Company						
	Share capital HK\$ '000	Share premium HK\$ '000	Capital reserve HK\$ '000 (Note)	Share options reserve HK\$ '000	Exchange reserve HK\$ '000	Accumulated losses HK\$ '000	Total HK\$ '000
At 1 January 2018 (audited)	42,629	920,537	32,589	10,840	(17,353)	(321,186)	668,056
Loss for the period	-	-	-	-	-	(23,654)	(23,654)
Exchange differences arising on translation of foreign operation	-	-	-	-	(1,204)	-	(1,204)
Share of exchange difference of a joint venture	-	-	-	-	(634)	-	(634)
Total comprehensive expense for the period	-	-	-	-	(1,838)	(23,654)	(25,492)
Lapse of equity-settled share-based payments (note 20)	-	-	-	(4,132)	-	4,132	-
At 30 June 2018 (unaudited)	42,629	920,537	32,589	6,708	(19,191)	(340,708)	642,564
At 1 January 2017 (audited)	35,524	859,253	32,589	-	(32,258)	(292,737)	602,371
Loss for the period	-	-	-	-	-	(20,284)	(20,284)
Exchange differences arising on translation of foreign operation	-	-	-	-	8,548	-	8,548
Share of exchange difference of a joint venture	-	-	-	-	663	-	663
Total comprehensive income (expense) for the period	-	-	-	-	9,211	(20,284)	(11,073)
Recognition of equity-settled share-based payments (note 20)	-	-	-	4,132	-	-	4,132
At 30 June 2017 (unaudited)	35,524	859,253	32,589	4,132	(23,047)	(313,021)	595,430

Note: The capital reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	(15,253)	(1,834)
(Increase) decrease in trade and other receivables	(72,454)	8,100
Increase in bank trust account balances	(33,597)	–
Increase in loan receivables	(42,897)	(28,539)
(Increase) decrease in financial assets at fair value through profit or loss	(36,081)	20,037
Increase (decrease) in trade and other payables, and contract liabilities	63,811	(4,332)
	<u>63,811</u>	<u>(4,332)</u>
Cash used in operations and net cash used in operating activities	<u>(136,471)</u>	<u>(6,568)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(64)	(2,253)
Withdrawal of pledged bank deposits	–	3,046
Other investing cash flows	61	59
	<u>61</u>	<u>59</u>
Net cash (used in) from investing activities	<u>(3)</u>	<u>852</u>
FINANCING ACTIVITIES		
New bank borrowings raised	14,586	–
Repayment of bank borrowings	(9,516)	(10,726)
Interest paid	(409)	(306)
	<u>4,661</u>	<u>(11,032)</u>
Net cash from (used in) financing activities	<u>4,661</u>	<u>(11,032)</u>
Net decrease in cash and cash equivalents	(131,813)	(16,748)
Cash and cash equivalents at 1 January	228,301	154,163
Effect of foreign exchange rate changes	(57)	289
	<u>96,431</u>	<u>137,704</u>
Cash and cash equivalents at 30 June	<u>96,431</u>	<u>137,704</u>
Analysis of cash and cash equivalents:		
Bank balances and cash	96,431	150,166
Bank overdrafts	–	(12,462)
	<u>96,431</u>	<u>137,704</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 (“HKICPA”) and 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 condensed consolidated financial statements do not include all the information required for a complete set of Hong Kong Financial Reporting Standards financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2017.

1A. SIGNIFICANT EVENT AND TRANSACTION IN THE CURRENT INTERIM PERIOD

During the six months ended 30 June 2018, the directors of the Company consider that the following event and transaction that have occurred since the end of last annual reporting period have had a significant impact on the Group’s current interim financial position and performance:

As of 30 June 2018, the management reviewed the current and expected performance of the travel business which indicated that the carrying amounts of the cash generating units 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 year ended 31 December 2017: HK\$16,000,000) was recognised during the six months ended 30 June 2018. Details of the impairment testing are disclosed in note 13.



2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value, 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 June 2018 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 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

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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.

(a) **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”, HKAS 11 “Construction Contracts” and the related interpretations.

The Group recognises revenue from the following major sources:

- Service income from provision of travel related services
- Interest income from money lending business
- Commission income from securities brokerage
- Interest income from margin financing
- Interest income from initial public offering financing
- Handling and settlement income from securities brokerage
- Asset management fee income

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Difference at the date of initial application, if any, is recognised in the opening accumulated losses and comparative information has not been restated.



2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(a) **Impacts and changes in accounting policies of application on HKFRS 15 “Revenue from Contracts with Customers”** *(Continued)*

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)*

(a) **Impacts and changes in accounting policies of application on HKFRS 15 “Revenue from Contracts with Customers”** *(Continued)*

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 goods or services.

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.

The revenue of the Group is recognised at a point in time. The application of HKFRS 15 does not have significant impact on the amounts reported in the condensed consolidated financial statements except for the presentation of deposits received from customers amounting to HK\$898,000 as at 30 June 2018 which included in “trade and other payable” is presented as “contract liabilities” on the condensed consolidated statement of financial position.

(b) **Impacts and changes in accounting policies of application of 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.

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 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 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. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) **Impacts and changes in accounting policies of application of HKFRS 9 “Financial Instruments”** *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 9

Impairment under ECL model

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

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are made 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 trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

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)*

(b) **Impacts and changes in accounting policies of application of HKFRS 9 “Financial Instruments”** *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 9 *(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 60 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.



2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) **Impacts and changes in accounting policies of application of HKFRS 9 “Financial Instruments”** *(Continued)*

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

Significant increase in credit risk *(Continued)*

The Group considers that default has occurred when the instrument 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.

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 trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 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 below.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) **Impacts and changes in accounting policies of application of HKFRS 9 “Financial Instruments”** *(Continued)*

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

Impairment under ECL model

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In the current period, the Group has applied HKFRS 9 simplified approach to measure ECL using lifetime ECL for trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowance for other financial assets at amortised cost mainly comprise of loan receivables, pledged bank deposits, bank trust account balances and bank balances, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Impacts and changes in accounting policies of application of HKFRS 9 “Financial Instruments” (Continued)

Summary of effects arising from initial application of HKFRS 9

As at 1 January 2018, no additional credit loss allowance has been recognised in the condensed consolidated financial statements.

The Group has not early applied the following new HKFRSs, amendments to Hong Kong Accounting Standards (“HKASs”) and HKFRSs and a new interpretation (“new and revised standards”) that have been issued but are not yet effective.

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ³
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2021

HKFRS 16 “Leases”

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 “Leases” and the related Interpretations when it becomes effective.

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

HKFRS 16 “Leases” *(Continued)*

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.



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

HKFRS 16 “Leases” *(Continued)*

As at 30 June 2018, the Group has non-cancellable operating lease commitments. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16.

The Group currently considers refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the deposits would be recognised initially at fair value with the difference between fair value and nominal amount considered as additional lease payments and be included in the carrying amount of right-of-use assets. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

The directors of the Company do not anticipate that the application of the other new and revised standards issued but not yet effective will have a material impact on the results and financial position of the Group.

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

During the six months ended 30 June 2018, the Group generated interest income of HK\$7,411,000 (for the six months ended 30 June 2017: HK\$7,163,000) from money lending business.

4. NET (LOSS) 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 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 June		Six months ended 30 June	
	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:				
Proceed from sale of financial assets at fair value through profit or loss	20,373	7,046	20,373	31,710
Carrying amount of financial assets at fair value through profit or loss plus transaction costs	(20,328)	(6,515)	(20,328)	(30,689)
	45	531	45	1,021
Dividend income from securities investment	147	134	147	134
	192	665	192	1,155
Net unrealised loss on financial assets at fair value through profit or loss	(10,542)	(1,199)	(9,883)	(925)
Net (loss) gain on financial assets at fair value through profit or loss	(10,350)	(534)	(9,691)	230



5. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment, based on information provided to the chief operating decision maker ("CODM") representing the board of directors of the Company, for the purpose of allocating resources to segments and assessing segment performance focuses on the respective types of services rendered or income derived from business engaged in. This is also the basis upon which the Group is arranged and organised.

During the six months ended 30 June 2018, the Group commenced to develop an asset management business in Hong Kong. This resulted a new operating segment in 2018. In addition, the Group commenced to engage in brokerage business during the second half of 2017.

The Group's operations are currently organised into five (for the six months ended 30 June 2017: three) reporting and operating segments under HKFRS 8, namely travel business, treasury management business, money lending business, brokerage business and asset management business (for the six months ended 30 June 2017: travel business, treasury management business and money lending business).

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Segment revenue		Segment (losses) profits	
	Six months ended 30 June		Six months ended 30 June	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Travel business	15,612	16,120	(4,859)	(11,385)
Treasury management business	192	1,155	(9,727)	224
Money lending business	7,411	7,163	5,430	5,971
Brokerage business	4,778	-	(2,912)	-
Asset management business	64	-	58	-
Total	<u>28,057</u>	<u>24,438</u>	<u>(12,010)</u>	<u>(5,190)</u>
Share of (loss) profit of a joint venture			(1,112)	19
Unallocated income			1,288	3,021
Unallocated expense			<u>(11,820)</u>	<u>(18,134)</u>
Loss for the period			<u>(23,654)</u>	<u>(20,284)</u>

5. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

	Segment revenue Three months ended 30 June		Segment (losses) profits Three months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Travel business	8,490	8,250	(775)	(8,795)
Treasury management business	192	665	(10,385)	(537)
Money lending business	4,398	4,051	3,001	3,383
Brokerage business	2,871	-	(1,036)	-
Asset management business	64	-	58	-
Total	<u>16,015</u>	<u>12,966</u>	<u>(9,137)</u>	<u>(5,949)</u>
Share of loss of a joint venture			(156)	(168)
Unallocated income			113	1,376
Unallocated expense			<u>(7,387)</u>	<u>(11,197)</u>
Loss for the period			<u>(16,567)</u>	<u>(15,938)</u>

All of the segment revenue reported above are from external customers.

Segment (losses) profits represent the (losses) profits (incurred) earned by each segment without allocation of unallocated income (which mainly includes management and administrative income and bank interest income of head office) and unallocated expenses (which mainly include central administration costs and directors' emoluments). This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

6. OTHER INCOME, OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Management and administrative income	958	1,101	2,075	2,184
Incentive income	-	14	-	972
Commercial card rebates	171	150	290	275
Net exchange gain	357	54	352	143
Employment credits from government grants	38	38	181	69
Bank interest income	3	1	61	59
Miscellaneous income	23	-	32	1
Written off of property, plant and equipment	(845)	-	(845)	-
	<u>705</u>	<u>1,358</u>	<u>2,146</u>	<u>3,703</u>

7. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Interest on short term bank borrowings	209	-	409	54
Interest on bank overdrafts	-	185	-	252
	<u>209</u>	<u>185</u>	<u>409</u>	<u>306</u>

8. INCOME TAX (CHARGE) CREDIT

	Three months ended 30 June		Six months ended 30 June	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
The tax (charge) credit comprises:				
Hong Kong Profits Tax				
– current period	(578)	(668)	(1,029)	(1,180)
Deferred taxation				
– current period	340	1,704	340	2,042
	(238)	1,036	(689)	862

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 for both periods has been made as its subsidiaries operating in Singapore had no assessable profits for both periods.

9. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	1,643	1,535	3,407	2,940
Amortisation of intangible assets	-	-	-	2,012
Equity-settled share-based payment expenses	-	4,132	-	4,132
Operating lease payments for office premises and office equipment (included in other expenses)	1,731	1,297	2,885	1,998
Selling expenses (included in other expenses)	186	224	412	482
Legal and professional fees (included in other expenses)	44	1,429	76	1,960
	44	1,429	76	1,960

10. DIVIDENDS

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

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Loss				
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	(16,567)	(15,938)	(23,654)	(20,284)

	Three months ended 30 June		Six months ended 30 June	
	2018 '000 (Unaudited)	2017 '000 (Unaudited)	2018 '000 (Unaudited)	2017 '000 (Unaudited)
Number of shares				
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	4,262,867	3,552,417	4,262,867	3,552,417

The computation of diluted loss per share for the six months ended 30 June 2018 and 30 June 2017 does not assume the conversion of the Company's outstanding share options as at 30 June 2018 and 30 June 2017 since their assumed exercise would result in a decrease in loss per share.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment for a cash consideration of HK\$64,000 (for the six months ended 30 June 2017: HK\$2,253,000) mainly for acquisitions of computer equipment (for the six months ended 30 June 2017: leasehold improvements and computer equipment).

13. INTANGIBLE ASSETS

	Trade name HK\$'000	Customer relationship HK\$'000	Total HK\$'000
COST			
At 1 January 2018 (audited)	54,622	59,607	114,229
Exchange difference arising on translation	(776)	(847)	(1,623)
At 30 June 2018 (unaudited)	53,846	58,760	112,606
AMORTISATION AND IMPAIRMENT			
At 1 January 2018 (audited)	50,339	59,607	109,946
Impairment loss recognised in the period	2,000	–	2,000
Exchange difference arising on translation	(716)	(847)	(1,563)
At 30 June 2018 (unaudited)	51,623	58,760	110,383
CARRYING VALUES			
At 30 June 2018 (unaudited)	2,223	–	2,223
At 31 December 2017 (audited)	4,283	–	4,283

The intangible assets were purchased as part of the acquisition of the Safe2Travel Pte Ltd in prior years and were recognised at their fair values at the date of acquisition.



13. INTANGIBLE ASSETS *(Continued)*

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.

The recoverable amount of the travel business's CGUs 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% (31 December 2017: 15.36%). Cash flows after the five-year period were extrapolated using a steady 2.28% (31 December 2017: 1.72%) terminal growth rate 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 have fallen below expectation, and therefore the management has revised the cash flow projections.

As of 30 June 2018, 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 was recognised during the six months ended 30 June 2018 (for the six months ended 30 June 2017: HK\$10,000,000). The impairment loss was allocated to trade name and is presented on the face of condensed consolidated statement of profit or loss and other comprehensive income.

14. LOAN RECEIVABLES

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Fixed-rate loan receivables	173,189	132,142
Accrued interest receivables	4,097	2,247
	177,286	134,389
Analysed as:		
Current portion	119,555	131,170
Non-current portion	57,731	3,219
	177,286	134,389

The range of interest rate on the Group's loan receivables is from 7.42% to 15% per annum (31 December 2017: from 7.42% to 15% per annum). The loans are respectively repayable in three months to five years (31 December 2017: two months to five years) from the drawdown date, and hence the loans repayable beyond one year from the end of the reporting period were classified as non-current. Pursuant to loan agreements, the Group retains a discretionary right to demand the repayment from the borrowers in full before the maturity of the loans.

Before granting loans to outsiders, the Group uses internal credit assessment process to assess the potential borrower's credit quality and defines its credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment also includes evaluation of collectability and on management's judgment, including the current creditworthiness, collateral and past collection history of each borrower. In determining the recoverability of the loan receivables, the Group considers any change in the credit quality of the loan receivables from the date credit was initially granted up to the reporting date. This includes assessing the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions.

14. LOAN RECEIVABLES (Continued)

At the end of each reporting date, the Group's loan receivables were individually assessed for impairment. As at 30 June 2018 and 31 December 2017, as in the opinion of the directors of the Company, no impairment loss was identified.

No aged analysis is disclosed, as in the opinion of the directors of the Company, the aged analysis does not give additional value in view of the nature of business of money lending.

15. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables from the travel business of HK\$158,530,000 (31 December 2017: HK\$140,911,000) and accounts receivables from cash clients, margin clients, clearing house and subscriptions of new shares in initial public offering amounting to HK\$6,448,000 (31 December 2017: Nil), HK\$36,719,000 (31 December 2017: HK\$784,000), HK\$4,678,000 (31 December 2017: HK\$623,000) and HK\$1,760,000 (31 December 2017: Nil) respectively from the brokerage business.

For the travel business, the Group allows an average credit period range from 60 to 90 days to its trade customers of the travel business. An aged analysis presented based on the invoice date at the end of reporting period is as follows:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
0 – 30 days	103,644	84,107
31 – 60 days	6,458	11,056
61 – 90 days	6,169	7,658
91 – 180 days	19,594	18,734
181 – 365 days	22,665	19,356
	158,530	140,911

Trade receivables from travel business comprise of the gross amounts billed to customers.

As at 30 June 2018, included in the Group's trade receivables from travel business balance are debtors with aggregate carrying amount of HK\$42,259,000 (31 December 2017: HK\$38,090,000) which are past due as at the reporting date for which the Group has not provided for impairment loss.

15. TRADE AND OTHER RECEIVABLES (Continued)

Ageing of trade receivables from travel business which are past due but not impaired

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
91 – 180 days	19,594	18,734
181 – 365 days	22,665	19,356
Total	42,259	38,090

For accounts receivables from the brokerage business, the normal settlement terms of accounts receivables from cash clients, margin clients and clearing house are two trading days after trade date.

The ageing analysis of accounts receivables from cash clients based on the settlement date as of the end of the reporting period is as follows:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Current	4,834	–
Less than 1 month	1,614	–
	6,448	–

As at 30 June 2018, included in the Group's accounts receivables from cash clients are debtors with aggregate carrying amount of HK\$1,614,000 (31 December 2017: Nil) which are past due as at the reporting date but which the directors of the Company consider not to be impaired as there has not been a significant change in credit quality and the balances are considered fully recoverable.

15. TRADE AND OTHER RECEIVABLES *(Continued)*

No ageing analysis is disclosed for the accounts receivables from margin clients, clearing house and subscriptions of new shares in initial public offering from the brokerage business as, in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of brokerage business.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss comprise:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Listed equity securities held for trading <i>(Note)</i>		
– Listed in Hong Kong	57,176	26,619
– Listed in the People's Republic of China (the "PRC")	5,524	–
	62,700	26,619

Note: The fair value was based on the quoted prices of the respective securities in active markets for identical assets.

At 30 June 2018 and 31 December 2017, no financial assets at fair value through profit or loss have been pledged as security.

17. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables from travel business of HK\$39,462,000 (31 December 2017: HK\$17,753,000) and accounts payables from cash clients, margin clients and clearing house amounting to HK\$35,822,000 (31 December 2017: HK\$11,562,000), HK\$21,626,000 (31 December 2017: HK\$5,705,000) and HK\$2,100,000 (31 December 2017: HK\$286,000) respectively from the brokerage business.

For the travel business, an aged analysis presented based on the invoice date at the end of reporting period is as follows:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
0 – 30 days	29,830	17,396
31 – 60 days	8,371	26
61 – 90 days	227	45
Over 90 days	1,034	286
	<hr/> 39,462 <hr/>	<hr/> 17,753 <hr/>

The average credit period from trade suppliers of the travel business is 30 days.

In respect of accounts payables from the brokerage business, accounts payables to clearing house represent trades pending settlement arising from the brokerage business which are normally two trading days after the trade date. The majority of the accounts payables to cash clients and margin clients are repayable on demand except where certain balances represent trades pending settlement under the normal course of business. No ageing analysis is disclosed for the accounts payables from the brokerage business as, in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of brokerage business.

18. BANK BORROWINGS

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Short term secured bank borrowings, repayable within one year	14,586	9,516

The Group's secured bank borrowings that contain repayment on demand clauses in the loan agreements:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Repayable within one year	14,586	9,516

The Group's secured bank borrowings are denominated in the functional currency of the relevant group entity. As at 30 June 2018, the bank borrowings carry a fixed interest rate of 5.75% (31 December 2017: 5.75%) per annum.

19. SHARE CAPITAL OF THE COMPANY

Ordinary shares of HK\$0.01 each	Number of shares	Share capital HK\$ '000
Authorised: At 1 January 2017, 30 June 2017, 31 December 2017, 1 January 2018 and 30 June 2018	180,000,000,000	1,800,000
Issued and fully paid: At 1 January 2017 and 30 June 2017	3,552,417,050	35,524
Issue of new shares upon placing (<i>Note</i>)	710,450,000	7,105
At 31 December 2017, 1 January 2018 and 30 June 2018	4,262,867,050	42,629

Note: 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, were 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.

20. 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 option scheme ("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.

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

During the six months ended 30 June 2018, no share options had been granted under the 2011 Scheme (for the six months ended 30 June 2017: 213,000,000 share options had been granted, representing 6.0% of the shares of the Company in issue at the date of grant). The share options remained outstanding as at 30 June 2018 was 255,600,000 (31 December 2017: 468,600,000).

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

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

Category of participant	Outstanding at 1 January 2018	Lapsed during the period	Outstanding at 30 June 2018
Director	42,600,000	(35,500,000)	7,100,000
Employees	426,000,000	(177,500,000)	248,500,000
	<u>468,600,000</u>	<u>(213,000,000)</u>	<u>255,600,000</u>
Exercisable at the end of the period			<u>255,600,000</u>
Weighted average exercise price (HK\$)	<u>0.126</u>	<u>0.114</u>	<u>0.136</u>

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

Category of participant	Outstanding at 1 January 2017	Granted during the period	Outstanding at 30 June 2017
Director	–	35,500,000	35,500,000
Employees	–	177,500,000	177,500,000
	–	213,000,000	213,000,000
Exercisable at the end of the period			213,000,000
Weighted average exercise price (HK\$)	N/A	0.114	0.114

The fair values of the options granted and remaining outstanding during the period were calculated using the Binomial model. The inputs into the model were as follows:

Share options granted on 12 May 2017:

Share price	HK\$0.110
Exercise price	HK\$0.114
Expected volatility	48.731%
Expected life	1 year
Risk-free rate	0.63%
Expected dividend yield	0%

The estimated fair value of the options granted on 12 May 2017 was HK\$4,132,000.

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

Share options granted on 5 September 2017:

Share price	HK\$0.130
Exercise price	HK\$0.136
Expected volatility	58.144%
Expected life	1 year
Risk-free rate	0.551%
Expected dividend yield	0%

The estimated fair value of options granted on 5 September 2017 was HK\$6,708,000.

Expected volatility was determined by using the historical volatility of the Company's share price movement over the previous one year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

For the six months ended 30 June 2018, the Group did not recognise any expense in relation to share options granted. For the six months ended 30 June 2017, the Group recognised the total expense of HK\$4,132,000, included in the staff costs in relation to share options granted by the Company.

21. PLEDGE OF ASSETS

As at 30 June 2018, trade receivables amounting to SG\$25,192,000 (equivalent to approximately HK\$145,112,000) have been pledged to banks by way of a floating charge. In addition, bank deposits of SG\$222,000 (equivalent to approximately HK\$1,279,000) of the Group were pledged to secure a credit facility as at 30 June 2018. The bank has provided banker's guarantee, bank overdrafts and commercial card guarantee to a subsidiary of the Company in an aggregate amount of approximately SG\$7,100,000 (equivalent to approximately HK\$40,898,000) of which the amounts utilised as at 30 June 2018 were approximately SG\$5,108,000 (equivalent to approximately HK\$29,425,000). The banker's guarantee had been given in favour of international airlines. As at 30 June 2018, cash collateral included in other receivables of approximately SG\$640,000 (equivalent to approximately HK\$3,687,000) was pledged for financial guarantees of SG\$3,321,000 (equivalent to approximately HK\$19,132,000) given by insurance companies in favour of the Group's customers of the travel business as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers.

21. PLEDGE OF ASSETS *(Continued)*

As at 31 December 2017, trade receivables amounting to SG\$22,526,000 (equivalent to approximately HK\$131,625,000) have been pledged to banks by way of a floating charge. In addition, bank deposits of SG\$222,000 (equivalent to approximately HK\$1,297,000) of the Group were pledged to secure a credit facility as at 31 December 2017. The bank has provided banker's guarantee, bank overdrafts and commercial card guarantee to a subsidiary of the Company in an aggregate amount of approximately SG\$7,100,000 (equivalent to approximately HK\$41,487,000) of which the amounts utilised as at 31 December 2017 were approximately SG\$3,052,000 (equivalent to approximately HK\$17,834,000). The banker's guarantee had been given in favour to international airlines. As at 31 December 2017, cash collateral included in other receivables of approximately SG\$565,000 (equivalent to approximately HK\$3,301,000) was pledged for financial guarantees of SG\$5,421,000 (equivalent to approximately HK\$31,767,000) given by insurance companies in favour of the Group's customers of the travel business as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers.

If the Group fails to provide satisfactory performance to its customers to whom financial guarantees have been given, such customers may demand the respective insurance companies to pay to them the sum stipulated in such demand. The Group will become liable to compensate such insurance companies accordingly. The financial guarantees will be released upon completion of the contract works.

As the end of the reporting period, as represented by the management of the Group, they do not consider it is probable that a claim will be made against the Group.

22. OPERATING LEASES

The Group as lessee

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

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Within one year	7,329	4,268
In the second to fifth years inclusive	9,753	5,962
	17,082	10,230

Operating lease payments represent rentals paid or payable by the Group for certain of its office premises and office equipment. Leases are negotiated for lease terms of one to three years (31 December 2017: one to three years).

23. 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:

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Short-term employee benefits	1,160	390
Post-employment benefits	20	15
Equity-settled share-based payment expenses	–	706
	1,180	1,111

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

23. RELATED PARTY TRANSACTIONS *(Continued)*

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

		Three months ended 30 June		Six months ended 30 June	
		2018	2017	2018	2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Related companies <i>(Note)</i>	Management and administrative income	958	1,101	2,075	2,184
	Secretarial fee and other office expenses	33	-	67	-
		<u>991</u>	<u>1,101</u>	<u>2,142</u>	<u>2,184</u>

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.



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 June 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 <i>(Note 2)</i>
Mr. Mung Kin Keung <i>(Note 1)</i>	Interest of controlled corporation	532,000,000	12.48%
Mr. Mung Bun Man, Alan <i>(Note 1)</i>	Interest of controlled corporation	532,000,000	12.48%
Mr. Tse Ke Li	Beneficial owner	1,150,000	0.03%

Notes:

1. 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.
2. The percentage is calculated on the basis of 4,262,867,050 shares in issued as at 30 June 2018.

(b) Share options

Name of Director	Capacity	Number of share options of the Company held	Number of underlying shares of the Company
Mr. Cheung Kwok Wai, Elton	Beneficial owner	7,100,000	7,100,000

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 June 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 six months ended 30 June 2018 are set out as follows:

Share options type <i>(Note)</i>	Number of share options				Outstanding at 30 June 2018
	Outstanding at 1 January 2018	Granted during the period	Exercised during the period	Lapsed during the period	
Directors and chief executive					
– Mr. Cheung Kwok Wai, Elton	2017A 2017B	35,500,000 7,100,000	– –	– –	– 7,100,000
Total directors and chief executive		42,600,000	–	–	7,100,000
Senior management and employees	2017A 2017B	177,500,000 248,500,000	– –	– –	– 248,500,000
Total senior management and employees		426,000,000	–	–	248,500,000
Total		468,600,000	–	–	255,600,000
Exercisable at the end of the period					255,600,000

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 June 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 June 2018.

Save as disclosed above, as at 30 June 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the grant of share options to the Directors as disclosed under the section headed "Share Option Scheme" above, at no time during the period under review was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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. The Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the six months ended 30 June 2018.

COMPETING INTERESTS

Mr. Cheung Kwok Wai, Elton, the Chairman and executive Director, has an 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.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code ("**CG Code**") and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance.

During the six months ended 30 June 2018, the Company was in compliance with the code provisions set out in the CG Code except for the deviations as explained below:

1. Code provision A.2.1 of the CG Code provides that the roles and responsibilities of chairman and chief executive officer should be divided. The Company has not appointed chief executive officer, and the roles and functions of the chief executive officer have been performed by the four executive Directors collectively.
2. Code provision A.4.1 of the CG Code provides that the non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors are not appointed for a specific term but they are subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company (the "Articles").

- 
3. Code provision D.1.4 of the CG Code provides that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Directors (except Mr. Mung Kin Keung). However, the Directors shall be subject to retirement by rotation in accordance with the Articles. In any event, all Directors, including those without a letter of appointment, must retire by rotation in the manner prescribed under the Articles, and on re-election of the retiring Directors, shareholders of the Company are given information that is reasonably necessary for them to make an informed decision on the reappointment of the relevant Directors. In addition, the Directors are required to refer to the guidelines set out in “A Guide on Directors’ Duties” issued by the Companies Registry and “Guidelines for Directors” and “Guide for Independent Non-executive Directors” (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. Besides, the Directors are required to comply with the requirements under statute and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company’s business and governance policies.

Save as those mentioned above, in the opinion of the Directors, the Company has met the code provisions as set out in the CG Code during the six months ended 30 June 2018.

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 six months ended 30 June 2018.

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

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

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

DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

The change in information on Director subsequent to the date of the 2017 annual report of the Company, which is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules, is set out below:

Name of Director	Details of Change
Mr. Mung Kin Keung	– resigned as an executive director and the vice chairman of Hong Kong International Construction Investment Management Group Co., Limited, a company whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 687) with effect from 3 August 2018

On behalf of the Board

Cheung Kwok Wai, Elton

Chairman and Executive Director

Hong Kong, 14 August 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.