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GOLD-FINANCE HOLDINGS LIMITED

金誠控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1462)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board (the “Board”) of directors (the “Directors”) of Gold-Finance Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2017 (the “Reporting Period”) together with comparative figures for the corresponding period in the previous year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2017

		Unaudited Six months ended 30 September	
	<i>Notes</i>	2017 HK\$'000	2016 HK\$'000
REVENUE	5	448,992	313,130
Cost of services provided		(406,590)	(297,382)
Gross profit		42,402	15,748
Fair value gain on investment properties		23,440	—
Other income and gains	5	4,108	2,588
Administrative expenses		(16,798)	(15,260)
Finance costs	6	(1,576)	—
PROFIT BEFORE TAX	7	51,576	3,076
Income tax expense	8	(10,384)	(1,320)
PROFIT FOR THE PERIOD		41,192	1,756

		Unaudited Six months ended 30 September	
		2017	2016
		<i>Notes</i> HK\$'000	HK\$'000
PROFIT FOR THE PERIOD		41,192	1,756
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Change in fair value in an available-for-sale investment		935	—
Exchange differences on translation of foreign operations		2,251	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		3,186	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		44,378	1,756
			(Restated)
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic	10	HK\$1.03 cents	HK\$0.04 cents
Diluted	10	HK\$1.01 cents	HK\$0.04 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2017

		Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	11	62,991	64,202
Investment properties	11	178,563	8,300
Pledged deposit for a life insurance product		6,519	6,445
Deposit paid for the acquisition of an equity interest in an available-for-sale investment		—	50,509
Available-for-sale investment	12	51,444	—
Total non-current assets		299,517	129,456
CURRENT ASSETS			
Gross amount due from customers for contract works		43,138	34,401
Accounts receivable	13	158,779	136,380
Prepayments, deposits and other receivables		39,549	3,307
Tax recoverable		2,864	2,395
Derivative financial instruments	14	2,739	—
Financial assets at fair value through profit or loss	15	9,222	20,213
Cash and bank balances		256,020	119,109
Total current assets		512,311	315,805
CURRENT LIABILITIES			
Accounts and bills payables	16	57,617	53,697
Accruals of costs for contract works		78,193	113,898
Other payables and accruals		59,909	4,899
Receipts in advance		28,558	15,264
Convertible bonds	14	58,653	—
Interest-bearing borrowings	17	90,000	—
Tax payable		4,877	504
Total current liabilities		377,807	188,262
NET CURRENT ASSETS		134,504	127,543
TOTAL ASSETS LESS CURRENT LIABILITIES		434,021	256,999
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	17	130,515	—
Deferred tax liabilities		6,603	743
Total non-current liabilities		137,118	743
Net assets		296,903	256,256
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	18	4,000	4,000
Reserves		292,903	252,256
Total equity		296,903	256,256

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. CORPORATE INFORMATION

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

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

The Company is an investment holding company. During the six months ended 30 September 2017, the Company and its subsidiaries were principally engaged in the following principal activities:

- Provision of building services
- Provision of investment and asset management services
- Property investment and development in the People’s Republic of China (the “PRC”)

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 September 2017 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The accounting policies and the basis of preparation adopted in the preparation of this condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2017 except for the adoption of the revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA as disclosed in note 3 below and the accounting policy of convertible bonds that affect the Company and the Group and has adopted for the first time for the current period’s financial information.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 7	<i>Statement of Cash Flows: Disclosure Initiative</i>
Amendments to HKAS 12	<i>Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses</i>
Annual Improvements 2014–2016 Cycle	Amendments in relation to HKFRS 12 — <i>Disclosure of Interest in Other Entities</i>

The adoption of these revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial information and there has been no significant changes to the accounting policies in the unaudited interim condensed consolidated financial information.

The Group has also adopted the below accounting policy for the first time for the Reporting Period’s unaudited interim condensed consolidated financial statements.

Convertible Bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the statement of profit or loss.

4. SEGMENT INFORMATION

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

- Building services segment — Provision of building service in Hong Kong
- Investment and asset management services segment — provision of investment and asset management services in the PRC[#]
- Property investment and development segment in the PRC^{*}

Management monitors the results of the Group's operating segments separately for the purpose of making decision about resources allocations and performance assessment.

Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

[#] Commenced in December 2016 upon the completion of the acquisition of a 100% equity interest in Hangzhou Jin Zhong Xing Investment Management Company Limited

^{*} Commenced in June 2017 upon the completion of the acquisition of a 100% equity interest in Bao Ming (Hong Kong) Real Estate Group Limited

Segment revenue and results

	Building services Unaudited Six months ended 30 September		Investment and asset management services Unaudited Six months ended 30 September		Property investment and development Unaudited Six months ended 30 September		Total Unaudited Six months ended 30 September	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Segment revenue:	418,289	313,130	30,703	—	—	—	448,992	313,130
Segment results	4,886	4,568	28,948	—	22,469	—	56,303	4,568
Interest income							158	1,668
Corporate and other unallocated expenses, net							(3,309)	(3,160)
Finance costs							(1,576)	—
Profit before tax							51,576	3,076
Other segment disclosures								
Capital expenditure								
Operating segment	334	4,536	43	—	147,292	—	147,669	4,536
Fair value gain on investment properties	—	—	—	—	23,440	—	23,440	—
Depreciation								
Operating segment	1,775	1,787	87	—	—	—	1,862	1,787
Unallocated							2	2
							1,864	1,789

Segment assets and liabilities

	Building services Unaudited		Investment and asset management services Unaudited		Property investment and development Unaudited		Total Unaudited	
	30 September	31 March	30 September	31 March	30 September	31 March	30 September	31 March
	2017	2017	2017	2017	2017	2017	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets								
Segment assets	291,197	320,610	56,401	37,868	373,541	—	721,139	358,478
Unallocated								
— Property, plant and equipment							15	17
— Prepayments, deposits and other receivables							12,638	253
— Available-for-sale investments							51,444	—
— Derivative financial instruments							2,739	—
— Deposit paid for the acquisition of an equity interest in an associate							—	50,509
— Cash and bank balances							23,853	36,004
Total assets							811,828	445,261
Liabilities								
Segment liabilities	227,598	171,281	54,311	15,986	172,361	—	454,270	187,267
Unallocated								
— Other payables and accruals							2,002	1,738
— Interest-bearing borrowings							58,653	—
Total liabilities							514,925	189,005

Geographical information

(a) Revenue from external customers

	Unaudited six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Hong Kong	418,289	313,130
Mainland China	30,703	—
	448,992	313,130

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

(b) Non-current assets

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
Hong Kong	70,823	72,502
PRC	170,731	—
Cambodia	—	50,509
	<u>241,554</u>	<u>123,011</u>

The non-current asset information is based on the locations of the assets and excludes financial instruments and deferred tax assets.

5. REVENUE, OTHER INCOME AND GAINS

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

	Unaudited Six months ended 30 September 2017 HK\$'000	2016 HK\$'000
Revenue		
Contract revenue	418,289	313,130
Investment and asset management fee income	<u>30,703</u>	<u>—</u>
	<u>448,992</u>	<u>313,130</u>
Other income and gains		
Interest income	158	1,668
Management fee income	1,028	804
Gross rental income	108	108
Fair value gain on revaluation of derivative financial instruments	1,369	—
Fair value gain on financial assets at fair value through profit or loss (note 15)	627	—
Gain on written off of other payables	342	—
Gain on disposal of equity investments	228	—
Gain on disposal of items of property, plant and equipment	187	1
Sundry income	<u>61</u>	<u>7</u>
	<u>4,108</u>	<u>2,588</u>

6. FINANCE COSTS

Unaudited Six months ended 30 September

2017	2016
HK\$'000	HK\$'000

Imputed interest on convertible bonds (<i>note 14</i>)	847	—
Interest on borrowings	729	—

1,576	—
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7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

Unaudited Six months ended 30 September

2017	2016
HK\$'000	HK\$'000

Contract cost	404,451	297,382
Cost of management services provided	2,139	—
Depreciation	1,864	1,789
Employee benefit expenses (exclusive of directors' remuneration)	26,700	22,271
Directors' remuneration	894	513
Exchange loss, net	766	—

8. INCOME TAX

Hong Kong profit tax has been provided at the rate of 16.5% (six months ended 30 September 2016: 16.5%) on the estimated assessable profits arising in Hong Kong for the Reporting Period. Tax on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

Unaudited Six months ended 30 September

2017	2016
HK\$'000	HK\$'000

Current — Hong Kong charge for the period	726	1,320
Current — PRC charge for the period	3,798	—
Deferred	5,860	—

Total tax charge for the period	10,384	1,320
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9. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share for the Reporting Period is based on the consolidated profit attributable to owners of the Company and the weighted average number of ordinary shares of 4,000,000,000 (six months ended 30 September 2016: 4,000,000,000 (restated)) in issue during the Reporting Period as adjusted to reflect the share sub-division during the year ended 31 March 2017.

	Unaudited Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	41,192	1,756
Add: Imputed interest on convertible bond, net of tax	707	—
Less: Fair value gain on revaluation of the derivative financial instruments component of the convertible bond	(1,369)	—
Profit attributable to ordinary equity holders of the parent used in the diluted earnings per share calculation:	<u>40,530</u>	<u>1,756</u>
	Number of shares Unaudited Six months ended 30 September	
	2017	2016
		(restated)
Weighted average number of ordinary share in issue during the period used in the basic earnings per share calculation	4,000,000,000	4,000,000,000
Effect of dilution		
Convertible bonds	<u>22,971,338</u>	—
Weighted average number of share in issue during the period used in the diluted earnings per share calculation	<u>4,022,971,338</u>	<u>4,000,000,000</u>

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

During the six months ended 30 September 2017, the Group incurred approximately HK\$846,000 and HK\$146,823,000 (six months ended 30 September 2016: approximately HK\$4,536,000 and Nil, respectively) on the additions of items of property, plant and equipment and investment properties, respectively.

12. AVAILABLE-FOR-SALE INVESTMENT

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
Unlisted equity investments, at fair value	<u>51,444</u>	<u>—</u>

The above investments represented investment in equity interest in an unlisted company in Cambodia.

13. ACCOUNTS RECEIVABLE

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
Due from third parties	<u>158,779</u>	<u>136,380</u>

Accounts receivable mainly represented receivables for contract works. The payment terms of receivables for contract works are stipulated in the relevant contracts and the receivables are usually due for settlement within 30 days after the customers receive interim payments from their project employers.

As at 30 September 2017, retentions receivable included in accounts receivable amounted to HK\$50,453,000 (31 March 2017: HK\$35,752,000), which are repayable on terms ranging from one to three years. The entire amount is expected to be recovered more than twelve months after the Reporting Period.

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

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
Past due but not impaired:		
One to three months past due	—	952
Four to six months past due	—	—
Over six months past due	<u>1,481</u>	<u>1,233</u>
	1,481	2,185
Neither past due nor impaired:	<u>157,298</u>	<u>134,195</u>
	<u>158,779</u>	<u>136,380</u>

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

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

14. CONVERTIBLE BONDS

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

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

The net proceeds received from the issue of the Convertible Bonds have been spilt into the liability and derivative financial instruments components and their movements are as follow:

	Liability component HK\$'000	Derivative financial assets component HK\$'000	Total HK\$'000
At Issue Date	58,419	(1,360)	57,059
Imputed interest	847	—	847
Interest payable	(1,047)	—	(1,047)
Fair value gain	—	(1,369)	(1,369)
Exchange realignment	434	(10)	424
	<u>58,653</u>	<u>(2,739)</u>	<u>55,914</u>
At 30 September 2017 (unaudited)	<u>58,653</u>	<u>(2,739)</u>	<u>55,914</u>

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
Listed equity investments, at fair value	9,222	—
Unlisted equity investments, at fair value	<u>—</u>	<u>20,213</u>
	<u>9,222</u>	<u>20,213</u>

16. ACCOUNTS AND BILLS PAYABLES

	Unaudited 30 September 2017 <i>HK\$'000</i>	Audited 31 March 2017 <i>HK\$'000</i>
Accounts payable	57,617	41,597
Bills payable	—	12,100
	<u>57,617</u>	<u>53,697</u>

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

	Unaudited 30 September 2017 <i>HK\$'000</i>	Audited 31 March 2017 <i>HK\$'000</i>
Current to 3 months	56,542	53,697
Over 3 months	1,075	—
	<u>57,617</u>	<u>53,697</u>

As at 30 September 2017, retentions payable included in accounts payable amounted to HK\$43,893,000 (31 March 2017: HK\$25,838,000) which are normally settled on terms ranging from two to three years.

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

17. INTEREST-BEARING BORROWINGS

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
Current		
Loan from a third party (<i>note a</i>)	90,000	—
Non-current		
Loan from a related party (<i>note b</i>)	130,515	—
	<u>220,515</u>	<u>—</u>
Analysed into:		
Within one year or on demand	90,000	—
In the second year	130,515	—
	<u>220,515</u>	<u>—</u>

Note a: The balance is secured by certain property, plant and equipment and an investment property of the Group, guaranteed by the Company and bearing a contractual interest rate of 3.88889% per annum.

Note b: The balance is unsecured, non-guaranteed and bearing a contractual interest rates of 6% per annum.

18. SHARE CAPITAL OF THE COMPANY

Shares

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
Authorised:		
100,000,000,000 ordinary shares of HK\$0.001 each	100,000	100,000
Issued and fully paid:		
4,000,000,000 ordinary shares of HK\$0.001 each	4,000	4,000

19. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 2 November 2017, Yueyang Baoming Real Estate Development Co., Ltd.* (岳陽寶明置業發展有限公司) (“Yueyang Baoming”), an indirectly-owned subsidiary of the Company, has successfully bid for the land use rights of the land (the “Land”) in an open auction for the land use rights of the land held by the Junshan District Branch of Land and Resources Bureau of Yueyang* (岳陽市國土資源局君山區分局) (the “Vendor”) for the total consideration of RMB158 million. The Land is located at Yueyang City, Hunan Province, the PRC with a total net land area of approximately 138,648 sqm. The Land is designated partly for residential use (ordinary commodity house) and partly for commercial use (accommodation and catering) with the term of 70 years for residential use and 40 years for commercial use.

On 14 November 2017, Yueyang Baoming had executed the Land Use Rights Grant Contract with the Vendor in relation to the Land.

A deposit in the amount of RMB109.9 million has been paid by Yueyang Baoming on 27 October 2017. The remaining balance of RMB48.1 million was settled by Yueyang Baoming on 17 November 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

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

Provision of Investment and Asset Management Services

As referred to in the Company's announcement dated 16 October 2016, 18 October 2016, 11 January 2017 and 13 June 2017 and circular dated 18 November 2016 and 10 August 2017, the Group has expanded its business portfolio into the areas of investment and asset management with focuses on the PPP Projects which collaborate with government in relation to infrastructure projects through the subsidiaries, which engage in investment management and consulting (save for securities and futures) and with the required licence for fund management activities. As at 30 September 2017, the Group established 24 private equity funds (the "Funds") which target to primarily invest in the public private partnership ("PPP") Projects which collaborate with local governmental in relation to infrastructure projects. As of 30 September 2017, the aggregate target fund size of the Funds expected to be approximately RMB19.8 billion and the total asset under management amounted to approximately RMB7.6 billion. As at 31 October 2017, the aggregate target fund size of the Funds is expected to be approximately RMB20.6 billion and the total asset under management amounted to approximately RMB8.6 billion.

Provision of Property Investment and Development

Apart from expanding into investment and asset management business, the Group intends to further expand its business portfolio in property investment and development with focuses primarily in developing unique towns in the PRC, as mentioned in the Company's announcements dated 19 July 2017, 10 August 2017, 17 August 2017, 6 September 2017, 7 September 2017, 27 September 2017, 3 October 2017, 9 October 2017, 27 October 2017, 30 October 2017, 31 October 2017, 17 November 2017 and the circular dated 20 November 2017.

Bao Ming Real Estate (Suzhou) Limited, a wholly-owned indirect subsidiary of the Company, is the investment vehicle of the Group for expanding into the property investment and development business in unique towns in the PRC. The Board believes that this will be an opportunity for the Group to achieve sustainable long term growth.

As at 30 September 2017, the Group has acquired the land use rights of three parcels of land in the Gaoyou City in Jiangsu Province and Xiang Shan County in Ningbo City of Zhejiang Province. The Group has a preliminary plan to commence development of the acquired parcels of land in the fourth quarter of 2017. The Company considers the acquisition of land parcels is in line with the business strategies of the Group to expand the footprint of the Group's business to property investment and development and thereby able to benefit from the rapid growth of the PRC local economy.

With the aim to continue deliver value to its Shareholders, the Group will continue to seek opportunities to enhance its property investment and development business in the PRC by participating in more land auctions held by PRC local governmental bodies. The Company remains optimistic on the long-term prospects of the real estate industry and will attempt to expedite the development of the land parcels acquired to realise the earning potentials of these land parcels.

Provision of Building Services

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

As at 30 September 2017, the Group had 54 one-off and retainer projects in progress, with a total estimated outstanding contract sum and work order value of approximately HK\$560.4 million. The Group's building services business is undertaken by an operating subsidiary, Fungs E & M, a building services engineering specialist in various building works in both public and private sectors in Hong Kong.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Reporting Period was approximately HK\$449.0 million, representing an increase of approximately 43% from approximately HK\$313.1 million for the same period last year. The increase was mainly due to the combined effect of:

- (i) Provision of investment and asset management services in the PRC commenced in December 2016 which generated revenue of approximately HK\$30.7 million; and
- (ii) An increase in revenue of approximately HK\$117.1 million recognised from a one-off project in the private sector which had achieved significant progress during the Reporting Period whereas such a project was at a preliminary stage and only approximately HK\$0.5 million was recognised as revenue in the same period last year.

Gross profit margin

During the Reporting Period, the Group recorded a gross profit of approximately HK\$42.4 million. The gross profit margin increased from approximately 5.0% for the six months ended 30 September 2016 to approximately 9.4% for the Reporting Period. The increase was mainly due to the expansion of the investment and asset management business during the Reporting Period.

Fair value gain on investment properties

For the Reporting Period, the Group recorded fair value gain on investment properties of approximately HK\$23.4 million, and nil for the same period last year. It was due to the fair value gain on newly acquired investment properties.

Other income and gains

Other income and gains increased by approximately 58.7% from approximately HK\$2.6 million for the same period last year to approximately HK\$4.1 million for the Reporting Period. The increase was mainly due to the fair value gain of approximately HK\$1.4 million on revaluation of derivative financial instruments.

Administrative expenses

The Group's administrative expenses for the six months ended 30 September 2017 were approximately HK\$16.8 million, representing an increase of 10.1% from approximately HK\$15.3 million for the same period last year. The increase was mainly attributable to the expansion of the business of property development during the Reporting Period.

Net profit after tax

For the Reporting Period, the Group recorded net profit of approximately HK\$41.2 million, an increase of approximately HK\$39.4 million as compared to the net profit of approximately HK\$1.8 million for the same period last year. This was mainly due to the growth of fund size under assets management segment, fair value gain on investment properties under development, and increase in gross profit margin.

Liquidity and Financial Resources

The Group has funded its liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings, cash inflows from operating activities and proceeds received from the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 October 2014 (the "Listing").

As at 30 September 2017, the Group had an aggregate of banking facilities of approximately HK\$30.0 million (31 March 2017: HK\$40.0 million), which were not utilized by the Group. The banking facilities were secured by (i) a legal charge over certain property, plant and equipment and an investment property of the Group with carrying amount of approximately HK\$12.5 million and HK\$8.3 million; and (ii) pledged deposit for a life insurance product with a carrying amount of approximately HK\$6.5 million.

As 30 September 2017, the interest-bearing borrowings of the Group, constitute (i) a loan from a fellow subsidiary amounts to approximately HK\$130 million (31 March 2017: nil) at an interest rate of 6% per annum which are repayable within three years; and (ii) a loan from third party amounts to HK\$90 million (31 March 2017: nil) at an interest rate of approximately 3.9% per annum which are repayable within one year; and (iii) an unsecured and non-guaranteed convertible bonds issued to a third party with principal of approximately HK\$58.5 million (31 March 2017: nil) at an interest rate of 6% per annum which shall be redeemed within 2 year.

Gearing ratio is calculated based on the amount of total interest-bearing borrowings divided by the total equity. Gearing ratio as at 30 September 2017 was 94.0% (31 March 2017: 0%).

As of 30 September 2017, the Group had cash and cash equivalents of approximately HK\$256.0 million, representing an increase of 114.9% from approximately HK\$119.1 million as of 31 March 2017. The Group had a pledged deposit for a life insurance product with a carrying amount of approximately HK\$6.5 million and HK\$6.4 million as at 30 September 2017 and 31 March 2017, respectively. The increase in cash and cash equivalents during the Reporting Period was mainly

due to the combined effects of (i) net cash outflow from operating activities of approximately HK\$7.4 million; (ii) proceed from issuance of convertible bonds of approximately HK\$57.1 million; (iii) proceed from borrowings of approximately HK\$220.5 million; (iv) payment for the acquisition of investment properties under development of approximately HK\$146.8 million; (v) sales proceeds from sale of financial assets of HK\$51.0 million; and (vi) payment for the acquisition of financial assets of HK\$39.4 million. As at 30 September 2017, the Group's cash and cash equivalents were mainly held in Renminbi and HK dollars.

Capital Expenditures

For the Reporting Period, the Group purchased property, plant and equipment and investment properties under development of approximately HK\$0.9 million and HK\$146.8, respectively (six months ended 30 September 2016: approximately HK\$4.5 million and Nil, respectively).

PROSPECTS

According to the Hong Kong 2017-18 Budget, the Hong Kong Government will allocate approximately HK\$86.8 billion to capital works. With a number of projects at their construction peaks, the estimated annual capital works expenditure is expected to remain at relatively high levels in the next few years.

Moreover, the building services industry is steering towards designing and installing more complex and more energy efficient systems for buildings in Hong Kong. The public's increasing awareness of energy efficiency and indoor air quality and sustainability have triggered contractors in the building services industry to construct better heating, ventilation and air-conditioning systems. Therefore, the design and installation work processes for intelligent buildings are more complicated.

In view of the aforesaid increasing public expenditure on capital works and the market development, the directors of the Company (the "Directors") believe that there will be more opportunities for our building services business in both private and public sectors in the future.

The PRC government has vigorously promoted the implementation of local infrastructure projects in the form of PPP since 2013 through the promulgation of a number of policies such as 《國務院關於創新重點領域投融資機制鼓勵社會投資的指導意見》(國發[2014]60號) (The State Council's Investment and Financing Mechanism for Key Innovation Fields* (Guofa [2014] No. 60)), 《中共中央國務院關於深化投融資體制改革的意見》(中發[2016]18號) (The Opinion of the Central Committee of the Communist Party and the State Council on Deepening the Reform of Capital System* (Zhongfa [2016] No. 18)) and 《傳統基礎設施領域實施政府和社會資本合作項目工作導則》(發改投資[2016]2231號) (The Guidelines for the Implementation of Government and Social Capital Cooperation Projects in the Field of Traditional Infrastructure* (Fagai Touzi [2016] No. 2231)). Besides the promulgation of favourable policies, the PRC government has also increased the number of infrastructure projects in the recent years. In the end of 2014, the Finance Department of the PRC (the "Finance Department") released the first batch of PPP demonstration projects, which contained a total of 30 projects with an aggregate investment value of approximately RMB180 billion. In September 2015, the Finance Department released the second batch of PPP demonstration projects which contained a total of 206 projects with an aggregate investment value of approximately RMB659 billion. In October 2016, the Finance Department released the third batch of PPP demonstration projects which contained a total of 516 projects with an aggregate investment value of approximately RMB1,170.8 billion. The number of projects and aggregate investment value for the third batch are significantly higher than those for

the first batch and second batch. In view of the foregoing industry outlook/market trend, the Board is of the view that the future prospect of its investment and asset management business is promising.

The PRC government also highly values the construction of unique towns and urbanisation. The authorities concerned has actively promoted the construction of unique towns and urbanisation since February 2016. The construction of unique (cities) towns has been included in the Outline of the 13th Five Year Plan and the mission of promoting new urbanisation in 2016 of the State and the Guiding Opinion on Accelerating the Construction of Beautiful and Unique (Cities) Towns has been issued and implemented, so as to specify the concept, construction principle and development path of Unique (Cities) Towns and ensure such construction throughout the country is on the right track. Meanwhile, the PRC government has promulgated a number of favourable policies in promoting the development of unique towns throughout the PRC. In particular, according to the 關於深入推進新型城鎮化建設的若干意見 (國法2016 (8號)) Opinion on Deepening the Construction of New Urbanisation* (Guofa 2016 (No. 8)) issued by the State Council of the PRC in February 2016, the development of unique towns combining leisure tourism, trade, folk culture heritage, science and technology and advanced manufacturing is encouraged to be accelerated to promote agricultural modernisation and town urbanisation. Further, pursuant to the 關於開展特色小鎮培育工作的通知 (建村2016 (147號)) Notice on Cultivation of Unique Towns* (Jiancun 2016 (No. 147)) issued by the National Development and Reform Commission of the PRC in July 2016, a target to develop approximately 1,000 unique towns throughout the PRC by 2020 was set. In addition, many provincial governments have implemented specific policies to provide developers of unique towns certain benefits including subsidies, financial support and credit support.

Action Plan on Accelerating the Promotion of the New Urbanisation Construction, which was approved by the State Council in 2017, has determined the pace of promoting new urbanisation, facilitated the urbanisation of agricultural population, actively cultivated and developed city clusters and new small and medium-sized cities, strengthened the joint construction and sharing of infrastructure and public utilities, in order to elevate the educational, medical and other public services standards in third and fourth tier cities. In addition, it is also the key of the plan to increase the function and livability of cities, such as speeding up the construction of green cities, promoting the restoration of the city ecology, green architecture and the application of green energy, and accelerating the construction of new intelligent cities, demonstrating such pilot cities and issuing and sharing the guideline on economic development.

In view of the aforesaid favourable PRC government policies, together with the capabilities and experience in property investment and development in the PRC possessed by certain members of the Board and the parent company, the Directors believe that the expansion into the property investment and development business by the Group represents an excellent opportunity for the Group to achieve sustainable long term growth.

FOREIGN EXCHANGE RISK

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

The Group's building services business is located in Hong Kong and is transacted and settled in HK dollars while the Group's investment and asset management services business is located in the PRC and is transacted and settled in Renminbi ("RMB"). Accordingly, the Directors considered that the Group's foreign exchange risk is insignificant. As such, the Group did not have a foreign currency hedging policy and did not employ any financial instrument for hedging purpose during the Reporting Period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

CHARGE ON ASSETS

As at 30 September 2017, the banking facilities of the Group amounting to approximately HK\$30.0 million (31 March 2017: HK\$40.0 million) were secured by (i) a legal charge over certain property, plant and equipment and an investment property of the Group with carrying amount of approximately HK\$12.5 million and HK\$8.3 million (31 March 2017: HK\$37.6 million and HK\$8.3 million); and (ii) pledged deposit for a life insurance product with a carrying amount of approximately HK\$6.5 million (31 March 2017: HK\$6.4 million).

SIGNIFICANT INVESTMENTS

During the Reporting Period, the Company did not hold any significant investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

In view of the expansion of the Group in property investment and development with focuses primarily in developing unique towns in the PRC, the Group shall further invest in the development of land parcels acquired by the Group and shall participate in the auction of land use rights of additional land parcels should the location of the land parcels are in line with the Group's strategy in property investment and development.

STAFF AND REMUNERATION POLICY

As of 30 September 2017, the Group employed 55 employees. The Group reviewed employees' remuneration from time to time and salary adjustment was normally made on an annual basis with reference to their performance, work experience and the prevailing market conditions. Staff benefits include mandatory provident fund and training programs. The Company adopted a share option scheme on 22 September 2014, under which the Company can grant options to selected participants including employees and Directors as incentives or rewards for their contribution to the Group. As at 30 September 2017, 5,000,000 share options were granted under the share option scheme.

The total remuneration cost incurred by the Group for the Reporting Period was approximately HK\$27.6 million (six months ended 30 September 2016: approximately HK\$22.8 million).

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE

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

Code Provisions A.2

Mr. Wei Jie, the Chairman of the Group, is responsible for the leadership and effective running of the Board, ensuring that all material issues are decided by the Board in a conducive manner. Mr. Wei Jie is also responsible for running the Group’s business and effective implementation of the strategies of the Group. The Company is aware of the requirement under paragraph A.2 of the Code that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Nevertheless, the Board considers that the combination of the roles of Chairman and Chief Executive Officer will not impair the balance of power and authority between the Board and the management of the Company as the Board will meet regularly to consider major matters affecting the operations of the Group. The Board is of the view that this structure provides the Group with strong and consistent leadership, which can facilitate the formulation and implementation of its strategies and decisions and enable it to grasp business opportunities and react to changes efficiently. As such, the Board believes that it is beneficial to the business prospects of the Group with Mr. Wei Jie performing both the roles of Chairman and Chief Executive Officer.

Code Provisions A.6.7 and E.1.2

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings. Under code provision E.1.2, the Chairman of the Board should attend the annual general meeting. Due to other business engagement which must be attended to by the Chairman, Mr. Wei Jie, he was unable to attend the annual general meeting of the Company held on 22 September 2017 (“the 2017 AGM”). Mr. Wong Kam Ting, an executive Director and the Company Secretary of the Company, acted as the chairman of the 2017 AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a model code of conduct regarding securities transactions by the Directors on terms no less than the required standards as set out in the model code for securities transactions by directors of listed issuers as set out in Appendix 10 of the Listing Rules (the “Model Code”). Having made specific enquiry of all Directors of the Company, all Directors have confirmed that they complied with the required standards set out in the Model Code during the Reporting Period.

USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the share offer of the Company in connection with the listing of the shares of the Company on the Main Board of the Stock Exchange on 16 October 2014 was approximately HK\$92.6 million. According to the section “Future Plans and Use of Proceeds” set out in the prospectus of the Company dated 30 September 2014, the Group has used the net proceeds as follows:

	Actual net proceeds <i>HK\$ million</i>	Used amount <i>HK\$ million</i>	Unused amount <i>HK\$ million</i>
Operation of prospective projects	55.5	55.5	—
Hiring of additional staff	18.5	3.7	14.8
Upgrade of computer system and software	9.3	5.9	3.4
General working capital	9.3	9.3	—
	<u>92.6</u>	<u>74.4</u>	<u>18.2</u>
Total	<u>92.6</u>	<u>74.4</u>	<u>18.2</u>

The unutilised net proceeds are mainly placed in the current account with certain licensed financial institutions.

INTERIM DIVIDEND

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

SUFFICIENCY OF PUBLIC FLOAT

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

REVIEWED BY AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises three independent non-executive Directors, namely Mr. Cheung Ying Kwan (Chairman), Mr. Niu Zhongjie and Mr. Chen Zhao, with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed the Group’s condensed consolidated financial information for the six months ended 30 September 2017, including the accounting principles adopted by the Group, with the Company’s management. The Group’s condensed consolidated financial information for the six months ended 30 September 2017 has not been reviewed by the auditors of the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.gold-finance-gp.com.hk>). The Company's interim report for the Reporting Period will also be despatched to the shareholders of the Company and made available for review on the aforesaid website in due course.

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

Hong Kong, 27 November 2017

At the date of this announcement, the Board comprises Mr. Wei Jie, Ms. Xu Li Yun and Mr. Wong Kam Ting as executive Directors; and Mr. Niu Zhongjie, Mr. Cheung Ying Kwan and Mr. Chen Zhao as independent non-executive Directors.

* *for identification only*