FREEMAN FINTECH CORPORATION LIMITED
民眾金融科技控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

INTERIM RESULTS

The Board of Directors (the "Board") of Freeman FinTech Corporation Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2018 together with the unaudited comparative figures for 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2018

	Notes	**For the six months ended 30 September 2018 (Unaudited) *HK$'000***	2017 (Unaudited) *HK$'000*
REVENUE	*3*	**(151,514)**	289,607
Cost of sales		**(12,176)**	(5,527)
Gross profit/(loss)		**(163,690)**	284,080
Other income and gains	*3*	**60,626**	22,594
Fair value losses on investments at fair value through profit or loss, net		**(22,106)**	(10,508)
General and administrative expenses		**(171,247)**	(60,490)

	Notes	For the six months ended 30 September 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Provision for impairment loss of loans receivable, net		**(1,202,060)**	–
Provision for impairment loss of accounts receivable, net		**(37,923)**	–
Other expenses, net		**(27,608)**	–
Finance costs	*4*	**(171,344)**	(86,002)
Share of profits and losses of associates and a joint venture, net		**8**	92,117
PROFIT/(LOSS) BEFORE TAX	*5*	**(1,735,344)**	241,791
Income tax expense	*6*	**(4,173)**	(2,614)
PROFIT/(LOSS) FOR THE PERIOD		**(1,739,517)**	239,177
Attributable to:			
Owners of the Company		**(1,758,247)**	231,145
Non-controlling interests		**18,730**	8,032
		(1,739,517)	239,177
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*7*		(Restated)
Basic		**(HK$1.12)**	HK$0.15
Diluted		**(HK$1.12)**	HK$0.15

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	For the six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE PERIOD	**(1,739,517)**	239,177
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Change in fair values	**–**	(65,573)
Exchange difference arising on translating foreign operations	**(231,880)**	33,614
Share of other comprehensive income/(loss) of an associate	**15,545**	(6,918)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income – net movement in investment revaluation reserve (non-recycling)	**333,109**	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**116,774**	(38,877)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(1,622,743)**	200,300
Attributable to:		
Owners of the Company	**(1,578,302)**	184,934
Non-controlling interests	**(44,441)**	15,366
	(1,622,743)	200,300

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2018

	Notes	30 September 2018 (Unaudited) HK$'000	31 March 2018 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**13,068**	14,943
Goodwill		**660,674**	660,674
Investments in associates		**161,955**	–
Investment in a joint venture		**141,568**	143,470
Intangible assets		**17,145**	17,145
Other financial assets	9	**1,639,843**	667,445
Finance lease receivables	11	**392,297**	247,763
Prepayments and deposits		**25,521**	16,945
Total non-current assets		**3,052,071**	1,768,385
CURRENT ASSETS			
Accounts receivable	13	**151,547**	546,305
Other financial assets	9	**1,129,041**	1,833,235
Loans receivable	10	**714,340**	1,266,824
Factoring receivables	12	**301,256**	323,614
Finance lease receivables	11	**622,517**	301,709
Note receivable		**–**	600,000
Prepayments, deposits and other receivables		**115,239**	49,497
Investments at fair value through profit or loss		**61,282**	408,497
Restricted bank deposits		**174,079**	190,899
Cash and bank balances		**227,000**	1,302,157
Total current assets		**3,496,301**	6,822,737
CURRENT LIABILITIES			
Accounts payable	14	**61,066**	97,220
Other payables and accruals		**133,688**	136,074
Interest-bearing borrowings	15	**377,399**	690,130
Tax payable		**32,521**	33,927
Total current liabilities		**604,674**	957,351
NET CURRENT ASSETS		**2,891,627**	5,865,386
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,943,698**	7,633,771

	Note	30 September 2018 (Unaudited) *HK$'000*	31 March 2018 (Audited) *HK$'000*
NON-CURRENT LIABILITIES			
Other payables		**–**	202,800
Interest-bearing borrowings	*15*	**1,354,884**	1,390,693
Convertible bonds		**1,089,786**	1,025,423
Deferred tax liability		**3,421**	3,500
Total non-current liabilities		**2,448,091**	2,622,416
Net assets		**3,495,607**	5,011,355
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**15,682**	15,663
Reserves		**2,817,650**	4,288,078
		2,833,332	4,303,741
Non-controlling interests		**662,275**	707,614
Total equity		**3,495,607**	5,011,355

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018

1.1 BASIS OF PREPARATION

The condensed consolidated financial statements have 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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2018.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2018, except for the accounting policy changes that are expected to be reflected in the annual consolidated financial statements for the year ended 31 March 2019. Details of any changes in accounting policies are set out in note 1.2.

1.2 CHANGES IN ACCOUNTING POLICIES

(a) Overview

The HKICPA has issued a number of new Hong Kong Financial Reporting Standards ("HKFRSs") and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration

Except for HKFRS 9 in relation to classification of financial assets and measurement of credit losses, none of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in these condensed consolidated financial statements. Details of the changes in accounting policies are discussed in note 1.2(b) for HKFRS 9.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 April 2018. Comparative information is not restated.

(b) HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 April 2018. Therefore, comparative information continues to be reported under HKAS 39.

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

	HK$'000
Retained profits	
Recognition of additional expected credit losses on financial assets measured at amortised cost and decrease in retained profits at 1 April 2018	12,243
Available-for-sale investment revaluation reserve (recycling)	
Transferred to investment revaluation reserve (non-recycling) relating to equity securities now measured at fair value through other comprehensive income ("FVOCI") and increase in available-for-sale investment revaluation reserve (recycling) at 1 April 2018	2,829
Investment revaluation reserve (non-recycling)	
Recognition relating to financial assets recorded at cost now measured at FVOCI	39,289
Transferred from available-for-sale investment revaluation reserve relating to equity securities now measured at FVOCI	(2,829)
Net increase in investment revaluation reserve (non-recycling) at 1 April 2018	36,460
Non-controlling interests	
Recognition of additional expected credit losses on financial assets measured at amortised cost and decrease in non-controlling interests at 1 April 2018	898

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

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

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

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

– FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

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

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 31 March 2018	Reclassification	Remeasurement	HKFRS 9 carrying amount at 1 April 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets carried at amortised cost				
Loans receivable	1,266,824	–	(6,334)	1,260,490
Finance lease receivables – non-current portion	247,763	–	(1,239)	246,524
Finance lease receivables – current portion	301,709	–	(1,509)	300,200
Factoring receivables	323,614	–	(1,618)	321,996
Note receivable	600,000	–	–	600,000
Cash and bank balances	1,302,157	–	–	1,302,157
Accounts and other receivables	587,257	–	(2,441)	584,816
	4,629,324	–	(13,141)	4,616,183
Financial assets measured at FVOCI (non-recycling)				
Equity securities *(note (i))*	–	667,445	39,289	706,734
Financial assets carried at FVPL				
Investments at fair value through profit or loss *(note (ii))*	408,497	–	–	408,497
Wealth management products *(note (iii))*	–	1,833,235	–	1,833,235
	408,497	1,833,235	–	2,241,732
Financial assets classified at available-for-sale under HKAS 39 *(notes (i), (iii))*	2,500,680	(2,500,680)	–	–

Notes:

(i) Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVPL under HKFRS 9, unless they are eligible for and designated at FVOCI by the Group. At 1 April 2018, the Group designated these equity securities at FVOCI (non-recycling), as the investments are held for strategic purposes.

(ii) Investments at fair value through profit or loss were classified as financial assets at FVPL under HKAS 39. These assets continue to be measured at FVPL under HKFRS 9.

(iii) Under HKAS 39, wealth management products were classified as available-for-sale financial assets. They are classified as at FVPL under HKFRS 9, unless they are eligible for and designated at FVOCI by the Group.

The measurement categories for all financial liabilities remain the same, except for financial guarantee contracts.

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value. Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when expected credit losses ("ECLs", see note 1.2(b)(ii)) on the financial guarantees are determined to be higher than the amount carried (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1.2(b)(ii) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

The carrying amounts for all financial liabilities (including financial guarantee contracts) at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or re-designate any financial asset or financial liability at FVPL at 1 April 2018.

(ii) Credit losses

The HKFRS 9 impairment requirements are based on an expected credit loss model, replacing the incurred loss methodology model under HKAS 39. Key changes in the Group's accounting policy for impairment of financial assets are listed below.

The Group applies simplified approach to measure ECL on accounts receivable and finance lease receivables; and general approach to measure ECL on factoring receivables, loans receivable and other financial assets accounted for at amortised cost as well as loan commitment.

Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL.

Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL – not credit-impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit-impaired

Exposures are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, remaining term to maturity and other relevant factors.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive. The amount of the loss is recognised using a provision for impairment loss account.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for impairment loss reverts from lifetime ECL to 12-months ECL.

Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional ECLs amounting to approximately HK$13,141,000 which decreased retained profits by approximately HK$12,243,000 and non-controlling interests by approximately HK$898,000 at 1 April 2018.

	HK$'000
Loss allowance at 31 March 2018 under HKAS 39	455,417
Additional credit loss recognised at 1 April 2018 on:	
– Accounts receivable	2,441
– Loans receivable	6,334
– Factoring receivables	1,618
– Finance lease receivables	2,748
Loss allowance at 1 April 2018 under HKFRS 9	468,558

(iii) Transition

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

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained profits and reserves as at 1 April 2018. Accordingly, the information presented for 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

The following assessments have been made on the basis of the facts and circumstances that existed at 1 April 2018 (the date of initial application of HKFRS 9 by the Group):

- the determination of the business model within which a financial asset is held; and
- the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(c) HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18 *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11 *Construction Contracts*, which specified the accounting for construction contracts.

The directors are of the opinion that the adoption of HKFRS 15 does not have any material impact on the financial position and the financial result of the Group.

(d) HK(IFRIC)-Int 22 Foreign Currency Transactions and Advance Consideration

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC)-Int 22 does not have any material impact on the financial position and the financial result of the Group.

2. OPERATING SEGMENT INFORMATION

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

(a) trading of securities and futures segment engages in the purchase and sale of securities and futures investments;

(b) provision of finance segment engages in the provision of financing services in Hong Kong;

(c) insurance brokerage business segment engages in insurance brokerage business and the provision of financial planning and related services;

(d) securities and futures brokerage, placing, underwriting and margin financing segment engages in the provision of securities and futures brokerage services, the provision of placing, underwriting and margin financing;

(e) factoring, financial guarantee and finance leasing segment engages in the provision of factoring, financial guarantee and finance leasing services and related activities;

(f) investment holding segment engages in holding investments for continuing strategic or long-term purposes, primarily for dividend income and capital appreciation; and

(g) corporate finance advisory segment engages in the provision of corporate finance advisory services and related activities.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank and other interest income (excluding interest income from the provision of finance, margin financing, factoring and finance leasing activities), finance costs as well as head office and corporate expenses are excluded from such measurement.

Intersegment transactions are made with reference to the prices used for services made to independent third parties at the then prevailing market prices.

No analysis of the Group's assets and liabilities by operating segments was provided to the management for review during the six months ended 30 September 2018 and 2017 for the purposes of resource allocation and performance assessment.

For the six months ended 30 September 2018

	Trading of securities and futures (Unaudited) *HK$'000*	Provision of finance (Unaudited) *HK$'000*	Insurance brokerage business (Unaudited) *HK$'000*	Securities, and futures brokerage, placing, underwriting and margin financing (Unaudited) *HK$'000*	Factoring, financial guarantee and finance leasing (Unaudited) *HK$'000*	Investment holding (Unaudited) *HK$'000*	Corporate finance advisory (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue:								
Sales to external customers	(283,395)	27,263	12,745	50,035	41,838	–	–	(151,514)
Intersegment sales	–	–	–	–	–	–	–	–
	(283,395)	27,263	12,745	50,035	41,838	–	–	(151,514)
Reconciliation:								
Elimination of intersegment sales								–
Total revenue								(151,514)
Segment results:	(306,018)	(1,178,441)	(2,998)	(24,456)	10,175	(79,271)	(30)	(1,581,039)
Reconciliation:								
Bank interest income								330
Other interest income								18
Investment income								52,844
Corporate and other unallocated expenses								(36,153)
Finance costs								(171,344)
Loss before tax								(1,735,344)

For the six months ended 30 September 2017

	Trading of securities and futures (Unaudited) *HK$'000*	Provision of finance (Unaudited) *HK$'000*	Insurance brokerage business (Unaudited) *HK$'000*	Securities, and futures brokerage, placing, underwriting and margin financing (Unaudited) *HK$'000*	Factoring, financial guarantee and finance leasing (Unaudited) *HK$'000*	Investment holding (Unaudited) *HK$'000*	Corporate finance advisory (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue:								
Sales to external customers	125,267	89,612	4,272	53,202	17,254	–	–	289,607
Intersegment sales	–	–	–	–	–	–	–	–
	125,267	89,612	4,272	53,202	17,254	–	–	289,607
Reconciliation:								
Elimination of intersegment sales								–
Total revenue								289,607
Segment results:	96,300	89,215	1,055	38,680	11,617	88,727	(701)	324,893
Reconciliation:								
Bank interest income								84
Other interest income								70
Investment income								19,445
Corporate and other unallocated expenses								(16,699)
Finance costs								(86,002)
Profit before tax								241,791

Geographical information

(a) Revenue from external customers

	For the six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Hong Kong	**(193,352)**	272,353
The People's Republic of China (the "PRC")	**41,838**	17,254
Total	**(151,514)**	289,607

The geographic location of revenue from external customers is based on the location of the customers at which the services were rendered.

(b) Non-current assets

	30 September	31 March
	2018	2018
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Hong Kong	**358,979**	191,267
The PRC	**660,952**	661,910
Total	**1,019,931**	853,177

The geographic location of the non-current assets is based on the location of the operations to which they are allocated.

3. REVENUE, OTHER INCOME AND GAINS

Revenue represents interest income earned from the provision of finance; dividend income from investments at fair value through profit or loss; net gains/(losses) from the sale of investments at fair value through profit or loss; insurance brokerage income; corporate finance advisory fee; commission and brokerage income from securities and futures dealings; commission from underwriting and placing services; interest income on margin financing activities; commissions and fees from financial guarantee services; factoring interest income and finance lease interest income during the period.

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

	For the six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Interest income from provision of finance	**27,263**	89,612
Dividend income from investments at fair value through profit or loss	**–**	5,250
Gains/(losses) from the sale of investments at fair value through profit or loss, net *(note)*	**(283,395)**	120,017
Insurance brokerage income	**12,745**	4,272
Commission and brokerage income from securities and futures dealings	**24,116**	7,461
Commission from underwriting and placing services	**687**	2,322
Interest income on margin financing activities	**25,232**	43,419
Commissions and fees from financial guarantee services	**6,241**	3,475
Factoring interest income	**5,062**	7,263
Finance lease interest income	**30,535**	6,516
	(151,514)	289,607
Other income and gains		
Bank interest income	**330**	84
Other interest income	**18**	70
Investment income on other financial assets	**52,844**	19,445
Foreign exchange differences, net	**463**	459
Others	**6,971**	2,536
	60,626	22,594

Note:

The gross proceeds from sale of investments at fair value through profit or loss for the period were approximately HK$121,403,000 (six months ended 30 September 2017: HK$378,021,000).

4. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interests on borrowings	**67,791**	50,655
Interests on convertible bonds	**93,929**	35,347
Other finance cost	**9,624**	–
	171,344	86,002

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Employee benefit expenses (excluding directors' remuneration):		
Salaries and allowances	**22,175**	15,573
Retirement benefit scheme contributions (defined contribution scheme)	**570**	469
Equity-settled share option expense	**20,348**	–
	43,093	16,042
Depreciation	**2,324**	816
Equity-settled share option expense *(note a)*	**74,268**	–
Minimum lease payments under operating leases	**18,232**	15,747
Provision for impairment loss of loans receivable, net *(note 10)*	**1,202,060**	–
Provision for impairment loss of accounts receivable, net *(note 13)*	**37,923**	–
Provision for impairment loss of finance lease receivables *(note b)* *(note 11)*	**22,353**	400
Reversal of provision for impairment loss of factoring receivables *(note b) (note 12)*	**(103)**	–
Impairment loss of accounts receivable recognised *(note b)* *(note 13)*	**5,358**	–

Notes:

(a) Amount included approximately HK$20,348,000 classified as employee benefit expenses and approximately HK$45,296,000 classified as directors' remuneration.

(b) These items are included in "Other expenses, net" in the condensed consolidated statement of profit or loss.

6. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operates.

Pursuant to the rules and regulations of the British Virgin Islands (the "BVI") and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands respectively.

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 September 2018 and 2017.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Interpretation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (six months ended 30 September 2017: 25%).

	For the six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current		
Charge for the period		
– Hong Kong	**911**	–
– the PRC	**3,341**	2,308
Deferred	**(79)**	306
Total tax expense for the period	**4,173**	2,614

7. EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic earning/(loss) per share

The calculation of the basic loss per share is based on the loss for the period attributable to ordinary equity holders of the Company of HK$1,758,247,000 (six months ended 30 September 2017: profit of HK$231,145,000), and the weighted average number of ordinary shares of 1,567,815,008 (six months ended 30 September 2017: 1,507,635,131 shares, as restated), calculated as follows:

	For the six months ended 30 September	
	2018	2017
	Number of shares	Number of shares
	(Unaudited)	(Unaudited) (Restated)
Number of shares		
Issued ordinary shares at 1 April	**15,663,401,881**	14,324,137,300
Effect of warrants exercised	**–**	752,214,011
Effect of conversion of the convertible bonds issued in September 2017	**14,748,197**	–
Effect of share consolidation subsequent to the end of the reporting period	**(14,110,335,070)**	(13,568,716,180)
Weighted average number of ordinary shares at 30 September	**1,567,815,008**	1,507,635,131

(b) Diluted earning/(loss) per share

The calculation of diluted loss per share is based on the loss for the period attributable to ordinary equity holders of the Company of HK$1,758,247,000 (six months ended 30 September 2017: profit of HK$234,284,000) and the weighted average number of ordinary shares of 1,567,815,008 shares (six months ended 30 September 2017: 1,530,798,295 shares, as restated), calculated as follows:

(i) Profit/(loss) attributable to ordinary equity holders of the Company (diluted)

	For the six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit/(loss) attributable to ordinary equity holders	**(1,758,247)**	231,145
After tax effect of effective interest on the liability component of the convertible bonds issued in September 2017 *(note)*	**–**	3,139
Profit/(loss) attributable to ordinary equity holders (diluted)	**(1,758,247)**	234,284

(ii) Weighted average number of ordinary shares (diluted)

	For the six months ended 30 September	
	2018	2017
	Number of shares	Number of shares
	(Unaudited)	(Unaudited)
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earning/(loss) per share at 30 September	**1,567,815,008**	1,507,635,131
Effect of deemed issue of shares under the Company's share option scheme *(note)*	**–**	5,573,084
Effect of issue of warrants	**–**	147,395,751
Effect of conversion of the convertible bonds issued in September 2017 *(note)*	**–**	78,662,809
Effect of share consolidation subsequent to the end of the reporting period	**–**	(208,468,480)
Weighted average number of ordinary shares for the purpose of diluted earning/(loss) per share at 30 September	**1,567,815,008**	1,530,798,295

Note:

The calculation of diluted loss per share for the six months ended 30 September 2018 does not assume the conversion of the Company's outstanding convertible bonds and the exercise of the Company's outstanding share options since they would result an anti-dilutive effect on loss per share.

8. INTERIM DIVIDEND

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

9. OTHER FINANCIAL ASSETS

	30 September 2018
	(Unaudited)
	HK$'000
Non-current:	
Investments measured at fair value through other comprehensive income (non-recycling)	
– Unlisted equity investment in the PRC *(note a)*	**705,883**
– Other unlisted equity investment *(note b)*	**906,674**
– Listed equity investment in the Philippines *(note c)*	**27,286**
	1,639,843
Current:	
Investments carried at fair value through profit or loss	
– Unlisted wealth management products *(note d)*	**1,129,041**

	31 March 2018
	(Audited)
	HK$'000
Non-current:	
Unlisted equity investment in the PRC, at cost *(note a)*	631,680
Listed equity investment in the Philippines, at fair value *(note c)*	35,765
	667,445
Current:	
Unlisted wealth management products, at fair value *(note d)*	1,833,235

Notes:

(a) Balance represented equity interest in a full-licensed securities company in China (Shanghai) Pilot Free Trade Zone under the framework of the Closer Economic Partnership Arrangement between Mainland China and Hong Kong.

(b) Balance represented equity interest in an investment holding company which was acquired in April 2018.

(c) The listed equity investment in the Philippines was stated at fair values based on quoted market prices in active markets as at the end of each of the reporting periods.

(d) Balance represented the Group's investment in wealth management products from financial institutions in the PRC which were not yet due nor early redeemed as at the end of each of the reporting periods.

10. LOANS RECEIVABLE

	30 September 2018	31 March 2018
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Loans receivable	**2,242,734**	1,586,824
Less: Provision for impairment loss	**(1,528,394)**	(320,000)
	714,340	1,266,824

Loans receivable represented receivables arising from the provision of finance business of the Group, and bear interest at rates ranging from 8% to 18% per annum (31 March 2018: 12% to 24% per annum).

All of the loans receivable as at 30 September 2018 and 31 March 2018 were unsecured.

An ageing analysis of loans receivable, determined based on the age of the loans receivable since the effective drawn down date of the loans, as at the end of the reporting period is as follows:

	30 September 2018	31 March 2018
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 90 days	**10,915**	512,308
Between 91 to 180 days	**349,222**	194,692
Between 181 days to one year	**992,434**	879,824
Over one year	**890,163**	–
	2,242,734	1,586,824

The movements in the provision for impairment of loans receivable are as follows:

	30 September 2018 (Unaudited)	31 March 2018 (Audited)
	HK$'000	*HK$'000*
At beginning of period/year	**320,000**	–
Effect arising from adoption of HKFRS 9	**6,334**	–
	326,334	–
Provision for impairment loss *(note)*	**1,249,757**	320,000
Reversal of provision for impairment loss *(note)*	**(47,697)**	–
At end of period/year	**1,528,394**	320,000

Note: Amounts are included in "Provision for impairment loss of loans receivable, net" in the condensed consolidated statement of profit or loss.

11. FINANCE LEASE RECEIVABLES

	Minimum lease payments receivable		**Present value of minimum lease payments receivable**	
	30 September 2018 (Unaudited)	31 March 2018 (Audited)	**30 September 2018 (Unaudited)**	31 March 2018 (Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Finance lease receivables comprise:				
Within one year	**693,968**	334,921	**645,647**	301,709
In more than one year but not more than five years	**420,548**	268,550	**394,268**	247,763
	1,114,516	603,471	**1,039,915**	549,472
Less: Unearned finance lease income	**(74,601)**	(53,999)	**–**	–
	1,039,915	549,472	**1,039,915**	549,472
Less: Provision for impairment loss	**(25,101)**	–	**(25,101)**	–
Present value of minimum lease payments receivable	**1,014,814**	549,472	**1,014,814**	549,472
Analysed as:				
Current assets			**622,517**	301,709
Non-current assets			**392,297**	247,763
			1,014,814	549,472

The movements in the provision for impairment of finance lease receivables are as follows:

	30 September 2018 (Unaudited) ***HK$'000***	31 March 2018 (Audited) *HK$'000*
At beginning of period/year	**–**	–
Effect arising from adoption of HKFRS 9	**2,748**	–
	2,748	–
Provision for impairment loss	**22,353**	–
At end of period/year	**25,101**	–

12. FACTORING RECEIVABLES

	30 September 2018 (Unaudited) ***HK$'000***	31 March 2018 (Audited) *HK$'000*
Factoring receivables	**302,771**	323,614
Less: Provision for impairment loss	**(1,515)**	–
	301,256	323,614

An ageing analysis of factoring receivables, determined based on the age of the factoring receivables since the effective drawn down date of the loans, as at the end of the reporting period is as follows:

	30 September 2018 (Unaudited) ***HK$'000***	31 March 2018 (Audited) *HK$'000*
Within 90 days	**125,025**	213,660
Between 91 to 180 days	**111,661**	62,474
Between 181 days to one year	**66,085**	22,490
Over one year	**–**	24,990
	302,771	323,614

The movements in the provision for impairment of factoring receivables are as follows:

	30 September 2018 (Unaudited) *HK$'000*	31 March 2018 (Audited) *HK$'000*
At beginning of period/year	**–**	–
Effect arising from adoption of HKFRS 9	**1,618**	–
	1,618	–
Reversal of provision for impairment loss	**(103)**	–
At end of period/year	**1,515**	–

13. ACCOUNTS RECEIVABLE

	30 September 2018 (Unaudited) *HK$'000*	31 March 2018 (Audited) *HK$'000*
Accounts receivable arising from the ordinary course of business of:		
– Dealing in securities:		
Margin clients	**252,511**	592,063
Clearing houses	**47,736**	58,027
– Insurance brokerage business	**59**	578
– Futures brokerage business	**4,743**	6,622
– Financial guarantee business	**22,279**	24,432
	327,328	681,722
Less: Provision for impairment loss	**(175,781)**	(135,417)
	151,547	546,305

The settlement terms of accounts receivable attributable to the dealing in securities transactions are two days after the trade date except for the balances with margin clients and cash clients which are repayable on demand. The trading terms with customers of the insurance brokerage business are mainly on credit. The credit period for customers of insurance brokerage business is generally 30 days, extending up to 90 days for major customers. The settlement terms of accounts receivable attributable to dealing in futures transactions and financial guarantee business are repayable on demand and generally up to 12 months, respectively.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the trade date, is as follows:

	30 September 2018 (Unaudited)	31 March 2018 (Audited)
	HK$'000	*HK$'000*
Within 90 days	**327,314**	681,641
Between 91 to 180 days	**14**	81
	327,328	681,722

The movements in provision for impairment of accounts receivable are as follow:

	30 September 2018 (Unaudited)	31 March 2018 (Audited)
	HK$'000	*HK$'000*
At beginning of period/year	**135,417**	–
Effect arising from adoption of HKFRS 9	**2,441**	–
	137,858	–
Provision for impairment loss *(note)*	**39,843**	135,417
Reversal of provision for impairment loss *(note)*	**(1,920)**	–
At end of period/year	**175,781**	135,417

Note: Amounts are included in "Provision for impairment loss of accounts receivable, net" in the condensed consolidated statement of profit or loss.

14. ACCOUNTS PAYABLE

The balances as at 30 September 2018, based on the trade date, were all aged within 90 days (31 March 2018: 90 days).

15. INTEREST-BEARING BORROWINGS

	30 September 2018 (Unaudited) *HK$'000*	31 March 2018 (Audited) *HK$'000*
Non-current:		
Bank borrowings, secured	**2,651**	25,445
Bank borrowings, unsecured	**70,500**	78,000
Other borrowings, secured	**1,251,733**	1,257,248
Other borrowings, unsecured	**30,000**	30,000
Total non-current borrowings	**1,354,884**	1,390,693
Current:		
Bank borrowings, secured	**102,549**	347,091
Bank borrowings, unsecured	**15,000**	15,000
Other borrowings, secured	**259,850**	278,039
Other borrowings, unsecured	**–**	50,000
Total current borrowings	**377,399**	690,130
Total borrowings	**1,732,283**	2,080,823

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The directors of Freeman FinTech Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") do not recommend the payment of an interim dividend for the six months ended 30 September 2018 (30 September 2017: Nil).

BUSINESS REVIEW

The Group's consolidated net loss for the period was HK$1,739.5 million (30 September 2017: profit of HK$239.2 million). The consolidated net assets of the Group decreased from HK$5,011.4 million as at 31 March 2018 to HK$3,495.6 million as at 30 September 2018. The consolidated net loss was mainly attributable to (i) net realised loss and net unrealised loss of investments at fair value through profit or loss of HK$283.4 million (30 September 2017: gain of HK$120.0 million) and HK$22.1 million (30 September 2017: HK$10.5 million), respectively; (ii) net provision for impairment loss of loans receivable of approximately HK$1,202.1 million (30 September 2017: Nil) as a result of extremely challenging market conditions that affect the repayments from the borrowers; (iii) net provision for impairment loss of accounts receivable of approximately HK$37.9 million (30 September 2017: Nil); (iv) finance costs of approximately HK$171.3 million (30 September 2017: HK$86.0 million); and (v) an one-off equity-settled share option expense of approximately HK$74.3 million (30 September 2017: Nil).

Letter of Intent in relation to a possible investment

In February 2018, the Company entered into the Letter of Intent with Meson. Pursuant to the Letter of Intent, Meson is considering the Possible Investment in the Cayman Company. The Possible Investment may be carried out by way of acquisition of the Cayman Company's shares indirectly held by the Company and/or subscription of new shares to be issued by the Cayman Company through capital injection. Upon completion of the Possible Investment, Meson will own a majority stake in the Cayman Company.

Pursuant to the Letter of Intent, Meson estimates that the valuation of the Cayman Company is HK$3 billion and the final consideration to be payable by Meson for the Possible Investment, if materialised, will be further negotiated and determined with reference to the valuation report to be issued by an independent valuer.

Meson is a company incorporated in the People's Republic of China (the "PRC") with limited liability, the shares of which are listed on Shenzhen Stock Exchange (stock code: 002647.SZ). Meson is principally engaged in the provision of information services such as information system integration, information technology consulting, data processing, information storage, and other services. Meson also operates industrial investments, asset management and other businesses.

As at the date of the Letter of Intent, Mr. Zhang Yongdong ("Mr. Zhang"), a substantial shareholder of the Company who held approximately 24.36% of the issued share capital of the Company, also held approximately 20.50% of the issued share capital of Meson.

In May 2018, the Company entered into the Termination Agreement with Meson. Pursuant to the Termination Agreement, the Letter of Intent ceased to have any effect and none of the parties to the Letter of Intent will have any claim against the other for costs, damages, compensation or otherwise.

Details in relation to the Letter of Intent, the termination of the Letter of Intent and the capitalised terms in the above paragraphs were set out in the announcements of the Company dated 22 February 2018 and 18 May 2018.

Issue of secured convertible bonds under general mandates

In June 2017, the Company entered into a subscription agreement with a subsidiary of China Huarong Asset Management Co., Ltd. (the "First Subscriber", whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 2799) in relation to the subscription of the convertible bonds of the Company under general mandate for 1,835,294,118 conversion shares at conversion price of HK$0.425 per conversion share (the "First Subscription"). The gross proceeds from the First Subscription amounted to approximately HK$780 million. The convertible bonds in the principal amount of US$100 million, carried interest at 4% per annum and secured by 30% equity interest in Wins Finance Holdings Inc. ("Wins Finance", an indirect non-wholly owned subsidiary of the Company) held by the Group were issued by the Company to the First Subscriber in June 2017 (the "First Convertible Bonds").

In August 2017, the Company entered into another subscription agreement with a wholly-owned subsidiary of Huarong Investment Stock Corporation Limited (the "Second Subscriber", whose shares are listed on the main board of the Stock Exchange, stock code: 2277) in relation to the subscription of the convertible bonds of the Company under general mandate for 1,028,235,294 conversion shares at conversion price of HK$0.425 per conversion share (the "Second Subscription"). The gross proceeds from the Second Subscription amounted to HK$437 million. The convertible bonds in the principal amount of HK$437 million, carried interest at 4% per annum and secured by 15% (which has been diluted to approximately 12.17% of the share capital in the Securities Company (as defined below) as at 30 September 2018) equity interest in the Securities Company were issued by the Company to the Second Subscriber in September 2017 (the "Second Convertible Bonds"). The net proceeds of the First Subscription and the Second Subscription of approximately HK$779 million and HK$436 million respectively have been utilised as intended for additional funding to Freeman Securities Limited (an indirect wholly-owned subsidiary of the Company principally engaged in securities brokerage services, the provision of placing, underwriting, margin financing, investment holding and trading of securities) for business expansion, money lending business and other general working capital of the Group.

In March 2018, US$1 million conversion rights attaching to the First Convertible Bonds were exercised and 18,352,941 shares of the Company (the ''Share(s)'') were issued. As at 31 March 2018, the Company's total issued shares were 15,663,401,881 Shares.

In May 2018, HK$7.8 million conversion rights attaching to the Second Convertible Bonds were exercised and 18,360,000 Shares were issued. As at 30 September 2018, the Company's total issued shares were 15,681,761,881 Shares. As a result of a share consolidation proposed by the Company on the basis that every ten issued and unissued shares of HK$0.001 each be consolidated into one consolidated share of HK$0.01 each (the "Share Consolidation") became effective on 12 November 2018, the Company's total issued shares have been adjusted to 1,568,176,188 Shares, the conversion price for the First Convertible Bonds and the Second Convertible Bonds has been adjusted to HK$4.25 per Share and the conversion shares attributable to the outstanding First Convertible Bonds and the Second Convertible Bonds as at 30 September 2018 have been adjusted to 181,694,117 Shares and 100,987,529 Shares respectively.

In September 2018, the Company entered into a deed of undertaking and a supplemental deed (the "Deeds") with the Second Subscriber to amend certain terms and conditions of the Second Convertible Bonds (the "Amendments on the Second Convertible Bonds"). Pursuant to the Deeds, among other things, the conversion price shall be adjusted to HK$0.065 per conversion share (which has been adjusted to HK$0.65 per conversion share as a result of the Share Consolidation became effective on 12 November 2018) and the interest rate of the Second Convertible Bonds shall be adjusted to 7% per annum on and after the date on which the Amendments on the Second Convertible Bonds become effective.

In October 2018, the Company entered into an undertaking and a supplemental instrument (the "Instruments") with the First Subscriber to amend certain terms and conditions of the First Convertible Bonds (the "Amendments on the First Convertible Bonds"). Pursuant to the Instruments, among other things, the conversion price shall be adjusted to HK$0.065 per conversion share (which has been adjusted to HK$0.65 per conversion share as a result of the Share Consolidation became effective on 12 November 2018).

In November 2018, the Company entered into a second supplemental deed with the Second Subscriber and a supplemental undertaking with the First Subscriber pursuant to which the Company agreed to further amend certain terms and conditions of the Second Convertible Bonds and First Convertible Bonds respectively (collectively with the Amendments of the Second Convertible Bonds and the Amendments of the First Convertible Bonds referred to as the "Amendments").

The Amendments were subject to fulfillment of certain conditions, among other things, the approval of the shareholders of the Company (the "Shareholders") at the extraordinary general meeting of the Company and the approval from the Stock Exchange. As at the date of this announcement, the Amendments were not yet completed.

Details in relation to the issue of the First Convertible Bonds and the Second Convertible Bonds, and the Amendments in the above paragraphs were set out in the announcements of the Company dated 6 June 2017, 15 June 2017, 24 August 2017, 12 September 2017, 28 September 2018, 18 October 2018, 9 November 2018 and 15 November 2018 and the circular of the Company dated 27 November 2018.

Grant and cancellation of share options

In July 2018, the Company granted share options to eligible grantees under the share option scheme adopted by the Company on 31 August 2012 to subscribe for a total of 1,266,815,134 ordinary shares with par value of HK$0.001 each at an exercise price of HK$0.101 per Share. These share options were cancelled in July 2018.

In August 2018, the Company granted new share options to eligible grantees under the share option scheme adopted by the Company on 31 August 2012 to subscribe for a total of 1,266,815,134 ordinary shares with par value of HK$0.001 each at an exercise price of HK$0.102 per Share. As a result of the Share Consolidation became effective on 12 November 2018, the exercise price of the share options granted in August 2018 has been adjusted to HK$1.02 per Share and the ordinary shares attributable to the share options granted on 6 August 2018 has been adjusted to 126,681,513 Shares. As at the date of this announcement, no share options were exercised.

Details in relation to the grant and cancellation of share options in the above paragraphs were set out in the announcements of the Company dated 20 July 2018, 31 July 2018 and 6 August 2018.

Issue of secured guaranteed convertible notes under general mandate

In September 2018, the Company entered into a note purchase agreement with an indirect wholly-owned special purpose vehicle of CCB International (Holdings) Limited (the "Investor") in relation to the issue of the convertible notes of the Company under general mandate for 2,111,902,494 conversion shares at conversion price of HK$0.088 per conversion share. The convertible notes in the principal amount of HK$185,847,419 carried interest at 7% per annum and were secured by certain shares in the capital of an indirect wholly-owned subsidiary of the Company, approximately 7.26% equity interest of Wins Finance and certain Shares held by Mr. Zhang and personal guarantee given by Mr. Zhang (the "CCBI Convertible Notes"). As a result of the Share Consolidation became effective on 12 November 2018, the conversion price for the CCBI Convertible Notes has been adjusted to HK$0.88 per conversion share and the conversion shares attributable to the outstanding CCBI Convertible Notes as at 30 September 2018 have been adjusted to 211,190,249 Shares.

As at the date of this announcement, no conversion rights attaching to the CCBI Convertible Notes were exercised. The net proceeds from the issue of the CCBI Convertible Notes of HK$184,847,419 have been utilised as intended for repayment of part of the principal amount of the secured guaranteed note of principal amount of US$70,000,000 due 2020 issued by the Company to the Investor on 29 March 2018 in the amount equal to US$23,826,592.

Details in relation to the issue of the CCBI Convertible Notes in the above paragraphs were set out in the announcements of the Company dated 4 September 2018 and 24 October 2018.

Investments in associates

As at 30 September 2018, the Group held investments in associates of HK$162.0 million (31 March 2018: Nil), representing (i) approximately 36.17% shareholding interests in Imagination Holding Limited ("Imagination") with a carrying amount of approximately HK$21.1 million and (ii) approximately 36.17% shareholding interests in Jocasta Ventures Ltd ("Jocasta") with a carrying amount of approximately HK$140.9 million.

In April 2018, the Group acquired 36.17% equity interest in Imagination for a consideration of approximately HK$144.5 million. Imagination is a company incorporated in Republic of the Marshall Islands and an investment holding company. Its subsidiaries are principally engaged in the provision of money lending service and investment holding. Such investment was recorded as investments in associates as at 30 September 2018.

In July 2018, Imagination distributed its 36.17% equity investment in Jocasta to the Group. Jocasta is a company incorporated in Republic of the Marshall Islands and an investment holding Company. Its subsidiary is principally engaged in the provision of money lending service. Such investment was recorded as investments in associates as at 30 September 2018.

Other financial assets

As at 30 September 2018, the Group recorded non-current other financial assets of approximately HK$1,639.8 million (31 March 2018: HK$667.4 million), representing (i) an unlisted equity investment with approximately 12.17% equity interest in Shengang Securities Company Limited (the "Securities Company"), a full-licensed securities company in China (Shanghai) Pilot Free Trade Zone of the Closer Economic Partnership Arrangement between Mainland China and Hong Kong of approximately HK$705.9 million (31 March 2018: HK$631.7 million); (ii) an unlisted equity investment with approximately 19.06% equity interest in an investment holding company ("Entity A") of approximately HK$906.7 million (31 March 2018: Nil); and (iii) listed securities of The Philippine Stock Exchange, Inc. ("PSE", whose shares are listed on The Philippine Stock Exchange, Inc., symbol: PSE) with a carrying amount of approximately HK$27.3 million (31 March 2018: HK$35.8 million), representing 1.2% (31 March 2018: 1.2%) of PSE's total issued shares.

(i) ***Securities Company***

The Securities Company is principally engaged in securities broking, securities underwriting and sponsoring, securities trading and securities asset management related businesses in China. Based on the unaudited management accounts of the Securities Company for the nine months period ended 30 September 2018, the Securities Company recorded revenue of approximately Renminbi ("RMB") 119 million (equivalent to approximately HK$142 million), loss for the period of approximately RMB139 million (equivalent to approximately HK$166 million) and net assets of approximately RMB4,237 million (equivalent to approximately HK$4,829 million).

Based on the audited financial statements of the Securities Company for the financial year ended 31 December 2017, the Securities Company recorded revenue of approximately RMB327 million (equivalent to approximately HK$409 million), profit for the year of approximately RMB13 million (equivalent to approximately HK$17 million) and net assets of approximately RMB3,480 million (equivalent to approximately HK$4,353 million).

As at the date of this announcement, the Securities Company did not have material impact on the earnings of the Group.

(ii) ***Entity A***

Entity A is a company incorporated in the British Virgin Islands with limited liability with subsidiaries principally engaged in trading of securities, provision of finance and holding of investment in financial services industry. Based on the unaudited management accounts for the nine months ended 30 September 2018, Entity A recorded revenue of approximately HK$1,131 million, profit for the period of approximately HK$1,236 million and net assets of approximately HK$4,757 million. As at the date of this announcement, Entity A did not have material impact on the earnings of the Group.

(iii) ***PSE***

PSE and its subsidiaries are principally engaged in the provision of trading, clearing, depository and information services for the equity market in the Philippines. The stock price of the listed securities of PSE as at 30 September 2018 amounted to Philippines Peso ("PHP") 188.5 (31 March 2018: PHP237.8) (equivalent to approximately HK$27.3 (31 March 2018: HK$35.8)) per share. Based on the third quarterly report of PSE for the nine months ended 30 September 2018, PSE and its subsidiaries recorded revenue of approximately PHP995 million (equivalent to approximately HK$149 million), profit for the period of approximately PHP371 million (equivalent to approximately HK$55 million) and net assets of approximately PHP5,843 million (equivalent to approximately HK$846 million).

Based on the annual report of PSE for the financial year ended 31 December 2017, PSE and its subsidiaries recorded revenue of approximately PHP1,226 million (equivalent to approximately HK$184 million), profit for the year of approximately PHP828 million (equivalent to approximately HK$125 million) and net assets of approximately PHP3,332 million (equivalent to approximately HK$501 million). As at the date of this announcement, PSE did not have material impact on the earnings of the Group.

As at 30 September 2018, the Group also recorded other financial assets (classified under current assets), representing wealth management products from financial institutions in the PRC which were not yet due nor early redeemed as at the end of the reporting period of HK$1,129.0 million (31 March 2018: HK$1,833.2 million).

The proprietary team of the Group would continue to closely monitor the Group's investment in other financial assets for potential dividend returns and capital appreciations to enhance values to the Shareholders.

Investments at fair value through profit or loss

The Group considers trading of securities as one of its core businesses and the Group will continue to take attentive approach on its future investments. The proprietary team of the Group would closely monitor the Group's investment at fair value through profit or loss for potential dividend returns and capital appreciations to enhance values to the Shareholders.

As at 30 September 2018, the Group held investments at fair value through profit or loss of HK$61.3 million (31 March 2018: HK$408.5 million), representing approximately 1.8% (31 March 2018: 8.2%) of the Group's net assets of HK$3,495.6 million (31 March 2018: HK$5,011.4 million). The Group held a diversified portfolio of listed investments throughout the period. As at 30 September 2018, the Group mainly held listed securities of Pak Wing Group (Holdings) Limited ("Pak Wing", whose shares are listed on GEM of the Stock Exchange, stock code: 8316) with a carrying value of HK$60.5 million, representing approximately 1.7% of Group's net assets and approximately 8.0% of Pak Wing's total issued shares. The stock price of the listed securities of Pak Wing as at the date of purchase in June 2018 was HK$1.28 per share and the stock price of the listed securities of Pak Wing decreased to HK$0.95 per share as at 30 September 2018. Based on the interim report of Pak Wing for the six months ended 30 September 2018, Pak Wing and its subsidiaries recorded revenue of approximately HK$37 million and loss of approximately HK$3 million for the six months ended 30 September 2018 and net liabilities of approximately HK$2 million at 30 September 2018. Pak Wing and its subsidiaries are principally engaged in the provision of foundation works business in Hong Kong. The Group did not hold any listed securities of Pak Wing as at 31 March 2018.

As at 31 March 2018, the Group mainly held listed securities of China All Access (Holdings) Limited ("All Access", whose shares are listed on the main board of the Stock Exchange, stock code: 633) with a carrying value of HK$407.3 million, representing approximately 8.1% of Group's net assets and approximately 8.1% of All Access's total issued shares. The stock price of the listed securities of All Access increased from HK$2.30 per share as at 1 April 2017 to HK$2.50 per share as at 31 March 2018. Based on the annual report of All Access for the financial year ended 31 December 2017, All Access and its subsidiaries recorded revenue of approximately RMB2,688 million (equivalent to approximately HK$3,362 million), profit for the year of approximately RMB232 million (equivalent to approximately HK$290 million) and net assets of approximately RMB3,991 million (equivalent to approximately HK$4,992 million). As at 30 September 2018, the Group held listed securities of All Access with a carrying amount of HK$0.7 million, representing approximately 0.02% of the Group's net assets and approximately 0.05% of All Access's total issued shares. All Access and its subsidiaries are principally engaged in the provision of communication application solutions and services and investment activities.

Other listed investments are individually carrying at value less than 5% of the Group's net assets as at 30 September 2018 and 31 March 2018.

The Group recorded net unrealised loss of investments at fair value through profit or loss of HK$22.1 million (30 September 2017: HK$10.5 million) for the current period, of which included net unrealised losses of HK$19.2 million and HK$1.8 million (30 September 2017: nil and gain of HK$21.7 million) for investments in listed securities of Pak Wing and All Access, respectively, for the current period.

The Group would realise its investment in listed securities with reference to the stock market volatility and general trading sentiment. The proceeds from disposal would be applied towards expansion of the Group's existing business lines and general working capital purposes. The Group realised its investments in listed securities of All Access with a carrying value of HK$404.8 million for aggregate gross proceeds of HK$121.4 million, resulting net realised losses of investments at fair value through profit or loss of HK$283.4 million for the current period. The Group had not disposed of any listed securities of Pak Wing during the period.

For the six months ended 30 September 2017, the Group realised its investments in listed securities with a carrying value of HK$258.0 million for aggregate gross proceeds of HK$378.0 million, resulting net realised gains of investments at fair value through profit or loss of HK$120.0 million.

FINANCIAL REVIEW

The Group resulted a gross loss for the current period of HK$163.7 million (30 September 2017: profit of HK$284.1 million). It is mainly due to the net realised losses from the sale of investments at fair value through profit or loss of HK$283.4 million (30 September 2017: gains of HK$120.0 million). The Group had not recorded dividend income from investments at fair value through profit or loss for the current period as compared to HK$5.3 million for the same period in 2017. Interest income from provision of finance significantly decreased by approximately 69.5% to HK$27.3 million as compared to HK$89.6 million for the same period in 2017 as the collectibility of certain loans receivable were considered not probable and less interest income was recorded during the current period. Insurance brokerage income significantly increased by approximately 3.0 times to HK$12.7 million as compared to HK$4.3 million in the same period in 2017 as the insurance brokerage segment increased its customers' portfolio. There was no corporate finance advisory fee recorded for both reporting periods as a result of competitive market of the industry. Income from securities and futures brokerage, placing, underwriting and margin financing service was HK$50.0 million, representing a decrease of approximately 6.0% as compared to HK$53.2 million for the same period in 2017, as a result of less margin financing income from customers was recorded during the current period. Commission and fees from financial guarantee services, factoring interest income and finance lease interest income significantly increased by approximately 141.6% to approximately HK$41.8 million as compared to HK$17.3 million for the same period in 2017.

The Group recorded provision for impairment loss of loans receivable of HK$1,202.1 million (30 September 2017: Nil) and provision for impairment loss of accounts receivable of HK$37.9 million (30 September 2017: Nil) as the Directors are of the view that the collection of certain loans receivable and accounts receivable were not probable. Such provision amounts were based on the ageing of the overdue balances, borrowers' creditworthiness and historical write-off experience, and represented the allowance provided for the estimated loss arising from the inability of third party borrowers to make required repayments to the Group as at 30 September 2018. These third party borrowers are mainly individual borrowers located in the PRC. In view of the recent economic turmoil in the global stock markets and uncertainty of the trade frictions between the PRC and the United States of America in the last few months, the rate of repayments from these borrowers has been severely affected. The money leading team has always focused on the credit management of the borrowers in order to minimise the credit risk. In order to mitigate the default risk and manage the operating cash flow, the Group has regularly maintained adequate internal policies in relation to making loans to borrowers and granting trading limits to margin customers, which include financial assessments of the borrowers and margin customers, regular review of ageing analysis and tight control on any overdue balances. In addition, follow-up measures including sending reminder letters to borrowers for repayments, arranging meetings with borrowers to request for immediate repayments are in place.

Out of the provision for impairment loss of loans receivable of approximately HK$1,202.1 million, (i) approximately HK$641 million represented the allowance provided for the estimated loss in relation to certain third party borrowers that the Group has not received any repayments from such borrowers and writs of summons have been served to commence legal proceedings against such borrowers; (ii) approximately HK$526 million represented the allowance provided for the estimated loss in relation to certain third party borrowers that the Group has received repayments of some overdue interests and such borrowers could provide assets proof to cover their overdue balances; and (iii) approximately HK$35 million represented the allowance provided for the estimated loss in relation to certain third party borrowers that the Group has received full repayment of overdue interest and repayments of some overdue loan principals, and such borrowers could provide assets proof to cover their overdue balances.

The provision for impairment loss of accounts receivable of approximately HK$37.9 million represented the allowance provided for the estimated loss in relation to a third party margin customer that the Group has not received any repayments from such customer and writ of summons have been served to commence legal proceedings against such customer.

Other income and gains substantially increased to HK$60.6 million for the current period (30 September 2017: HK$22.6 million) which was mainly due to the increase in investment income on other financial assets recognised for the current period. The Group also recorded net unrealised losses on investments at fair value through profit or loss of HK$22.1 million for the current period (30 September 2017: HK$10.5 million). The Group shared profits of HK$1.9 million from associates for the current period (30 September 2017: HK$92.3 million) and also shared losses of HK$1.9 million from a joint venture for the current period (30 September 2017: HK$0.2 million).

Cost saving is a continuous aim in monitoring daily operations by the Group. During the current period, general and administrative expenses amounted to HK$171.2 million, representing an increase of approximately 183.0% as compared to HK$60.5 million for the same period in 2017 which was mainly due to increases in staff costs and legal and professional fee. Total employee benefit expenses amounted to approximately HK$94.8 million (30 September 2017: HK$18.7 million) which included an one-off equity-settled share option expense of HK$65.7 million (30 September 2017: Nil) were incurred for the current period. Legal and professional fee amounted to approximately HK$11.4 million (30 September 2017: HK$1.8 million) were incurred for the current period in defending the Lawsuits (as defined below) and for the legal proceedings against certain borrowers and a margin customer with overdue balances. Finance costs increased to HK$171.3 million as compared to HK$86.0 million for the same period in 2017, as more external borrowings were obtained as at the end of the current period. Income tax expense increased to HK$4.2 million for the current period (30 September 2017: HK$2.6 million) which was mainly due to the provision for the PRC tax for financial services business in China for the current period.

Net loss attributable to the Shareholders for the current period was HK$1,758.2 million (30 September 2017: net profit of HK$231.1 million). Basic and diluted loss per share was HK$1.12 (30 September 2017: earning per share of HK$0.15 (as restated)).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2018, net current assets of the Group amounted to HK$2,891.6 million (31 March 2018: HK$5,865.4 million) with cash and bank balances of HK$227.0 million (31 March 2018: HK$1,302.2 million) and the current ratio (current assets/current liabilities) was 5.8 (31 March 2018: 7.1). The Group had secured borrowings of HK$1,616.8 million (31 March 2018: HK$1,907.8 million), unsecured borrowings of HK$115.5 million (31 March 2018: HK$173.0 million) and convertible bonds of HK$1,089.8 million (31 March 2018: HK$1,025.4 million). Gearing ratio, calculated on the basis of the Group's interest-bearing borrowings and convertible bonds divided by the equity attributable to owners of the Company was 99.6% (31 March 2018: 72.2%). The borrowings of the Group carried floating interest rates calculated by reference to the Hong Kong Interbank Offered Rate (''HIBOR''), Hong Kong Dollar Prime Rate, or lender's costs of funds were made in Hong Kong dollar and United States dollar. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollar and United States dollar. As Hong Kong Dollar is pegged to United States dollar, the foreign exchange risk exposures are considered limited. The Group did not have any financial instruments used for hedging purpose.

The Group had capital commitments as at 30 September 2018 of approximately HK$0.7 million (31 March 2018: Nil). In light of the amount of liquid assets on hand and banking facilities available, the Directors are of the view that the Group has sufficient financial resources to meet its ongoing operational requirements. The Group's assets portfolio is mainly financed by its shareholders' funds. As at 30 September 2018, the Group had shareholders' funds of HK$2,833.3 million (31 March 2018: HK$4,303.7 million).

PLEDGE OF ASSETS

As at 30 September 2018, bank borrowings of HK$31.6 million (31 March 2018: HK$157.0 million) were secured by personal guarantees given by Mr. Zhang and an independent third party. Such borrowings were also secured by certain investments at fair value through profit or loss held by the Group with an aggregate carrying value of HK$404.8 million as at 31 March 2018. Bank borrowings of HK$73.6 million (equivalent to RMB64.6 million) (31 March 2018: HK$145.5 million (equivalent to RMB116.5 million)) were secured by bank deposits of HK$34.2 million (31 March 2018: 35.2 million) with a corporate guarantee given by an independent third party. HK$70 million of such borrowings were secured by charges over client's pledged securities as at 31 March 2018. HK$702.0 million (equivalent to US$90 million) (31 March 2018: HK$702 million, equivalent to US$90 million) of other borrowings were secured by the shares in the capital of certain wholly-owned subsidiaries of the Company, 10% equity interest of Wins Finance held by the Group, and personal guarantees given by Mr. Zhang and his spouse. Other borrowings of HK$26.3 million (equivalent to RMB23.1 million) (31 March 2018: HK$50.0 million, equivalent to RMB40.0 million) were secured by certain finance lease receivables with carrying amount of HK$25.7 million (equivalent to RMB22.6 million) (31 March 2018: HK$33.9 million, equivalent to RMB27.2 million).

As at 30 September 2018, notes payable in the aggregate principal amount of HK$783.3 million (equivalent to US$100 million) (31 March 2018: HK$783.3 million, equivalent to US$100 million) were secured by certain shares in the capital of a wholly-owned subsidiary of the Company, approximately 7.26% equity interest of Wins Finance held by the Group, certain Shares held by Mr. Zhang and personal guarantees given by Mr. Zhang and his spouse.

As at 30 September 2018 and 31 March 2018, the First Convertible Bonds were secured by 30% equity interest of Wins Finance held by the Group. As at 31 March 2018, the Second Convertible Bonds were secured by 15% (which has been diluted to approximately 12.17% as at 30 September 2018) equity interest of the Securities Company held by the Group.

EVENTS AFTER THE REPORTING PERIOD

(a) As announced by the Company on 28 September 2018, 18 October 2018, 9 November 2018 and 15 November 2018, the Company entered into undertakings with the First Subscriber and the Second Subscriber, pursuant to which, subject to the fulfillment of certain conditions, the Company agreed to amend certain terms and conditions of the First Convertible Bonds and the Second Convertible Bonds. As at the date of this announcement, the conditions precedent set out in the undertakings have not been fully fulfilled.

(b) As announced by the Company on 19 October 2018 and 9 November 2018, the Company proposed to implement a share consolidation on the basis that every ten issued and unissued shares of HK$0.001 each be consolidated into one consolidated share of HK$0.01 each. The proposed ordinary resolution to approve the share consolidation was duly passed by the Shareholders by way of poll at the extraordinary general meeting held on 9 November 2018. The share consolidation became effective on 12 November 2018.

(c) As announced by the Company on 24 October 2018, the conditions precedent set out in the note purchase agreement with the Investor in relation to the issue of convertible notes in the principal amount of HK$185,847,419 with conversion rights to convert the principal amount thereof into the Shares at the conversion price of HK$0.088 (which has been adjusted to HK$0.88 as a result of the Share Consolidation became effective on 12 November 2018) have been fulfilled and completion of the issue of the convertible notes took place. The convertible notes in the principal amount of HK$185,847,419 were issued to the Investor on the same date.

(d) As announced by the Company on 26 October 2018, the Group entered into an agreement with two independent third parties, pursuant to which the Group agreed to contribute capital of RMB150,000,000 to the target company in the form of cash, out of the registered capital of the target company of RMB1,000,000,000.

Except as disclosed elsewhere in this announcement, the Group had no other significant events after the reporting period.

CONTINGENT LIABILITIES

Wins Finance and certain of its executive officers were named as defendants in two civil securities lawsuits recently filed in two U.S. District Courts (the "Lawsuit A" and the "Lawsuit B", collectively referred to as the "Lawsuits") in April 2017. Both Lawsuits were putative class action lawsuits where plaintiffs' counsels sought to represent the entire class of shareholders who acquired Wins Finance's securities between 29 October 2015 and 29 March 2017. Both Lawsuits asserted the same statutory violations under the U.S. Securities Exchange Act, alleged, in sum and substance, that the defendants made false and misleading statements, or failed to disclose material facts, in Wins Finance's prospectuses, press releases, and filings with the U.S. Securities and Exchange Commission (the "SEC") in connection with its growth, business prospects and the adequacy of its internal controls. The Lawsuits also alleged that Wins Finance misrepresented the location of its principal executive office in the SEC filings. The Lawsuits further alleged that Wins Finance's stock price fell when the alleged misstatements or omissions became known to investors. The plaintiffs sought unspecified monetary damages, including interest, costs and attorney's fees and other relief as the court deemed just.

In July 2017, the plaintiff of Lawsuit A filed notice to the U.S. District Court that Lawsuit A is voluntarily dismissed, without prejudice and without costs to any party, and the court subsequently terminate Lawsuit A. Accordingly, the directors of Wins Finance considered no further contingent liabilities would arise from Lawsuit A.

In June 2017, the court issued an order appointing lead plaintiffs and lead counsel for Lawsuit B. In August 2017, lead plaintiffs of Lawsuit B filed an amended class action complaint. The amended complaint alleged claims against Wins Finance for securities fraud purportedly arising from alleged misrepresentations concerning its principal executive offices (which alleged misrepresentations resulted in Wins Finance being added to, and then removed from, the Russell 2000 index). In October 2017, Wins Finance moved to dismiss the amended complaint for failure to state a claim as against it. In March 2018, the court issued an order to deny Wins Finance's motion to dismiss. Thus, Lawsuit B will proceed to the fact gathering stage. In June 2018, counsel for the parties appeared before the court for an initial scheduling conference and the court will enter an appropriate schedule for discovery and additional motions. In July 2018, the plaintiffs filed with the Court proof of summons and amended complaint against certain individual defendants and in August 2018, such individual defendants moved to dismiss the amended complaint for failure to state a claim as against them. In September 2018, the lead plaintiffs filed a motion seeking class certification. In that motion, the lead plaintiffs have not specified the amount of alleged class-wide damages, nor have they provided any methodology for the calculation of same. Wins Finance's opposition to that motion is currently due in December 2018. In October 2018, the court entered an order dismissing the action against an individual defendant without prejudice, for the lead plaintiffs' failure to timely serve such individual defendant with the summons and amended complaint. As a result of a private mediation conducted in November 2018, Wins Finance has agreed in principle to settle the class action, on behalf of all remaining defendant parties. That preliminary settlement will be subject to standard documentation (which among other things, will have certain contingencies concerning shareholder participation in the settlement), and will further be subject to the court's approval. As at the date of this announcement, there was no material progress on the Lawsuits and the Group believes that the Lawsuits are without merit, and Wins Finance is vigorously defending these Lawsuits. Given the preliminary stage of the mediation and the uncertainty of the size of the plaintiff class, an estimate of the actual quantum of damages cannot be made at this stage.

Save as disclosed above, the Group had no material contingent liabilities as at 30 September 2018 (31 March 2018: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2018, the Group employed 125 staff members (30 September 2017: 121 staff members) including directors of the Company. Staff costs incurred for the current period, including directors' remuneration, was HK$94.8 million (30 September 2017: HK$18.7 million).

It is the remuneration policy of the Group to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Remuneration packages, including the grant of share options, are structured to motivate individual performance and contributions to the Group. The Company has adopted a share option scheme and the Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

PROSPECTS

In view of the recent economic turmoil in the global stock markets and uncertainty of the trade frictions between the PRC and the United States of America in the last few months, the general economic conditions are expected to be challenging and uncertain. The Group will continue to implement solid approach for collections of loans and accounts receivables and maintain attentive but sensible approach towards new investment opportunities in the financial services industry in order to enhance values to the Shareholders.

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

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

AUDIT COMMITTEE

The condensed consolidated financial statements of the Company for the six months ended 30 September 2018 have been reviewed by the Audit Committee and have not been audited, but have been reviewed by the Company's external auditor, Crowe (HK) CPA Limited 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. The Audit Committee comprises four Independent Non-executive Directors. The primary duties of the Audit Committee are, amongst other matters, to communicate with the management of the Company; and to review the accounting principles and practices, risk management and internal control systems, interim and annual results of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code on corporate governance practices. Save as disclosed below, in the opinion of the Directors, the Company has complied with the code provisions as set out in the CG Code and there have been no material deviations from the CG Code during the six months ended 30 September 2018:

Code Provision A.6.7 – One Independent Non-executive Director was unable to attend the annual general meeting held on 5 September 2018 as he had other engagements.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 September 2018, all Directors have complied with the required standard set out in the Model Code.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.freeman279.com). The Group's Interim Financial Report for 2018 will be despatched to the Shareholders and available on the above websites in due course.

By Order of the Board
Freeman FinTech Corporation Limited
Ye Ye
Chairman

Hong Kong, 29 November 2018

As at the date of this announcement, the Board comprises the following Directors:–

Executive Directors:
Mr. Ye Ye *(Chairman)*
Mr. Yang Haoying *(Chief Executive Officer)*
Mr. Pun Hong Hai *(Chief Operating Officer)*
Ms. Chow Mun Yee
Mr. Zhao Tong

Independent Non-executive Directors:
Mr. An Dong
Mr. Cheung Wing Ping
Mr. Fung Tze Wa
Mr. Wu Keli