CHINA BRILLIANT GLOBAL LIMITED
朗華國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8026)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities trade on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2018 amounted to approximately HK$44,424,000, representing an increase of approximately 87.3% as compared to the corresponding period of the previous financial year.

- The Group's gross profit for the six months ended 30 September 2018 was approximately HK$3,606,000, decreased by approximately HK$258,000 as compared with the same period of the last financial year.

- Loss attributable to owners of the Company for the six months ended 30 September 2018 amounted to approximately HK$9,283,000 (for the six months ended 30 September 2017: profit HK$33,835,000).

- The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 September 2018

The board of Directors (the "Board") of the Company announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2018 together with the unaudited comparative figures for the corresponding periods in 2017 as follows:

		Six months ended 30 September		Three months ended 30 September	
		2018	2017	**2018**	2017
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	*4*	**44,424**	23,721	**22,480**	7,892
Cost of sales		**(40,818)**	(19,857)	**(21,088)**	(5,712)
Gross profit		**3,606**	3,864	**1,392**	2,180
Other income and gains		**42**	300	**42**	300
Selling expenses		**(1,325)**	(2,010)	**(702)**	(963)
Administrative expenses		**(11,555)**	(11,133)	**(4,446)**	(5,711)
Finance costs		**(79)**	–	**(79)**	–
Other expenses		**(32)**	(338)	**–**	(300)
Share of profit of associate		**60**	–	**47**	–
Gain on disposal of subsidiaries		**–**	1,371	**–**	293
Loss before tax	*5*	**(9,283)**	(7,946)	**(3,746)**	(4,201)
Income tax expense	*6*	**–**	–	**–**	–
Loss for the period from continuing operations		**(9,283)**	(7,946)	**(3,746)**	(4,201)
Discontinued operations					
Profit for the period from discontinued operations	*7*	**–**	41,770	**–**	–
(Loss)/profit for the period		**(9,283)**	33,824	**(3,746)**	(4,201)
Other comprehensive (expenses)/income:					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translation arising on translation of foreign operations:					
Foreign currency translation arising during the period		**(1,981)**	1,113	**(162)**	953
Share of foreign currency translation reserve of associate		**–**	99	**–**	99
Reclassification adjustments relating to foreign operations disposed of during the period		**–**	(13,169)	**–**	214
Net loss on revaluation of available-for-sale financial assets		**–**	(1,583)	**–**	(1,583)
Total comprehensive (expenses)/income for the period		**(11,264)**	20,284	**(3,908)**	(4,518)

	Notes	Six months ended 30 September 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)	Three months ended 30 September 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
(Loss)/profit for the period attributable to:					
– Owners of the Company		**(9,283)**	33,835	**(3,746)**	(4,199)
– Non-controlling interest		**–**	(11)	**–**	(2)
		(9,283)	33,824	**(3,746)**	(4,201)
Total comprehensive (expenses)/income for the period attributable to:					
– Owners of the Company		**(11,264)**	20,295	**(3,908)**	(4,516)
– Non-controlling interest		**–**	(11)	**–**	(2)
		(11,264)	20,284	**(3,908)**	(4,518)
(Loss)/earnings per share from continuing and discontinued operations					
– Basic and diluted	*8*	**HK(0.7) Cents**	HK2.8 Cents	**HK(0.3) Cents**	HK(0.3) Cents
Loss per share from continuing operations					
– Basic and diluted	*8*	**HK(0.7) Cents**	HK(0.7) Cents	**HK(0.3) Cents**	HK(0.3) Cents
Earnings per share from discontinued operations					
– Basic and diluted	*8*	**–**	HK3.5 Cents	**–**	–

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**3,782**	1,687
Investment property	9	**12,299**	12,299
Available-for-sale financial assets		**–**	15,000
Goodwill		**4,679**	4,679
Interest in an associate		**10,060**	–
Prepayment		**–**	156
Total non-current assets		**30,820**	33,821
CURRENT ASSETS			
Inventories		**10,685**	14,951
Trade receivables	10	**31,156**	46,956
Prepayments, deposits and other receivables		**5,194**	6,793
Financial assets at fair value through profit and loss ("FVTPL")		**15,000**	–
Cash and cash equivalents		**69,679**	10,341
		131,714	79,041
Non-current asset classified as held for sale		**1,538**	1,538
Total current assets		**133,252**	80,579
CURRENT LIABILITIES			
Trade payables	11	**9,319**	19,274
Other payables and accruals		**11,770**	5,279
Borrowing		**2,619**	1,932
Tax payable		**65**	65
Total current liabilities		**23,773**	26,550
NET CURRENT ASSETS		**109,479**	54,029
TOTAL ASSETS LESS CURRENT LIABILITIES		**140,299**	87,850
NET ASSETS		**140,299**	87,850
Capital and reserve attributable to owners of the Company			
Share capital	12	**145,096**	121,096
Reserves		**(4,797)**	(33,246)
TOTAL EQUITY		**140,299**	87,850

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to equity holders of the Company						
	Share capital *HK$'000*	**Share premium account** *HK$'000*	**Statutory reserve fund** *HK$'000* *(note a)*	**Foreign currency translation reserve** *HK$'000* *(note c)*	**Share option reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Total equity** *HK$'000*
As at 1 April 2018 (audited)	**121,096**	**480,089**	**1**	**2,855**	**–**	**(516,191)**	**87,850**
Loss for the period (unaudited)	–	–	–	–	–	(9,283)	(9,283)
Other comprehensive expenses for the period (unaudited):							
Foreign currency translation arising on translation of foreign operations:							
Foreign currency translation arising during the period	–	–	–	(1,981)	–	–	(1,981)
Total comprehensive expenses for the period (unaudited)	–	–	–	(1,981)	–	(9,283)	(11,264)
Placements of new shares	24,000	39,713	–	–	–	–	63,713
As at 30 September 2018 (unaudited)	145,096	519,802	1	874	–	(525,474)	140,299

	Attributable to equity holders of the Company									
	Share capital *HK$'000*	**Share premium account** *HK$'000*	**Statutory reserve fund** *HK$'000* *(note a)*	**Available-for-sale financial assets equity reserve** *HK$'000* *(note b)*	**Foreign currency translation reserve** *HK$'000* *(note c)*	**Share option reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Sub-total** *HK$'000*	**Non-controlling interest** *HK$'000*	**Total equity** *HK$'000*
As at 1 April 2017 (audited)	120,826	479,598	3,349	1,583	11,922	316	(542,868)	74,726	(35)	74,691
Loss for the period (unaudited)	–	–	–	–	–	–	33,835	33,835	(11)	33,824
Other comprehensive income/(expenses) for the period (unaudited):										
Foreign currency translation arising on translation of foreign operations:										
Foreign currency translation arising during the period	–	–	–	–	1,113	–	–	1,113	–	1,113
Share of foreign currency translation reserve of an associate	–	–	–	–	99	–	–	99	–	99
Reclassification adjustments relating to foreign operations disposed of during the period	–	–	–	–	(13,169)	–	–	(13,169)	–	(13,169)
Net loss on revaluation of available-for-sale financial assets	–	–	–	(1,583)	–	–	–	(1,583)	–	(1,583)
Total comprehensive (expenses)/ income for the period (unaudited)	–	–	–	(1,583)	(11,957)	–	33,835	20,295	(11)	20,284
Exercise of share options	270	491	–	–	–	(316)	–	445	–	445
Disposal of subsidiaries	–	–	(3,348)	–	–	–	3,348	–	46	46
As at 30 September 2017 (unaudited)	121,096	480,089	1	–	(35)	–	(505,685)	95,466	–	95,466

Notes:

(a) Statutory reserve fund

Pursuant to the relevant laws and regulations for business enterprises in the People's Republic of China (the "PRC"), a portion of the profits of the entities which are registered in the PRC has been transferred to the statutory reserve fund which is restricted as to use. When the balance of such reserve fund reaches 50% of the capital of that entity, any further appropriation is optional. The statutory reserve fund can be utilised, upon approval of the relevant authority, to offset prior years' losses or to increase capital. However, the balance of the statutory reserve fund must be maintained at least 25% of capital after such usage.

(b) Available-for-sale financial assets equity reserve

Available-for-sale financial assets equity reserve relates to the cumulative gains or losses arising on the change in fair value of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those financial assets are disposed or impaired.

(c) Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollar) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Such exchange differences accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or de-consolidation the foreign operations.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operating activities	**10,262**	(13,622)
Tax refund	**–**	158
Net cash generated from/(used in) operating activities	**10,262**	(13,464)
Cash flows from investing activities		
Net cash outflow from acquisition of associate	**(10,000)**	–
Net cash inflow from disposal of subsidiaries	**–**	14,063
Purchases of property, plant and equipment	**(3,343)**	–
Payment of construction costs for investment property	**–**	(4,942)
Other cash flows generated from investing activities	**–**	405
Net cash (used in)/generated from investing activities	**(13,343)**	9,526
Cash flows from financing activity		
Proceed from issue of shares under placing	**63,713**	–
Proceed from borrowing	**687**	–
Exercise of share options	**–**	445
Net cash generated from financing activity	**64,400**	445
Net increase/(decrease) in cash and cash equivalents	**61,319**	(3,493)
Cash and cash equivalents at beginning of the reporting period	**10,341**	8,738
Effect of foreign exchange rate changes, net	**(1,981)**	1,593
Cash and cash equivalents at end of the reporting period	**69,679**	6,838
Analysis of cash and cash equivalents:		
Cash and bank balances	**69,679**	6,838

Notes:

1. ORGANISATION AND PRINCIPAL ACTIVITY

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands. The address of its principal place of business in Hong Kong is Flat B, 9/F., 9 Des Voeux Road West, Sheung Wan, Hong Kong. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited.

These unaudited consolidated results are presented in Hong Kong dollar, which is also the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated. The Group's major subsidiaries are operated in the PRC with Renminbi as their functional currency.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Group's unaudited consolidated results have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. In addition, the unaudited consolidated results include applicable disclosures required by the GEM Listing Rules. The measurement basis used in the preparation of the unaudited consolidated results is the historical cost convention, except for the available-for-sale financial assets and financial assets at fair value through profit or loss which have been measured at fair value.

The accounting policies applied in the preparation of the unaudited consolidated results are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2018, except that the Group has adopted a number of new and amendments to HKFRSs, which are newly effective for the period under review.

The Group has initially adopted HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" from 1 April 2018. A number of other new standards are effective from 1 April 2018 but they do not have a material effect on the Group's unaudited condensed consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 April 2018 resulted in the following changes to the Group's accounting policies.

(i) Classification of financial assets and financial liabilities

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

An investment in equity securities is classified as FVTPL 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 FVTOCI (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 made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated losses. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI (non-recycling), are recognised in profit or loss as other income and gain.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit losses ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost.

Financial assets measured at FVTPL are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade receivables and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting period; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting period.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting period to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss.The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The Gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(iii) ***Transition***

Changes in accounting policies resulting from the application 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 application of HKFRS 9 are recognised in accumulated losses 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.

– 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.

Set out below is the impact of the adoption of HKFRS 9 on the Group.

Financial assets	**Classification under HKAS 39**	**Classification under HKFRS 9**	**Carrying amount under HKAS 39**	**Carrying amount under HKFRS 9**
Unlisted equity investment	Available-for-sale	FVTPL	15,000	15,000

Except for the above, the carrying amounts of financial assets and financial liabilities is same as the balance as at 31 March 2018. There is not any designate or de-designate financial assets and financial liabilities to FVTPL.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for determining whether how much and when revenue is recognised. It replace HKAS 18 "Revenue", HKAS 11 "Construction Contract" and related interpretation.

The adoption HKFRS 15 resulted in the following changes to the Group's accounting policies:

(a) ***Timing of revenue recognition***

Revenue from the sale of merchandise is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract.

HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The Group has assessed that the adoption of HKFRS 15 did not have significant impact on how it recognises revenue from the sale of merchandise.

For contracts with customers in which the sale of merchandise is generally expected to be the only performance obligation, adoption of HKFRS 15 did not have any impact on the Group's revenue or profit or loss. Revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Sales with a right of return

Currently when the customers are allowed to return the Group's products, the Group estimates the level of expected returns and makes an adjustment against revenue and cost of sales.

The adoption of HKFRS 15 did not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return. No adjustment to retained earnings at 1 April 2018 has been made in respect of sales with a right return.

The Group has not applied any new and amendments to HKFRSs that have been issued but are not yet effective for the current accounting period.

The unaudited consolidated results have not been audited but have been reviewed by the audit committee of the Company ("Audit Committee").

3. OPERATING SEGMENT INFORMATION

The Group's operating activities are currently attributable to three operating segments focusing on trading and retailing of jewellery ("Jewellery Business"), money lending ("Lending Business") and trading and distributing pharmaceutical and healthcare products ("Pharmaceutical Business"). These operating segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conformed to HKFRSs, that are regularly reviewed by the executive Directors (the "Executive Directors") (being the chief operating decision maker of the Company). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. The details of operating and reportable segments of the Group are as follows:

- Jewellery Business
- Lending Business
- Pharmaceutical Business

The following is an analysis of the Group's revenue and results from continuing operations:

For the six months ended 30 September 2018	**Jewellery Business** *HK$'000*	**Lending Business** *HK$'000*	**Pharmaceutical Business** *HK$'000*	**Consolidation** *HK$'000*
REVENUE				
External sales	**25,567**	**768**	**18,089**	**44,424**
RESULTS				
Segment results (loss)/profit	**(224)**	**109**	**(2,680)**	**(2,795)**
Unallocated income and expenses				**(6,488)**
Loss before tax				**(9,283)**

Segment revenue from sale of Jewellery Business and Pharmaceutical Business segment is recognised at a point in time at which customers obtain control of the promised goods or services in the contracts.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both periods.

For the six months ended 30 September 2017	Jewellery Business *HK$'000* (Unaudited)	Lending Business *HK$'000* (Unaudited)	Pharmaceutical Business *HK$'000* (Unaudited)	Consolidation *HK$'000* (Unaudited)
REVENUE				
External sales	15,829	1,574	6,318	23,721
RESULTS				
Segment results (loss)/profit	(978)	543	(4,184)	(4,619)
Unallocated income and expenses				(3,327)
Loss before tax				(7,946)

Segment (loss)/profit represents the (loss suffered)/profit by each segment without allocation of central administration costs, certain other income and gains and other expenses. This is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's assets and liabilities by operating segment:

	30 September 2018 ***HK$'000*** **(Unaudited)**	31 March 2018 *HK$'000* (Audited)
SEGMENT ASSETS		
Jewellery Business	**70,168**	13,566
Lending Business	**11,932**	32,777
Pharmaceutical Business	**25,307**	36,342
Segment assets from continuing operations	**107,407**	82,685
Non-current asset classified as held for sale	**1,538**	1,538
Unallocated assets	**55,127**	30,177
Total assets	**164,072**	114,400
SEGMENT LIABILITIES		
Jewellery Business	**8,056**	648
Lending Business	**112**	112
Pharmaceutical Business	**14,815**	23,383
Segment liabilities from continuing operations	**22,983**	24,143
Unallocated liabilities	**790**	2,407
Total liabilities	**23,773**	26,550

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain prepayments, tax recoverable and bank balances and cash held by the respective head offices from continuing operation was allocated to the above components segment; and

- all liabilities are allocated to operating segments other than liabilities of the respective head offices from continuing operation.

4. REVENUE

Revenue represents the invoiced value of goods sold and services rendered during the periods.

5. LOSS BEFORE TAX

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

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**1,248**	1,887
Minimum lease payments under operating leases in respect of land and buildings	**1,251**	1,171
Employee benefits expense	**3,618**	4,206

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax/the PRC Enterprise Income Tax has been made for the six months ended 30 September 2018 and 30 September 2017 as the Group had no assessable profit arising in or derived from Hong Kong and PRC or the taxable profits was wholly absorbed by estimated tax losses brought forward from prior years.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the period ended 30 September 2018, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both periods.

7. DISCONTINUED OPERATION

On 2 June 2017, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital of Prosten (BVI) Limited and its subsidiaries, which is principally engaged in wireless value-added services operation ("Wireless Value-added Business"). The disposal of the Wireless Value-added Business is consistent with the Group's long-term policy to focus its activities on the Group's other operations. The disposal was completed on 5 June 2017, on which date the control of Prosten (BVI) Limited passed to the acquirer.

Profit for the period from the discontinued operation is analysed as follows:

	For the Period from 1 April 2017 to respective date of disposal of subsidiaries *HK$'000* (Unaudited)
Loss for the period from Wireless Value-added Business	(65)
Gain on disposal of Wireless Value-added Business	41,835
Profit for the period from discontinued operation attributable to owners of the Company	41,770

Loss of the Wireless Value-added Business for the period, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the Period from 1 April 2017 to respective date of disposal of subsidiaries *HK$'000* (Unaudited)
Revenue	–
Other income and gains	–
Administrative expenses	(65)
Loss before tax	(65)
Income tax expense	–
Loss for the period from discontinued operation	(65)

Loss for the period from discontinued operation has been arrived at after charging:

	For the Period from 1 April 2017 to respective date of disposal of subsidiaries *HK$'000* (Unaudited)
Depreciation of property, plant and equipment	6

Cash flows of the discontinued operation for the period were as follows:

	For the Period from 1 April 2017 to respective date of disposal of subsidiaries *HK$'000* (Unaudited)
Net cash outflow from operating activities	(565)
Net cash inflow from investing activities	591
Net cash outflow from financing activities	–
Net cash inflow	26

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share from continuing and discontinued operations for the six months ended 30 September 2018 is based on the unaudited loss for the period attributable to owners of the Company of approximately HK$9,283,000 (2017: profit of HK$33,835,000) and the weighted average number of ordinary shares of approximately 1,411,619,000 for the six months ended 30 September 2018 (2017: 1,209,769,000).

The calculation of basic (loss)/earnings per share from continuing operations for the six months ended 30 September 2018 is based on the unaudited loss from continuing operations for the period attributable to owners of the Company of approximately HK$9,283,000 (2017: HK$7,935,000).

The calculation of basic earnings per share from discontinued operation for the six months ended 30 September 2018 is based on the unaudited profit from discontinued operation for the period attributable to owners of the Company of approximately HK$Nil (2017: profit of HK$41,770,000).

The weighted average number of ordinary shares used are same as those described above for the calculation of basic loss/(earnings) per share from continuing operations and discontinued operation.

As the Company's outstanding share options where applicable had an anti-dilutive effect to the basic loss per share calculation for the six months ended 30 September 2018, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted earnings per share.

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

During the six months ended 30 September 2018, the Group acquired items of property, plant and equipment with the amounts of approximately HK$3,343,000 (for the six months ended 30 September 2017: HK$176,000) and payments to investment property under construction of HK$Nil (for the six months ended 30 September 2017: HK$4,942,000).

10. TRADE RECEIVABLES

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Trade receivables, gross	**19,406**	20,565
Impairment allowances	**–**	–
Loans receivables	**11,750**	26,391
Trade receivables, net	**31,156**	46,956

Loans receivables represent loans to individuals which are unsecured and carry interest from 10% to 24% per annum. As at 30 September 2018 and at 31 March 2018, all loans receivables have lending terms from 6 months to one year but contained a repayable on demand clause. The aggregated principal amount outstanding at the end of the reporting period is HK$11,000,000 (at 31 March 2018: HK$25,360,000) and the balance includes interest receivable of HK$750,000 (at 31 March 2018: HK$1,031,000).

An aged analysis of the Group's trade receivables, net of impairment allowances, based on the date of invoice, is as follows:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within three months	**10,158**	26,982
4 to 6 months	**17,115**	2,819
7 to 12 months	**3,003**	13,399
Over 1 year	**880**	3,756
Trade receivables, net	**31,156**	46,956

The Group does not hold any collateral or other credit enhancements over these balances.

11. TRADE PAYABLES

An aged analysis of the Group's trade payables, based on the month in which the services were rendered/invoice date, is as follows:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within three months	**3,789**	6,745
4 to 6 months	**1,982**	12,345
7 to 12 months	**3,414**	184
Over 1 year	**134**	–
	9,319	19,274

12. SHARE CAPITAL

	30 September 2018 Number of shares		31 March 2018 Number of shares	
	'000	*HK$'000*	*'000*	*HK$'000*
	(Unaudited)		(Unaudited)	
Authorised:				
Ordinary shares of HK$0.10 (31 March 2018: HK$0.10) each	**2,500,000**	**250,000**	2,500,000	250,000
Issued and fully paid:				
Ordinary shares of HK$0.10 (31 March 2018: HK$0.10) each				
At beginning of period/year	**1,210,964**	**121,096**	1,208,264	120,826
Issue of shares under placing *(note)*	**240,000**	**24,000**	–	–
Exercise of share options	**–**	**–**	2,700	270
At end of period/year	**1,450,964**	**145,096**	1,210,964	121,096

Pursuant to a placing agreement dated 17 April 2018, 240,000,000 ordinary shares of HK$0.10 each of the Company were issued under the general mandate at the price of HK$0.27 per share for cash to not less than six placees who and whose beneficial owners shall be independent third parties (the "Placing"). The total of 240,000,000 placing shares represents approximately 19.82% of the Company's issued share capital before the Placing (1,210,963,725 ordinary shares) and approximately 16.54% of its enlarged issued share capital of the Company after the Placing (1,450,963,725 ordinary shares). The net proceeds from the Placing was approximately HK$63,713,000.

13. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Contracted but not provided for:		
Development expenditure of investment property	**6,050**	6,050

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (for the six months ended 30 September 2017: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

The Group's revenue for the six months ended 30 September 2018 amounted to approximately HK$44,424,000, representing an increase of approximately 87.3% as compared to the corresponding period of last financial year. The increase was mainly attributable to the increase in revenue from the Group's Pharmaceutical Business as the medical distribution channel had become comprehensive and increase in wholesale of golden jewellery products in PRC during the period under review.

Cost of sales and gross profit margin

Cost of sales of the Group increased from approximately HK$19,857,000 for the six months ended 30 September 2017 to approximately HK$40,818,000 for the six months ended 30 September 2018, which was in line with the increase in sales for the period.

Expenses

Selling expenses decreased by approximately HK$685,000 from approximately HK$2,010,000 for the six months ended 30 September 2017 to approximately HK$1,325,000 for the six months ended 30 September 2018. The decrease was mainly due to reduction of the marketing and development costs of the Pharmaceutical Business after setting up the medical distribution channel.

Administrative expenses remained steady and increased by approximately HK$422,000, from approximately HK$11,133,000 for the six months ended 30 September 2017 to approximately HK$11,555,000 for the six months ended 30 September 2018.

Total equity

As at 30 September 2018, the Group has a total equity amounted to approximately HK$140,299,000 (as at 31 March 2018: HK$87,850,000) and net current assets amounted to approximately HK$94,479,000 (as at 31 March 2018: HK$54,029,000).

Liquidity and financial resources

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimise the cost of funds, the Group's treasury activities are centralised and cash is generally placed in deposits with banks.

As at 30 September 2018, total cash and cash equivalents of the Group amounted to approximately HK$69,679,000 (as at 31 March 2018: HK$10,341,000). The increase in total cash and cash equivalent was mainly due to proceed from issue of shares under placing.

Treasury policies and foreign currency exchange exposure

Despite that the Group's trading transactions, monetary assets and liabilities are mainly denominated in RMB and Hong Kong dollars, it does not believe that the impact of foreign exchange exposure to the Group was material. The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions and other financial assets and liabilities created in the ordinary course of business. The majorities of the Group's operating assets are located in Mainland China and are denominated in RMB.

Cash is generally deposited at banks in the PRC and Hong Kong and denominated mostly in Renminbi and Hong Kong dollar. As at 30 September 2018, no related hedges were made by the Group (as at 31 March 2018: nil).

Contingent liabilities

As at 30 September 2018, the Group had no material contingent liabilities (as at 31 March 2018: nil).

Significant investments, acquisitions or disposals

Except for the acquisition of 40% of the equity interest in Darling Paganini Holding Limited and its subsidiaries which will become an associate of the Company at a total consideration of HK$10,000,000, the Group does not have any material acquisition or disposal during the six months ended 30 September 2018.

Capital structure

The shares of the Company were listed on GEM on 28 March 2000.

Pursuant to a placing agreement dated 17 April 2018, 240,000,000 ordinary shares of HK$0.10 each of the Company were issued under the general mandate at the price of HK$0.27 per share for cash to not less than six placees who and whose beneficial owners shall be independent third parties (the "Placing").

The total of 240,000,000 placing shares represents approximately 19.82% of the Company's issued share capital before the Placing (1,210,963,725 ordinary shares) and approximately 16.54% of its enlarged issued share capital of the Company after the Placing (1,450,963,725 ordinary shares). The net proceeds from the Placing was approximately HK$63,713,000. As disclosed in the announcements of the Company dated 17 April 2018 and 2 May 2018, the Company intended to use the whole fund for the expansion of the Group's trading and jewellery business. The Placing was completed on 2 May 2018.

The Group's capital structure is sound with healthy working capital management. As at 30 September 2018, the Group's total equity amounted to approximately HK$140,299,000, representing an increase of approximately 59.7% compared with that as at 31 March 2018 (31 March 2018: HK$87,850,000). As at 30 September 2018, the Group's cash and cash equivalents totaled approximately HK$69,679,000 (as at 31 March 2018: HK$10,341,000). The current ratio (note 1) and the quick ratio (note 2) of the Group as at 30 September 2018 was 5.61 (as at 31 March 2018: 3.03) and 5.16 (as at 31 March 2018: 2.47) respectively. The Group was in net cash position as at 30 September 2018 (gearing ratio (note 3) as at 31 March 2018: Net cash position).

Apart from the above, there has been no material change in the capital structure of the Group during the period under review.

Note: (1) Current Ratio = Current Assets ÷ Current Liabilities

Note: (2) Quick Ratio = (Current Assets – Inventories) ÷ Current Liabilities

Note: (3) Gearing Ratio = (Debts – Cash and cash equivalents) ÷ Equity

Business Review and Outlook

Jewellery Business

The Group commenced its Jewellery Business in 2015 and continued to develop this business in the period under review.

During the period under review, the Group's Jewellery Business included wholesale and retail of jewellery and related ancillary business (including but not limited to custom-made jewellery, valet-procurement of jewellery and various after-sales services), and most of the processing businesses are performed in the form of commissioned processing by external factories. The jewellery products sold by the Group mainly included gold jewellery, platinum jewellery, diamond jewellery, gemstone jewellery, emerald and karat gold jewellery.

The Group's jewellery retailing business was conducted mainly through an offline store located in Wongtee Plaza, Futian District, Shenzhen, the PRC, which is a franchised store of the Luk Fook Jewellery brand. The store is required to select goods from the suppliers designated by Luk Fook Jewellery. Upon quality inspection by state-approved jewellery identification center and being claimed to the store by the Group's staff, the goods are immediately entered into store sales system for sale. Most of the jewellery goods purchased by the store from the suppliers were finished jewellery products, which are generally not required to undergo reprocessing before sale.

The Group's jewellery wholesale business was mainly conducted through the wholesale of jewellery products to jewellery wholesalers by 至尊彩虹鑽石(深圳)有限公司, a wholly owned subsidiary of the Company, where the jewellery products being wholesaled were mainly gold jewelries. During the period under review, the Group has the secondary membership (二級會員資格) of Shanghai Gold Exchange and continued to develop the secondary gold sales agency business (黃金二級代理業務). The Group may place orders for bullion via the online trading platform of Shanghai Gold Exchange. After claiming the bullion, the Group may commission external factories to process into finished gold jewelries and wholesale to jewellery wholesalers.

The Group will continue to focus on developing its Jewellery Business. With reference to its past sales experience, the Group intends to step up its efforts in identifying more jewellery wholesaler customers in South China, thereby expanding the sales channels of its secondary gold sales agency business (黃金二級代理業務). As to retail of jewellery, the positioning of retail products in stores will focus on mid-end products, which will be supplemented by low end products. Meanwhile, the Group will put more efforts to raise the sales proportion to its major high-end corporate customers (which principally purchase or customize jewellery as corporate gifts/awards) so as to increase the jewellery sales as well as generate profits.

The revenue from the Jewellery Business increased by approximately HK$9,738,000 from approximately HK$15,829,000 for the six months ended 30 September 2017 to approximately HK$25,567,000 for the six months ended 30 September 2018. The increase in revenue from the Jewellery Business for the period under review was mainly because of the increase in wholesale of golden jewellery products in the PRC.

Lending Business

The Group commenced its Lending Business in Hong Kong in 2016 through acquiring a group of companies with a valid money lending license in Hong Kong to diversify its income sources. The Lending Business continued to grow and contributed positive results to the Group during the period under review. The Group will pay a closer attention to the market situation and the external economic environment and consider the possibility of further expansion in the lending business.

There was one major outstanding loan receivable with the Group as at 30 September 2018. It was carried out as part of the ordinary and usual course of business of the Group and brought in interest income to the Group.

Pursuant to the loan agreements entered into between SZ Finance and the borrower, Ms. Ding Pingying, on 9 February 2018, the unsecured loan was granted to and drawn down by Ms. Ding Pingying on 9 February 2018. The loan was in the principal amount of HK$11,000,000 and was bearing an interest at a rate of 12% per annum for a term of six months. The final repayment date of the loan is 8 August 2018 but early repayment is allowed. The loan had been returned after the period under review.

The Group has conducted internal risk assessment on these loan arrangements and noted both of the borrowers have substantial investments and assets in the PRC which support their respective financial capability to repay the loans, thus no securities or collaterals was sought. The purpose of the loans is to enhance their short-term cash flow.

Pharmaceutical Business

The Group commenced its Pharmaceutical Business in 2016 and continued to develop this business in the period under review. The Group has focused its resources on Pharmaceutical Business, which holds license such as the pharmaceutical operation permit (藥品經營許可證), the medical equipment operation permit (醫療器械經營企業許可證) and the good supply practices (GSP) certificate (藥品經營質量管理規範認證證書) and is principally engaged in the sales of pharmaceuticals, healthcare products and pharmaceutical consumables.

The Group had established business relationships with target pharmaceutical companies and chain pharmacies and during the period under review, it has established business relationships with a group of target hospitals in western Guangdong (mainly the areas of Zhanjiang and Maoming in Guangdong Province, including Zhanjiang city, Lianjiang, Wuchuan, Suixi County, Xuwen County, Maoming city, Dianbai District, Huazhou, Xinyi and Gaozhou), which are mainly related to the distribution of pharmaceuticals and pharmaceutical consumables to such hospitals as well as the supply of pharmaceuticals and healthcare products to such pharmaceutical companies and chain pharmacies.

In order to distribute pharmaceuticals and pharmaceutical consumables to hospitals, the Group shall first be approved by the hospitals as their pharmaceutical supplier. Then, in accordance with the medication demand of the hospitals, the Group will contact pharmaceutical manufacturers to obtain the corresponding distribution qualifications. Subject to the confirmations on specific species, specifications and quantities of medication used by the hospitals, the hospitals, the Group and the pharmaceutical manufacturers will enter into three-party sales and purchase contracts, pursuant to which, the Group will arrange specific purchase and distribution work subsequently. The procedure to provide pharmaceuticals and healthcare products to the pharmaceutical companies and chain pharmacies as a supplier is relatively simple. The Group is mainly required to agree on the sales terms with the target customers before entering into sales contracts and sales transactions. During the aforementioned supply and sales activities, the Group mainly acts as a channel distributor to conduct sales activities, which does not involve pharmaceutical production. The pharmaceuticals and healthcare products supplied and sold by the Group include (but not limited to) Jianwei Xiaoshi Pian (健胃消食片), Heparin Sodium Injection (肝素鈉注射液), Propofol Injection (丙泊酚注射液), Shuganning Injection (舒肝寧注射液), Pudilan Xiaoyan Pian (蒲地藍消炎片), Pudilan Xiaoyan Pian Koufuye (蒲地藍消炎片口服液), Oxytocin Nasal Spray (縮宮素鼻噴霧劑), Peramivir Sodium Chloride Injection (Glass Bottle) (帕拉米韋氯化鈉注射液(玻璃瓶)), Terbutaline Sulfate and Sodium Chloride Injection (Glass Bottle) (硫酸特布他林氯化鈉注射液(玻璃瓶)) and Cefazolin Sodium Pentahydrate for Injection (注射用五水頭孢唑林鈉).

The revenue from the Pharmaceutical Business increase by approximately HK$11,771,000 from approximately HK$6,318,000 for the six months ended 30 September 2017 to approximately HK$18,089,000 for the six months ended 30 September 2018. Such increase was mainly due to the medical distribution channel had become comprehensive during the period under review.

The Internal Control Review

The Company also engaged an internal control reviewer to conduct an internal control review for the Group (the "IC Review") which covers four major areas, namely, (i) corporate internal control; (ii) financial reporting and disclosure internal control; (iii) internal control over business processes; and (iv) operational manual. The first stage of the IC Review was completed. Findings and recommendations under the IC Review were presented to the Board and the Group is implementing the recommendations if thought fit.

Looking ahead, there are still great challenges for the Group. While carrying out initiatives already under way in its current strategic plans, the Group will also critically review the future opportunities in its existing businesses with a target to re-allocate the Group's resources for a more fruitful manner. In the coming future, the Group will focus its work on strengthen its marketing and channel efforts, increasing user base and improving the quality of its products.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2018, the interests and short positions of the Directors and chief executive in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were, pursuant to the code of conduct regarding securities transactions by Directors adopted by the Company, notified to the Company and the Stock Exchange, were as follows:

Long positions in the ordinary shares of the Company

Name of Director	*Notes*	**Capacity and nature of interest**	**Number of ordinary shares**	**Percentage of the Company's issued share capital** *Note (3)*
Mr. Zhang Chunhua	*(1)*	Interest of a controlled corporation	822,319,294	56.67%
Ms. Chung Elizabeth Ching Yee	*(2)*	Personal interest	2,201,000	0.15%

Notes:

(1) 822,319,294 shares of the Company are held by Brilliant Chapter Limited and its entire issued share capital is held as to 80% by Mr. Zhang Chunhua and as to the remaining 20% by Source Mega Limited, a company incorporated in the Republic of Seychelles. The directors of Brilliant Chapter Limited are Mr. Zhang Chunhua and Ms. Zhang Chunping and the sole director of Source Mega Limited is Ms. Zhang Chunping. Ms. Zhang Chunping is the executive director of the Company. Mr. Zhang Chunhua is the brother of Ms. Zhang Chunping. By virtue of the SFO, Mr. Zhang Chunhua is deemed to be interested in 822,319,294 shares of the Company held by Brilliant Chapter Limited.

(2) Ms. Chung Elizabeth Ching Yee is personally interested in 2,201,000 shares of the Company.

(3) Based on 1,450,963,725 shares in the Company in issue as at 30 September 2018.

Save as disclosed above, as at 30 September 2018, none of the Directors and chief executive of the Company had an interest or short position in the ordinary shares or underlying shares of the Company or any of its associated corporations that was notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Share Options

The Company adopts and administers a share option scheme which is currently in force and effect for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Company's original share option scheme was approved by the Shareholders on 7 March 2000, and was terminated and replaced by a share option scheme approved by the Shareholders on 9 April 2002, which in turn was terminated and replaced by a new share option scheme approved by the Shareholders on 5 August 2011 (the "2011 Scheme").

A summary of the share option scheme is set out below:

2011 Scheme

At the annual general meeting of the Company held on 5 August 2011 (the "2011 AGM"), an ordinary resolution was passed by the Shareholders to approve and adopt the 2011 Scheme.

The 2011 Scheme became effective for a period of 10 years commencing on 10 August 2011. Eligible participants of the 2011 Scheme include all Directors and employees of the Group, suppliers, customers, consultants who provided services to the Group, shareholders of the subsidiaries of the Group and joint venture partners. Under the 2011 Scheme, the Directors may, at their sole discretion, grant to any eligible participants options to subscribe for ordinary shares of the Company at the highest of (i) the closing price of shares of the Company on GEM as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant; (ii) the average closing price of the shares of the Company on GEM as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's share. The offer of a grant of options may be accepted within 21 days from the date of the offer. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. The exercise period of the options granted is determinable by the Directors, which commences after the date of offer with a certain vesting period and ends in any event not later than 10 years from the respective date when the share options are granted, subject to the provisions for early termination thereof.

An ordinary resolution was passed at the annual general meeting of the Company on 28 September 2016 (the "2016 AGM") to refresh the scheme mandate limit of the 2011 Scheme. The total number of shares of the Company which may be allotted and issued upon exercise of all options to be granted under the 2011 Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of the 2016 AGM.

The maximum number of shares to be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the 2011 Scheme and any other share option schemes of the Group must not in aggregate exceed 30% of the relevant class of shares of the Company in issue from time to time.

The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Shareholders. Options granted to substantial shareholders or independent non-executive Directors in excess of 0.1% of the Company's share capital and with an aggregate value in excess of HK$5 million must be approved in advance by the Shareholders. The 2011 Scheme does not provide for any minimum period for holding of options or any performance target before exercise of options.

The following Director was granted share options under the 2011 Scheme to subscribe for shares of the Company, details of which are as follows:

	Number of shares to be subscribed for by outstanding options							Exercise price of share options granted**
Name or category of participant	**At 1 April 2018**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**At 30 September 2018**	**Date of share options granted***	**Exercise period of share options granted**	*HK$ per share*
Directors								
Mr. Zhang Chunhua	–	13,800,000	–	–	13,800,000	27 June 2018	27 June 2019 to 26 June 2029	0.59
Ms. Zhang Chunping	–	13,800,000	–	–	113,800,000	27 June 2018	27 June 2019 to 26 June 2029	0.59
Ms. Chung Elizabeth Ching Yee	–	13,800,000	–	–	113,800,000	27 June 2018	27 June 2019 to 26 June 2029	0.59
Mr. Xu Zhigang	–	300,000	–	–	300,000	27 June 2018	27 June 2019 to 26 June 2029	0.59
Ms. Chan Mei Yan Hidy	–	300,000	–	–	300,000	27 June 2018	27 June 2019 to 26 June 2029	0.59
Mr. Kwan Chi Hong	–	300,000	–	–	300,000	27 June 2018	27 June 2019 to 26 June 2029	0.59
Ms. Lee Kwun Ling, May Jean	–	300,000	–	–	300,000	27 June 2018	27 June 2019 to 26 June 2029	0.59
	–	42,600,000	–	–	42,600,000			
Employees of the Group								
In aggregate	–	17,900,000	–	–	17,900,000	27 June 2018	27 June 2019 to 26 June 2029	0.59
Others								
In aggregate	–	18,100,000	–	–	18,100,000	27 June 2018	27 June 2019 to 26 June 2029	0.59
	–	78,600,000	–	–	78,600,000			

* The time of acceptance of the share options was within 21 days from the options offer date. The share options granted are subject to certain vesting period and vary for each category of participant as specified under the respective share option schemes.

** The exercise price of the share options is subject to some adjustments in the case of rights or bonus issues, or other similar changes in the Company's share capital.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

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

Long positions in the ordinary shares or underlying shares of the Company

Name of shareholder	*Notes*	Capacity and nature of interest	Number of ordinary shares or underlying shares	Percentage of the Company's issued share capital *Note (2)*
Brilliant Chapter Limited	*(1)*	Beneficially owned	822,319,294	56.67%
Mr. ZHANG Chunhua	*(1)*	Interest of a controlled corporation	822,319,294	56.67%

Notes:

(1) Brilliant Chapter Limited is a limited liability company incorporated in the Republic of Seychelles, the entire issued share capital of which is beneficially owned as to 80% by Mr. Zhang Chunhua and as to 20% by Source Mega Limited, a company incorporated in the Republic of Seychelles. The directors of Brilliant Chapter Limited are Mr. Zhang Chunhua and Ms. Zhang Chunping and the sole director of Source Mega Limited is Ms. Zhang Chunping. Both of them are the Directors of the Company.

(2) Based on 1,450,963,725 shares in the Company in issue as at 30 September 2018.

Save as disclosed above, as at 30 September 2018, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPETING INTERESTS

None of the Directors or the controlling shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) have any interests in a business which competes or may compete with the business of the Group, or has any other conflict of interest with the Group during the period under review.

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

During the six months ended 30 September 2018, 240,000,000 ordinary shares of HK$0.10 each of the Company were issued under the general mandate at the price of HK$0.27 per share.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. In response to specific enquiry made by the Company, each of the Directors gave confirmation that he complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors throughout the six months ended 30 September 2018.

CORPORATE GOVERNANCE CODE

Save as the deviation disclosed below, the Company has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 15 to the GEM Listing Rules throughout the period under review.

With respect to the deviation, the CG Code provision A.2.1 provides that the roles of the chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

During the period under review until 18 May 2018, the Company has not appointed Chief Executive Officer. The Chairman was responsible for ensuring that the Board functions effectively and smoothly. In doing so, the Chairman ensured that good corporate governance practices were adhered to and proper procedures were established and followed, and that all Directors were properly briefed and received all relevant information prior to each Board meeting. The Chairman was also responsible for overseeing the implementation of corporate strategies of the Group. The Board considers that the current arrangement is adequate in view of the size and complexity of the Group's operations. The Board will, nonetheless, review the business growth of the Group and locate suitable candidate to fill the vacancy of the chief executive officer when considered essential and will continue setting out a clear division of responsibilities at the board level and the day-to-day management team to ensure a proper balance of power and authority within the Company.

Since 18 May 2018, the Company has appointed the Chief Executive Officer is Ms. Chung, Elizabeth Ching Yee. The role of the Chairman and Chief Executive Officer are separate and exercised by different individual which complies with Rule A.2.1.

AUDIT COMMITTEE

The Company established the Audit Committee on 7 March 2000 and has formulated and from time to time amended its written terms of reference in accordance with the provisions set out in the CG Code. The primary duties of the Audit Committee include review and supervision of the Group's financial reporting system, risk management and internal control procedures, review of the Group's financial information and review of the Group's relationship with its auditors.

As at the date of this announcement, the Audit Committee comprised three independent non-executive Directors, namely Ms. Chan Mei Yan Hidy (Chairman of the Audit Committee), Mr. Kwan Chi Hong and Ms. Lee Kwun Ling, May Jean.

The Audit Committee has reviewed this announcement and has provided advice and comments thereon.

REMUNERATION COMMITTEE

In accordance with the CG Code, the Company established the remuneration committee ("Remuneration Committee") on 17 June 2005 with written terms of reference. The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for remuneration of all Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

The Remuneration Committee comprises two independent non-executive Directors, namely Mr. Kwan Chi Hong (Chairman of the Remuneration Committee) and Ms. Lee Kwun Ling, May Jean, and one executive Director, namely Ms. Chung, Elizabeth Ching Yee.

NOMINATION COMMITTEE

In accordance with the CG Code, the Company established the nomination committee ("Nomination Committee") on 29 March 2012 with written terms of reference. The principal responsibilities of the Nomination Committee include formulating nomination policy and making recommendations to the Board on nomination and appointment of Directors and Board succession, developing selection procedures for nomination of candidates, reviewing the size, structure and composition of the Board, as well as assessing the independence of independent non-executive Directors.

The Nomination Committee comprises two independent non-executive Directors, namely Ms. Lee Kwun Ling, May Jean (Chairman of the Nomination Committee), Ms. Chan Mei Yan Hidy and one executive Director, namely Ms. Chung, Elizabeth Ching Yee.

By Order of the Board
China Brilliant Global Limited
Zhang Chunhua
Chairman

Hong Kong, 7 November 2018

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

Mr. Zhang Chunhua (Executive Director (Chairman))
Ms. Chung Elizabeth Ching Yee (Executive Director and Chief Executive Officer)
Ms. Zhang Chunping (Executive Director)
Mr. Xu Zhigang (Non-executive Director)
Ms. Chan Mei Yan Hidy (Independent Non-executive Director)
Mr. Kwan Chi Hong (Independent Non-executive Director)
Ms. Lee Kwun Ling, May Jean (Independent Non-executive Director)

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk and the GEM website at www.hkgem.com and in the case of this announcement, on the "Latest Company Announcements" page for at least seven days from the date of its posting. This announcement will also be published on the Company's website at www.cbg.com.hk.