CELEBRATE INTERNATIONAL HOLDINGS LIMITED
譽滿國際（控股）有限公司*

(In Receivership)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8212)

(1) ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2019, (2) DELAY IN PUBLICATION OF THE 2020 FIRST QUARTERLY RESULTS FOR THE THREE MONTHS 30 SEPTEMBER 2019 AND DELAY IN DESPATCH OF 2020 FIRST QUARTERLY REPORT AND (3) POSTPONEMENT OF ANNUAL GENERAL MEETING

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

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

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

*This announcement, for which the board (the "**Board**") of directors ("**Directors**") of Celebrate International Holdings Limited ("**Company**", and together with its subsidiaries "**Group**") collectively and individually accepts full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("**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 this announcement misleading.*

* *For identification purposes only*

FINAL RESULTS

The Board of Directors of the Company presents the audited consolidated financial results of the Group for the year ended 30 June 2019, together with the audited comparative figures for the year ended 30 June 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
Turnover	*4*	**98,932**	145,847
Revenue	*4*	**19,365**	41,399
Cost of sales		**(7,881)**	(29,269)
Gross profit		**11,484**	12,130
Other income	*5*	**13,591**	24,125
Administrative expenses		**(28,872)**	(52,650)
Other operating expenses	*6*	**(145,230)**	(138,097)
Loss from operations		**(149,027)**	(154,492)
Finance costs	*7*	**(3,276)**	(2,171)
Share of loss from an associate		**–**	(740)
Loss before taxation		**(152,303)**	(157,403)
Income tax credit	*8*	**–**	2,210
Loss for the year	*9*	**(152,303)**	(155,193)

	Notes	2019 HK$'000	2018 HK$'000
Loss for the year		**(152,303)**	(155,193)
Other comprehensive income/(expense) for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements		**2,461**	(894)
Item that will not be reclassified subsequently to profit or loss:			
Fair value change on revaluation of financial asset at FVTOCI		**(2,292)**	–
Other comprehensive income/(expense) for the year		**169**	(894)
Total comprehensive expense for the year		**(152,134)**	(156,087)
Loss attributable to:			
Owners of the Company		**(152,301)**	(155,179)
Non-controlling interests		**(2)**	(14)
		(153,303)	(155,193)
Total comprehensive expense attributable to:			
Owners of the Company		**(152,132)**	(156,073)
Non-controlling interests		**(2)**	(14)
		(152,134)	(156,087)
Loss per share attributable to the owners of the Company			
– Basic and diluted	*11*	**(HK$0.10)**	(HK$0.10)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019 (Expressed in Hong Kong dollars)

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**2,516**	15,650
Investment property	*12*	**28,445**	30,462
Investment in an associate		**–**	–
Loan receivables	*13*	**13,269**	–
Financial assets at fair value through other comprehensive income ("**FVTOCI**")	*14*	**45,525**	–
Available-for-sale investments	*14*	**–**	48,632
Deposit paid		**55,411**	10,075
Intangible assets	*15*	**–**	–
Goodwill	*16*	**–**	–
		145,166	104,819
Current assets			
Trade and other receivables	*17*	**13,332**	36,234
Financial assets at fair value through profit or loss ("**FVTPL**")		**112,633**	164,476
Bank balances and cash		**9,851**	22,032
		135,816	222,742
Current liabilities			
Margin payables		**30,099**	–
Trade and other payables	*18*	**22,626**	27,292
Promissory note		**–**	19,354
Borrowings	*19*	**100,000**	156
Obligations under finance leases		**399**	502
Tax payable		**778**	778
		153,902	48,082
Net current (liabilities)/assets		**(18,086)**	174,660
Total assets less current liabilities		**127,080**	279,479

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Non-current liabilities			
Obligations under finance leases		**538**	803
Deferred tax liabilities	*20*	**–**	–
		538	803
NET ASSETS		**126,542**	278,676
Capital and reserves			
Share capital		**153**	153
Reserves		**70,466**	222,598
Equity attributable to owners of the Company		**70,619**	222,751
Non-controlling interests		**55,923**	55,925
TOTAL EQUITY		**126,542**	278,676

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room 1503-1511, 15th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries are (i) money lending; (ii) health care services; (iii) logistics services; (iv) securities investment and trading; (v) property investment; and (vi) food and beverage trading.

The consolidated results of the Group for the year ended 30 June 2019 are extracted from the Group's consolidated financial statements for the year ended 30 June 2019 ("Financial Statements"). The Financial Statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), the collective term of which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("**GEM Listing Rules**").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for the valuation of certain financial instruments and investment property, which are measured at fair value, as appropriate.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the Directors to exercise their judgment in the process of applying the accounting policies. The areas involving critical judgment and areas where assumptions and estimates are significant to these financial statements, are disclosed in the financial statements.

(c) **Going concern**

As at 30 June 2019, the Group's current liabilities exceeded its current assets by approximately HK$18,086,000 and the Group continued to incur a loss for the year of approximately HK$152,303,000. These conditions indicate that there may exist a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In addition, on 3 July 2019, the Company received a notice from its creditor, Citizens Money Lending Corporation Limited ("Creditor") that events of default have occurred under the debenture granted by the Company to the Creditor dated 25 January 2019 ("Debenture"), and thereby the Creditor has appointed Mr. Tang Shing Tung as the receiver (the "Receiver") to all of the property and assets of the Company.

Under the terms of the Debenture, the Receiver has power to take possession of, or collect, and get in all or any of the Group's property and assets and sell or otherwise dispose of all or any of the Group's property and assets.

The Directors have given careful consideration to the right of the Receiver to realise the Group's property and assets in assessing whether the Group is able to continue as a going concern.

If the Receiver exercise his power to realise the Group's property and assets, it may not be able to continue to operate as a going concern, and adjustments would have to be made to adjust the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. As such, the Directors have closely communicated with the Receiver about the Group's property and assets, and current operations. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. The consolidated financial statements does not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to operate as a going concern.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) **Impact of new and revised HKFRSs**

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 July 2018. Of these, the following developments are relevant to the Group's consolidated financial statements:

HKFRS 9 Financial Instruments; and

HKFRS 15 Revenue from Contracts with Customers

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

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 Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

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

(i) *Classification*

From 1 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at FVTOCI or FVTPL, and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

(ii) *Measurement*

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition, the Group measures financial assets at their fair value plus, in the case of financial assets not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognsied in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment losses are presented as separate line item in the consolidated statement of profit or loss.

- FVTPL: Assets that do not meet the criteria for amoristed cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognsied in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(iii) *Impairment*

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at the date of initial application (i.e. 1 July 2018).

Financial assets	*Note*	**Classification under HKAS 39**	**Classification under HKFRS 9**	**Carrying amount under HKAS 39**	**Carrying amount under HKFRS 9**
				HK$'000	*HK$'000*
Unlisted equity investments	*(a)*	Available-for-sale investments	FVTOCI	48,632	48,632
Trade and other receivables	*(b)*	Loans and receivables	Amortised cost	36,234	36,234
Loan receivables	*(b)*	Loans and receivables	Amortised cost	–	–
Listed equity securities	*(c)*	FVTPL	FVTPL	164,476	164,476
Bank balances and cash	*(d)*	Loans and receivables	Amortised cost	22,032	22,032

Notes:

(a) These unlisted equity investments represent investments that the Group intends to hold for the long term for strategic purposes. The Group elected to present in OCI changes in the fair value of these investments because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of approximately HK$48,632,000 were reclassified from available-for-sale financial assets to financial assets at FVTOCI on 1 July 2018. Impairment losses made against the investments previously classified as available-for-sale investments of approximately HK$21,368,000 were reclassified from the accumulated loss to the FVTOCI reserve on 1 July 2018. Unlike HKAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(b) Trade and other receivables and loan receivables that were classified as loans and receivables under HKAS 39 are now classified at amortised cost under HKFRS 9.

(c) Listed equity securities held for trading are required to be held as FVTPL as under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the adoption of HKFRS 9.

(d) Bank balances and cash that were classified as loans and receivables under HKAS 39 are now classified at amortised cost under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the adoption of HKFRS 9.

The Group has adopted HKFRS 9 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for 30 June 2018 has not been restated – i.e. it is presented, as previously reported, under HKAS 39 and related interpretations.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities as at 1 July 2018 have not been impacted by the initial application.

For assets in scope of the HKFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of HKFRS 9 impairment model requirements at 1 July 2018 did not have impact upon the initial application.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognsied. It replaced HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 July 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 July 2019. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and the related interpretations.

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

Revenue from sales of goods is recognised when control of the commodities has transferred, being when the goods are delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from provision of services is recognised at the point in time when services performed to the customers.

The adoption of HKFRS 15 does not have significant impacts on the amount of revenue recognised.

(b) New and revised Standards and Interpretations issued but not yet effective

HKFRS 16 Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to HKFRSs 2015-2017 Cycle	1 January 2019
Amendments to HKAS 28 Long-term Interest in Associates and Joint Ventures	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 31 December 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from 2019 onwards.

4. SEGMENT REPORT

For management purposes, the Group is organised into business units based on their products and services and has six (2018: six) reportable and operating segments as follows:

(a) Trading of food and beverage segment is a strategic business unit which is engaged in the provision of quality food and beverage;

(b) Money lending segment provides funds to clients and receives loan interest income in return;

(c) Health care services operates a health centre for the provision of hot stone spa and health related services;

(d) Securities investment and trading is engaged in purchase and sale of securities and investment;

(e) Logistic services provide general services in palletization, receiving and delivery, custom clearance for both air and ocean cargoes, and warehousing; and

(f) Property investment is engaged in investment in properties.

The accounting policies of the operating segments are the same as those described in the Financial Statements. Segment profit or loss does not include interest expenses and income, share of loss from an associate, impairment loss on interest in an associate, fair value change on contingent consideration, dividend from a liquidating subsidiary, loss on loss of control of a liquidating subsidiary, loss on cessation of a subsidiary, other corporate income and expenses. Segment assets do not include investment in an associate, property, plant and equipment for corporate use, deposits paid for corporate use, and bank and cash balances for corporate use.

Segment liabilities do not include other payables for corporate use and promissory note.

Segment revenues and results

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

For the year ended 30 June 2019

	Reportable segment						
	Food and beverage	Money lending	Health care services	Securities investment and trading	Logistic services	Property investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	–	1,716	286	94,061	2,869	–	98,932
Segment revenue	–	1,716	286	14,494	2,869	–	19,365
Segment loss	(5,501)	(10,980)	(18,162)	(87,871)	(2,768)	(2,071)	(127,353)
Fair value change on contingent consideration							5,000
Dividend income from a liquidating subsidiarity							8,000
Corporate administration costs							(21,856)
Loss on loss of control of a liquidating subsidiarity							(12,447)
Loss on cessation of a subsidiarity							(1,043)
Unallocated finance cost							(2,604)
Loss before taxation							(152,303)

For the year ended 30 June 2018

	Food and beverage	Money lending	Health care services	Reportable segment Securities investment and trading	Logistic services	Property investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	8,415	15,220	974	104,448	16,790	–	145,847
Segment revenue	8,415	15,220	974	–	16,790	–	41,399
Segment loss	(19,027)	(72,352)	(18,930)	(11,673)	(20,106)	(4,789)	(146,877)
Corporate income							515
Share of loss from an associate							(740)
Impairment loss on investment in an associate							(3,525)
Fair value change on the contingent consideration							9,497
Corporate administration costs							(16,273)
Loss before taxation							(157,403)

Segment assets and liabilities

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

As at 30 June 2019

	Reportable segment						
	Food and beverage	Money lending	Health care services	Securities investment and trading	Logistic services	Property investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS							
Segment assets	**4,174**	**16,006**	**62**	**137,793**	**2,541**	**38,529**	**199,105**
Unallocated assets							**81,877**
Total assets							**280,982**
LIABILITIES							
Segment liabilities	**4,249**	**9**	**1,378**	**30,500**	**2,223**	**731**	**39,090**
Unallocated liabilities							**115,350**
Total liabilities							**154,440**

As at 30 June 2018

	Reportable segment						
	Food and beverage	Money lending	Health care services	Securities investment and trading	Logistic services	Property investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS							
Segment assets	6,556	10,785	34,006	177,220	4,088	40,840	273,495
Unallocated assets							54,066
Total assets							327,561
LIABILITIES							
Segment liabilities	7,406	1	2,929	30	3,270	459	14,095
Unallocated liabilities							34,790
Total liabilities							48,885

For the purpose of monitoring segment performance and allocating resources between segments:

(a) all assets are allocated to operating segments other than cash and bank balances for administrative purpose and other assets including other receivables, prepayments and deposits of head office.

(b) all liabilities are allocated to operating segments, other than other payables and accrued expenses in relation to corporate administration costs.

Other segment information

For the year ended 30 June 2019

	Reportable segment							
	Food and beverage *HK$'000*	**Money lending** *HK$'000*	**Health care services** *HK$'000*	**Securities investment and trading** *HK$'000*	**Logistic services** *HK$'000*	**Property investment** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit/(loss) or segment assets								
Additions to property, plant and equipment	**15**	**–**	**3**	**–**	**–**	**–**	**781**	**799**
Loss on disposal of financial assets at fair value through profit or loss	**–**	**–**	**–**	**(95,376)**	**–**	**–**	**–**	**(95,376)**
Depreciation	**(391)**	**–**	**(3,178)**	**–**	**(391)**	**–**	**(343)**	**(4,303)**
Impairment loss on receivables	**(2,638)**	**(231)**	**(50)**	**–**	**(228)**	**–**	**(16,458)**	**(19,605)**
Finance costs	**–**	**–**	**–**	**(579)**	**(93)**	**–**	**(2,604)**	**(3,276)**
Interest income	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**

For the year ended 30 June 2018

	Reportable segment							
	Food and beverage *HK$'000*	Money lending *HK$'000*	Health care services *HK$'000*	Securities investment and trading *HK$'000*	Logistic services *HK$'000*	Property investment *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit/(loss) or segment assets								
Additions to property, plant and equipment	1,407	–	11,430	–	–	–	–	12,837
Loss on disposal of financial assets at fair value through profit or loss	–	–	–	(5,181)	–	–	–	(5,181)
Impairment loss on investment in an associate	–	–	–	–	–	–	(3,525)	(3,525)
Depreciation	(1,760)	–	(3,504)	–	(478)	–	(755)	(6,497)
Impairment loss on receivables	–	(81,560)	–	–	–	–	–	(81,560)
Share of loss from an associate	–	–	–	–	–	–	(740)	(740)
Finance costs	–	–	–	(210)	(74)	–	(1,887)	(2,171)
Interest income	1	1	1	–	1	–	49	53

Geographical information:

All the Group's income and results are derived from operations carried out in Hong Kong The Group's non-current assets, other than financial assets at FVTOCI/available-for-sale investments, allocated based on geographical location regarding its operation is detailed below:

	2019	2018
	HK$'000	*HK$'000*
The PRC	**38,116**	40,537
Hong Kong	**61,525**	15,650
	99,641	56,187

Information about major customers

Included in revenue amounting to approximately HK$4,600,000 in 2018 represents sales to the Group's largest customer.

Revenue from customer contributing over 10% of the total sales from trading of food and beverage is as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A[1]	**–**	4,600
	–	4,600

[1] From food and beverage segment

There is no customer contributing over 10% of the total revenue during the year.

5. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**1**	53
Gain on disposal of property, plant and equipment	**334**	3
Fair value gain of financial assets at FVTPL	**–**	13,834
Fair value change on the contingent consideration	**5,000**	9,497
Distribution from a liquidating subsidiary	**8,000**	–
Gain on disposal of investment fund	**239**	–
Sundry income	**17**	738
	13,591	24,125

6. OTHER OPERATING EXPENSES

	2019	2018
	HK$'000	*HK$'000*
Impairment loss on investment in an associate	**–**	3,525
Impairment loss on trade and other receivables	**19,374**	8,880
Impairment loss on loan receivables	**231**	72,680
Impairment loss on intangible assets	**–**	10,094
Impairment loss on goodwill	**–**	13,876
Impairment loss on available-for-sale investments	**–**	16,392
Loss on disposal of financial assets at FVTPL	**95,376**	5,181
Loss on early redemption of promissory note	**–**	126
Loss on loss of control of a liquidating subsidiary	**12,447**	–
Loss on cessation of a subsidiary	**1,043**	–
Written off on disposal of property, plant and equipment	**9,149**	–
Fair value loss on investment property	**2,017**	3,933
Fair value loss/loss on financial assets at FVTPL	**5,593**	3,410
	145,230	138,097

7. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on bank loan	**10**	28
Interest on margin financing	**579**	210
Interest on obligations under finance leases	**83**	50
Interest on promissory note	**1,325**	1,883
Interest on revolving loan	**1,279**	–
	3,276	2,171

8. INCOME TAX CREDIT

Hong Kong Profits Tax provided at the rate of 16.5% on estimated assessable profit is as follows:

	2019	2018
	HK$'000	*HK$'000*
Current tax	**–**	(247)
Deferred tax	**–**	2,457
	–	2,210

The reconciliation between the income tax credit and the loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2019	2018
	HK$'000	*HK$'000*
Loss before taxation	**(152,303)**	(157,403)
Tax at domestic income tax rate of 16.5% (2018: 16.5%)	**(25,130)**	(25,971)
Difference in overseas tax rate	**146**	243
Tax effect of income not taxable	**(2,136)**	(2,467)
Tax effect of expenses and losses that are not deductible	**24,242**	7,958
Tax effect of tax losses and deductible temporary differences not recognised	**2,878**	18,027
Income tax credit	**–**	(2,210)

9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the followings:

	2019	2018
	HK$'000	*HK$'000*
Depreciation	**4,303**	6,497
Amortisation of intangible assets	**–**	2,431
Auditors' remuneration	**660**	600
Operating lease expenses	**5,225**	5,091
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	**7,694**	15,100
– Retirement benefits scheme contributions	**259**	812
Total employee benefit expense	**7,953**	15,912

10. DIVIDEND

No dividend was paid or proposed during the year ended 30 June 2019 (2018: Nil). No dividend has been proposed since the end of the reporting period. (2018: Nil).

11. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year of approximately HK$152,301,000 (2018: approximately HK$155,179,000) attributable to owners of the Company, and weighted average of 1,533,624,788 (2018: 1,533,654,788) ordinary shares in issue during the year.

(b) Diluted loss per share

The Group had no dilutive potential ordinary shares for both years ended 30 June 2019 and 2018.

12. INVESTMENT PROPERTY

	2019	2018
	HK$'000	*HK$'000*
At fair value:		
At 1 July	**30,462**	–
Acquisition of subsidiaries	**–**	34,395
Fair value change	**(2,017)**	(3,933)
At 30 June	**28,445**	30,462

The Group's investment property held to earn rental income or value appreciation is classified and accounted for as investment property.

The investment property is located at Beijing with medium lease term.

For the year ended 30 June 2018, the property, which was originally a self-owned property of the vendor as defined in the Company's announcement dated 23 June 2017, was subsequently sold to the Company on 23 June 2017. During the year, the Company suspected the property was occupied by unknown party without the authorisation of the Group.

The fair value of the Group's investment property as at 30 June 2019 has been arrived at on the basis of a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified professional valuer not connected to the Group.

In estimating the fair value of the investment property, the highest and best use of the property is its current use.

13. LOAN RECEIVABLES

The Group's loan receivables arose from the money lending business.

Loan receivables are unsecured, bearing interest rate at 10% per annum, and with credit periods, mutually agreed between the contracting parties. Each customer has a credit limit. Overdue balances are reviewed regularly and handled closely by management.

	2019	2018
	HK$'000	*HK$'000*
Loan receivables		
– Non-current portion	**13,500**	703
– Current portion	**–**	81,862
	13,500	82,565
Accumulated impairment loss on loan receivables	**–**	(82,565)
Allowance for expected credit loss	**(231)**	–
	13,269	–

The loan receivables at the end of the reporting period are analysed by the remaining period to contractual maturity date as follows:

	2019	2018
	HK$'000	*HK$'000*
Repayable		
0 to 90 days	**–**	–
91 to 180 days	**–**	–
181 to 365 days	**–**	–
Over 1 year	**13,500**	–
	13,500	–

Movement in provision for loan receivables is as follows:

	2019	2018
	HK$'000	*HK$'000*
Balances at beginning of year	**82,565**	9,885
Impairment loss on loan receivables	**–**	72,680
Allowance for expected credit loss	**231**	–
Written off due to loss of control of a liquidating subsidiary	**(82,565)**	–
Balance at the end of year	**231**	82,565

Due to the circumstance that Grand Faith Finance Limited ("Grand Faith"), being a wholly owned subsidiary of the Group engaged in the money lending operation, was under a voluntary liquidation process, the recoverability of the related loan receivables with carrying value of HK$82,565,000 was in doubt. Accordingly, an impairment loss of loan receivables with the same amounts have been charged to profit or loss for the year ended 30 June 2018. On 24 July 2018, Grand Faith was placed into creditor's voluntary liquidation, hence the previously provided impairment loss of approximately HK$82,565,000 was written off.

The expected credit loss of approximately HK$231,000 as at 30 June 2019 are estimated by an independent external valuer using general approach. The loss allowance is adjusted to reflect the current conditions and forecasts of future economic conditions as appropriate. Except for the above impaired balances, none of the loan receivables was either past due or impaired and had no history of default.

14. FINANCIAL ASSETS AT FVTOCI (2018: AVAILABLE-FOR-SALE INVESTMENTS)

	2019	2018
	HK$'000	*HK$'000*
Unlisted equity investments at fair value (2018: at cost)		
Co-Lead *(Note a)*	**50,000**	50,000
Less: fair value change (2018: impairment)	**(7,475)**	(5,183)
	42,525	44,817
Platform Asset *(Note b)*	**–**	20,000
Less: Impairment	**–**	(16,185)
	–	3,815
Simagi *(Note c)*	**1,500**	–
Era Bright *(Note d)*	**1,500**	–
	45,525	48,632

Notes:

(a) On 31 July 2015, the Group completed the subscription of 155 ordinary shares of Co-Lead Holdings Limited ("Co-Lead"), at a consideration of HK$50 million. The consideration was satisfied by cash payment of HK$25 million and the issuance of a 7.5% per annum promissory note in the principal amount of HK$25 million by the Company. As at 30 June 2018, the investment in Co-Lead was classified as available-for-sale investment and measured at cost less impairment because the range of fair value estimates is so significant that the Directors are of the opinion that their fair value cannot be measured reliably. After adoption of HKFRS 9, the investment in Co-Lead was classified as financial assets at FVTOCI.

Co-Lead is a company incorporated in the British Virgin Islands and is engaged in investment holding.

During the year ended 30 June 2018, the Group recognised an impairment loss of HK$5,183,000 related to investment in Co-Lead classified as available-for-sale financial assets held as at 30 June 2018.

During the year ended 30 June 2019, the Group recognised a fair value loss of approximately HK$2,292,000 in other comprehensive income related to investment in Co-Lead classified as financial assets at FVTOCI held as at 30 June 2019.

(b) In June 2017, the Group entered into a subscription agreement with Platform Asset Management (Cayman Islands) Limited ("**Platform Asset**"), to subscribe for the interest with a committed capital contribution of HK$20 million in Pam Real Estate Opportunities Fund LP (the "**Fund**").

The Fund seeks to raise an aggregate commitment from all the limited partners an aggregate capital commitment up to US$80 million on 31 December 2017. The investment objective and scope of the Fund is to generate attractive streams of income and achieve long-term capital appreciation. The Fund will have a term of 5 years after all funds being collected, which may be extended for up to 2 years after 5 years. For details, please refer to the announcement of the Company dated 27 June 2017.

As at 30 June 2018, the investment in Platform Asset was classified as available-for-sale investment and measured at cost less impairment because the range of fair value estimates is so significant that the Directors were of the opinion that their fair value cannot be measured reliably. After adoption of HKFRS 9 on 1 July 2018, the investment in Platform Asset is classified as financial assets at FVTOCI.

During the year ended 30 June 2018, the Group, with reference to the financial information provided by the administrator of the Fund, recognised an impairment loss of HK$16,185,000 related to investment in Platform Asset classified as available-for-sale financial assets held as at 30 June 2018.

During the year ended 30 June 2019, the Group had redeemed the investment in Platform Asset and recognised a gain on disposal of approximately HK$239,000 in profit or loss.

(c) On 25 June 2019, the Group completed the subscription of 300,000 ordinary shares of Simagi Finance Company Limited ("**Simagi**") represented 0.30% of the entire issued capital of Simagi, at a consideration of HK$1.5 million in cash. As at 30 June 2019, the investment in Simagi was classified as financial assets at FVTOCI. Simagi is a company incorporated in Hong Kong and is engaged in provision of money lending services. Mr. Suen Yick Lun, Philip is an Executive Director of the Company and a director of Simagi.

(d) On 26 June 2019, the Group completed the subscription of 3,000 ordinary shares of Era Bright Limited ("Era Bright") represented 23.08% of the entire issued capital of Era Bright, at a consideration of HK$1.5 million in cash. As at 30 June 2019, the investment in Era Bright was classified as financial assets at FVTOCI. Era Bright is a company incorporated in Hong Kong and is engaged in provision of money lending services.

(e) The fair value of the Group's financial assets at FVTOCI as at 30 June 2019 has been arrived at on the basis of valuation carried out by independent qualified professional valuers not connected to the Group.

15. INTANGIBLE ASSETS

	Customer relationship	**Brand name**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Cost			
At 1 July 2017	8,500	–	8,500
Acquisition of a subsidiary *(Note a)*	1,492	3,100	4,592
At 30 June 2018 and 30 June 2019	9,992	3,100	13,092
Accumulated amortisation			
At 1 July 2017	567	–	567
Charge for the year	2,215	216	2,431
Impairment loss recognised *(Note b)*	7,210	2,884	10,094
At 30 June 2018 and 30 June 2019	9,992	3,100	13,092
Net carrying amount:			
At 30 June 2018 and 30 June 2019	–	–	–

Notes:

(a) Intangible assets of approximately HK$1,492,000 represent customer relationship and brand name of approximately HK$3,100,000 were arising from the acquisition of Volk Favor Group Holding Limited ("Volk Favor") during the year ended 30 June 2018.

The fair values of the customer relationship and the brand name were determined by an independent professional firm of valuers using the historical customer list with consideration of the attrition rate and growth rate. The customer relationship and the brand name are measured at cost less accumulated amortisation and accumulated impairment losses.

(b) As at 30 June 2018, the Directors performed the impairment assessment on intangible assets as detailed below:

(i) During the year ended 30 June 2018, Acc Logistics Limited ("**ACC**") has temporary suspended its operation due to its storage had been forced to close down by the landlord. Accordingly, the customers of the ACC had been lost and therefore, impairment loss of HK$6,233,000 was charged to profit or loss.

(ii) During the year ended 30 June 2018, Volk Favor has ceased its operation due to unfavourable economic condition in the PRC. Accordingly, impairment loss of HK$977,000 and HK$2,884,000 has been provided for customer relationship and brand name respectively for the year ended 30 June 2018.

16. GOODWILL

	2019	2018
	HK$'000	*HK$'000*
Cost		
At 1 July	**–**	11,183
Acquisition of a subsidiary *(Note a)*	**–**	2,693
Impairment loss recognised *(Note b)*	**–**	(13,876)
At 30 June	**–**	–

Notes:

(a) During the year ended 30 June 2018, goodwill of approximately HK$2,693,000 was related to the acquisition of Volk Favor, and was allocated to the food and beverage segment.

(b) Due to (i) the operation of ACC had been forced to suspend; and (ii) the operation of Volk Favor had been ceased, aggregate impairment loss of HK$13,876,000 was charged to profit or loss during the year ended 30 June 2018.

17. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**6,743**	8,571
Accumulated impairment loss on trade receivables	**(6,743)**	(3,826)
	–	4,745
Other receivables, prepayments and deposits *(Note a)*	**29,789**	39,452
Accumulated impairment loss on other receivables	**(16,457)**	(7,963)
	13,332	36,234

Note:

(a) As of 30 June 2018, included in other receivables was approximately HK$16,181,000 due from Cosmic Lane Limited ("**Cosmic Lane**"), being the vendor for the acquisition of Volk Favor.

The consideration for the acquisition of Volk Favor was HK$20,000,000 which had been satisfied by HK$1,000,000 in cash and issuance of promissory note with principle amount of HK$19,000,000, subject to the profit guarantee ("**Volk Favor PN**").

During the year ended 30 June 2018, the Group has settled approximately HK$15,181,000 of Volk Favor PN as to HK$4,500,000 in cash and HK$10,681,000 by way of assignment of loan receivables ("**Settlements**"). However, under the circumstance that Volk Favor failed to meet the profit guarantee, Volk Favor PN has been cancelled. Accordingly, the cash consideration of HK$1,000,000 together the Settlements of HK$15,181,000 shall be refund to the Group.

During the year ended 30 June 2019, the management was in the view that Cosmic Lane was not able to repay the Settlement. Therefore, an impairment loss of approximately HK$16,181,000 had been provided.

The Directors consider that the fair values of trade receivables are not materially different from their amounts because these amounts have short maturity period on their inception. The Group's food and beverage trading business and health care business are mainly on credit basis with a credit term of 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by the Directors. The aging analysis of trade receivables, based on the invoice date at the end of each reporting period, which approximates the respective revenue recognition dates, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 to 90 days	**–**	1,966
Over 90 days	**–**	2,779
	–	4,745

As at 30 June 2019, there are no trade receivables (2018: approximately HK$2,779,000) which were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2019	2018
	HK$'000	*HK$'000*
Up to 3 months past due	**–**	1,477
3 to 6 months past due	**–**	519
6 months to 1 year past due	**–**	190
Over 1 year past due	**–**	593
	–	2,779

Movement in the provision for bad and doubtful debts on trade receivables are as follows:

	2019	2018
	HK$'000	*HK$'000*
Balance at beginning of year	**3,826**	2,833
Provision for the year	**2,917**	993
Reversal of impairment loss on trade receivables	**–**	–
Balance at the end of year	**6,743**	3,826

Included in the impairment loss on trade receivables are individual impaired trade receivables with an aggregate balance of approximately HK$6,743,000 (2018: HK$3,826,000) in relation to the trading of food and beverage, health care services and logistics services, the recoverability of which are in doubt. The Group does not hold any collateral over these balances.

Movement in the provision for bad and doubtful debts on other receivables are as follows:

	2019	2018
	HK$'000	*HK$'000*
Balance at beginning of year	**7,963**	309
Provision for the year	**16,457**	7,654
Written off	**(7,963)**	–
Balance at end of year	**16,457**	7,963

Included in the impairment loss on other receivables are individual impaired other receivables with an aggregate balance of approximately HK$21,242,000 (2018: HK$7,963,000).

18. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**568**	671
Other payables	**13,753**	21,734
Accruals	**8,305**	4,887
	22,626	27,292

The aging analysis of trade payables, based on the date of receipt of goods is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 to 90 days	**–**	–
91 to 180 days	**–**	79
Over 180 days	**568**	592
	568	671

19. BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Guaranteed bank loans, repayable on demand	**–**	156
Revolving loan	**100,000**	–
	100,000	156

The effective interest rates on the Group's bank borrowings is at 8.95% per annum (2018: 8.95% per annum). The bank loans are guaranteed by the sole director of a subsidiary.

The effective interest rate on the revolving loan is at 7.88% per annum. It is guaranteed by the Group's property and assets.

The revolving loan was borrowed from a creditor, which is a company incorporated in Hong Kong. Mr. Chow Chi Wan Vincent, an Independent Non-executive Director of the Company, is also a director of the creditor (resigned on 29 October 2019).

20. DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follow:

	2019	2018
	HK$'000	*HK$'000*
At 1 July	**–**	1,309
Acquisition of a subsidiary	**–**	1,148
Credited to profit or loss during the year	**–**	(2,457)
At 30 June	**–**	–

Deferred tax liabilities arose from temporary differences of intangible assets from acquisition of a subsidiary.

No deferred tax assets has been recognised in respect of the tax losses and fair value loss on investment property due to the unpredictability of future profit streams. The tax losses have no expiry date under the current tax legislation.

21. LITIGATION

On 30 May 2018, the Group received a writ of summon from the High Court of the Court of First Instance of Hong Kong related to the dispute with former landlord of office premise amounting to HK$310,000 (the "**Outstanding Amount**").

The Group is actively seeking for legal advice on the matter and actively negotiating with former landlord for possible settlement method of Outstanding Amount.

22. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in these consolidated financial statements, the Group had the following significant event which took place subsequent to the end of the reporting period:

(a) On 3 July 2019, the Company received a notice from its creditor, Citizens Money Lending Corporation Limited (the "**Creditor**") that events of default have occurred under the debenture granted by the Company to the Creditor dated 25 January 2019 (the "**Debenture**"), and thereby the Creditor has appointed Mr. Tang Shing Tung as the Receiver (the "**Receiver**") to all of the property and assets of the Company on 3 July 2019. The Receiver is appointed by the Creditor to enforce and preserve the assets charged under the Debenture. For further details, please refer to the announcement dated 4 July 2019.

(b) On 28 January 2019, the Company entered into a sale and purchase agreement (the "**Agreement**") with the vendor to acquire 100% equity interest in Hope Capital Limited ("**Hope Capital**") and its subsidiaries ("**Hope Capital Group**") at a consideration of HK$40,740,000. Hope Capital Group includes a licensed corporation under the SFO to carry out Type 1 (dealing in securities) regulated activity. Completion of the acquisition was conditional upon the satisfaction of the conditions precedent as detailed in the agreement. Pursuant to the Agreement, completion of the acquisition is conditional upon certain conditions being satisfied or waived. On 23 August 2019, as the parties to the Agreement were of the view that those conditions in the Agreement cannot be fully satisfied. It has been mutually agreed to terminate the Agreement on 23 August 2019. The deposit of HK$40,740,000 previously paid pursuant to the Agreement has been returned to the Group. For further details, please refer to the announcements dated 28 January 2019, 21 February 2019 and 23 August 2019.

(c) On 12 August 2019, the Company announced that a direct wholly-owned subsidiary, namely Power Elite Holdings Limited ("**Power Elite**") and its subsidiaries ("**Power Elite Group**"), was placed into creditors' voluntary liquidation. Power Elite Group is a group of subsidiaries principally engaged in investment holding and property investment but with disappointing financial performance since the first quarter of the current reporting period. In order to reduce the Company's exposures over matters relating to Power Elite Group, liquidators were engaged to liquidate and recover the value of Power Elite Group, and to further review books and records including the previous transactions of Power Elite Group. For further details, please refer to the announcement of the Company dated 12 August 2019.

EXTRACT OF INDEPENDENT AUDITORS' REPORT ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

The Company's auditors have issued a disclaimer of opinion on the Group's consolidated financial statements for the year ended 30 June 2019, an extract of the auditors' report is as follow:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

1. Fair value measurement of an unlisted investment

As disclosed in note 21 to the consolidated financial statements, as at 30 June 2019, the Group has financial assets at fair value through other comprehensive income of approximately HK$42,525,000 ("Financial Assets"). Management has engaged an independent external valuer to perform a fair value assessment of the Financial Assets using adjusted net asset value method. Based on the fair value assessment, the Group recognised a fair value loss of approximately HK$2,292,000 on the Financial Assets for the year ended 30 June 2019.

For the purpose of our audit, we were unable to obtain sufficient appropriate audit evidence we considered necessary to assess or corroborate the appropriateness of the key inputs and key assumptions adopted by management in their fair value assessments, including but not limited to verifying (i) the financial information of Financial Assets as at and for the year ended 30 June 2019; and (ii) other key assumptions adopted in the valuation, which would impact the results of the fair value assessment of the Financial Assets.

Given the above scope limitation, there were no other satisfactory procedures that we could perform to determine whether any adjustments to the fair values of the Financial Assets of approximately HK$42,525,000 and the corresponding fair value loss of approximately HK$2,292,000 recognised for the year then ended were necessary.

2. Unauthorised occupation of investment properties

As disclosed in note 18 to the consolidated financial statements, as at 30 June 2019, the Group held an investment property in Beijing, the PRC ("Beijing Property") with fair value of approximately HK$28,445,000, such fair value has been arrived at on the basis of a valuation carried out by an independent external valuer. As represented by the management, during the year, Beijing Property was suspected to be occupied by unknown party without the authorisation of the Group ("Suspicion"). Accordingly, the Group was unable to provide sufficient information, including but not limited to (i) existing condition of Beijing Property; and (ii) tenancy agreement relating to Beijing Property that was suspected to be occupied by any occupants with or without consideration. Under this circumstance, we were unable to determine whether the Group has, during the relevant period of Suspicion (i) present ability to direct the use of Beijing Property; and (ii) present ability to receive rental income and to prevent other parties from directing the use of Beijing Property.

Given the above scope limitation, there were no other satisfactory procedures that we could perform to determine whether the fair value of Beijing Property of approximately HK$28,445,000 stated in the consolidated statement of financial position as at 30 June 2019 were free from material misstatement.

3. Material uncertainty relating to the going concern

As described in Note 2 in the consolidated financial statements, the Group incurred a net loss of approximately HK$152,303,000 for the year ended 30 June 2019 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$18,086,000.

On 3 July 2019, the Company received a notice from its creditor, Citizens Money Lending Corporation Limited ("Creditor") that events of default have occurred under the debenture granted by the Company to the Creditor dated 25 January 2019 ("Debenture"), and thereby the Creditor has appointed Mr. Tang Shing Tung as the receiver (the "Receiver") to all of the property and assets of the Company.

Under the terms of the Debenture, the Receiver has power to take possession of, or collect, and get in all or any of the Group's property and assets and sell or otherwise dispose of all or any of the Group's property and assets.

This condition indicates the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. If the Receiver exercise his power to realise the Group's property and assets, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The consolidated financial statements do not include any of these adjustments.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the following business activities:

- Money lending
- Securities investment and trading
- Logistic services
- Property investment
- Food and beverage trading
- Healthcare services

REVIEW AND PROSPECT

1. Money Lending

During the year, the money lending business was temporarily suspended for ten months after the commencement of liquidation of Grand Faith Finance Limited ("**Grand Faith**"). The Company has received certain status updates from the liquidator. Several progress meetings have been held accordingly. As at 30 June 2019, a total amount of approximately HK$22.73 million (including approximately HK$10.72 million cash in bank of Grand Faith) has been realised and transferred to the client's liquidation account managed by the liquidator, and the total amount of dividend received from the client's liquidation account was HK$8.0 million. Investigations may be conducted by the liquidator. The following is the summary of the status:

Summary of loan accounts of Grand Faith (as of 4 June 2019 – the latest reporting date during the year ended 30 June 2019 ("**FY2019**"))

	Category	*Principle amount HK$'000*	*% rounded*	*No. of account*
1.	On-going debt collection action	5,795	7%	3
2.	Making monthly repayment	777	1%	1
3.	Fully settled	10,400	13%	5
4.	Statutory Demand – serving	10,752	13%	4
5.	Statutory Demand served – in bankruptcy proceedings	40,791	49%	10
6.	Statutory Demand served – in winding-up proceedings	10,000	12%	3
7.	Write off	4,000	5%	2
Total		82,515	100%	28

With the new management team arrived in May 2019, the new management team has reviewed the operation of the Group's money lending business with the aim of creating a new vision for the Group and elevating its money lending business to be fully integrated in its financial services business. In June 2019, the Group acquired a money lending company at with a cash consideration of HK$0.5 million. Such acquisition was funded by internal resources. As at 30 June 2019, the loan portfolio amounted to HK$13.5 million. The interest generated from the new money lending business will be utilised for its operation. During the year, the Group did not record any doubtful or bad debt for the new money lending business.

2. Securities Investment and Trading

For FY2019, the stock market was still unstable and fluctuant. Subsequent to the boom in the bullish trading of listed securities in April 2019, the stock market has not resumed its momentum, the management therefore took a more cautious approach on the investment. As a result, the Group managed to generate a turnover of approximately HK$94.1 million during FY2019 (For the financial year ended 30 June 2018 ("**FY2018**"): approximately 104.4 million) from securities trading.

As at 30 June 2019, the securities investment portfolio amounted to approximately HK$112.6 million (As at 30 June 2018: HK$164.5 million). The Group intends to diversify its investment portfolio so as to reduce the relevant concentration and investment risk. Considering the business nature of securities investment and trading, it is crucial for the Group to maintain a readily available source of funding, for capturing suitable investment opportunities in a timely manner as they arise, which will contribute investment return to the Group.

The financial market in Hong Kong is now relatively uncertain. It is due to the trade tariffs discussions between various countries persisted for a certain period of time, the trend of global interest rates, and the recent incidents in Hong Kong. The above reasons may cause fluctuation of financial market, and may affect the securities investment and trading business of the Group. Therefore, the Group will continue to adopt a cautious approach in making investment decision in securities investment and trading business.

Details of the listed securities held by the Group are as follows:

Stock name	Name of investee company and its principal business	Number of shares held		Percentage of share capital owned by the Group		Investment cost (note)		Fair value		Percentage to the Group's net assets		Gain/(loss) on change in fair value for the year ended	
		30 June 2019	30 June 2018	**30 June 2019**	30 June 2018	**30 June 2019**	30 June 2018	**30 June 2019**	30 June 2018	**30 June 2019**	30 June 2018	**30 June 2019**	30 June 2018
		'000	*'000*	***%***	*%*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***%***	*%*	***HK$'000***	*HK$'000*
0005	HSBC Holdings plc (Provision of banking and other related financial services)	**200**	–	**0.001**	–	**13,000**	–	**12,961**	–	**10.24**	–	**(39)**	–
0064	Get Nice Holdings Limited (Money lending, property development and holding and investment in financial instruments, real estate agency and provision of financial services)	**21,596**	–	**0.223**	–	**5,605**	–	**5,723**	–	**4.52**	–	**118**	–
0136	HengTen Networks Group Limited (Internet Community services and related businesses, manufacture and sales of accessories, investments, loan financing and property investment)	**21,032**	–	**0.028**	–	**3,870**	–	**3,912**	–	**3.09**	–	**42**	–
0530	Goldin Financial Holdings Limited (Provision of factoring service, investment, winery business; property development and investment)	**–**	1,000	**–**	0.014	**–**	3,548	**–**	–	**–**	1.00	**–**	(138)
0613	Planetree International Development Limited (Property investment, property leasing and treasury management)	**10,734**	–	**0.115**	–	**1,848**	–	**1,760**	–	**1.39**	–	**(88)**	–
0622	Oshidori International Holdings Limited (Brokerage services, money lending, placing and underwriting services, corporate finance, investment)	**28,608**	–	**0.492**	–	**25,003**	–	**28,036**	–	**22.16**	–	**3,033**	–
0718	Tai United Holdings Limited (Investment and assets management and holding the mining right and exploration and evaluation assets)	**51,480**	50,000	**0.981**	0.952	**12,347**	46,000	**11,326**	38,000	**8.95**	11.10	**(1,021)**	(8,000)
0943	eForce Holdings Limited (Manufacture and sale of healthcare and household products, and coal mining)	**53,437**	56,605	**0.498**	0.644	**10,687**	3,750	**9,191**	11,321	**7.26**	3.31	**(1,496)**	7,571
1166	Solartech International Holdings Limited (Manufacture and trading of cable and wires, copper rods, metallurgical grade bauxite, holding of mining right and exploration and evaluation assets)	**–**	66,500	**–**	2.847	**–**	36,023	**–**	83,790	**–**	24.47	**–**	47,767
1224	C C Land Holdings Limited (Property development and investment; and treasury investment)	**124**	–	**0.003**	–	**222**	–	**224**	–	**0.18**	–	**2**	–
1293	Grand Baoxin Auto Group Limited (Sale and service of motor vehicles)	**8,665**	–	**0.305**	–	**26,629**	–	**27,901**	–	**22.05**	–	**1,272**	–
1332	China Touyun Tech Group Limited (manufacturing of packing products and treasury investment)	**1,440**	–	**0.015**	–	132	**–**	98	**–**	0.08	**–**	(34)	–
1387	China Dili Group (Operation of agriculture wholesale markets)	**863**	–	**0.015**	–	**1,940**	–	**2,054**	–	**1.62**	–	**114**	–
1571	Xin Point Holdings Limited (Sale of automotive decorative components and non-automotive components)	**571**	–	**0.057**	–	**1,239**	–	**959**	–	**0.76**	–	**(280)**	–

Stock name	Name of investee company and its principal business	Number of shares held		Percentage of share capital owned by the Group		Investment cost (note)		Fair value		Percentage to the Group's net assets		Gain/(loss) on change in fair value for the year ended	
		30 June 2019	30 June 2018	**30 June 2019**	30 June 2018	**30 June 2019**	30 June 2018	**30 June 2019**	30 June 2018	**30 June 2019**	30 June 2018	**30 June 2019**	30 June 2018
		'000	*'000*	**%**	%	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	**%**	%	***HK$'000***	*HK$'000*
1800	China Communications Construction Company Limited (Infrastructure Construction, infrastructure design, dredging and port machinery manufacturing businesses)	**210**	–	**0.005**	–	**1,453**	–	**1,468**	–	**1.16**	–	**15**	–
8103	hmvod Limited (Systems development, professional services, proprietary trading and money lending)	**7,020**	7,020	**4.935**	4.935	**14,251**	13,449	**7,020**	14,251	**5.55**	4.16	**(7,231)**	800
8153	Code Agriculture (Holdings) Limited (Provision of digital television services, provision of car beauty services and money lending)	**–**	60,185	**–**	3.167	**–**	17,483	**–**	6,380	**–**	1.86	**–**	(11,103)
8202	Inno-Tech Holdings Limited (Buses and bus stations advertising business in the People's Republic of China)	**–**	49,122	**–**	4.665	**–**	33,164	**–**	9,726	**–**	2.84	**–**	(23,438)
8228	NNational Arts Entertainment and Culture Group Limited (Film production and distribution, provision of management services for artists and operations of film studio and hotels)	**–**	2,840	**–**	0.063	**–**	633	**–**	1,008	**–**	0.29	**–**	375
						118,226	154,050	**112,633**	164,476	**89.01**	49.03	**(5,593)**	13,834

Note: Investment cost represents average acquisition costs for the listed securities. Some of the investments in the listed securities were made by the Group in prior years. For those parts of investment in listed securities which were made in prior years, they were subject to fair value adjustments and gain/(loss) on change in fair value were recognised at the financial year end of the respective years. The gain/(loss) on change in fair value of the listed securities for the year ended 30 June 2019 and 30 June 2018 excluded those amounts being recognised in prior years.

Details of the listed securities disposed of are as follows:

	FY2019		FY2018	
	Number of shares disposed of	**Profit/ (Loss) on disposal**	Number of shares disposed of	Profit/ (Loss) on disposal
	’000	***HK$’000***	*’000*	*HK$’000*
0279 Freeman FinTech Corporation Limited	**–**	**–**	100,000	(2,000)
0530 Goldin Financial Holdings Limited	**1,000**	**2,317**	6,056	1,748
0718 Tai United Holdings Limited	**50,000**	**(13,000)**	–	–
0943 eForce Holdings Limited	**3,168**	**(270)**	–	–
1116 Mayer Holdings Limited	**6,000**	**1,140**	–	–
1130 China Environmental Resources Group Limited	**–**	**–**	2,260	195
1166 Solartech International Holdings Limited	**66,500**	**(79,283)**	28,220	5,812
2112 CAA Resources Limited	**–**	**–**	1,700	18
6060 ZhongAn Online P&C Insurance Co., Ltd	**1,187**	**2,565**	–	–
8103 hmvod Limited hmvod	**–**	**–**	1,500	(90)
8153 Code Agriculture (Holdings) Limited	**60,185**	**(4,089)**	10,120	(824)
8202 Inno-Tech Holdings Limited	**49,122**	**(5,514)**	14,200	(9,248)
8228 National Arts Entertainment and Culture Group Limited	**2,840**	**(83)**	1,360	(12)
8621 Metropolis Capital Holdings Limited	**2,040**	**841**	–	–
8356 CNC Holdings Limited	**–**	**–**	19,900	(780)
		(95,376)		(5,181)

As at 30 June 2019, the Group held an unlisted convertible bond with a principal amount of US$7,000,000 (the "**CB**") issued by Union Asia Enterprise Holdings Limited ("**Union Asia**", stock code: 8173). As the trading in the shares of Union Asia has been suspended since 20 March 2017, the Group expects that the fair value of the CB would be substantially reduced. Hence, a full provision of approximately HK$37.3 million on the carrying value of the CB as at 30 June 2017 was made.

3. Logistic services

The Group started participating in the logistic industry during the financial year ended 30 June 2017 ("**FY2017**") through the acquisition of 100% equity interest in ACC Logistics Limited ("**ACC**") at a consideration of HK$23.8 million, which was satisfied as follow: (i) HK$2.0 million in cash; and (ii) HK$21.8 million by the issue of a promissory note of the Company. ACC is engaged in the provision of general services in palletization, receiving and delivery, custom clearance for both the air and ocean cargoes, and warehousing. Details of this transaction were set out in the Company's announcement dated 24 February 2017.

ACC provides logistic services. Since last year, the lack of inventory warehouses led to devastating impact on its operations associated with customer abandonment. In the first and second quarters of the year, its operating income was approximately HK$2.9 million. During the third and fourth quarters of the year thereafter, its operating income was close to zero. Last year, the revenue from logistic services segment was approximately HK$16.8 million. In addition, an impairment of approximately HK$0.3 million (2018: approximately HK$nil) has also been made on those receivables that have been overdue for over 365 days.

In order to find a suitable solution, the Company has sought for liquidators. Subsequently, on 12 August 2019, Ernst & Young was appointed as the liquidator to handle the matter as soon as practicable. The excerpts are contained under the section headed "Material events after the reporting period – liquidation of Power Elite Group" on pages 63 to 64 of this announcement.

4. Property investment

The property located at Beijing

On 18 January 2018, the Company completed the acquisition of Ample Talent Holdings Limited ("**Ample Talent**") for the consideration of HK$34.2 million, which shall be satisfied as follow: (i) HK$24.0 million by cash; and (ii) HK$10.2 million by cash within twelve months after completion. Ample Talent, through its wholly-owned subsidiary, owns a residential property located at 48 Liangmaqiao Road, the Chaoyang District, Beijing (the "**Beijing Property**"). Details of the acquisition were set out in the Company's announcement dated 23 June 2017.

The Beijing Property, which was originally a self-owned property of the Vendor (unless specified otherwise, terms used herein shall have the same meanings as defined in the Company's announcement dated 23 June 2017), was subsequently sold to the Company on 23 June 2017. According to the supplemental agreement dated 18 January 2018, the sum of balance of HK$10.2 million will be paid by cash within twelve months upon the Completion. The Company has paid HK$2.0 million within such twelve-months period. Thereafter, the Company suspected that the Beijing property has been occupied by unknown occupant without the authorisation of the Group.

The Company has sought a legal opinion from a PRC lawyer regarding the right to use the property. The summary of the legal opinion is as following:

(1) A domestic subsidiary may communicate and negotiate with a third party, requesting that it shall immediately end the occupation, move out within the specified time limit, deliver the subject property in the original condition, and pay the rent for its use of the property during the period of encroachment (the rental price shall be determined by reference to the prevailing market rent level of the same region at that time) and overdue interest on the amount of any overdue monthly rental payments to the territory;

(2) If the negotiation fails, the domestic subsidiary may hire a lawyer to send a formal lawyer's letter to the third party, reiterating the appeal;

(3) If the third party refuses to cooperate, the domestic subsidiary may make proceedings to the local court and require the third party to bear the tort liability; and after obtaining a valid successful judgment, apply to the court for enforcement by the judgment;

(4) If the third party maliciously destroys the door lock and seizes the Beijing Property, the domestic subsidiary may report the case to the local public security authorities.

The property located at Hainan

Reference is made to the Company's announcement dated 14 September 2016, the Group acquired a residential property located in Hainan in the People's Republic of China (the "**PRC**") through (港飲港食餐飲管理(深圳)) ("**港飲港食**") at the cash consideration of RMB8.5 million (equivalent to approximately HK$9,860,000).

During the year, as the property right certificate has not yet been provided by the developer, the Company has sought for a legal opinion from a PRC lawyer. The summary of the legal opinion is as follows:

(1) There is no substantive obstacle to the property right.

(2) As at 16 September 2019, the developer has completed the first registration and has obtained the property ownership certificate of the whole project. It is expected that the Company will be able to deal with the property right individually after two to three months.

(3) The Company was not able to register the ownership of the property before 20 November 2019. From 21 November 2019, the Company has the right to legally cancel the contract for the sale of the property and request the developer to refund the paid amount to the Company. The Company also has the right to request the developer to repay the Company for any liquidated damages.

No rental income was generated from both Beijing Property and Hainan property during the years (2018: nil).

Due to the abovementioned deficiency, the Company has sought for liquidators during the year. Subsequently, on 12 August 2019, Ernst & Young was appointed as the liquidator to facilitate proper handling as soon as possible. The excerpts are contained under the section headed "Material events after the reporting period – liquidation of Power Elite Group" on pages 63 to 64 of this announcement.

5. Food and Beverage Trading

On 7 July 2017, the Company announced that the Group entered into a sale and purchase agreement for the acquisition of the entire equity interest in Volk Favor Food Group limited ("**Volk Favor**") at a consideration of HK$20 million, which shall be satisfied as follow: (i) HK$1 million in cash upon signing of the memorandum dated 29 June 2017 as earnest money; and (ii) HK$19 million by the issue of a promissory note of the Company. Volk Favor and its subsidiaries are principally engaged in feed production, pig breeding, pig slaughtering and pig farming, as well as production and sale of pork products and processed meat products. Completion of the acquisition took place upon signing of the sales and purchase agreement. Details of the transaction are set out in the Company's announcement dated 7 July 2017.

Due to the unfavorable economic condition in the PRC, Volk Favor Food Group Limited and its subsidiaries ("**Volk Favor Group**") ceased their operation during the year ended 30 June 2018. As a result, no revenue was recorded for FY2019 (FY 2018: approximately HK$8.2 million). It also represented 100% decrease in revenue of this business segment as compared to that of FY2018. In addition, no revenue was generated from trading of wine and spirits (2018: approximately HK$0.5 million) as the operation has been suspended. Accordingly, an impairment of approximately HK$2.6 million (2018: approximately HK$1.0 million) has been made on those receivables which have been overdue for over 365 days.

During the year, the Company has sought for liquidators. Subsequently, on 12 August 2019, Ernst & Young was appointed as the liquidator to facilitate proper handling as soon as possible. The excerpts are contained under the section headed "Material events after the reporting period – liquidation of Power Elite Group" on pages 63 to 64 of this announcement.

6. Health Care Services

The operation of healthcare services, which mainly include hot stone spa and health related services, has been commenced in February 2015. For FY2019, revenue generated from this business segment amounted to approximately HK$0.3 million, representing a decrease of approximately 70.0% from that of approximately HK$1.0 million recorded in FY 2018.

Save as disclosed in the Company's announcement dated 19 December 2018, the Company decided to cease the operation of both Sharp Elegant Limited and its subsidiary in Shanghai (collectively, the "**Sharp Elegant Group**"). As a result of the cessation of operation, loss on cessation of healthcare service operation incurred for FY2019 amounted to approximately HK$1.0 million (FY 2018: nil).

A huge amount was invested in hot stone spa business. From 2017 to the current year, a total investment amount of approximately HK$55.6 million was invested in the company established in Hong Kong, and a total investment amount of approximately HK$25.0 million was invested in the Shanghai branch. Considering that the hot stone spa business was stagnant while huge amount of capital had been invested, the Company conducted a comprehensive provision and concluded that Sharp Elegant Group had been mismanaged by the former directors and/or management team (including Ms. Su Ying-Hsi (previous name: Ms. Su Tsu Hsien)). Therefore, the Company has engaged Ernst & Young as the liquidator to voluntarily wind up the Sharp Elegant Group, so as to investigate the huge amount of capital investment, transactions and to recoup its losses as much as possible from all parties related to Sharp Elegant Group. The excerpts are contained under the section headed "Material events after the reporting period – liquidation of Power Elite Group" on pages 63 to 64 of this announcement.

Fund investment

PAM Real Estate Opportunities Fund LP ("the Fund")

Save as disclosed in the Company's announcement dated 27 June 2017, the investment objective and scope of the Fund is to generate considerable streams of income and achieve long-term capital appreciation through, (i) a balanced and diversified portfolio of global, high quality, commercial and residential real properties, and (ii)investing, directly or indirectly, in debt, equity or debt-or equity-related securities issued by private and listed companies globally. The Company believed that the Fund Investment would provide the Group a steady stream of income and thus, improve the overall financial performance of the Group. The Company was also of the view that the Fund Investment would enable the Group to invest in different form of securities in the real estate sector and diversify the market coverage and risk exposure of the Group.

The Fund is managed by DBS Bank Limited (the "**Fund Administrator**") with a capital contribution of US$2,561,049 (equivalent to approximately HK$20,000,000).

On a regular basis, a statement of the Fund was provided by the Fund Administrator. According to the report dated 30 June 2019, the net asset value (after valuation fees) of the Fund was USD519,099.79 (equivalent to approximately HK$4,054,532.73) (2018: USD486,316.53, equivalent to approximately HK$3,815,000), and accumulated losses as at 30 June 2019 was US$2,041,949.21 (equivalent to approximately HK$15,927,000) (2018: US$2,074,732.48, equivalent to approximately HK$16,185,000).

On 20 June 2019, the General Partner of the Partnership served a notice, pursuant to which, the Partnership will be wound up and dissolved in accordance with the provision of the Exempted Limited Partnership Agreement dated 12 December 2016 and Exempted Limited Partnership Law (2018 Revision) (as amended) of the Cayman Island. Based on the net asset value, the final distribution was US$519,099.79 and the exchange rate was 7.8107. On 20 September 2019, the Company received a transaction advice from the Fund Administrator and the final distribution was HK$4,054,532.73. The final distribution was intended to be used as the working capital of the Company.

Save as disclosed above, the Group did not acquire other funds during FY2019.

The General Offer

On 23 November 2017, through a wholly-owned vehicle Nieumarkt Investments Ltd, Mr. Ng Kwok Wing, Michael purchased a total of 912,082,400 shares, representing approximately 59.47% of the total issued capital of the Company at HK$0.170 each, for a total consideration of HK$155,054,008. Nieumarkt Investments Ltd then made a general offer at the same price for acquiring all the other remaining outstanding shares. On 17 January 2018, Nieumarkt Investments Ltd received valid acceptances for 79,607,059 Shares, representing approximately 5.19% of the Company's issued share capital. As a result, the interest in the Company owned by Nieumarkt Investment Ltd boosted to 64.66% upon completion of the general offer.

FUND RAISING ACTIVITIES

For FY2019, the Company did not conduct any fund raising activities.

Rights Issue

On 4 January 2017, the Company announced that the Company proposed to raise a gross proceed of approximately HK$193.2 million by way of rights issue of 1,150,241,091 rights shares at a subscription price of HK$0.168 per rights share on the basis of 3 rights shares for every 1 share held on 25 May 2017.

The rights issue became unconditional on 13 June 2017 and the rights shares were all allotted on 20 June 2017. The net proceeds of approximately HK$186.3 million from the rights issue was used as to: (i) HK$50 million for granting of loans under the money lending business; (ii) HK$50 million for the acquisition of listed securities; (iii) HK$20 million for investment in property fund; (iv) HK$16.3 million for partial payment of the consideration for the acquisition of Ample Talent; (v) approximately HK$29.7 million was used as general working capital to finance the daily operations of the Group pursuant to the announcement for the change in use of proceeds from rights issue dated 7 September 2017; and (vi) the remaining balance of approximately HK$20.3 million was fully utilised in securities investment during the first quarter of FY2018.

FINANCIAL REVIEW

The Group posted a consolidated revenue of approximately HK$19.4 million for FY 2019, representing a substantial decrease of approximately HK$22.0 million or 53.1% as compared to that of FY2018. The decrease in revenue was primarily attributable to the logistics services and interest income from money lending business.

For FY2019, the Group's gross profit margin had an increase from profit margin of 29.3% to gross profit margin of 59.3%. The increase in gross profit margin was primarily due to the gross profit margin generated from the securities trading.

Other income in FY2019 decreased to approximately HK$13.6 million from approximately HK$24.1 million in FY2018. It was mainly due to the absence of fair value gain on financial assets at fair value through profit or loss.

The administrative expenses have decreased by approximately HK$23.8 million, a 45.2% decrease to approximately HK$28.9 million in FY2019 from approximately HK$52.7 million in FY2018. The decrease was mainly attributed to decrease in staff costs and professional fees incurred in FY2019.

Other operating expenses in FY2019 have increased to approximately HK$145.2 million from approximately HK$138.1 million. It was mainly resulted from increase in loss on disposal of financial assets at FVTPL of approximately HK$95.4 million.

Finance costs increased by approximately HK$1.1 million to approximately HK$3.3 million in FY2019 from approximately HK$2.2 million in FY2018. The increase was mainly due to the increase in the interest payments for borrowing and margin financing.

Share of loss of an associate was amounted to approximately HK$0.7 million in FY2018 which represents share of results of the Group's 49% interest in Baron's School of Music Limited ("**Baron**"). Baron was acquired by the Group in August 2012. The carrying amount of Baron became nil in FY2018. Since then, the Group will not share any loss of Baron. Baron was founded and is currently operated by a famous producer in Hong Kong, Mr. Ronald Ng. It is principally engaged in providing high quality programmes and courses in both classical and contemporary music.

The Group recorded a net loss of approximately HK$152.3 million for the year ended 30 June 2019, representing a decrease of approximately 2.0% as compared to the net loss of approximately HK$155.2 million for the same period last year. Other than operating expenses, the net loss was attributed to the loss on disposal of financial assets at fair value through profit or loss, impairment loss on trade and other receivables, and loss on loss of control of a liquidating subsidiary.

FINANCIAL POSITION AND LIQUIDITY

As at 30 June 2019, the Group held total assets of approximately HK$281.0 million (As at 30 June 2018: approximately HK$327.6 million), including cash and bank balances of approximately HK$9.9 million (As at 30 June 2018: approximately HK$22.0 million).

On 24 January 2019, the Company and a creditor entered into a revolving loan facility of HK$100.0 million which has been secured by debentures. Debentures were issued by the Company and Long Peace Group limited (a wholly-owned subsidiary of the Company). The revolving loan facility carried floating interest rates as quoted by the Hong Kong and Shanghai Banking Corporation Limited from time to time plus two and three-quarter percent per annum. Interest is payable on a monthly basis in arrears. In addition, the Company shall pay a commitment fee on the undrawn portion of the facility from time to time during the available period at the rate of 0.25% per annum and such commitment fee shall be payable on the last day of every 6 months in arrears commencing from the date of the facility. The facility is intended for working capital of the Group.

As at 30 June 2019, the Group has a margin facility which provided by a broker company, and the margin facility was approximately HK$38.5 million in which approximately HK$30.1 million has been utilised. The margin facility has been secured by the financial assets at fair value through profit and loss with a total market value of approximately HK$112.6 million. It carried a floating interest rate of 12.5% per annum.

The Group's current ratio (current assets/current liabilities) was 0.9 (30 June 2018: 4.6). Gearing ratio, calculated on the basis of the Group's interest-bearing borrowing divided by the equity attributable to owners of the Company, was 185.6% (30 June 2018: 9.3%). The Board will closely monitor the status.

IMPAIRMENTS – FY2019

Impairment loss on other receivable

Save as disclosed in the Company's announcement dated 7 July 2017, the Group completed the acquisition of 100% equity interest in Volk Favor Group for a cash consideration of HK$1.0 million (the "**Cash Consideration**") and an issuance of promissory note of HK$19.0 million (the "**PN**"). Last year, the Group has settled approximately HK$15.2 million of Volk Favor's PN as to HK$4.5 million in cash and approximately HK $10.7 million by way of assignment of loan receivables (the "**Settlements**").

According to the sale and purchase agreement, if the actual audited consolidated net profit after tax of the Volk Favor for the period within 12 months from the completion date was less than the Profit Guarantee, Cosmic Lane Limited (the "**Vendor**") shall compensate the Company with an amount in respect of the shortfall calculated according to the formula. As Volk Favor failed to meet the profit guarantee, the Vendor shall compensate the Company with a total amount of HK$16.2 million (the "**Shortfall**") which represents the sum of Cash Consideration and the Settlements. The Vendor is a private company incorporated in the British Virgin Islands, and it appears remote for the Vendor to repay or refund the Shortfall. Therefore, an impairment loss of HK$16.2 million has been made for the year ended 30 June 2019.

Although the impairment loss has been made, the Company has proactively sought for an efficient way to deal with the Vendor and collect the Shortfall from the Vendor and/or the natural person who is the one to receive the cash considerations. In order to facilitate proper handling as soon as possible, the Company has sought for liquidators during the year. On 12 August 2019, the Company has placed Power Elite Group, including Volk Favor and Volk Favor Group, into voluntary liquidation. Ernst & Young has been appointed as the liquidator to voluntarily wind up the Volk Favor and Volk Favor Group and to investigate the acquisition, the transaction and recoup its losses as best as possible, including the profit guarantee. The excerpts are contained under the section headed "Material events after the reporting period – liquidation of Power Elite Group" on pages 63 to 64 of this announcement.

Impairment loss on intangible assets and goodwill

As a full provision was made in respect of all intangible assets and goodwill during the FY2018, therefore, no assessment on impairment was conducted during the FY2019.

Others

Save as disclosed above, no material impairment has been made during the FY2019.

IMPAIRMENTS – FY2018

Impairment loss on investment in an associate

For the year ended 30 June 2018 (the "**Year 2018**"), the Company reviewed the financial results of Baron which is operated by Mr. Ng Lok Shing Ronald (a composer in Hong Kong) and the Company noted that the business operation of Baron is continuously making losses which is reflected by endless sharing of losses from Baron since the completion of the acquisition of 49% of equity interest in Baron. The Company has also considered the possibility of Baron to generate sufficient working capital for its music business. However, no new plan was available for its music business. In addition, the sharing of loss of each financial year has clearly indicated that Baron is not capable to enlarge its business scale. Moreover, another major factor leading to an impairment loss recognised for the Year 2018 was mainly attributed to the significant decrease in income resulted from the poor performance of its music consultancy services and the unsuccessful launch of the corporation's education programmes.

Based on the business valuation report, three valuation approaches including the market approach, the income approach and the asset approach are taken into account to assess the fair value of Baron. The valuation was based on the fair value in accordance with the Hong Kong Financial Reporting Standard 13 – Fair Value Measurement. The major assumptions adopted in the valuation are, among others, as follows:

- the information provided regarding Baron's financial and business affairs are accurate and reliable;
- there are, or will have, adequate human capital and capacity required for the provision of the services of Baron, and the required human capital and capacity will be acquired in a timely manner that will not affect its operation;
- there are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the value of Baron as the date of valuation;

- the policy on tax rate applicable will not materially change; and

- apart from the figures shown in the financial statements available to the valuer, Baron has no material asset and liability as of the date of the valuation.

According to HKAS 36 "Impairment of Assets", the reporting entity should compare the carrying amount of the assets with its recoverable amount, being the higher of value in use and fair value less cost of disposal.

The asset approach was the method adopted by Access Partner Consultancy & Appraisals Limited (the "**Valuer**") to determine the fair value of the business unit so that the Company can figure the fair value of the business unit, the recoverable amount that stated in the HKAS.

On the basis that the summation of market value of the individual assets represents the total value of Baron, the value of the equity interest can be derived by subtracting the market value of the total liabilities from the total assets. In addition, as advised by the management of Baron, Baron does not have any intangible asset.

Baron recorded continuous losses since 2016, and recorded net liabilities of approximately HK$9,800,000 as of 30 June 2018. The management of Baron had no future business plan to improve its performance. It was concluded that no foreseeable profit could be made by Baron. Therefore, the Valuer decided to use asset approach instead of income approach.

The valuation report concluded that as the continuous losses since 2016 and negative net asset value of Baron was recorded, the market approach may not be an appropriate valuation method. Moreover, Baron did not establish any development plan for improving its performance. Hence, the income approach may not be an appropriate valuation method. Lastly, taking into account the asset approach, given that Baron has a negative net asset value, it is considered that Baron has no commercial value.

Therefore, the impairment loss of HK$3,525,000 was made against the carrying value of the entire equity interest in Baron for the year ended 30 June 2018.

Impairment loss on trade and other receivables

As at 30 June 2018, the Group's trade and other receivables amounted to approximately HK$36,324,000. The Group recorded an impairment loss on trade and other receivables of approximately HK$8,880,000.

(i) ***Trade Receivable – HK$993,000***

Reference is made to the Company's announcement dated 9 August 2018, upon the change of control of the Company at the beginning of last year, the Company's board composition has been changed accordingly. The Company has reviewed the financial position and the operations of the Group. For the financial year ended 30 June 2017, the Company noted a reduction in revenue from the food and beverage trading business of approximately 29.4% as compared to that of the financial year ended 30 June 2016. The reduction was mainly due to the decrease in trading of wine and spirits.

During the Year 2018, the revenue generated from trading of wine and spirits remains minor. It is expected that the revenue growth will be stagnant. Therefore, the impairment was made on those receivables that have been overdue for over 365 days on a prudent basis.

(ii) ***Other Receivables – Loan Interest Receivable – HK$7,791,000***

Reference is made to the Company's announcements of the Company dated 24 July 2018 and 9 August 2018, it was noted that Grand Faith Finance Limited ("**Grand Faith**") was placed into voluntary liquidation (the "**Liquidation**"). The Company has considered that:

(a) due to the financial position and the operations of the Grand Faith and given the recent decline in the profitability of Grand Faith, the directors become more cautious about the prospect of money lending;

(b) it is more prudent for the Group to liquidate Grand Faith and reallocate its resources to set up a new vehicle which is principally engaged in money lending business;

(c) the poor financial performance of Grand Faith would adversely affect its reputation and thus its business development ability;

(d) the Company has also considered the view of insolvency of Grand Faith as of 31 March 2018 and 30 June 2017; and

(e) although Grand Faith was placed into the Liquidation after the Year 2018, the Company believed that the controls over the operation and management of Grand Faith have passed to the liquidator on 24 July 2018.

Therefore, the impairment was made against the entire loan interest receivable for the Year 2018 on the basis as if Grand Faith is liquidated.

For more information regarding the poor performance and insolvency of Grand Faith, please refer to the announcement of the Company dated 24 July 2018 regarding the voluntary winding-up of a subsidiary and business update.

(iii) Other Receivables – HK$96,000

The impairment represents other receivables of Volk Favor. Volk Favor has suspended its operation due to the unfavorable economic conditions in the PRC. The Company also believed that it was very difficult for Volk Favor to collect such outstanding amount in the PRC. Therefore, an impairment was made for the Year 2018 on a prudent basis. The current management of the Company has engaged liquidators to voluntarily wind up the Volk Favour Group to recoup its losses as best as possible, including the profit guarantee.

Impairment loss on loan receivable

During the Year 2018, the impairment of HK$72,680,000 was made for the entire loan receivable as result of the Liquidation. For more information, please refer to the above section headed "Other Receivables – Loan Interest Receivable".

Impairment loss on intangible assets and goodwill

The intangible assets and goodwill arose from the acquisition of the ACC and Volk Favor. Such intangible assets are comprised of the relevant customer relationship and brand name.

ACC

Save as disclosed in the Company's announcement dated 24 February 2017, the valuation of the ACC was based on the market approach. The brand name, customer relationship and goodwill were formed upon the acquisition of ACC (including the ACC's customers).

Save as disclosed in the Company's announcement dated 28 September 2018, the competition of the logistics industry was very intensive in Hong Kong. The operation of logistics was suspended due to the lack of place of storage. In addition, the management of ACC did not have any feasible plan to re-activate the operation. As a result, the turnover significantly dropped during the last quarter of the Year 2018. The Company also noted that a significant number of ACC's customers has been lost.

Moreover, the Company noted the attrition rate and growth rate for the valuation of customer relationship was 15% and 2% respectively based on the historical customer list. As there has been a significant loss in customers during the last quarter of the Year 2018, the historical attrition rate and growth rate are no longer relevant, no valuation report on customer relationship for the Year 2018 can be properly conducted. Therefore, impairment loss of HK$6,233,000 in relation to the customer relationship has been made. Furthermore, regarding the loss of ACC's customers and absence of feasible plan to re-activate the operation for cash flow forecast, impairment losses of HK$11,183,000 in relation to goodwill has also been made.

Volk Favor

The assets of Volk Favor are mainly comprised of account receivables, cash and office equipment, without any intangible assets. Since the liabilities cannot be forfeited, no adjustment of net asset value is to be expected (e.g., increase total assets amount or decrease total liabilities amount) with negative net asset value.

Volk Favor has ceased its operation since April 2018 due to the unfavorable economic conditions in the PRC. Upon the termination of its operation, no revenue generated from its customer is recorded. The intangible assets stemming from its customer relationship should be impaired to zero in order to reflect the absence of economic inflow to the Group. Therefore, no business valuation on the customer relationship and goodwill for the year end was conducted.

However, a valuation report was prepared by the valuer to access on whether the value of Volk Favor can be quantified. The valuation is based on fair value in accordance with the Hong Kong Financial Reporting Standard 13 – Fair Value Measurement. The valuer considered three generally accepted approaches and has adopted the asset-based approach in valuing the fair value of Volk Favor. The major assumptions adopted by in the valuation are, among others, as follows:

- the information provided with regards to Volk Favor's financial and business affairs are accurate and reliable;

- there are, or will have, adequate human capital and capacity required for the provision of the services of Volk Favor, and the required human capital and capacity will be acquired in a timely manner that will not affect its operation;

- there are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the value of Volk Favor as of the date of the valuation;

- the policy on tax rate applicable will not materially change; and

- apart from the figures shown in the financial statements available to the valuer, Volk Favor group has no material asset and liability as of the date of the valuation.

The acquisition of Volk Favor was completed on 7 July 2017 (the "**Completion**"). At the Completion, the Company was required to assess the fair value of the brand name and customer relationship according to the Financial Reporting Standard "Business Combinations" with reference to the information of Volk Favor as at 7 July 2017. In the valuation report, the valuer only applied two methods under the income approach on the basis that the brand name and the customer relationship could possibly bring economic inflow to Volk Favor in the future. Therefore, the initial valuation for both brand name and customer relationship were recognised based on the final valuation report dated 28 September 2018 as of the Completion.

On the other hand, the performance of Volk Favor did not meet expectation in the second-half of 2017/2018, and the Company believed that the fair value of the brand name and customer relationship have to be reassessed as of 30 June 2018. Therefore, a valuation report was conducted by the Valuer as of 30 June 2018. In short, the valuer considered three general valuation approaches and decided that both the income approach and market approach were inappropriate, considering that Volk Favor Group did not generate any revenue since April 2018 and has negative net asset value. Hence, the valuer applied the asset approach to determine the commercial value.

The subsequent change of the valuation method adopted was based on the on-going assessments on Volk Favor during the year.

Given that Volk Favor has not generated any revenue since April 2018 and has negative net asset value, the market approach may not be an appropriate valuation method. Moreover, as Volk Favor has ceased its operation and did not generate any revenue after April 2018, the income approach may not be an appropriate valuation method either. The valuer, having considered the abovementioned, determined that Volk Favor group would have no commercial value according to its current financial performance and position. On the basis that the summation of market values of the individual assets represents the total value of Volk Favor, the value of the equity interest can be derived by subtracting the market value of the total liabilities from the total assets. As such, no adjustment would be made to the net asset value of Volk Favor, and with no intangible asset since the business operation has been ceased, Volk Favor would have no commercial value under the asset-based approach. Base on the valuation report, impairment loss of HK$976,000 and HK$2,883,000 and HK$2,693,000 in relation to the customer relationship, brand name and goodwill have been made respectively for the year ended 30 June 2018.

CASH FLOWS

The Group reported net cash flows of approximately HK$45.4 million (2018: approximately HK$75.3 million) used in operating activities for FY2019. The reduction in net cash used was primarily due to the reduction in proceeds from disposal of financial assets at fair value through profit or loss.

Net cash used in investing activities was approximately HK$51.5 million for FY2019 (2018: approximately HK$6.8 million). The increase of net cash used in investing activities was mainly attributable to deposits paid for acquisition of property, plant and equipment and acquisition of a subsidiary.

Net cash generated from financing activities was approximately HK$81.8 million for FY2019 (2018: approximately HK$3.4 million used in financing activities). This turnaround in financing activities was mainly attributable to proceeds from borrowing.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group had no contingent liabilities (2018: Nil).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

The Group's exposure to foreign currencies is limited to its investment in a subsidiary established in the People's Republic of China. As the Group's investment in this subsidiary is not material, the Group had neither foreign currency hedging activities nor any financial instruments for hedging purposes in FY2019.

CHARGES ON GROUP ASSETS

As at 30 June 2019, the Company and its wholly-owned subsidiary, Long Peace Group Limited, have been secured by debentures issued by them and pledged with all assets and property for the revolving loan facility of HK$100 million provided by a creditor.

CAPITAL STRUCTURE

As at 30 June 2019, the total number of issued shares of the Company was 1,533,654,788 shares of HK$0.0001 each (30 June 2018: 1,533,654,788 shares of HK$0.0001 each).

DIVIDENDS

The Directors do not recommend the payment of a dividend for the year ended 30 June 2019 (2018: Nil).

EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 30 June 2019, the Group had about 19 employees (30 June 2018: 75). The total staff costs including Directors' remuneration for the year were approximately HK$8.0 million (2018: approximately HK$15.9 million). The Group's remuneration policy is formulated on the basis of the performance and experience of individual employee and is in line with the market practices. The Group offers to its employees other fringe benefits, including mandatory provident fund and medical benefits. Share options may be granted to employees based on their performance evaluation in order to provide them incentives and rewards.

SIGNIFICANT INVESTMENTS

As at 30 June 2019, the Group also had significant investments in the following:

		Percentage of shareholding		Investment cost (note)		Fair value		Net gain or (loss)		Approximate% to the Group's total assets		Dividend received	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	2019	2018
Name of investee	*Note*	%	%	***(HK$'000)***	*(HK$'000)*	***(HK$'000)***	*(HK$'000)*	***(HK$'000)***	*(HK$'000)*	%	%	***(HK$'000)***	*(HK$'000)*
Financial assets at FVTOCI													
Co-Lead Holdings Limited	*1*	1.477	1.497	44,817	44,817	42,525	44,817	(2,292)	–	15.13	13.68	–	–
Financial assets at FVTPL													
HSBC Holdings plc	*2*	0.001	–	13,000	–	12,961	–	(39)	–	4.61	–	–	–
Oshidori International Holdings Limited	*3*	0.492	–	25,003	–	28,036	–	3,033	–	9.97	–	204	–
Tai United Holdings Limited	*4*	0.981	0.952	12,347	46,000	11,326	38,000	(1,021)	(8,000)	4.03	11.60	14,290	–
eForce Holdings Limited	*5*	0.498	0.644	10,687	3,750	9,191	11,321	(1,496)	7,571	3.27	3.45	–	–
Grand Baoxin Auto Group Limited	*6*	0.305	–	26,629	–	27,901	–	1,272	–	9.92	–	–	–
Solartech International Holdings Limited		–	2.847	–	36,023	–	83,790		47,767	–	25.58	–	–
hmvod Limited		–	4.935	–	13,449	–	14,251		800	–	4.35	–	–
Inno-Tech Holdings Limited		–	4.665	–	33,164	–	9,726		(23,438)	–	2.97	–	–

Note: Investment cost represents average acquisition costs for the listed securities. Some of the investments in the listed securities were made by the Group in prior years. For those part of investments in listed securities which were made in prior years, they were subject to fair value adjustments and gain/(loss) on change in fair value were recognised at the financial year end of the respective years. The gain/(loss) on change in fair value of the listed securities for the year ended 30 June 2019 and 30 June 2018 excluded those amounts being recognised in prior years.

Financial assets at fair value through other comprehensive income ("FA at FVTOCI")

1. ***Co-Lead Holdings Limited ("Co-Lead")***

   Co-Lead is principally engaged in securities trading and investment holding businesses. Its investment portfolio consists of listed and unlisted securities.

   Co-Lead recorded revenue and net loss of approximately HK$10.9 million and HK$14.9 million respectively for the period from 1 January 2019 to 30 June 2019. During the period, a significant part of revenue arose from fair value gain on listed securities.

   The Board is of the view that investment in Co-Lead would enable the Group to invest in different sectors and diversify the market coverage and risk exposure of the Group. The Board is optimistic to the future returns for the investment in Co-Lead.

Financial assets at fair value through profit or loss ("FA at FVTPL")

2. ***HSBC Holdings Plc ("HSBC") (Stock Code: 5)***

   HSBC is an integrated financial institution which is engaged i n retail banking and wealth management, commercial banking, global banking and markets, and global private banking.

   HSBC recorded revenue and net profit of approximately HK$38,032 million and HK$9,937 million for the period from 1 January 2019 to 30 June 2019. During the period, a significant part of revenue arose from insurance businesses.

   The Board is of the view that investment in HSBC would enable the Group to diversify its investment portfolio and receive dividend quarterly as the return.

3. ***Oshidori International Holdings Limited ("Oshidori") (Stock code: 622)***

   Oshidori International Holdings Limited, formerly known as Enerchina Holdings Limited, is an investment holding company principally engaged in securities trading and investments, financial services and money lending business.

   Oshidori recorded revenue and net loss of approximately HK$205.64 million and HK$198.7 million for the period from 1 January 2019 to 30 June 2019. The loss was mainly attributed to the unrealised fair value loss on financial assets at fair value through profit or loss.

Oshidori will continue to maintain a balanced approach of asset allocation with appropriate risk and potential reward. In the meantime, the management will maintain strict oversight of operation costs in view of the volatile business environment. Their financial services arm will continue to adopt prudent capital management and liquidity risk management to meet the challenges ahead, as well as the increasing regulatory and supervisory requirements.

4. ***Tai United Holdings Limited ("Tai United") (Stock code: 718)***

The major businesses of the Tai United and its subsidiaries include investment and asset management, financial services, and mining and exploitation of natural resources.

Pursuant to the interim report of Tai United for the period ended 30 June 2019, Tai United recorded the revenue and net loss of approximately HK$16.0 million and HK$4.8 million respectively. As at 30 June 2019, the total assets of Tai United were HK$3,258 million, representing a decrease of 25.5% as compared to approximately HK$4,373 million as at 31 December 2018.

Looking into the future, Tai United will maintain a positive view on future global economic development as conflicts may eventually resolved by diplomatic means. During this period of decelerating economic growth, Tai United will continue to consolidate resources and streamline our operations, and by maintaining a healthy gearing ratio and solid financial position to facilitate ourselves for potential market rebound.

5. ***eForce Holdings Limited ("eForce") (Stock code: 943)***

eForce Holdings Limited is principally engaged in information technology related businesses, in particular, e-business and e-business consultancy services.

eForce record revenue and profit of HK$102.5 million and 40.8 million for the period from 1 January 2019 to 30 June 2019. The results for the period slightly decreased by approximately HK$39.3 million comparing to the corresponding period in 2018 and the decrease mainly attributed to the decrease in revenue and the increase in other operating expenses.

Since the sales showed a decrease in the first half of 2019, eForce is cautious about the outlook of the global consumer market in the second half of 2019 as escalating trade war between the USA and the PRC shows no signs of easing. On the other hand, eForce will continue to improve productivity and operational efficiency to lower production costs.

6. ***Grand Baoxin Auto Group Limited ("Grand Baoxin") (Stock code: 1293)***

Grand Baoxin is principally engaged in sales and service of motor vehicles.

Grand Baoxin recorded revenue and net profit of approximately Renminbi ("**RMB**") 17.35 million and RMB0.32 million for the period from 1 January 2019 to 30 June 2019. The net profit slightly decreased by RMB0.04 million comparing to the corresponding period in 2018.

Though there is intensive competition within the automobile industry, Grand Baoxin will continue to leverage its reasonable regional distribution and brand portfolio to consolidate the strengths of its core brands while optimising its business structure continuously, and focusing on its automobile aftersales market business to further enhance the scale effects of the after-sales and derivative business, thereby maintaining a healthy business growth.

The Board is optimistic about the future returns for the investment in Grand Baoxin due to its strong edge in the industry.

Save as disclosed above, the Group did not have any significant investments as at 30 June 2019.

MATERIAL ACQUISITION AND DISPOSAL

1. Acquisition of a licensed corporation

Reference is made to the announcement and circular of the Company dated 29 January 2019 and 26 April 2019, the Group entered into a sale and purchase agreement with an independent third party to acquire 100% equity interest in Hope Capital Limited ("**Hope Capital**") at a consideration of HK$40,740,000 which is to be fully satisfied by cash. Hope Capital and its subsidiary are principally engaged in provision of securities brokerage services. Capitalised terms used herein shall have the same meanings as defined in the announcement and circular of the Company unless the context requires otherwise.

Money lending and securities investment and trading are the two principal businesses of the Group. The acquisition of Hope Capital and its subsidiary with its SFO license to carry out Type 1 (dealing in securities) regulated activity and its brokerage operations will complement the Company's aforementioned businesses and allow the Company to develop a fully integrated financial services business.

As no Shareholder is materially interested in the transactions contemplated under the Agreement and is required to abstain from voting at a general meeting of the Company approving the same, the Company has, pursuant to Rule 19.44 of the GEM Listing Rules, obtained written approval of the Agreements from Nieumarkt Investments Ltd, a Shareholder holding 991,689,459 issued ordinary shares of the Company (representing approximately 64.66% of its entire issued share capital). As such, the Company is exempted from convening a general meeting to approve the transactions contemplated under the Agreement.

A circular containing, among other things, further information of the Acquisition has been despatched to the Shareholders on 26 April 2019.

The acquisition of Hope Capital was subsequently terminated on 23 August 2019. The excerpts are contained section headed "Material events after reporting period-termination of the acquisition of Hope Capital" on page 64 of this announcement.

2. ACQUISITION OF A MONEY LENDING COMPANY

On 17 June 2019, the Group acquired the entire equity interests in Dragonite Resources Limited from an independent third party at a cash consideration of HK$0.5 million. Since the new management on board in May 2019, the Company was looking for a money lending company which can be engaged in money lending business immediately. Dragonite Resources Limited was not carrying on any money lending business and its sole major asset is cash at bank. Hence, the Company believed that it would be a good opportunity to take immediate action. The money lending company is principally engaged in money lending business and is able to lend money in Hong Kong.

At the date of the acquisition, the unaudited total current assets was amounted to approximately HK$0.46 million, in which cash at bank was amounted to approximately HK$0.40 million. The money lending company did not have any liability. Based on the management account as at the date of acquisition, the unaudited net assets was approximately amounted to HK$0.46 million.

3. LIQUIDATION OF GRAND FAITH

Reference is made to the announcements of the Company dated 24 July 2018 and 9 August 2018, Grand Faith was placed into voluntary liquidation. As Grand Faith was under a liquidation process, the total amount loan receivables of HK$82.5 million was in doubt. Accordingly, the total amount of loan receivables and related interest receivables amounting to approximately HK$81.8 million has been fully impaired in FY2018.

Save as disclosed above, there was no other material acquisition and disposal by the Group in FY2019.

COMMENCE DELISTING PROCEDURES

Reference is made to the announcements dated 28 June 2019, 10 July 2019, 3 October 2019, 11 October 2019, 18 October 2019, 31 October 2019 and 7 November 2019 (the "**Announcements**") in relation to, among others, the suspension in trading in the shares of the Company (the "**Shares**") on Stock Exchange since 6 June 2019 and the update on the listing status of the Company. Terms defined in the Announcements shall have the same meaning herein unless otherwise defined or the context otherwise required.

On 28 June 2019, the Company has received a letter from the Stock Exchange, which served as a notice pursuant to Rule 9.15 of the GEM Listing Rules. The Stock Exchange has decided to suspend trading of the Company's shares under Rule 9.04 of the GEM Listing Rules and proceed with the cancellation of the Company's listing under Rule 9.14 of the GEM Listing Rules (the "**Decision**"). The Stock Exchange requires the Company to re-comply with Rule 17.26 of the GEM Listing Rules. If the Company fails to do so by the expiry of the twelve-month period, the Stock Exchange will proceed with cancellation of the Company's listing.

On 10 July 2019, the Company filed an application for a review by the GEM Listing Committee in relation to the Decision (the "**Review**").

The GEM Review Hearing was heard on 2 October 2019 by the Committee to review the Decision.

On 3 October 2019, the Company received a letter from the Stock Exchange, in which the Stock Exchange sets out the following resumption guidance for the Company: (a) to publish the inside information announcement in relation to the possible subscription of the Company's new shares; (b) to publish all outstanding financial results required under the GEM Listing Rules and address any audit modifications; and (c) to announce all material information for the Company's shareholders and investors to appraise its position. For this purpose, the Company has the primary responsibility to devise its action plan for resumption. In addition, under Rule 9.14(A)(1) of the GEM Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of twelve-months. For the Company, the twelve-month period will be expired on 5 June 2020.

On 11 October 2019, the first quarterly update was published in relation to the resumption. The Company is taking appropriate steps to fulfil the Resumption Guidance and will keep the shareholders of the Company and the public on, among others the progress, when appropriate as and.

On 18 October 2019, the Company received the Decision Letter from the Stock Exchange which mentioned, inter alia, that after considering all the submissions (both written and oral) made by the Company and the Listing Department, the Committee was of the view that the Company has failed to maintain a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of the Shares and the Committee therefore decided to uphold the Listing Department's Decision.

The Company announced on 18 October 2019, the Company has been unable to obtain all the necessary approvals as per the conditions precedent as at Long Stop Date. Therefore, the Subscription Agreement has lapsed and the parties shall have no further obligation to each other in accordance with the terms of the Subscription Agreement. The Subscription Agreement is entered by the Company and Subscriber on 5 June 2019 (after trading hours) to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for 766,827,394 new shares in the Company for an aggregate subscription price of HK$19,170,684.85. The Subscriber has confirmed that immediately before entering into the Subscription Agreement, it and its beneficial owners are third parties independent of the Company and its connected persons.

On 31 October 2019, after considering legal and professional advice, the Company does not intend to submit a request for the Decision to be referred to the GEM Listing Review Committee of the Stock Exchange for a further and final review pursuant to Rule 4.06(2) of the GEM Listing Rules.

As such, the Company is required to re-comply with the Rule 17.26 of the GEM Listing Rules, i.e. to carry out a business with sufficient level of operations and assets of sufficient value to support its operations to warrant the continued listing of the Company's Shares.

On 7 November 2019, the Company received another letter from the Stock Exchange. The Stock Exchange sets out the additional resumption guidance, to demonstrate the Company's compliance with GEM Rule 17.26.

To publish the inside information announcement in relation to the possible subscription of the Company's new shares, one of the resumption guidance, has been fulfilled as an announcement of the Company in respect of, among others, the lapse of subscription agreement in relation to the proposed subscription for new Shares was published on 18 October 2019.

The Company is taking appropriate steps to fulfil all the resumption conditions/guidance.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

1. Appointment of Receiver

Reference is made to the announcement of the Company dated 4 July 2019, the Company received a notice from its Creditor that events of default have occurred under the debentures, and thereby the Creditor has appointed a Receiver to all of the property and assets of the Company on 3 July 2019. The Receiver is appointed by the Creditor to enforce and preserve the assets charged under the Debenture. Capitalised terms used herein shall have the same meanings as defined in the announcement unless the context requires otherwise.

2. Application for a review by the GEM Listing Committee

Subsequent to the reporting period, the Company filed an application for a review by the GEM Listing Committee. For further details, please refer to the section headed "Commence Delisting Procedures" on pages 61 to 63 of this announcement and the Company's announcement dated 10 July 2019.

3. Liquidation of Power Elite Group

Reference is made to the announcement of the Company dated 12 August 2019, Power Elite Group has been placed into voluntary liquidation. Capitalised terms used herein shall have the same meanings as defined in the announcement unless the context requires otherwise.

The Board has reviewed the operations of the Group and resolved to voluntarily wind up Power Elite Group. Power Elite Group is a group of subsidiaries with disappointing financial performance. The Board concerns that Power Elite Group had been mismanaged by former directors and/or management of the Company. In order to reduce the Company's exposures over the matters relating to Power Elite Group, the Directors consider that it is in the best interests of the Company and the Shareholders to engage professionals with relevant experience to be the joint and several liquidators of Power Elite Group for liquidating and recovering the value of Power Elite Group, and making further review for the company records including the previous transactions of Power Elite Group. Following the commencement of the voluntary liquidation, Power Elite Group will cease to be a subsidiary of the Company and will be effectively carved out from the Group.

As at the date of this report, there is no material update from the liquidator.

4. Termination of the acquisition of Hope Capital

Reference is made to the announcement of the Company dated 23 August 2019, pursuant to the Agreement, completion of the Acquisition is conditional upon certain conditions being satisfied or waived. As the parties to the Agreement were of the view that those conditions in the Agreement could not be fully satisfied on or before 31 August 2019 (which being the long stop date for satisfaction of the conditions as per the parties' latest agreement) or in the near future, it has been mutually agreed to terminate the Agreement effective on 23 August 2019. The Deposit previously paid pursuant to the Agreement has been returned to the Group. Capitalised terms used herein shall have the same meanings as defined in the announcement unless the context requires otherwise.

5. Supplemental information for the financial year ended 30 June 2018

Reference is made to the Company's announcement dated 3 October 2019 (the "**Supplemental Announcement**"), the Company would like to provide shareholders of the Company and potential investors with further information for the annual results announcement of the Group for the year ended 30 June 2018 published on 28 September 2018 and the annual report of the Company for the year ended 30 June 2018. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Supplemental Announcement.

The Supplemental Announcement provide further information and analysis in relation to impairments on (i) investment in an associate; (ii) trade and other receivables; (iii) loan receivable; and (iv) others.

In addition, a further analysis is provided for impairments on intangible and goodwill which arisen from acquisitions of Volk Favor and ACC Logistic.

The Company also provide a further discussion on the performance and prospects of the Group's significant investments in relation to available-for-sales investments and financial assets at fair value through profit and loss.

Shareholders of the Company and potential investors are recommended to read the 2018 Annual Results Announcement and 2018 Annual Report in conjunction with the Supplemental Announcement.

6. Resumption Guidance

Subsequent to the reporting period, the Company received a letter from the Stock Exchange, in which the Stock Exchange sets out certain resumption guidance. For details, please refer to the section headed "Commence Delisting Procedures" on pages 61 to 63 of this announcement and the Company's announcement.

7. Quarterly update on status of resumption

Subsequent to the reporting period, the first quarterly update was published in relation to the resumption. For details, please refer to the section headed "Commence Delisting Procedures" on pages 61 to 63 of this announcement.

8. Lapse of subscription and decision of the GEM Listing Committee

Subsequent to the reporting period, a Company's announcement dated 18 October 2019 was published related to lapse of subscription and decision of the GEM Listing Committee. For details, please refer to the section headed "Commence Delisting Procedures" on pages 61 to 63 of this announcement.

9. Update on the listing status

Subsequent to the reporting period, there was an update on the listing status on 31 October 2019. For details, please refer to the section headed "Commence Delisting Procedures" on pages 61 to 63 of this announcement and the Company's announcement dated 31 October 2019.

10. Additional Resumption Guidance

Subsequent to the reporting period, there was an additional resumption guidance requested by the Stock Exchange on 7 November 2019. For details, please refer to the section headed "Commence Delisting Procedures" on pages 61 to 63 of this announcement and the Company's announcement dated 7 November 2019.

DISCLAIMER OF OPINION – THE BOARD'S VIEW

(i) Fair value measurement of an unlisted investment

During the year, the Company has adopted a new HKFRS 9 which required the unlisted investment to be valued at fair value in according to HKFRS 9. As at 30 June 2019, the Company has 1.48% equity interest in an unlisted investment, Co-Lead Holdings Limited, details of which are set out in Note 14 on page 25 to 27 of this announcement.

For the year ended 30 June 2019, an independent valuer has been engaged to provide an appraisal of the fair value of 1.48% business equity of the unlisted investment. The purpose of the appraisal is to express an independent opinion on the fair value of 1.48% business equity of the unlisted investment from a non-controlling perspective.

Three generally accepted valuation approaches have been considered by the independent valuer. Under the income approach, the discounted cash flow method will be used. The income approach relies on explicit forecasts with a lot of subjective assumptions which will not be available to the Company as the Company has an insignificant equity interest in the unlisted investment. Therefore, the income approach is not applied. An adjusted net asset value method under asset-based framework has been adopted by the independent valuer for the valuation of the fair value of the unlisted investment. The market approach has also been adopted for certain assets.

The management account of the unlisted investment is formed a major part of key inputs. Major assumptions adopted are listed as follows:

(i) No major changes in the existing political, legal, fiscal and economic conditions;

(ii) No major changes in the current taxation law in Hong Kong.

(iii) No material deviation or changes in the industry trends and market conditions;

(iv) No material changes in effective tax rates, exchange rates and interest rates;

(v) Retain key management personnel and staff;

(vi) No material unrecorded and/or contingent liabilities; and

(vii) Certain items are assumed to be respective fair values.

The Company has 1.48% equity interest in the unlisted investment from a non-controlling perspective.

The Company has performed detailed financial review of the unlisted investment for the year ended 30 June 2019 and has closely coordinated with the management of the investee company in order to safeguard the assets of the Group.

The Company has also engaged an independent professional valuer to perform valuation of the unlisted investment under the requirements of the Hong Kong Financial Reporting Standards and recognised a fair value change to the Group's consolidated financial statements for the year ended 30 June 2019 accordingly.

The Company considered that the carrying value of the unlisted investment as at 30 June 2019 approximates its fair value.

(ii) Unauthorised occupation of an investment property

Reference is made to the section headed "Property investment" on pages 41 and 42 of this announcement.

During the year, the Company decided to deal with those unhealthy businesses, therefore, the Company has sought a liquidator to handle those unhealthy businesses properly. The advantages are that the liquidator has its professional knowledge and experience.

The Company has engaged an independent qualified profession valuer to perform a valuation of the Beijing Property and adjusted the fair value of this property according to the valuation report as at 30 June 2019.

On 12 August 2019, Ernst &Young was appointed as the liquidator to facilitate proper handling as soon as possible. The Company considered that the liquidator will exercise professional judgment to deal with the Beijing Property on an independent basis.

(iii) Material uncertainty relating to the going concern

During the year, the Company intended to enhance its money lending business and trading in securities and investments. By way of acquisition of a brokerage company in the second-half of the year, the Company was confident extend to its money lending business and trading in securities and investments to a fully integrated of finance service provider. On the other hand, the Company was able to obtain a revolving loan facility of HK$100 million for a period of eighteen month. The revolving loan facility has been secured by debentures.

On 28 June 2019, the Stock Exchange of Hong Kong Limited has decided to suspend trading in shares of the Company under Rule 9.04 of the GEM Listing Rules and has commenced the delisting procedures under Rule 9.14 of the GEM Listing Rules (the "**Events of Default**"). On 4 July 2019, a receiver was appointed by the Creditor to enforce and preserve the assets charged as Events of Default have occurred. The receiver shall have the powers conferred on him/she under the debenture including but not limited to, among others, (i) take possession of, or collect, and get in all or any of the charged assets; and (ii) to sell or otherwise dispose of all or any of the charged assets.

The Events of Default was not caused by default payments. In fact, the Company was able to pay the monthly interest on a timely basis. On the other hand, the Company is expected that further dividends will be distributed from the clients' liquidation accounts which is managed by the liquidator. The Group is also taking measures to tighten cost controls over various costs and expenses with an aim to reduce overall expenses.

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

During FY2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 30 June 2019 as set out in the preliminary announcement have been agreed by the Company's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 30 June 2019. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on the preliminary announcement.

CORPORATE GOVERNANCE

Subject to the deviation as disclosed in the below, the Company has complied with the Code on Corporate Governance Practice set out in Appendix 15 to Rules (the "**Code**") and there were no material deviation from the code during the Year under review.

The deviations include:

(i) the Code Provision A.4.1 – the independent non-executive Directors of the Company are not all appointed for a specific term. They are, however, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with Article 87 of the articles of association of the Company.

(ii) the Code Provision A.2 – the candidate for the position of chief executive officer has not yet been identified. The Board believed that all executive Directors continue to assume and share the roles and responsibilities of the chief executive officer until the suitable candidate come on board.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the code of conduct regarding securities transactions by the Directors throughout the year ended 30 June 2019.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the provisions set out in the Code in Appendix 15 of the GEM Listing Rules. As at the date of this announcement, the members of the Audit Committee are Mr. Chow Chi Wah Vincent ("**Mr. Chow**"), Ms. Chow Mun Yee and Mr. Ma Ka Ki. Mr. Chow is the Chairman of the Audit Committee. The annual financial results of the Group for the year ended 30 June 2019 have been reviewed by the Audit Committee.

PUBLICATION OF ANNUAL REPORT

This results announcement is published on the GEM website at www.hkexgem.com and the Company's website at www.ciholdings.com.hk. The annual report of the Company for the year ended 30 June 2019 (the "**2019 Annual Report**") will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

DELAY IN PUBLICATION OF THE 2020 FIRST QUARTERLY RESULTS FOR THE THREE MONTHS 30 SEPTEMBER 2019 AND DESPATCH OF 2020 FIRST QUARTERLY REPORT

As the despatch of the 2019 Annual Report is still pending, the Company is unable to publish the first quarterly result announcement for the three months ended 30 September 2019 (the "**2020 First Quarterly Results Announcement**") and despatch its first quarterly report for the three months ended 30 September 2019 (the "**2020 First Quarterly Report**") to the Shareholders in accordance with the GEM Listing Rules.

The Board acknowledges that the delay in publication of 2020 First Quarterly Results Announcement and despatch 2020 First Quarterly Report within 45 days after the end of the three months ended 30 September 2019 as required under Rules 18.66 of the GEM Listing Rules will constitute a non-compliance of the GEM Listing Rules.

POSTPONEMENT OF ANNUAL GENERAL MEETING

Pursuant to Rule 18.03 of the GEM Listing Rules, annual report shall be delivered to the Shareholders not less than 21 days before the date of the annual general meeting of the Company and in any event not more than three months after the end of the then financial year to which it relates, and further, the rule also requires that the annual general meeting must be held within the period of 6 months after the end of the then financial year. As a result of the delay in despatch of 2019 Annual Report, the 2019 annual general meeting of the Company (the "**AGM**") will be delayed until further notice.

The delay of the AGM constitutes a breach of Rule 18.03 of the GEM Listing Rules. Further announcement will be made to inform the Shareholders of the date of the AGM as and when appropriate.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Dealing in the Shares of the Company on the Stock Exchange has been suspended since 6 June 2019 and will remain suspended until further notice. There is no guarantee that the resumption of trading in the Shares will take place.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.

For and on behalf of
Celebrate International Holdings Limited
譽滿國際(控股)有限公司
(Receiver Appointed)
Tang Shing Tung
Receiver

By Order of the Board
Celebrate International Holdings Limited
譽滿國際(控股)有限公司
(Receiver Appointed)
Woo Eddie
Chairman

Hong Kong, 29 November 2019

Executive Directors
Mr. Woo Eddie (Chairman)
Mr. Suen Yick Lun Philip
Mr. Au Wai June

Independent Non-executive Directors
Mr. Chow Chi Wah Vincent
Ms. Chow Mun Yee
Mr. Ma Ka Ki

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 "Latest Company Announcements" page of the GEM website for 7 days from the date of its publication and on the Company's website at http://www.ciholdings.com.hk.