德泰新能源集團有限公司
DeTai New Energy Group Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 559)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

RESULTS

The board (the "Board") of directors (the "Director(s)") of DeTai New Energy Group Limited (the "Company") hereby announces the audited annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2018, together with comparative figures from the previous corresponding year, summarised as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Notes	2018 HK$'000	2017 HK$'000
Continuing operations			
Turnover	3.1	**59,896**	43,483
Cost of sales		**(45,742)**	(28,098)
Gross profit		**14,154**	15,385
Interest income		**105**	4,786
Other income and gains		**2,298**	3,117
Selling and distribution expenses		**(4,897)**	(4,976)
General and administrative expenses		**(158,354)**	(126,889)
Finance costs	6	**(8,170)**	(17,122)
Share of loss of an associate		**(5)**	–
Impairment loss on intangible assets	10	**(151,933)**	–
Impairment loss on goodwill	12	**(60,345)**	–
Impairment loss of loans receivable	15	**(2,441)**	(5,199)
Impairment loss on deposits and prepayments		**–**	(46,885)
Gain on disposal of a subsidiary	23a	**36,177**	–
Change in fair value of derivative financial instrument		**–**	(10,315)
Change in fair value of listed equity investments		**–**	(869)
Gain on derecognition of available-for-sale investments		**–**	42,504
Change in fair value of financial liabilities at fair value through profit or loss	20	**131,221**	–
Loss before income tax	4	**(202,190)**	(146,463)
Income tax credit	7	**39,777**	3,872
Loss for the year from continuing operations		**(162,413)**	(142,591)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	5	**4,929**	(3,675)
Loss for the year		**(157,484)**	(146,266)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)
For the year ended 30 June 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**(882)**	(17,826)
Changes in fair value of available-for-sale investments	*14*	**6,333**	7,186
Release of available-for-sale investments revaluation reserve upon derecognition of the convertible bonds		**–**	(42,504)
Release of exchange reserve upon disposal of subsidiaries		**2,518**	–
Other comprehensive income for the year		**7,969**	(53,144)
Total comprehensive income for the year		**(149,515)**	(199,410)
Loss for the year attributable to:			
Owners of the Company		**(156,754)**	(144,426)
Non-controlling interests		**(730)**	(1,840)
		(157,484)	(146,266)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(148,858)**	(196,324)
Non-controlling interests		**(657)**	(3,086)
		(149,515)	(199,410)
(Loss)/earnings per share to owners of the Company from continuing and discontinued operations:	*9*		
— Basic		**HK(2.72) cents**	HK(2.97) cents
— Diluted		**HK(2.72) cents**	HK(2.97) cents
From continuing operations	*9*		
— Basic		**HK(2.81) cents**	HK(2.90) cents
— Diluted		**HK(2.81) cents**	HK(2.90) cents
From discontinued operations	*9*		
— Basic		**HK0.09 cent**	HK(0.07) cent
— Diluted		**HK0.09 cent**	HK(0.07) cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**492,477**	489,426
Intangible assets	10	**7,100**	192,164
Prepaid lease payments for land	11	**–**	9,890
Goodwill	12	**55,997**	113,462
Interests in an associate		**–**	–
Available-for-sale investments	14	**107,356**	103,728
Total non-current assets		**662,930**	908,670
Current assets			
Inventories		**56,625**	79,766
Trade receivables, other receivables, deposits and prepayments	13	**57,194**	32,930
Prepaid lease payments for land	11	**–**	257
Loans receivable	15	**167,282**	107,323
Financial assets at fair value through profit or loss	16	**30,000**	80,000
Pledged bank balances		**3,655**	3,003
Bank balances and cash		**421,680**	92,919
		736,436	396,198
Assets of a disposal group held for sale		**10,341**	–
Total current assets		**746,777**	396,198
Current liabilities			
Trade payables, other advances and accruals	17	**47,416**	35,114
Borrowings	18	**10,706**	9,140
Corporate bonds	19	**–**	112,749
Financial liabilities at fair value through profit or loss	20	**–**	127,431
Tax payable		**2,717**	9,572
		60,839	294,006
Liabilities of a disposal group held for sale		**284**	–
Total current liabilities		**61,123**	294,006

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 30 June 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Net current assets		**685,654**	102,192
Total assets less current liabilities		**1,348,584**	1,010,862
Non-current liabilities			
Borrowings	*18*	**135,222**	141,729
Deferred tax liabilities		**74,258**	114,909
Total non-current liabilities		**209,480**	256,638
Net assets		**1,139,104**	754,224
EQUITY			
Share capital	*21*	**784,776**	261,592
Reserves		**353,658**	494,039
Equity attributable to owners of the Company		**1,138,434**	755,631
Non-controlling interests		**670**	(1,407)
Total equity		**1,139,104**	754,224

1. GENERAL INFORMATION

DeTai New Energy Group Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Room 2702, 27th Floor, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.

The Company is an investment holding company. The principal activities of the Company's subsidiaries are (i) hotel hospitality business; (ii) new energy business; (iii) provision of money lending services; (iv) trading and distribution of liquor and wine; and (v) investments in securities and funds.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs

In the current year, the Company and its subsidiaries (collectively referred to as the "Group") has applied for the first time the following new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 July 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Asset for Unrealised Losses
Annual improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 12, Disclosure of Interest In Other Entities

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in note to the consolidated cash flow statement.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these consolidated financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on these consolidated financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January, 2018
2 Effective for annual periods beginning on or after 1 January, 2019
3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

Amendments to HKFRS 2 — Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 9 — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Based on an analysis of the Group's financial assets and financial liabilities as at 30 June 2018 and the facts and circumstances that exist at that date, the Group have performed a preliminary assessment of the impact of HKFRS 9 to the Group's consolidated financial statements. Application of HKFRS 9 in the future would have impact on the classification and measurement of the Group's financial assets. In addition, the expected credit loss model would result in early provision of credit losses, which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the completion of the detailed review.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 15 — Revenue from Contracts with Customers (Continued)

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The directors anticipate that the initial application of the HKFRS 15 will result in changes to the accounting policies relating to revenue recognition. Additional disclosures will also be made in respect of trade receivables and revenue recognition, including any significant judgement and estimation made. The directors have performed a preliminary analysis of the requirements of the initial application of the HKFRS 15 and have anticipated that the adoption of HKFRS 15 will not have a material impact on the consolidated financial statements of the Group.

Amendments to HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

Amendments to HKAS 40 — Transfers of Investment Property

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

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

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

Amendments to HKFRS 9 — Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met — instead of at fair value through profit or loss.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Total operating lease commitment of the Group in respect of office premises and vehicles as at 30 June 2018 amounted to HK$7,149,000. The directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the form of an assets (for the right-of-use) and a financial liability (for the payment obligation) in the consolidated statement of financial position.

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is in the process of making an assessment of the potential impact of these new pronouncements upon application.

3. TURNOVER AND SEGMENT REPORTING

3.1 Turnover, which is also revenue, represents the amounts received and receivable for goods sold to outside customers, net of returns and discounts and sales related taxes, income from hotel operations, interest income from loans receivable and dividend income on securities and funds during the year.

	2018	2017
	HK$'000	*HK$'000*
Hotel hospitality business	**37,383**	25,234
New energy business	**7,737**	3,492
Money lending services	**10,859**	12,320
Liquor and wine	**3,917**	2,437
	59,896	43,483

3.2 Segment reporting

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker has been identified as the Company's executive directors.

During the year, the Group has completed the disposal of the electric cycle business. In accordance with HKFRS 5, the segments of electric cycles for the years ended 30 June 2018 and 2017 were presented as discontinued operations in the Group's consolidated financial statements.

3. **TURNOVER AND SEGMENT REPORTING** *(Continued)*

3.2 Segment reporting *(Continued)*

(a) Reportable segments *(Continued)*

The Group currently has five reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies as follows:

(i) hotel hospitality business;

(ii) new energy business;

(iii) provision of money lending services;

(iv) trading and distribution of liquor and wine; and

(v) investments in securities and funds

There were no inter-segment transactions between different operating segments for the year (2017: Nil). Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision-maker for assessment of segment performance.

(b) Segment revenue and results

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

For the year ended 30 June 2018

	Hotel hospitality business *HK$'000*	New energy business *HK$'000*	Money lending services *HK$'000*	Liquor and wine *HK$'000*	Investments in securities and funds *HK$'000*	Total *HK$'000*
Segment revenue	**37,383**	**7,737**	**10,859**	**3,917**	**–**	**59,896**
Segment (loss)/profit	**(1,766)**	**(146,210)**	**5,562**	**12,293**	**(5,652)**	**(135,773)**
Unallocated corporate income						**420**
Unallocated corporate expenses *(Note)*						**(50,635)**
Finance costs						**(8,170)**
Share-based payment expenses						**(8,032)**
Loss before income tax from continuing operations						**(202,190)**

3. TURNOVER AND SEGMENT REPORTING *(Continued)*

3.2 Segment reporting *(Continued)*

(b) Segment revenue and results *(Continued)*

For the year ended 30 June 2017

	Hotel hospitality business *HK$'000*	New energy business *HK$'000*	Money lending services *HK$'000*	Liquor and wine *HK$'000*	Investments in securities and funds *HK$'000*	Total *HK$'000*
Segment revenue	25,234	3,492	12,320	2,437	–	43,483
Segment (loss)/profit	(19,878)	(26,688)	5,480	(80,305)	(2,484)	(123,875)
Unallocated corporate income						164
Unallocated corporate expenses *(Note)*						(39,113)
Finance costs						(17,122)
Gain on derecognition of available-for-sale investments						42,504
Convertible bonds interest income						4,772
Share-based payment expenses						(3,478)
Change in fair value of derivative financial instrument						(10,315)
Loss before income tax from continuing operations						(146,463)

Note: Unallocated corporate expenses mainly included staff salaries, directors' remuneration, office rental expenses, consultancy fees and amortisation of issuance cost of corporate bonds for the year ended 30 June 2018 and 2017.

3. TURNOVER AND SEGMENT REPORTING *(Continued)*

3.2 Segment reporting *(Continued)*

(c) Segment assets and liabilities

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

	2018	2017
	HK$'000	*HK$'000*
Segment assets		
Continuing operations		
Hotel hospitality business	**546,586**	539,544
New energy business	**18,285**	296,378
Money lending services	**193,031**	110,684
Liquor and wine	**77,379**	80,713
Investments in securities and funds	**109,265**	158,908
Discontinued operations		
Electric cycles	**–**	82,521
Total segment assets	**944,546**	1,268,748
Assets of a disposal group held for sale	**10,341**	–
Unallocated bank balances and cash	**407,182**	882
Unallocated corporate assets *(Note)*	**47,638**	35,238
Consolidated total assets	**1,409,707**	1,304,868
Segment liabilities		
Continuing operations		
Hotel hospitality business	**148,440**	153,379
New energy business	**5,940**	5,783
Money lending services	**3,573**	250
Liquor and wine	**2,719**	15,990
Investments in securities and funds	**260**	200
Discontinued operations		
Electric cycles	**–**	7,550
Total segment liabilities	**160,932**	183,152
Liabilities of a disposal group held for sale	**284**	–
Tax payable	**2,717**	9,572
Deferred tax liabilities	**74,258**	114,909
Corporate bonds	**–**	112,749
Financial liabilities at fair value through profit or loss	**–**	127,431
Unallocated corporate liabilities *(Note)*	**32,412**	2,831
Consolidated total liabilities	**270,603**	550,644

Note: Unallocated corporate assets mainly comprised of compensation from profit guarantee.

Unallocated corporate liabilities mainly comprised of the deposit received and accrued audit fee.

3. TURNOVER AND SEGMENT REPORTING *(Continued)*

3.2 Segment reporting *(Continued)*

(d) Other segment information

For the year ended 30 June 2018

	Hotel hospitality business *HK$'000*	New energy business *HK$'000*	Money lending services *HK$'000*	Liquor and wine *HK$'000*	Investments in securities and funds *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets	273	3,659	5	–	–	2,366	6,303
Depreciation of property, plant and equipment	(6,203)	(688)	(308)	(559)	–	(3,930)	(11,688)
Amortisation of intangible assets	–	(24,224)	–	–	–	–	(24,224)
Write-down of inventories	–	–	–	(10,726)	–	–	(10,726)
Impairment loss on available-for-sale investments	–	–	–	–	(2,705)	–	(2,705)
Impairment loss on trade receivables	–	(628)	–	–	–	–	(628)
Impairment loss on loans receivable	–	–	(2,441)	–	–	–	(2,441)
Impairment loss on intangible assets	–	(151,933)	–	–	–	–	(151,933)
Impairment loss on goodwill	–	(60,345)	–	–	–	–	(60,345)
Change in fair value of financial liabilities at fair value through profit or loss	–	131,221	–	–	–	–	131,221
Gain on disposal of a subsidiary	–	–	–	36,177	–	–	36,177
Interest income	–	35	–	7	–	63	105
Amortisation of issuance cost of corporate bonds	–	–	–	–	–	(751)	(751)
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment profit or loss:							
Income tax credit	1,029	38,748	–	–	–	–	39,777
Finance costs	(1,174)	(86)	(1,090)	–	–	(5,820)	(8,170)

3. **TURNOVER AND SEGMENT REPORTING** *(Continued)*

3.2 Segment reporting *(Continued)*

(d) Other segment information *(Continued)*

For the year ended 30 June 2017

	Hotel hospitality business *HK$'000*	New energy business *HK$'000*	Money lending services *HK$'000*	Liquor and wine *HK$'000*	Investments in securities and funds *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets	511,184	187,145	336	–	25	10,073	708,763
Depreciation of property, plant and equipment	(4,745)	(29)	(4,377)	(516)	–	–	(9,667)
Amortisation of intangible assets	–	(11,592)	–	–	–	–	(11,592)
Write-down of inventories	–	(93)	–	(5,172)	–	–	(5,265)
Reversal of impairment loss on trade receivables	–	–	–	1,908	–	–	1,908
Impairment loss on trade receivables	–	(122)	–	–	–	–	(122)
Change in fair value of listed equity investments	–	–	–	–	(869)	–	(869)
Impairment loss on available-for-sale investments	–	–	–	–	(1,215)	–	(1,215)
Impairment loss of loans receivable	–	–	(5,199)	–	–	–	(5,199)
Impairment loss on deposits and prepayments	–	–	–	(46,885)	–	–	(46,885)
Interest income	1	4	–	6	3	4,772	4,786
Amortisation of issuance cost of corporate bonds	–	–	–	–	–	(2,928)	(2,928)
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment profit or loss:							
Income tax credit	739	3,133	–	–	–	–	3,872
Finance costs	(581)	(66)	–	–	(60)	(16,415)	(17,122)

3. TURNOVER AND SEGMENT REPORTING *(Continued)*

3.2 Segment reporting *(Continued)*

(e) Geographic information

The Group's operations are mainly located in Hong Kong (place of domicile), the People's Republic of China (the "PRC"), Sweden, Canada and Japan.

The Group's revenue from external customers and information about its non-current assets (other than financial assets) by geographical markets are detailed as below:

	Revenue from external customers		**Non-current assets**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**10,859**	12,320	**8,688**	10,436
PRC	**4,091**	3,133	**1,242**	12,018
Sweden	**7,563**	3,492	**7,538**	251,038
Canada	**–**	–	**1,456**	–
Japan	**37,383**	25,234	**536,650**	531,450
	59,896	44,179	**555,574**	804,942

The geographical location of customers is based on the location at which the goods and services are delivered. For goodwill and intangible assets, the geographical location is based on the areas of operation. The geographical location of other non-current assets is based on the physical location of the assets.

(f) Major customers

Revenue from a customer in the segment of new energy business contributing over 10% of the total turnover (including continuing and discontinued operations) of Group is as follow:

	2018	2017
	HK$'000	*HK$'000*
Customer A*	**6,309**	3,292

* Revenue from this customer is less than 10% of the total turnover of the Group for the year ended 30 June 2017.

4. LOSS BEFORE INCOME TAX

	2018	2017
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging/(crediting):		
Continuing operations		
Auditor's remuneration	**2,100**	2,100
Gain on disposal of a subsidiary *(note 23a)*	**(36,177)**	–
Depreciation of property, plant and equipment	**11,688**	9,667
Amortisation of prepaid lease payments for land *(note 11)*	**264**	148
Cost of inventories recognised as expense, including:	**45,742**	28,098
Write-down of inventories	**10,726**	5,265
Amortisation of issuance cost of corporate bonds	**751**	2,928
Amortisation of intangible assets *(note 10)*	**24,224**	11,592
Impairment loss on deposits and prepayments	**–**	46,885
Impairment loss of loans receivable *(note 15)*	**2,441**	5,199
Impairment loss on trade receivables *(note 13)*	**628**	122
Impairment loss on available-for-sale investments *(note 14)*	**2,705**	1,215
Impairment loss on intangible assets *(note 10)*	**151,933**	–
Impairment loss on goodwill *(note 12)*	**60,345**	–
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**28,106**	15,042
Contributions to retirement benefit schemes	**2,706**	1,136
Share-based payment expenses to employees	**136**	1,006
Share-based payment expenses to consultants	**7,896**	2,472
Operating lease rentals in respect of:		
Office premises	**14,093**	12,923
Vehicles	**303**	–
Exchange losses, net	**335**	13,478
Reversal of impairment loss on trade receivables *(note 13)*	**–**	(1,908)
Additional compensation from profit guarantee	**–**	(850)
Bank interest income	**(105)**	(14)
Loss on disposal of property, plant and equipment	**430**	259

5. DISCONTINUED OPERATIONS

During the year ended 30 June 2018, the Group has completed to dispose the business of manufacturing and trading of electric cycle ("Electric Cycle Business") to independent third parties. Electric Cycle Business represented the separated line of major business and is classified as discontinued operations for the year. For the purpose of presenting discontinued operation, the comparative consolidated statement of profit or loss and other comprehensive income and the related notes have been represented.

The results of the Electric Cycle Business for the year ended 30 June 2018 and 2017 are as follows:

	2018	2017
	HK$'000	*HK$'000*
Turnover	**–**	696
Cost of sales	**–**	(406)
Gross profit	**–**	290
Interest income	**–**	1
Other income and gains	**324**	12
Selling and distribution expenses	**(1)**	(51)
General and administrative expenses	**(2,808)**	(3,379)
Finance costs	**(283)**	(548)
Loss before income tax	**(2,768)**	(3,675)
Gain on disposal of discontinued operations *(notes 23 (b), (c) and (d))*	**7,697**	–
Income tax expense	**–**	–
Profit/(loss) for the year from discontinued operations	**4,929**	(3,675)

6. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Interest on corporate bonds	**2,785**	16,414
Interest on bank loans and bank overdrafts	**1,258**	645
Interest on other loans	**4,127**	3
Interest on margin loan payable	**–**	60
	8,170	17,122

7. INCOME TAX CREDIT

Hong Kong profit tax was provided at the rate of 16.5% on the estimated assessable profit arising in Hong Kong for both years ended 30 June 2018 and 2017.

The subsidiaries established in the PRC are subject to enterprise income tax ("EIT") at tax rates of 25% for both years ended 30 June 2018 and 2017. No provision for PRC EIT has been made for the current and prior periods as the Group has no assessable profits arising in the PRC.

Under the relevant Japan tax regulations, the profits of the business under tokumei kumiai arrangement which is distributed to a tokumei kumiai investor after deducting any accumulated losses in prior years is only subject to 20.42% withholding income tax in Japan. The withholding tax is final Japanese tax on such distributed tokumei kumiai profits and such profits are not subject to any other Japanese taxes. There is no withholding tax paid or payable for the both years ended 30 June 2018 and 2017 as there is no profit distribution.

The subsidiary established in Japan is subject to prefectural and municipal inhabitant taxes on a per capita basis in accordance with the relevant Japan tax regulations for the year ended 30 June 2018 and 2017.

The subsidiary established in Sweden is subject to corporate income tax at tax rates of 22% for the year ended 30 June 2018 and 2017. No provision for Sweden corporate income taxes have been made for the current period as the Group has no assessable profits arising in Sweden.

	2018			2017		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Current tax for the year						
Hong Kong	**10**	**–**	**10**	–	–	–
Japan	**10**	**–**	**10**	10	–	10
Deferred tax	**(39,797)**	**–**	**(39,797)**	(3,882)	–	(3,882)
Total income tax credit	**(39,777)**	**–**	**(39,777)**	(3,872)	–	(3,872)

8. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 30 June 2018 (2017: Nil).

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

The calculation of the basic (loss)/earnings per share based on the following data:

	2018	2017
	HK$'000	*HK$'000*
(Loss)/profit for the year attributable to owner of the Company for the purpose of calculating basic and diluted (loss)/earnings per share		
— Continuing operations	**(161,683)**	(141,084)
— Discontinued operations	**4,929**	(3,342)
(Loss)/profit from continuing operations and discontinued operations	**(156,754)**	(144,426)

	Number of shares	
	2018	2017
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**5,747,861**	4,858,864

Diluted (loss)/earnings per share amount for both years were not presented because the impact of the exercise of the share options and convertible preference shares was anti-dilutive. Potential ordinary shares are dilutive when and only when their conversion into ordinary shares would increase loss per share attributable to owners of the Company from continuing operations.

10. INTANGIBLE ASSETS

	Distribution rights	Distribution network	Patent	Patent use right	Production formula *(note a)*	Non-competition agreements *(note b)*	Sales backlog agreements *(note c)*	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST:								
At 1 July 2016	157,167	13,733	67,793	42,028	–	–	–	280,721
Acquired through acquisition of subsidiaries	–	–	–	–	136,787	36,076	14,000	186,863
Exchange realignment	(2,236)	(195)	(964)	(598)	12,739	3,360	1,304	13,410
At 30 June 2017 and 1 July 2017	154,931	13,538	66,829	41,430	149,526	39,436	15,304	480,994
Disposal of subsidiaries	(159,565)	(13,943)	(68,432)	(42,424)	–	–	–	(284,364)
Exchange realignment	4,634	405	1,603	994	(7,946)	(2,096)	(813)	(3,219)
At 30 June 2018	–	–	–	–	141,580	37,340	14,491	193,411
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:								
At 1 July 2016	157,167	13,733	67,793	42,028	–	–	–	280,721
Amortisation for the year	–	–	–	–	7,161	2,661	1,770	11,592
Exchange realignment	(2,236)	(195)	(964)	(598)	315	117	78	(3,483)
At 30 June 2017 and 1 July 2017	154,931	13,538	66,829	41,430	7,476	2,778	1,848	288,830
Amortisation for the year	–	–	–	–	14,964	5,561	3,699	24,224
Disposal of subsidiaries	(159,565)	(13,943)	(68,432)	(42,424)	–	–	–	(284,364)
Impairment loss recognised	–	–	–	–	114,971	28,134	8,828	151,933
Exchange realignment	4,634	405	1,603	994	(1,203)	(448)	(297)	5,688
At 30 June 2018	–	–	–	–	136,208	36,025	14,078	186,311
NET CARRYING AMOUNT:								
At 30 June 2018	–	–	–	–	5,372	1,315	413	7,100
At 30 June 2017	–	–	–	–	142,050	36,658	13,456	192,164

10. INTANGIBLE ASSETS *(Continued)*

Notes:

(a) Production formula represented the production formulation of a fuel additive named EuroAd and the full right of use to develop and sale the Product.

Production formula with the net carrying amount of HK$120,343,000 (2017: HK$142,050,000) is attributable to the cash-generating unit of new energy business ("New Energy Business CGU") with which the goodwill amount is recognised. As the recoverable amount of the New Energy Business CGU is lower than its carrying amount, the Directors of the Company are in opinion that an impairment loss of approximately HK$114,971,000 has been recognised for the year ended 30 June 2018 (2017: Nil).

(b) Non-competition agreements represented the agreements entered with the consultants in which the consultants will not carry on or be concerned with any business that is substantially similar to the fuel additive business.

Non-competition agreements with the net carrying amount of HK$29,449,000 (2017: HK$36,658,000) is attributable to the New Energy Business CGU with which the goodwill amount is recognised. As the recoverable amount of the New Energy Business CGU is lower than its carrying amount, the Directors of the Company are in opinion that an impairment loss of approximately HK$28,134,000 has been recognised for the year ended 30 June 2018 (2017: Nil).

(c) Sales backlog agreements represented the agreements entered with customers in which the customers have committed monthly minimum purchase amount for 5 years.

Sales backlog agreements with the net carrying amount of HK$9,241,000 (2017: HK$13,456,000) is attributable to the New Energy Business CGU with which the goodwill amount is recognised. As the recoverable amount of the New Energy Business CGU is lower than its carrying amount, the Directors of the Company are in opinion that an impairment loss of approximately HK$8,828,000 has been recognised for the year ended 30 June 2018 (2017: Nil).

11. PREPAID LEASE PAYMENTS FOR LAND

	2018 ***HK$'000***	2017 *HK$'000*
At beginning of the year	**10,147**	–
Acquisition	**–**	10,073
Amortisation during the year	**(264)**	(148)
Transferred to assets of a disposal group held for sale	**(10,309)**	–
Exchange realignment	**426**	222
At end of the year	**–**	10,147
Analysed for reporting purposes as:		
Non-current	**–**	9,890
Current	**–**	257
	–	10,147

As at 30 June 2018, the Group did not pledge any prepaid lease payments for land to secure banking facilities of the Group (2017: Nil).

12. GOODWILL

	HK$'000
COST:	
At 1 July 2016	760,508
Acquired through business combination	111,864
Exchange realignment	(9,222)
At 30 June 2017 and 1 July 2017	863,150
Disposal of subsidiaries	(761,407)
Exchange realignment	14,599
At 30 June 2018	116,342
ACCUMULATED IMPAIRMENT LOSSES:	
At 1 July 2016	760,508
Exchange realignment	(10,820)
At 30 June 2017 and 1 July 2017	749,688
Impairment loss during the year	60,345
Disposal of subsidiaries	(761,407)
Exchange realignment	11,719
At 30 June 2018	60,345
NET CARRYING AMOUNT:	
At 30 June 2018	55,997
At 30 June 2017	113,462

For the purpose of impairment testing, goodwill is allocated to the cash generating units ("CGU") identified as follows:

	HK$'000
Year ended 30 June 2018	
Hotel hospitality business	**55,997**
New energy business	**60,345**
	116,342

	HK$'000
Year ended 30 June 2017	
Hotel hospitality business	54,860
New energy business	58,602
	113,462

12. GOODWILL *(Continued)*

Note:

Hotel hospitality business

The goodwill was arising from the acquisition of hotel hospitality business. The goodwill with the net carrying amount of HK$55,997,000 as at 30 June 2018 (2017: HK$54,860,000) is allocated to the cash generating unit of hotel hospitality business ("Hotel Hospitality Business CGU").

The recoverable amount of the Hotel Hospitality Business CGU is determined by the Directors of the Company with reference to a valuation report issued by Royson Valuation Advisory Limited ("Royson"). The recoverable amount of the Hotel Hospitality Business CGU has been determined from fair value less cost of disposal, which is primarily making reference to the recent sales of similar transactions in the market.

The fair value less cost of disposal of Hotel Hospitality Business CGU is Level 3 recurring fair value measurement.

The key significant unobservable inputs to determine the fair value less cost of disposal are the discount on age and condition of the hotel property. The higher discount on these factors would result in a lower the fair value less cost of disposal of the Hotel Hospitality Business CGU, and vice versa.

New energy business

The goodwill was arising from the acquisition of new energy business. The goodwill with the net carrying amount of HK$60,345,000 as at 30 June 2018 (2017: HK$58,602,000) is allocated to the New Energy Business CGU.

For the year ended 30 June 2018, the recoverable amount of the New Energy Business CGU is determined by the Directors of the Company with reference to a valuation report issued by Royson. The recoverable amount of the New Energy Business CGU has been determined from value-in-use calculation. The calculation used cash flow projections based on latest financial budgets approved by the management covering a period of 5 years and at a pre-tax discount rate of 28.2% (2017: 33%). The cash flow projections beyond the 5 years periods are extrapolated using a growth rate at 3% (2017: 3%). Cash flow projections during the budget period are based on the expected gross margins during the budget period. Budgeted gross margins and growth rate have been determined based on past performance and the Group management's expectations for the market development and future performance of the New Energy Business CGU. The discount rate is determined based on the cost of capital adjusted by the specific risk associated with the New Energy Business CGU. As the recoverable amount of the New Energy Business CGU amounted to HK$10,241,000 is lower than its carrying amount, an impairment loss of HK$60,345,000 has been recognised for the year ended 30 June 2018 (2017: Nil).

13. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**4,624**	85,123
Less: Provision for impairment loss	**(1,126)**	(82,753)
Trade receivables, net	**3,498**	2,370
Other receivables	**16,470**	1,802
Trade deposits paid	**–**	145
Prepayments for purchase	**932**	3,371
Other deposits and prepayments	**36,294**	25,242
	57,194	32,930

Note:

The Group allows an average credit period of 0 to 90 days to its trade receivables.

(i) The ageing analysis of trade receivables, net of allowance for doubtful debts, based on invoice date, is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**2,094**	1,286
31 – 60 days	**45**	696
61 – 90 days	**21**	–
Over 90 days	**1,338**	388
	3,498	2,370

(ii) The movements in the impairment for trade receivables during the year are as follows:

	2018	2017
	HK$'000	*HK$'000*
At the beginning of the year	**82,753**	85,773
Impairment loss for the year	**628**	122
Disposal of a subsidiary	**(83,714)**	–
Written off of trade receivable	**(127)**	–
Reverse of impairment loss	**–**	(1,908)
Exchange realignment	**1,586**	(1,234)
	1,126	82,753

Included in the provision for impairment loss is individually impaired trade receivable with balance of HK$1,126,000 (2017: HK$82,753,000) from trade debtors who have been in severe financial difficulties.

13. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

Note: (Continued)

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**2,100**	1,295
Less than 1 month past due	**42**	687
1 to 3 months past due	**33**	14
More than 3 months past due	**1,323**	374
	3,498	2,370

Trade receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

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

14. AVAILABLE-FOR-SALE INVESTMENTS

	2018	2017
	HK$'000	*HK$'000*
Available-for-sale investments		
— Unlisted private funds *(note)*	**107,356**	103,728

Note:

During the year ended 30 June 2018, the decline in fair value of one investment was amounted to HK$2,705,000 was considered as significant or prolonged. An impairment loss of HK$2,705,000 has been recognised in the consolidated statement of comprehensive income for the year ended 30 June 2018. The increase in fair value of the other investments of HK$6,333,000 has been dealt with in other comprehensive income and available for-sale investments revaluation reserve for the year ended 30 June 2018.

During the year ended 30 June 2017, the decline in fair value of the investment was amounted to HK$2,717,000, in which HK$1,215,000 was considered as significant or prolonged. An impairment loss of HK$1,215,000 has been recognised in the consolidated statement of comprehensive income for the year ended 30 June 2017. The remaining balance of HK$1,502,000 has been dealt with in other comprehensive income and available-for-sale investments revaluation reserve for the year ended 30 June 2017.

The fair value of the unlisted private funds is Level 2 recurring fair value measurement.

15. LOANS RECEIVABLE

	2018	2017
	HK$'000	*HK$'000*
Gross loans and interest receivables	**169,723**	112,522
Less: Provision for impairment loss	**(2,441)**	(5,199)
	167,282	107,323

As at 30 June 2018, the loans receivable with gross principal amount of HK$164,122,000 (2017: HK$106,096,000) in aggregate and related gross interest receivables of HK$5,601,000 (2017: HK$6,426,000) were due from nine (2017: ten) independent third parties. These loans are interest-bearing at rates ranging from 7% to 20% (2017: 7% to 20%) per annum. All the loans were repayable within twelve months from the end of the reporting period and therefore were classified as current assets at the reporting date. The Group does not hold any collateral over these loans receivable. Impairment loss of HK$2,441,000 has been recognised in the consolidated statement of comprehensive income for the year ended 30 June 2018. Subsequent to 30 June 2017, the Group had agreed to sell certain loans receivable to an independent third party at a discount and HK$5,199,000 had been provided to write off those loans receivable for the year ended 30 June 2017.

The ageing analysis of loans receivable that are neither individually nor collectively considered to be impaired is as follows:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**136,802**	60,178
1 to 3 months past due	**–**	18,694
Over 3 months past due	**30,480**	28,451
	167,282	107,323

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	HK$'000	*HK$'000*
Compensation from profit guarantee	**30,000**	80,000

The compensation from profit guarantee was arising from a profit guarantee undertaken by the vendor in relation to the financial performance of Delta Prestige Holdings Limited and its subsidiaries for the year ended 30 June 2016.

For the year ended 30 June 2018, no fair value change of compensation from profit guarantee (2017: Nil) was recognised in the consolidated statement of comprehensive income.

17. TRADE PAYABLES, OTHER ADVANCES AND ACCRUALS

	2018 *HK$'000*	2017 *HK$'000*
Trade payables *(note (a))*	**1,522**	3,323
Receipts in advance	**5,698**	616
Other payables and accruals *(note (b))*	**13,876**	31,175
Deposit received *(note (c))*	**26,320**	–
	47,416	35,114

Notes:

(a) The ageing analysis of trade payables, based on invoice date, is as follows:

	2018 *HK$'000*	2017 *HK$'000*
Within 30 days	**1,283**	1,248
31 – 60 days	**138**	176
61 – 90 days	**27**	6
Over 90 days	**74**	1,893
	1,522	3,323

(b) As at 30 June 2018, other payables and accruals consist of accrued audit fee of HK$2,100,000.

As at 30 June 2017, other payables and accruals consist of other payables of HK$2,302,000, which was subject to the interest at 2% per month, accrued audit fee of HK$1,900,000 and accrued bonds interest of HK$1,658,000.

(c) As at 30 June 2018, the balance represented the deposit received in respect of the disposal of the 49% equity interest in Perfect Essential Holdings Limited. Details of the transaction are set out in the note 24(a) to the consolidated financial statements.

18. BORROWINGS

	2018 *HK$'000*	2017 *HK$'000*
Bank overdraft	**1,589**	–
Bank loans, secured	**144,339**	150,869
	145,928	150,869
Less: Current portion	**(10,706)**	(9,140)
Non-current portion	**135,222**	141,729

18. BORROWINGS *(Continued)*

Based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause, borrowings are repayable as follows:

	2018	2017
	HK$'000	*HK$'000*
Within one year or on demand	**10,706**	9,140
More than one year, but not exceeding two years	**8,853**	9,140
More than two years, but exceeding five years	**126,369**	132,589
	145,928	150,869

Bank loans were secured by (i) corporate guarantees provided by subsidiaries within the Group as at 30 June 2018 and 2017; (ii) the pledge of Group's assets as set out in note 22; and (iii) the entire equity interest of certain subsidiaries as at 30 June 2018 and 2017.

The abovementioned bank loans are charged at floating rates ranging from 0.75% to 5.14% per annum (2017: 0.75% to 5.14%).

19. CORPORATE BONDS

	2018	2017
	HK$'000	*HK$'000*
Corporate bonds	**–**	112,749

In prior years, the Group has issued two fixed-rate corporate bonds. A corporate bond at principal amount of HK$86,500,000 ("Bond A") bears interest at 8% per annum, and another corporate bond at principal amount of HK$27,000,000 ("Bond B") bears interest at 10% per annum. The interests of Bond A are paid in advance while the interest of Bond B are paid in arrears. Both bonds are guaranteed by the Company and will mature on the date falling on the third anniversary of the date of first issue.

The Company may, at any time falling on the first and the second anniversary of the issue dates of the corporate bonds, redeem the whole corporate bonds at 100% of the total principal amounts together with payments of interest accrued up to the dates of such early redemption by serving at least thirty days written notice.

During the year ended 30 June 2018, the Group has redeemed all corporate bonds of principal amount of HK$113,500,000 due to maturity (2017: HK$73,000,000).

20. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss represented contingent consideration payable in relation to the acquisition of Emission Particle Solution Sweden AB ("EPS").

Based on the signed agreements and/or orders determined by the Purchaser, EPS would record a net loss after tax for the year ended 31 December 2017. Pursuant to the terms of the sale and purchase agreement (as amended and supplemented by the supplemental agreement), neither the purchaser nor the Company shall be obligated to pay the balance or the adjusted balance or any part thereof. The Directors of the Company are in opinion that gain on change in fair value of financial liabilities at fair value through profit or loss of HK$131,221,000 has been recognised for the year ended 30 June 2018 (2017: Nil).

The fair value of contingent consideration payable is a level 3 resuming fair value measurement.

21. SHARE CAPITAL

	Number of shares *'000*	Amount *HK$'000*
Ordinary shares of HK$0.05 each at 30 June 2017 and 2018		
Authorised:		
At 1 July 2016, 30 June 2017, 1 July 2017 and 30 June 2018	30,000,000	1,500,000

	Number of shares *'000*	Amount *HK$'000*
Issued and fully paid:		
At 1 July 2016	4,483,114	224,156
Issue of ordinary shares on conversion of convertible preference shares	746,430	37,321
Issue of ordinary shares on exercise of share options	2,300	115
At 30 June 2017 and 1 July 2017	5,231,844	261,592
Issue of ordinary shares upon rights issue *(note)*	10,463,688	523,184
At 30 June 2018	15,695,532	784,776

Note:

On 13 June 2018, the Company completed the rights issue ("Rights Issue") on the basis of two rights shares for every one existing share held on 10 May 2018. 10,463,687,800 rights shares were issued at price of HK$0.052. Gross Rights Issue proceeds of HK$544,111,000 of which HK$523,184,000 was credited against share capital. The remaining proceeds of HK$20,927,000 after offsetting the share issuance costs of HK$20,482,000 were credited against the share premium account.

22. PLEDGE OF ASSETS

Save as disclosed elsewhere in these consolidated financial statements, the Group had pledged the following assets to secure general banking facilities granted (note 18) to the Group. The carrying amounts of these assets are analysed as follows:

	2018 ***HK$'000***	2017 *HK$'000*
Property, plant and equipment	**479,005**	474,963
Bank balances	**3,655**	3,003
	482,660	477,966

23. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Guocang Liquor & Wine Merchant Limited ("Guocang")

On 27 September 2017, a subsidiary of the Group as vendor entered into an agreement with two independent third parties to dispose the entire equity interest of Guocang at a consideration of RMB100 (equivalent to HK$117). Gain on disposal amounted to HK$36,177,000 was analysed as follows:

	HK$'000
Net liabilities disposed of:	
Other receivables	137
Trade payables and other payables	(30,792)
Tax payable	(7,084)
	(37,739)
Non-controlling interest	(114)
	(37,853)
Less: Release of exchange reserve to profit or loss upon disposal	1,676
Less: Proceeds from disposal	–
Gain on disposal	(36,177)

(b) Disposal of Jiangsu Youli Electric Vehicle Co., Ltd. ("Jiangsu Youli")

On 18 December 2017, a subsidiary of the Group as vendor entered into an agreement with two independent third parties to dispose the entire equity interest of Jiangsu Youli at a consideration of RMB100 (equivalent to HK$119). Gain on disposal amounted to HK$7,681,000 was analysed as follows:

	HK$'000
Net liabilities disposed of:	
Other receivables	154
Trade payables, other payables and accruals	(6,263)
Borrowings	(2,400)
	(8,509)
Less: Release of exchange reserve to profit or loss upon disposal	828
Less: Proceeds from disposal	–
Gain on disposal	(7,681)

23. DISPOSAL OF SUBSIDIARIES *(Continued)*

(c) Disposal of Taishan Youli New Energy Technological Ltd. ("Taishan Youli")

On 15 January 2018, the Group entered into an agreement with two independent third parties to dispose of its 100% equity interest of the Taishan Youli at a consideration of RMB100 (equivalent to HK$119). Gain on disposal amounted to HK$58,000 was analysed as follows:

	HK$'000
Net liabilities disposed of:	
Bank balances	1
Other payables	(94)
	(93)
Less: Release of exchange reserve to profit or loss upon disposal	35
Less: Proceeds from disposal	–
Gain on disposal	(58)

(d) Disposal of Guofeng Youli (Wuxi) Vehicles Ltd. ("Guofeng Youli")

On 6 April 2018, the Group entered into an agreement with an independent third party to dispose of its 100% equity interest in the Guofeng Youli at the consideration of RMB25,000 (equivalent to HK$29,000). Loss on disposal amounted to HK$42,000 was analysed as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	42
Bank balances and cash	10
Other receivables	10
Inventories	64
Other payables and accruals	(34)
	92
Less: Release of exchange reserve to profit or loss upon disposal	(21)
Less: Proceeds from disposal	(29)
Loss on disposal	42

24. EVENTS AFTER REPORTING PERIOD

(a) Disposal of 49% equity interest of EPS

On 4 April 2018, the Company ("the Vendor") entered into a sales and purchase agreement with a related party ("the Purchaser") to dispose 49% equity interest of Perfect Essential Holdings Limited and the Sales Loans at a total consideration of HK$64,484,000. Pursuant to the sales and purchase agreement, the Purchaser and the Vendor shall enter into the Option Deed upon the First Completion Date, pursuant to which the Vendor shall grant the Purchaser the right to acquire all but not part of the Option Shares, representing 51% of the issued share capital of the Target Company, and the Option Loan, within six months from the First Completion Date. The transaction was completed on 18 July 2018. Details of the transaction are set out in the Company's announcement dated 4 April 2018, 26 April 2018, 11 May 2018, 8 June 2018, 16 July 2018 and 18 July 2018; and the Company's circular dated 25 June 2018.

(b) Memorandum of understanding for the proposed investment

On 17 September 2018, the Company entered into a non-legally binding Memorandum with CMAT Holdings Limited ("CMAT") in relation to a proposed investment. Pursuant to the Memorandum, the Company intends to conduct the proposed investment and CMAT agreed to procure the corporate reorganisation such that the target company will become an indirect wholly-owned subsidiary of CMAT. The target company is principally engaged in the business of production of building and construction materials made by recycled materials. Details of the transaction are set out in the Company's announcement dated 17 September 2018.

(c) Supplemental settlement deed relating to 2016 settlement deed

On 28 September 2018, the Company entered into the supplemental settlement deed for the full and final settlement of the vendor's obligation of the outstanding settlement payment under the 2016 settlement deed. Details of the transactions are set out in the Company's announcement dated 26 April 2015, 26 September 2016 and 28 September 2018.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor has expressed a qualified opinion in its auditor's report on the Group's consolidated financial statements for the year ended 30 June 2018, an extract of which is as follows:

QUALIFIED OPINION

In our opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

(i) Fair value change of financial liabilities at fair value through profit or loss for the year ended 30 June 2018

As at 30 June 2017, the Group's financial liabilities at fair value through profit or loss amounting to approximately HK$127,431,000 represent contingent consideration payable arising from the acquisition of Emission Particle Solution Sweden AB ("EPS"). The amount of financial liabilities at fair value through profit or loss is calculated with reference to the forecast net profit after tax of EPS for the period from 1 January 2017 to 31 December 2017 and the profit target agreed in the acquisition of EPS. SEK137,800,000 (equivalent to approximately HK$127,431,000 at 30 June 2017) represent the maximum amount payable (i.e. the profit target would be met).

The fair value of financial liabilities at fair value through profit or loss was determined by the directors of the Company by reference to a valuation report prepared by an independent professional qualified valuer. The valuation report was based on the forecast of EPS performance for the period from 1 July 2017 to 31 December 2017 prepared by the directors of the Company (the "Profit Forecast"). During the course of our audit of the Group's consolidated financial statements for the year ended 30 June 2017 ("2017 consolidated financial statements"), we had performed audit procedures set out in Hong Kong Standard on Auditing ("HKSA") 540 "Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures" including to understand how the Profit Forecast was prepared, and test/consider the data based on which the Profit Forecast was prepared and the fair value of the financial liabilities was estimated. However, we were not provided with sufficient appropriate evidence relating to the accuracy and relevance of the data used in estimating the fair value of the financial liabilities. Due to the limitations on our scope of work, we were unable to determine whether the fair value of the financial liabilities at fair value through profit or loss as at 30 June 2017 was appropriately stated. Our audit opinion dated 29 September 2017 on the Group's 2017 consolidated financial statements was modified accordingly.

In the current financial year, the financial liabilities at fair value through profit or loss has been derecognised as the performance of EPS for the period from 1 January 2017 to 31 December 2017 failed to meet the profit target. As a result, fair value gain of HK$131,221,000 on the derecognition of the financial liabilities at fair value through profit or loss has been credited to the consolidated statement of comprehensive income for the year ended 30 June 2018.

The abovementioned limitations encountered in the course of our audit of the Group's 2017 consolidated financial statements remained unsolved during the course of our audit of the Group's consolidated financial statements for the year ended 30 June 2018. Any adjustment found to be necessary would have a consequential effect on the opening balance of the financial liabilities at 1 July 2017 and the amount of fair value gain on derecognition of the financial liabilities credited to the consolidated statement of comprehensive income for the year ended 30 June 2018.

(ii) Carrying amounts of intangible assets and goodwill

Included in the Group's consolidated statement of financial position at 30 June 2018 are intangible assets and goodwill of HK$159,033,000 and HK$60,345,000 respectively (2017: HK$192,164,000 and HK$58,602,000) arising from the acquisition of EPS. The intangible assets and the goodwill were included in the Group's New Energy Business cash generating unit (" New Energy Business CGU"). In the preparation of the consolidated financial statements for the year ended 30 June 2018 ("2018 consolidated financial statements"), the directors of the Company have performed an impairment assessment on the New Energy Business CGU. In accordance with the Group's accounting policies, the impairment assessment is by comparing the New Energy Business CGU's carrying amount to the New Energy Business CGU's recoverable amount. The recoverable amount of the New Energy Business CGU as at 30 June 2018 was determined by the directors of the Company by reference to a valuation report prepared by an independent professional qualified valuer based on a cash flows forecast developed by the Company's directors ("the Forecast"). With reference to the result of the impairment assessment, the Group has recognised impairment loss on goodwill of HK$60,345,000 and intangible assets of HK$151,933,000 for the year ended 30 June 2018 (2017: HK$ nil and HK$ nil). Amortisation charge on the intangible assets for the current year amounted to HK$24,224,000 (2017: HK$11,592,000). Deferred tax liability relating to the intangible assets was (i) reversed by HK$5,329,000 (2017: HK$2,550,000) as a result of amortisation of the intangible assets and (ii) reversed by HK$33,425,000 (2017: Nil) as a result of recognition of the impairment loss.

In our audit of the Group's 2017 consolidated financial statements, we were not provided with sufficient appropriate evidence relating to the completeness and accuracy of the data used in estimating the fair value of the intangible assets at the date of acquisition of EPS. The fair value of the intangible assets at the date of acquisition of EPS amounted to HK$186,863,000. The fair value became the cost of the intangible assets to the Group. Any adjustments to the intangible assets (and the corresponding deferred tax liability) and the contingent consideration payable (see (i) above) at the date of acquisition of EPS would have consequential effect on the amount of goodwill, if any, arising from the acquisition of EPS.

In the preparation of the 2017 consolidated financial statements, the directors of the Company have performed an impairment assessment on the New Energy Business CGU and concluded that there was no impairment loss on the New Energy Business CGU as at 30 June 2017. However, during the course of our audit of the Group's 2017 consolidated financial statements, we were not provided with sufficient appropriate evidence relating to the accuracy and relevance of the data used by the directors of the Company in estimating the recoverable amount of the New Energy Business CGU.

Due to the abovementioned limitations and other limitations on our scope of work, our audit opinion on the Group's 2017 consolidated financial statements was modified. The abovementioned limitations are not resolved in our audit of the Group's 2018 consolidated financial statements.

During the course of our audit of the Group's 2018 consolidated financial statements, we have performed audit procedures set out in HKSA 540 "Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures" including to understand how the Forecast was prepared, and test/consider the data based on which the Forecast was prepared and the New Energy Business CGU's recoverable was estimated. However, we were not provided with sufficient appropriate evidence relating to the accuracy and relevance of the data used in estimating the recoverable amount of the CGU. Due to the limitations on our scope of work, we were unable to determine whether the recoverable amount of the New Energy Business CGU was appropriately estimated and as a result, whether the amount of impairment losses recognised on the intangible assets and the goodwill were appropriately determined. Also due to the limitations on our audit work on the fair value of the intangible assets at the date of acquisition of EPS and the impairment assessment on the New Energy Business CGU in our audit of the Group's 2017 consolidated financial statements, any adjustment to the carrying amounts of the intangible assets and the goodwill at 1 July 2017 would have consequential impacts on the amount of impairment losses recognised on intangible assets and goodwill, the amount of amortisation charge on the intangible assets and the amount of deferred tax liability relating to the intangible assets being reversed in the current year.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year, the Group was engaged in six business segments, (i) hotel hospitality business; (ii) new energy business; (iii) provision of money lending services; (iv) trading and distribution of liquor and wine; (v) investments in securities and funds; and (vi) manufacturing and trading of electric cycles (Disposed on 6 April 2018). As at 30 June 2018, the Group recorded a turnover of approximately HK$59.9 million (2017: approximately HK$43.5 million). Loss for the year attributable to owners of the Company was approximately HK$156.8 million (2017: approximately HK$144.4 million). Basic loss per share was approximately 2.72 HK cents (2017: approximately 2.97 HK cents). The increase in the net loss for the year was mainly attributable to (i) the increase in impairment loss on intangible assets and goodwill of approximately HK$151.9 million and HK$60.3 million respectively and (ii) the increase in general and administrative expenses of approximately HK$31.5 million as compared to that for the corresponding year of 2017.

Hotel hospitality business

The hotel hospitality business recorded a turnover of approximately HK$37.4 million (2017: approximately HK$25.2 million) and a segment loss of approximately HK$1.8 million (2017: approximately HK$19.9 million). The decrease in segment loss was mainly attributed to the absence of exchange loss recognised in the current year.

Hotel hospitality business is one of the core businesses of the Group which contributed approximately 62.4% of the Group's revenue for the year ended 30 June 2018. The hotel, One Niseko Resort Towers (the "Resort Towers"), is located in the famous Japanese skiing destination of Niseko, Hokkaido, Japan. Niseko is one of the famous ski resort areas in Japan and is well known for its heavy light powder snow and spectacular backcountry. The hotel consists of two-tower complex of 110 units of high-end accommodation and has an onsen with an indoor and outdoor bath. It attracts many tourists from world-wide for skiing in the winter time. The hotel currently operates with the support from a hotel business services provider who provides revenue management as well as sales services by setting the daily rate of each guestroom and manages bookings from various channels.

In recent years, Niseko has become a year round resort destination and is experiencing a rapid increase in foreign visitors and interest especially from China and South East Asia who have been responsible for popularising the resort area with the skiing/snowboarding community outside Japan. In view of the large potential growth in tourism in Japan driven by the Tokyo Olympics 2020 and the enactment of the Integrated Resort Laws in Japan, the Directors are optimistic about the prospects and the potential momentum of the hotel and resort industry in Japan which will generate satisfactory income to the Group in the future.

New energy business

EPS is the Group's operating subsidiary for the new energy business. EPS is principally engaged in the development, manufacturing and distribution of a fuel additive product, namely EuroAd which can reduce fuel consumption and environmental impact. EuroAd is a totally biodegradable fuel additive that acts as a catalyst to achieve fuel efficiency and cost savings.

The turnover for the year ended 30 June 2018 of the new energy business was approximately HK$7.7 million (2017: approximately HK$3.5 million) and the segment loss was approximately HK$146.2 million (2017: approximately HK$26.7 million). The segment loss was mainly resulted from the impairment loss on intangible assets and goodwill which was partly offset by the income from the cancellation of the contingent consideration payable in relation to the acquisition of the new energy business.

During the year, the Group has concentrated its effort in brand building and has executed a series of market entry exercises with local distributors and agents for expansion of distribution network of EuroAd in different regions namely the Middle East, North and South America and parts of Africa. Nevertheless, results were not up to the expectation. Moreover, the time taken to carry out product testing on our potential customers' plants and premises was much longer than expected because of the constraints presented in the customers' own facilities. All these resulted in delays in placing of sales orders from those potential customers.

Despite the effort to adopt new strategies and solutions in tackling the hurdles encountered in the testing process and the resources spent in promoting EuroAd's multilevel of applications to expand our market segments to different industries such as shipping and pulp and paper, sales continued to be unsatisfactory and did not meet the original expectation when the new energy business was acquired in 2016.

During the year, the Group had been receiving positive responses from some potential customers in the markets of the PRC and central Asia. With EuroAd, the Group aims to develop both wholesale and retail business through online and offline distribution channels. The Group has entered some strategic cooperation agreement with some potential customers and planned to devote more resources to expands its market share in the PRC and central Asia markets whilst withdraw the market development of other countries.

Pursuant to the terms of the sale and purchase agreement dated 29 July 2016 (as amended by supplemental agreement dated 22 December 2016) entered into between Perfect Essential Holdings Limited, a subsidiary of the Company, as purchaser and the eight vendors, the maximum consideration for the acquisition is SEK239 million, in which SEK101.2 million was paid on the completion date i.e. 22 December 2016 and the remaining maximum balance of SEK137.8 million will be subject to post completion adjustment mechanism. The remaining balance will be adjusted in accordance with the ratio of the net profit after tax of EPS forecasted for the period from 1 January 2017 to 31 December 2017 by way of agreements and/or orders as determined by Perfect Essential Holdings Limited to the guaranteed profit of SEK30.0 million.

EPS recorded a net loss after tax for the year ended 31 December 2017. Pursuant to the terms of the sale and purchase agreement (as amended and supplemented by the supplemental agreement), neither Perfect Essential Holdings Limited nor the Company shall be obligated to pay the balance or the adjusted balance or any part thereof.

On 4 April 2018, the Company as vendor, Excellent Point Asia Limited as purchaser and Mr. Zhu Yongjun as guarantor entered into a sale and purchase agreement (the "SPA"), pursuant to which the Company conditionally agreed to sell and the purchaser conditionally agreed to purchase the 49 issued shares of Perfect Essential Holdings Limited (the "Target Company", together with its subsidiaries, the "Target Group"), representing 49% of the issued share capital of the Target Company.

Pursuant to the SPA, the purchaser and the vendor shall enter into the option deed in respect of the grant of the call option upon the first completion, pursuant to which the vendor shall grant the purchaser the right to acquire all but not part of the option shares, representing 51% of the issued share capital of the Target Company within six months from the first completion date.

The Directors consider that the disposal can bring cash inflow to the Company and lower the working capital required on the part of the Company. The exercise of the call option would enable the Company to realise the investment and operating costs incurred in the Target Group since it became subsidiaries of the Group. Therefore, the Directors believe that the disposal would strengthen the financial position of the Group and enhance shareholders' values.

The first completion took place on 18 July 2018 in accordance with the terms and conditions of the SPA. Immediately upon the first completion, the Company held 51% equity interest of the Target Company and the Target Group became non-wholly-owned subsidiaries of the Company.

In the course of preparing the financial statements, the management had duly engaged an independent qualified valuer (the "1st Valuer") to determine the recoverable amount of the cash generating unit as at 30 June 2018 of the new energy business and another independent qualified valuer to perform a valuation review on the valuation report prepared by the 1st Valuer. The management has sufficiently provided all the relevant information, including but not limited to, internal reports and analysis, such as business development plans, contracts signed with distributors, revenue and costing analyses and budgets, sales contracts to the 1st Valuer and the auditor to support the assumptions made on the forecasts in assessing the recoverable amount of the cash generating unit as at 30 June 2018 of the new energy business.

Despite the management provided all the relevant information to support the assumptions made on the forecasts in assessing the recoverable amount of the cash generating unit as at 30 June 2018 of the new energy business, the auditor considered the information was not sufficient and appropriate for their audit purpose in estimating the fair value change of financial liabilities at fair value through profit or loss for the year ended 30 June 2018 and the carrying amounts of intangible assets and goodwill as at 30 June 2018 based on the audit procedures set out in Hong Kong Standard on Auditing 540 "Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures". Therefore, the auditor issued qualified opinion.

The audit committee agreed about the management's position in relation to the valuation of the assets and liabilities being qualified by the auditor. The Board will continue to provide information, such as signed sales contracts and updated sales record, to the valuer and the auditor in assessing the data used in estimating the fair value of intangible assets and goodwill, and targets to remove the audit qualifications in the coming financial years end.

In assessing the recoverable amount of the cash generating unit of the new energy business as at 30 June 2018, value-in-use calculation has been adopted that the estimated future cash flows were discounted to their present value using a pre-tax discount rate that reflected current market assessment of time value of money and the risk specific to the new energy business. The calculation used in cash flow projections was based on latest financial budgets covering a period of 5 years and at a pre-tax discount rate of 28.2% which was determined with reference to the market conditions, such as company specific risk premium and cost of debt of the new energy business. The cash flow projections beyond the 5-year period are extrapolated using a perpetual growth rate of 3%. The management of new energy business reviewed the assumptions taking into account of (i) the general economic environment; (ii) industry dynamics; (iii) past performance; and (iv) on-going business development of the new energy business in preparing the cash flow projections.

Money lending services

As at 30 June 2018, the Group has loans receivable with gross principal amount of approximately HK$164.1 million (2017: approximately HK$106.1 million). The Group recorded interest income from loans receivable of approximately HK$10.9 million for the year ended 30 June 2018 (2017: approximately HK$12.3 million).

The loan portfolio comprises loans to independent third party borrowers with term ranging from one month to eleven months and interest rate from 7% to 20% per annum.

The money lending business has been providing the Company with stable income as compared to other business segments. As such, the Company has invested more resources in this segment to expand the scale of the money lending business in order to enhance the income stream and improve return to the shareholders.

Electric cycles business

The turnover of the electric cycles business for the year ended 30 June 2018 was nil (2017: approximately HK$0.7 million) and a segment profit of approximately HK$4.9 million was recorded for the year ended 30 June 2018 (2017: a segment loss of approximately HK$3.7 million). The segment profit was mainly attributed to the gain on disposal of subsidiary.

Pursuant to the terms of the settlement deed dated 26 September 2016 entered into between the Company and the then vendor that the then vendor shall compensate to the Company an amount of HK$100.85 million due to the profit shortfall. The compensation amount shall be paid by the then vendor in 4 installments: (i) as of HK$20.0 million shall be paid to the Company on or before 30 September 2016; (ii) as of HK$20.4 million shall be paid to the Company on or before 31 March 2017; (iii) as of HK$30.3 million shall be paid to the Company on or before 30 September 2017; and (iv) as of HK$30.15 million shall be paid to the Company on or before 31 March 2018. The first three installments of HK$70.7 million in aggregate was received by the Company on 27 September 2016 and 21 September 2017. Pursuant to the supplemental settlement deed entered into between the then vendor and the Company on 28 September 2018, the then vendor shall pay HK$30.65 million (being the sum of the outstanding settlement payment of HK$30.15 million and the additional amount of compensation of HK$0.5 million) to the Company in the following manner: (a) HK$10 million shall be paid to the Company on the date of the supplemental settlement deed; and (b) HK$20.65 million shall be paid to the Company on or before 31 March 2019.

In view of the continuous loss-making records of the manufacturing and trading of electric cycles business, on 6 April 2018, the Company as vendor entered into a share transfer agreement with an independent third party as purchaser, pursuant to which the Company conditionally agreed to sell, and the purchaser conditionally agreed to acquire, the entire equity interest of a wholly-owned subsidiary of the Company which engaged in the manufacturing and trading of electric cycles. Upon completion of the disposal, the Group has discontinued the business of manufacturing and trading of electric cycles.

The Directors are of the view that the disposal can reduce financial burden on the Group and allow the Group to focus its resources on the remaining business segments of the Group.

Liquor and wine business

The turnover for the year ended 30 June 2018 of the liquor and wine business was approximately HK$3.9 million (2017: approximately HK$2.4 million) and a segment profit of approximately HK$12.3 million was recorded as at the year ended 30 June 2018 (2017: segment loss of approximately HK$80.3 million). The segment profit was mainly contributed from the gain on disposal of Guocang Liquor & Wine Merchant Limited, one of the subsidiaries engaged in the trading and distribution of liquor and wine business, on 27 September 2017.

The Group will continue to explore on sales opportunities such as expansion into other industries and diversification of sales channels with an aim to improve the revenue stream of the Group. Also, the Group will explore on the possibility of new liquor and wine products to expand on the product and customer portfolio.

Listed securities investments

As at 30 June 2018, the Group did not have any portfolio of listed securities investments. Details of the significant gains/(losses) for the year ended 30 June 2017 are as below:

Significant gains/(losses) for the year ended 30 June 2017

		For the year ended 30 June 2017		
Name of listed securities	**Stock code**	**Realised gains/(losses)**	**Unrealised gains/(losses)**	**Dividend received**
		HK$'000	*HK$'000*	*HK$'000*
China New Economy Fund Limited	80	(687)	–	–
Huarong International Financial Holdings Limited	993	196	–	–
Zhong An Real Estate Limited	672	(316)	–	–
Telecom Digital Holdings Limited	6033	(62)	–	–

The Group disposed all the listed securities during the year ended 30 June 2017 and reallocated financial resources to other business segments.

PROSPECTS

Hotel Hospitality Business

The next Olympic Games will be held in Tokyo, Japan in 2020, and the Japanese government has been actively prepared for the increase number of foreign tourists such as the enactment of the Integrated Resort Laws and expansion of the Shinkansen line. It is expected that this internationally popular sports event together with the new measures of the government will attract 40 million arrivals not only to Tokyo but also to regional areas in Japan. Driven by the government's implementation and Niseko itself as a popular skiing and family holiday destination, tourism development is expected to boom. In recent years, Niseko has become a year round resort destination experiencing rapid growth in foreign visitors and investments especially from Greater China Region and South East Asia.

Japan was assigned to be the next host country for the 2019 G-20 Summit in July 2017. In addition to the leaders' summit, separate G-20 ministerial meetings are planned. Kutchan, a tourist hot spot and transport hub located just 15 minutes-drive away from Niseko, will be the host town for the tourist ministers' meeting. The Board believes that the meeting in Kutchan will bring the attention from all over the world to the area as delegation members, international journalist and non-governmental organization representatives are expected for the meeting, which will boost the revenue of the hospitality business.

In view of the above, the Group foresees large potential for growth in the number of overseas tourists and spendings in the resort areas in Niseko in the coming two years. The Directors are of the view that the Resort Towers will provide a steady income stream and generate satisfactory income to the Group.

New Energy Business

The Group is readjusting its major market focus to China and central Asia. The Group has been in negotiation with several transportation, shipping and logistics companies for long term bulk usage of EuroAd in their fleets. Product testing have been completed with some of the potential customers and the results were positive. Furthermore, the Group plans to expand its sales of EuroAd products through online channels. Sales performance is expected to be improved. The Group planned to devote more resources to expand its market shares in China and central Asia markets whilst withdraw the market development of other countries.

Apart from expanding customer portfolio and sales channels to improve the revenue, the Group will closely control the costs, hoping to make an improvement in the performance of the new energy business.

Joint venture company (the "JV Company") with Zhongke International Capital Limited

The principal activities of the JV Company are research and development, production and distribution of new energy and renewable energy, corporate management, financial services and investment and related business. The other shareholder of the JV Company is Zhongke International Capital Limited whose holding company is 中科建設開發總公司 (Bureau of Construction and Development Company) (the "Bureau", together with its subsidiaries, the "Zhongke Group"), which is a leading national enterprise in China. In recent years, the Bureau has expanded its scope from construction and engineering into, including but not limited to, investment and financing and new energy. Given the experience of the Zhongke Group in investment and financing together with its reputation and vast business network in China market, the Group could leverage these advantages to step into financial services and investment sectors in both Hong Kong and China. It is expected that Zhongke Group will contribute more on the operation of the JV Company which will give greater flexibility in future development of the JV Company.

Apart from the development of hotel hospitality business, new energy business and the JV Company, the Group will continue to be cautious in its investment approach on securities and funds, closely monitor the liquor and wine business and money lending services and seize other growth opportunities to enhance competitiveness to strive for the best return to the shareholders of the Company.

FINAL DIVIDEND

The Board resolved not to recommend the payment of any dividend for the year ended 30 June 2018 (2017: Nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 30 June 2018, the Group recorded cash and bank balances (including pledged bank balances) amounting to approximately HK$425.3 million (2017: approximately HK$95.9 million) and the net current assets value was approximately HK$685.7 million (2017: approximately HK$102.2 million).

The Group's gearing ratio as at 30 June 2018 was approximately 0.13 (2017: approximately 0.35), being a ratio of total debts, including corporate bonds and borrowings of approximately HK$145.9 million (2017: approximately HK$263.6 million) to the total equity of approximately HK$1,139.1 million (2017: approximately HK$754.2 million).

As at 30 June 2018, the Group had no unlisted corporate bonds (2017: 3-year 8% and 10% coupon unlisted corporate bonds with the aggregate principal amount of approximately HK$86.5 million and HK$27.0 million respectively). The bonds were guaranteed by the Company. During the year ended 30 June 2018, the Group redeemed all corporate bonds of principal amount of approximately HK$113.5 million due to maturity (2017: HK$73.0 million).

USE OF PROCEEDS OF RIGHTS ISSUE

The Company completed a rights issue on 13 June 2018, pursuant to which the Company has issued 10,463,687,800 rights shares at HK$0.052 per rights share on the basis of two rights shares for every one existing share held on 18 May 2018. The net proceeds of the rights issue were approximately HK$544.1 million, before expenses.

As at 30 June 2018, the Group utilised the net proceeds of the rights issue as to (i) approximately HK$56.0 million for repayment of the outstanding borrowings; (ii) approximately HK$61.35 million for expansion of the Group's money lending business by granting of loans to independent third parties and (iii) approximately HK$4.4 million for general working capital of the Group. The unutilised net proceeds have been placed as the interest bearing deposits with licensed banks in Hong Kong. In view of the reasonable interest generated from the provision of loans receivable, the Group reallocated HK$11.35 million from the portion intended to be used as general working capital to expanding the money lending business in August 2018. For details, please refer to the announcement of the Company dated 10 August 2018. The Group plans to utilize the remaining proceeds from the rights issue to repay the remaining outstanding borrowings and invest into the JV Company in the coming financial year.

PLEDGE OF ASSETS

As at 30 June 2018 and 2017, no margin loan payable was secured by the Group's listed equity investments.

As at 30 June 2018, the Group pledged hotel land and building in Japan with an aggregated carrying value of approximately HK$479 million (2017: approximately HK$475.0 million), bank deposits of approximately HK$3.7 million (2017: approximately HK$3.0 million) and the entire equity interest of a wholly owned subsidiary to secure banking facilities of the Group.

CAPITAL STRUCTURE

During the year ended 30 June 2018, 610,000 share options lapsed and 10,463,687,800 rights shares were allotted and issued.

As a result of the completion of the rights issue, (i) the exercise prices of the outstanding share options and the related number of shares that could be subscribed for upon exercise of the outstanding share options and (ii) the notional price of shares to be issued upon conversion of the outstanding convertible preference shares were adjusted with effect from 13 June 2018 and 19 May 2018 in accordance with the share option schemes and the terms of the convertible preference shares respectively.

With reference to the terms and conditions of the share option schemes, Rule 17.03(13) of the Listing Rules and the supplementary guidance relating to the adjustments to share options issued by the Stock Exchange on 5 September 2005, the exercise prices and the number of shares that could be subscribed for upon exercise of the outstanding share options were adjusted in the following manner:

	Immediately before completion of the rights issue		**Immediately after completion of the rights issue**	
Date of grant	**Exercise price per share** *(HK$)*	**Number of shares that can be subscribed for upon exercise of the outstanding share options**	**Exercise price per share** *(HK$)*	**Number of shares that can be subscribed for upon exercise of the outstanding share options**
4 July 2013	0.435	202,250,000	0.447	196,997,568
19 July 2013	0.433	100,000,000	0.445	97,403,000
21 January 2015	0.32	184,400,000	0.329	179,611,132
13 October 2015	0.32	444,000,000	0.329	432,469,320
24 January 2017	0.235	54,200,000	0.241	52,792,426
24 January 2017	0.235	54,200,000	0.241	52,792,426
24 January 2017	0.235	55,150,000	0.241	53,717,754

Pursuant to the terms of the convertible preference shares, the notional price of the outstanding convertible preference shares was adjusted from HK$0.21 per convertible preference share to HK$0.168 per convertible preference share with effect from 19 May 2018.

Following the completion of the rights issue, the board lot size for trading in shares was changed from 10,000 shares to 30,000 shares.

Save as disclosed above, the Company had no other changes in capital structure during the year ended 30 June 2018.

INVESTMENT POSITION AND PLANNING

Available-for-sale investments

As at 30 June 2018, the Group had invested in three (2017: three) unlisted private funds with aggregated carrying amount of approximately HK$107.4 million (2017: approximately HK$103.7 million). The purpose of the fund portfolio is to carry on the business of investing, holding, monitoring and realizing (i) the private debt investments, including but not limited to bonds, notes and debentures; (ii) the equity investments and/or debt instruments from the financial services, natural resources and/or property investment sectors; and (iii) the investment in securities and instruments issued in, or related to the markets in China, Hong Kong, Taiwan, South Korea and ASEAN member countries respectively. The value of fund portfolio was based on fair value. An increase in fair value of the fund portfolio of approximately HK$3.6 million was recorded for the year ended 30 June 2018 (2017: decrease in fair value of approximately HK$2.7 million).

Termination of memorandum in relation to the possible acquisition of biofuel business

On 26 May 2017, Rich Shine Development Limited, a wholly-owned subsidiary of the Company, as purchaser entered into a non-legally binding memorandum (the "Biofuel Memorandum") with China Century Bio Energy International Investment Company Limited as vendor, an independent third party of the Group, in relation to the intention of acquisition of 100% of issued share capital of a company, of which together with its subsidiaries, are engaged in developing environmental friendly energy and biofuel business in the PRC comprising the production of renewable energy source and biofuel with its self-developed biological butanol technology.

Pursuant to the Biofuel Memorandum, the parties to the Biofuel Memorandum shall negotiate in good faith towards one another in ensuring that a formal agreement be entered on or before 31 August 2017. As the parties to the Biofuel Memorandum were unable to reach an agreement on the terms of the formal agreement, the parties to the Biofuel Memorandum had agreed to end the possible acquisition. Details of the transaction are set out in the Company's announcements dated 26 May 2017 and 8 September 2017.

Disposal of Guocang

On 27 September 2017, a subsidiary of the Group as vendor entered into a share transfer agreement with two independent third parties as purchasers, pursuant to which the vendor agreed to sell and the purchasers agreed to acquire the entire equity interest of Guocang, which was a dormant company, at a consideration of RMB100. The disposal was classified as a non-disclosable transaction under Chapter 14 of the Listing Rules.

Disposal of Jiangsu Youli

On 18 December 2017, a subsidiary of the Group as vendor entered into a share transfer agreement with two independent third parties as purchasers, pursuant to which the vendor agreed to sell and the purchasers agreed to acquire the entire equity interest of Jiangsu Youli, which was engaged in the manufacturing and trading of electric cycles business, at a consideration of RMB100. The disposal was classified as a non-disclosable transaction under Chapter 14 of the Listing Rules.

Disposal of Taishan Youli

On 15 January 2018, a subsidiary of the Group as vendor entered into a share transfer agreement with two independent third parties as purchaser, pursuant to which the vendor agreed to sell and the purchaser agreed to acquire the entire equity interest of Taishan Youli, which was engaged in the manufacturing and trading of electric cycles business, at a consideration of RMB100. The disposal was classified as a non-disclosable transaction under Chapter 14 of the Listing Rules.

Disposal of Guofeng Youli

On 6 April 2018, a subsidiary of the Group as vendor entered into a share transfer agreement with an independent third party as purchaser, pursuant to which the vendor agreed to sell and the purchaser agreed to acquire the entire equity interest of Guofeng Youli, which was engaged in the manufacturing and trading of electric cycles business, at a consideration of RMB25,000. The disposal was classified as a non-disclosable transaction under Chapter 14 of the Listing Rules.

Settlement deed and supplemental settlement deed in relation to the profit guarantee compensation

With reference to the Company's announcements dated 26 April 2015 and 29 May 2015 in relation to the acquisition of the electric cycles business, Mr. Lee Man Bun ("Mr. Lee") as the vendor irrevocably warranted and guaranteed to the Company that the after-tax audited consolidated net profit of the electric cycles business for the year ended 30 June 2016 shall not be less than HK$100,000,000 (the "Guaranteed Net Profit").

In the event that the electric cycles business cannot achieve the Guaranteed Net Profit, Mr. Lee has irrevocably undertaken to the Company to pay to the Company in cash within 10 business days from the date of receipt of the certificate from the auditors of the Company an amount equal to the shortfall (the "Profit Guarantee Compensation").

In view of the loss recorded for the year ended 30 June 2016 of the electric cycles business, Mr. Lee had been requested to settle the Profit Guarantee Compensation of HK$100,000,000. After arm's length negotiations, on 26 September 2016, Mr. Lee and the Company entered into a settlement deed regarding the settlement of the Profit Guarantee Compensation of HK$100,000,000 and the additional amount of compensation of HK$850,000, in which HK$70,700,000 was settled by Mr. Lee on 27 September 2016 and 21 September 2017. Pursuant to the supplemental settlement deed entered into between Mr. Lee and the Company on 28 September 2018, Mr. Lee shall pay HK$30,650,000 (being the sum of the outstanding settlement payment of HK$30,150,000 and the additional amount of compensation of HK$500,000) to the Company in the following manner: (a) HK$10,000,000 shall be paid to the Company on the date of the supplemental settlement deed; and (b) HK$20,650,000 shall be paid to the Company on or before 31 March 2019.

Disposal of a land in the PRC

On 7 September 2017, Advanced System Group Limited, an indirectly wholly-owned subsidiary of the Company, as vendor entered into a sales and purchase agreement (the "PRC Land Disposal Agreement") with an independent third party as purchaser. Pursuant to the PRC Land Disposal Agreement, the purchaser agreed to acquire and the vendor agreed to sell the entire issued share capital of Miracle True Investment Limited and its subsidiary in the PRC, which holds a PRC land in Huizhou City, Guangdong Province, the PRC, and the shareholder's loan in cash at a consideration of HK$11 million, in which HK$550,000 had been received on 7 September 2017 and the remaining balance of HK$10.5 million will be payable by the purchaser within six months from the date of the PRC Land Disposal Agreement. On 7 February 2018, the vendor and the purchaser confirmed their mutual agreement to extend the long stop date to 31 January 2019 or such other date as the vendor and the purchaser may agree in writing.

The disposal was classified as a non-disclosable transaction under Chapter 14 of the Listing Rules.

Disposal of 49% equity interest in Perfect Essential Holdings Limited

On 4 April 2018, the Company as vendor, Excellent Point Asia Limited as purchaser and Mr. Zhu Yongjun as guarantor entered into the SPA, pursuant to which the Company conditionally agreed to sell and the purchaser conditionally agreed to purchase the 49 issued shares of US$1.00 each in the share capital of Perfect Essential Holdings Limited, representing 49% of the issued share capital of the Target Company, and the sale loans to be assigned by the vendor to the purchaser, subject to the terms and conditions of the SPA at a total consideration of HK$64,484,382.2.

Pursuant to the SPA, the purchaser and the vendor shall enter into the option deed in respect of the grant of the call option upon the first completion, pursuant to which the vendor shall grant the purchaser the right to acquire all but not part of the option shares, representing 51% of the issued share capital of the Target Company, and the option loan, within six months from the first completion date.

The first completion took place on 18 July 2018 in accordance with the terms and conditions of the SPA. Immediately upon the first completion, the Company held 51% equity interest of the Target Company and the Target Group became non-wholly-owned subsidiaries of the Company.

Details of the transaction are set out in the Company's announcements dated 4 April 2018, 26 April 2018, 11 May 2018, 8 June 2018, 16 July 2018 and 18 July 2018; and the Company's circular dated 25 June 2018.

Memorandum of understanding in relation to the proposed investment in the business of production of building and construction materials made by recycled materials

On 17 September 2018, the Company entered into a non-legally binding memorandum of understanding with CMAT in relation to the proposed investment by the Company in a business of production of building and construction materials made by recycled materials.

Details of the memorandum of understanding are set out in the Company's announcement dated 17 September 2018.

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

As at 30 June 2018, the Group had no significant capital commitments (2017: Nil).

FOREIGN CURRENCY RISK

Most of the Group's assets and liabilities are denominated in Hong Kong dollars and Renminbi, Swedish Krona and Japanese Yen which are the functional currencies of respective group companies. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group had approximately 80 (2017: 67) employees in Hong Kong, the PRC, Japan, Canada and Sweden. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Other staff benefits include bonuses awarded on a discretionary basis, medical schemes and share option scheme.

CONNECTED TRANSACTIONS

Save as disclosed, the Company did not have any other connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules for the year ended 30 June 2018.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 30 June 2018.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (the "2018 AGM") is scheduled to be held on 6 December 2018. For determining the entitlement to attend and vote at the 2018 AGM, the register of members of the Company will be closed from 3 December 2018 to 6 December 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order for a shareholder of the Company to be eligible to attend and vote at 2018 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 30 November 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 30 June 2018, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules except for the deviation from the code provision A.4.1 which is explained below.

Code provision A.4.1

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The existing independent non-executive Directors were not appointed for a specific term as required under the code provision A.4.1 but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

Code Provision A.6.7

Under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Chui Kwong Kau, a non-executive Director, was unable to attend the annual general meeting of the Company held on 30 November 2017 as he had other business engagement at the time of such meeting.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the full set of Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of the conduct for securities transactions by directors. The prohibitions on securities dealing and disclosure requirements in the Model Code apply to specified individuals including the Group's senior management and also persons who are privy to price sensitive information of the Group. Having made specific enquiry of all Directors, the Board confirmed that all Directors had complied with the Model Code regarding directors' securities transactions during the year and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, Mr. Chiu Wai On (the chairman of the Audit Committee), Mr. Man Kwok Leung and Dr. Wong Yun Kuen. The primary duties of the Audit Committee are to (i) review the Group's financial reporting system, the nature and scope of audit review; (ii) review the effectiveness of the system of internal control procedures and risk management and the Company's internal audit function; and (iii) review and monitor the external auditor's independence and objectivity. In addition, the Audit Committee discusses matters raised by the external auditor and regulatory bodies to ensure that appropriate recommendations are implemented. The Audit Committee meets as and when required to perform its responsibilities and at least twice a year.

The Audit Committee has reviewed with the management of the Company and the external auditor the Group's annual results for the year ended 30 June 2018, and was of the opinion that the preparation of such results are in compliance with the relevant accounting standards, rules and regulations and that adequate disclosures have been made.

SCOPE OF WORK OF BDO LIMITED ON THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2018 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO 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 BDO Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.detai-group.com). The annual report will be despatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

By order of the Board
DeTai New Energy Group Limited
Wong Hin Shek
Chairman and Executive Director

Hong Kong, 28 September 2018

As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek, Mr. Chi Chi Hung, Kenneth, Mr. Chan Wai Ki and Mr. Zhou Danqing; the non-executive Director is Mr. Chui Kwong Kau; and the independent non-executive Directors are Mr. Chiu Wai On, Mr. Man Kwok Leung and Dr. Wong Yun Kuen.