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 2019

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 2019, together with comparative figures from the previous corresponding year, summarised as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
Continuing operations			
Turnover	3.1	**62,881**	59,896
Cost of sales		**(22,299)**	(45,742)
Gross profit		**40,582**	14,154
Other income and gains	4	**9,586**	2,403
Selling and distribution expenses		**(2,081)**	(4,897)
General and administrative expenses		**(84,540)**	(158,354)
Finance costs	7	**(1,240)**	(8,170)
Share of loss of an associate		**–**	(5)
Impairment loss on intangible assets	11	**(6,569)**	(151,933)
Impairment loss on goodwill	12	**–**	(60,345)
Impairment loss on loans receivable	16	**(127,148)**	(2,441)
Impairment loss on property, plant and equipment		**(2,390)**	–
Gain on disposal of a subsidiary	24	**880**	36,177
Change in fair value of financial liabilities at fair value through profit or loss	21	**–**	131,221
Loss before income tax	5	**(172,920)**	(202,190)
Income tax credit	8	**3,988**	39,777
Loss for the year from continuing operations		**(168,932)**	(162,413)
Discontinued operations			
Profit for the year from discontinued operations	6	**–**	4,929
Loss for the year		**(168,932)**	(157,484)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)
For the year ended 30 June 2019

	Note	**2019** **HK$'000**	2018 HK$'000
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**7,713**	(882)
Changes in fair value of available-for-sale investments		**–**	6,333
Release of exchange reserve upon disposal of subsidiaries		**–**	2,518
Other comprehensive income for the year		**7,713**	7,969
Total comprehensive income for the year		**(161,219)**	(149,515)
Loss for the year attributable to:			
Owners of the Company		**(154,992)**	(156,754)
Non-controlling interests		**(13,940)**	(730)
		(168,932)	(157,484)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(147,454)**	(148,858)
Non-controlling interests		**(13,765)**	(657)
		(161,219)	(149,515)
(Loss)/earnings per share to owners of the Company from continuing and discontinued operations:	*10*		
— Basic		**HK(0.99) cent**	HK(2.72) cents
— Diluted		**HK(0.99) cent**	HK(2.72) cents
From continuing operations			
— Basic		**HK(0.99) cent**	HK(2.81) cents
— Diluted		**HK(0.99) cent**	HK(2.81) cents
From discontinued operations			
— Basic		**N/A**	HK0.09 cent
— Diluted		**N/A**	HK0.09 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**2019** **HK$'000**	2018 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**487,804**	492,477
Intangible assets	*11*	**–**	7,100
Goodwill	*12*	**57,150**	55,997
Interests in an associate		**–**	–
Financial assets at fair value through profit or loss	*13*	**110,015**	–
Available-for-sale investments	*14*	**–**	107,356
Total non-current assets		**654,969**	662,930
Current assets			
Inventories		**50,888**	56,625
Trade receivables, other receivables, deposits and prepayments	*15*	**28,523**	57,194
Loans receivable	*16*	**92,349**	167,282
Amount due from non-controlling interests	*17*	**29,369**	–
Financial assets at fair value through profit or loss	*13*	**20,000**	30,000
Pledged bank balances		**1,872**	3,655
Bank balances and cash		**302,424**	421,680
		525,425	736,436
Assets of a disposal group held for sale		**91,555**	10,341
Total current assets		**616,980**	746,777
Current liabilities			
Trade payables, other advances and accruals	*18*	**17,563**	47,416
Contract liabilities		**2,794**	–
Borrowings	*19*	**10,766**	10,706
Amount due to non-controlling interests	*20*	**70,275**	–
Tax payable		**2,618**	2,717
		104,016	60,839
Liabilities of a disposal group held for sale		**402**	284
Total current liabilities		**104,418**	61,123

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 30 June 2019

	Notes	**2019** **_HK$'000_**	2018 *HK$'000*
Net current assets		**512,562**	685,654
Total assets less current liabilities		**1,167,531**	1,348,584
Non-current liabilities			
Borrowings	*19*	**128,961**	135,222
Deferred tax liabilities		**71,928**	74,258
Total non-current liabilities		**200,889**	209,480
Net assets		**966,642**	1,139,104
EQUITY			
Share capital	*22*	**784,776**	784,776
Reserves		**256,987**	353,658
Equity attributable to owners of the Company		**1,041,763**	1,138,434
Non-controlling interests		**(75,121)**	670
Total equity		**966,642**	1,139,104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 was Room 2702, 27/F, 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) provision of money lending services; (iii) new energy business; (iv) trading and distribution of liquor and wines; and (v) investments in 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 2018:

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarification to HKFRS 15)
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Considerations

Changes in accounting policies

This is the first set of the Group's financial statements in which HKFRS 9 and HKFRS 15 have been adopted. The impact of the adoption of HKFRS 9 Financial Instruments (see note (A) below) and HKFRS 15 Revenue from Contracts with Customers (see note (B) below) have been summarised below. The other new or amended HKFRSs that are effective from 1 July 2018 did not have any material impact on the Group's accounting policies.

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

(a) Adoption of new/revised HKFRSs *(Continued)*

Changes in accounting policies *(Continued)*

(A) HKFRS 9 Financial Instruments ("HKFRS 9")

(i) Classification and measurement of financial instruments

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has applied HKFRS 9 retrospectively, with the initial application date of 1 July 2018.

	HK$'000
Accumulated losses	
Accumulated losses as at 30 June 2018 as originally stated	1,200,719
Increase in expected credit losses ("ECL") *(note (A)(ii) below)*	13,390
Reclassification of available-for-sale investments to financial assets at fair value through profit or loss ("FVPL") *(note (A)(i) below)*	(4,831)
Restated accumulated losses as at 1 July 2018	1,209,278

	HK$'000
Available-for-sale investments revaluation reserve	
Available-for-sale investments revaluation reserve as at 30 June 2018 as originally stated	4,831
Reclassification of available-for-sale investments to financial assets at FVPL *(note (A)(i) below)*	(4,831)
Restated available-for-sale investments revaluation reserve as at 1 July 2018	–

HKFRS 9 basically retains the existing requirements in HKAS 39 for classification and measurements of financial liabilities. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale investments. Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), financial assets are measured at its fair value plus, in the case of a financial assets not at fair value through profit or loss, transaction cost at initial recognition and subsequently measured at FVPL, amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instrument's contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the "SPPI criterion").

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

(a) Adoption of new/revised HKFRSs *(Continued)*

Changes in accounting policies *(Continued)*

(A) HKFRS 9 Financial Instruments ("HKFRS 9") *(Continued)*

(i) Classification and measurement of financial instruments *(Continued)*

A financial asset is measured at amortised cost if both of the following conditions are met and it has not been designated as at FVPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if both of the following conditions are met and it has not been designated as at FVPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI or FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The new classification and measurement of the Group's financial assets are as follows:

— Debt instruments at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss. Debt instruments at amortised cost are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's bank balances and cash, pledged bank balances, loans receivable, trade receivables, amount due from non-controlling interests and financial assets included in other receivables and deposits.

— Financial assets at FVPL include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under HKAS 39, those debt instruments were classified as financial assets at FVPL. This category includes investments in unlisted private funds and compensation from profit guarantee.

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

(a) **Adoption of new/revised HKFRSs** *(Continued)*

Changes in accounting policies *(Continued)*

(A) ***HKFRS 9 Financial Instruments ("HKFRS 9")*** *(Continued)*

(i) Classification and measurement of financial instruments *(Continued)*

The assessment of the Group's business model was made as of the date of initial application, i.e. 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The Group elected to present in profit or loss for the fair value changes of all its investments in investments in unlisted private funds previously classified as available-for-sale investments because these unlisted private funds failed to meet the SPPI criterion. Accordingly, the consolidated statement of financial position as at 1 July 2018 was adjusted, resulting in a reclassification of available-for-sale investments to financial assets at FVPL of HK$107,356,000 at the date of initial application of HKFRS 9. In addition, the fair value gains of HK$4,831,000 relating to those unlisted private funds previously carried at fair value in available-for-sale investments revaluation reserve were then be transferred to accumulated losses as at 1 July 2018.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 July 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 30 June 2018 under HKAS 39** *HK$'000*	**Effect of adoption of HKFRS 9** *HK$'000*	**Carrying amount as at 1 July 2018 under HKFRS 9** *HK$'000*
Available-for-sales investments	Available-for-sale (at fair value) *(note 2(A)(i))*	FVPL	107,356	–	107,356
Trade receivables	Loans and receivable	Amortised cost	3,498	(40)	3,458
Other receivables and deposits	Loans and receivable	Amortised cost	29,493	(440)	29,053
Loans receivable	Loans and receivable	Amortised cost	167,282	(12,910)	154,372
Financial assets at fair value through profit or loss	Financial asset at FVPL	FVPL	30,000	–	30,000
Pledged bank balances	Loans and receivable	Amortised cost	3,655	–	3,655
Bank balances and cash	Loans and receivable	Amortised cost	421,680	–	421,680

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

(a) Adoption of new/revised HKFRSs *(Continued)*

Changes in accounting policies *(Continued)*

(A) HKFRS 9 Financial Instruments ("HKFRS 9") *(Continued)*

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognised ECL for loans receivable, trade receivables, amount due from non-controlling interests, other receivables and deposits earlier than HKAS 39. Pledged bank balances and bank balances and cash are subject to ECL model but the Group considered the effect of impairment is insignificant for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECL: these are the ECL that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

Measurement of ECL

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECL based on lifetime ECL. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECL are based on the 12-months ECL. The 12-months ECL is the portion of the lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

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

Presentation of ECL

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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

(a) Adoption of new/revised HKFRSs *(Continued)*

***Changes in accounting policies** (Continued)*

***(A) HKFRS 9 Financial Instruments ("HKFRS 9")** (Continued)*

(ii) Impairment of financial assets *(Continued)*

Impact of the ECL model

Loans receivable

For loans receivable, the Group applied different expected loss rates to different classes of receivables according to their respective risk characteristics for measuring ECLs under HKFRS 9 and recognised 12-months ECLs or lifetime ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of loans receivable have increased significantly since initial recognition and when estimating ECLs, the Group engaged an independent professional valuer to assist the management to determine ECLs by considering reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and credit assessment including forward-looking information.

As at 1 July 2018, the expected credit loss allowance of HK$12,910,000 on the loans receivable has been recognised against accumulated losses. The balances of loans receivable as at 30 June 2018 reconciled to the balances as at 1 July 2018 is as follows:

	HK$'000
Loans receivable at 30 June 2018 under HKAS 39 as originally stated	167,282
Recognition of additional expected credit losses upon the implementation of HKFRS 9	(12,910)
Loans receivable at 1 July 2018 under HKFRS 9 as restated	154,372

Trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. This resulted in an increase of the loss allowance on 1 July 2018 by HK$40,000 for trade receivables.

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

(a) Adoption of new/revised HKFRSs *(Continued)*

Changes in accounting policies *(Continued)*

(A) HKFRS 9 Financial Instruments ("HKFRS 9") *(Continued)*

(ii) Impairment of financial assets *(Continued)*

Impact of the ECL model *(Continued)*

Other receivables and deposits

Other receivables and deposits are measured at amortised cost. Upon the implementation of HKFRS 9, expected credit loss allowances of HK$440,000 has been recognised against accumulated losses as at 1 July 2018.

As a result of the above change, the following table summarises the impact of the new HKFRS 9 impairment model that results in additional expected credit losses as at 1 July 2018 as follows:

	HK$'000
Loss allowances at 30 June 2018 under HKAS 39 as originally stated	3,567
Recognition of additional expected credit losses on	
— Loans receivable	12,910
— Trade receivables	40
— Other receivables and deposits	440
Loss allowances at 1 July 2018 under HKFRS 9 as restated	16,957

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECL rules are therefore not reflected in the consolidated statement of financial position as at 30 June 2018, but are recognised in the consolidated statement of financial position on 1 July 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in accumulated losses and reserves as at 1 July 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9:

- The determination of the business model within which a financial asset is held; and
- The designation and revocation of previous designations of certain financial assets and financial liabilities at FVPL.

If an investment in a debt investment had low credit risk at the date of initial application of HKFRS 9, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

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

(a) **Adoption of new/revised HKFRSs** *(Continued)*

Changes in accounting policies *(Continued)*

(B) HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect transition method. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of accumulated losses at the date of initial application (that is, 1 July 2018) if any. As a result, the financial information presented for 2018 has not been restated.

HKFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group has assessed the impacts of adopting HKFRS 15 on its consolidated financial statements and considered there is no significant impact on the Group's revenue recognition.

Revenue from sales of goods is recognised at a point in time as when the control of the goods has been transferred to the customers and there is no unfulfilling performance obligation after the acceptance of the goods. Hotel revenue from room rental is recognised overtime as the customers simultaneously receives and consume the benefits of the Group's services. Hotel revenue from food and beverage sales and other ancillary services are recognised at a point in time when the relevant services provided to the customers and there is no unfulfilling performance obligation after the services rendering.

Upon the adoption of HKFRS 15, if there is any satisfied performance obligation but where the Group does not have an unconditional right to consideration, the Group should recognised a contract asset. No contract asset is recognised upon transition and at the end of reporting period. If the Group does not satisfied any performance obligation but the Group has an unconditional right to consideration, the Group should recognised contract liabilities.

Previously, contract liabilities relating to "Receipts in advance" were presented in the consolidated statement of financial position under "Trade payables, other advances and accruals".

To reflect these changes in presentation, the Group has made the reclassification adjustment as at 1 July 2018. As a result of the adoption of HKFRS 15, receipts in advance of HK$2,389,000 previously included in "Trade payables, other advances and accruals" as at 1 July 2018 are reclassified as contract liabilities.

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

(a) Adoption of new/revised HKFRSs *(Continued)*

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.

The adoption of these amendments has no impact on the Group's consolidated financial statements as the periods to which the transition provision exemptions related have passed.

Amendments 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.

The adoption of these amendments has no impact on these consolidated financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first, year.

Amendments to HKAS 40, Investment Property — 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.

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

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.

The adoption of these amendments has no impact on these consolidated financial statements as the Group has not paid or received advance consideration in a foreign currency.

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:

HKFRS 16	Leases[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes[1]
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23, Borrowing Costs[1]
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 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2017. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.
4 Effective for business combinations and assets acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

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.

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 16 — Leases *(Continued)*

The total operating lease commitment of the Group in respect of office premises and vehicles as at 30 June 2019 amounted to HK$5,980,000. 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.

Amendments to HKAS 1 and HKAS 8 — Definition of Material

The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendments clarify that, in assessing whether an information could reasonably be expected to influence decisions of the primary users, an entity must consider the characteristics of those users as well as its own circumstances.

Amendments to HKFRS 3 — Definition of a Business

The amendments clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

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.

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.

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 HKAS 28 — Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests ("LTI") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKFRS 3, Business Combinations

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 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKAS 12, Income Taxes

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 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKAS 23, Borrowing Costs

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 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

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 during the year.

	2019	2018
	HK$'000	*HK$'000*
Hotel hospitality business	**33,226**	37,383
Money lending services	**22,332**	10,859
New energy business	**6,409**	7,737
Liquor and wine	**914**	3,917
	62,881	59,896

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 ended 30 June 2018, the Group had 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 were presented as discontinued operations in the Group's consolidated financial statements.

During the year, the chief operating decision-maker has decided to rename the segment of "investments in securities and funds" to "investments in funds" to reflect the current business activities in such segment.

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) provision of money lending services;

(iii) new energy business;

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

(v) investments in funds

There were no inter-segment transactions between different operating segments for the year (2018: 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.

3. TURNOVER AND SEGMENT REPORTING *(Continued)*

3.2 Segment reporting *(Continued)*

(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 2019

	Hotel hospitality business *HK$'000*	**Money lending services** *HK$'000*	**New energy business** *HK$'000*	**Liquor and wine** *HK$'000*	**Investments in funds** *HK$'000*	**Total** *HK$'000*
Segment revenue	**33,226**	**22,332**	**6,409**	**914**	**–**	**62,881**
Segment (loss)/profit	**(6,771)**	**(106,460)**	**(29,944)**	**(3,091)**	**4,301**	**(141,965)**
Unallocated corporate income and gains						**4,716**
Unallocated corporate expenses *(Note)*						**(32,284)**
Finance costs						**(1,240)**
Share-based payment expenses						**(2,147)**
Loss before income tax from continuing operations						**(172,920)**

For the year ended 30 June 2018

	Hotel hospitality business *HK$'000*	Money lending services *HK$'000*	New energy business *HK$'000*	Liquor and wine *HK$'000*	Investments in funds *HK$'000*	Total *HK$'000*
Segment revenue	37,383	10,859	7,737	3,917	–	59,896
Segment (loss)/profit	(1,766)	5,562	(146,210)	12,293	(5,652)	(135,773)
Unallocated corporate income and gains						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)

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 2019 and 2018.

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:

	2019	2018
	HK$'000	*HK$'000*
Segment assets		
Hotel hospitality business	**550,562**	546,586
Money lending services	**124,357**	193,031
New energy business	**4,057**	18,285
Liquor and wine	**72,178**	77,379
Investments in funds	**116,054**	109,265
Total segment assets	**867,208**	944,546
Assets of a disposal group held for sale	**91,555**	10,341
Unallocated bank balances and cash	**255,851**	407,182
Unallocated corporate assets *(Note)*	**57,335**	47,638
Consolidated total assets	**1,271,949**	1,409,707

	2019	2018
	HK$'000	*HK$'000*
Segment liabilities		
Hotel hospitality business	**145,781**	148,440
Money lending services	**181**	3,573
New energy business	**79,564**	5,940
Liquor and wine	**2,663**	2,719
Investments in funds	**183**	260
Total segment liabilities	**228,372**	160,932
Liabilities of a disposal group held for sales	**402**	284
Tax payable	**2,618**	2,717
Deferred tax liabilities	**71,928**	74,258
Unallocated corporate liabilities	**1,987**	32,412
Consolidated total liabilities	**305,307**	270,603

Note:

Unallocated corporate assets mainly comprised of amount due from non-controlling interests and compensation from profit guarantee for the year ended 30 June 2019 and 2018.

3. TURNOVER AND SEGMENT REPORTING *(Continued)*

3.2 Segment reporting *(Continued)*

(d) Other segment information

For the year ended 30 June 2019

	Hotel hospitality business *HK$'000*	Money lending services *HK$'000*	New energy business *HK$'000*	Liquor and wine *HK$'000*	Investments in 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	1,025	–	316	–	–	165	1,506
Depreciation of property, plant and equipment	(6,172)	(28)	(867)	(3)	(154)	(1,362)	(8,586)
Amortisation of intangible assets	–	–	(536)	–	–	–	(536)
Reversal of written down of inventories	–	–	–	1,251	–	–	1,251
Impairment loss on property, plant and equipment	–	–	(2,390)	–	–	–	(2,390)
Impairment loss on trade receivables	(1)	–	(2)	(1,076)	–	–	(1,079)
Impairment loss on loans receivable	–	(127,148)	–	–	–	–	(127,148)
Gain on disposal of a subsidiary	–	–	–	–	–	880	880
Interest income	–	–	1	14	11	1	27
Change in fair value of financial assets at fair value through profit or loss	–	–	–	–	5,183	–	5,183
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment profit or loss:							
Finance costs	(1,121)	–	(119)	–	–	–	(1,240)

3. TURNOVER AND SEGMENT REPORTING *(Continued)*

3.2 Segment reporting *(Continued)*

(d) ***Other segment information*** *(Continued)*

For the year ended 30 June 2018

	Hotel hospitality energy business *HK$'000*	Money lending services *HK$'000*	New energy business *HK$'000*	Liquor and wine *HK$'000*	Investments in 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	5	3,659	–	–	2,366	6,303
Depreciation of property, plant and equipment	(6,203)	(308)	(688)	(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 subsidiaries	–	–	–	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:							
Finance costs	(1,174)	(1,090)	(86)	–	–	(5,820)	(8,170)

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	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**22,332**	10,859	**2,537**	8,688
PRC	**2,639**	4,091	**9**	1,242
Sweden	**4,684**	7,563	**–**	7,538
Canada	**–**	–	**–**	1,456
Japan	**33,226**	37,383	**542,408**	536,650
	62,881	59,896	**544,954**	555,574

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:

	2019	2018
	HK$'000	*HK$'000*
Customer A*	**4,053**	6,309

* Revenue form this customer is less than 10% of the total turnover of the Group for the year ended 30 June 2019.

4. OTHER INCOME AND GAINS

	2019 *HK$'000*	2018 *HK$'000*
Continuing operations		
Bank interest income	**27**	105
Additional compensation in relation to profit guarantee	**500**	150
Other operating income	**320**	730
Interest income on amount due from non-controlling interests	**746**	–
Net surplus on revaluation of investment properties	**1,614**	–
Change in fair value of financial assets at fair value through profit or loss	**5,183**	–
Other sundry income	**1,196**	1,418
	9,586	2,403

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2019 *HK$'000*	2018 *HK$'000*
Continuing operations		
Auditor's remuneration	**2,300**	2,100
Depreciation of property, plant and equipment	**8,586**	11,688
Amortisation of prepaid lease payments for land	**–**	264
Cost of inventories recognised as expense, including:	**22,299**	45,742
— (Reversal of)/write-down of inventories	**(1,251)**	10,726
Amortisation of issuance cost of corporate bonds	**–**	751
Amortisation of intangible assets *(note 11)*	**536**	24,224
Impairment loss on loans receivable *(note 16)*	**127,148**	2,441
Impairment loss on trade receivables *(note 15)*	**1,079**	628
Reversal of impairment loss on other receivable and deposits	**(298)**	–
Impairment loss on available-for-sale investments *(note 14)*	**–**	2,705
Impairment loss on intangible assets *(note 11)*	**6,569**	151,933
Impairment loss on goodwill *(note 12)*	**–**	60,345
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**23,014**	28,106
Contributions to retirement benefit schemes	**2,066**	2,706
Share-based payment expenses to employees	**(327)**	1,117
Share-based payment expenses to consultants	**2,474**	6,915
Operating lease rentals in respect of:		
Office premises	**5,712**	14,093
Vehicles	**378**	303
Exchange losses, net	**4,767**	335
Loss on disposal of property, plant and equipment	**–**	430
Written off of property, plant and equipment	**773**	–

6. DISCONTINUED OPERATIONS

The Group has no discontinued operations for the year ended 30 June 2019.

For the year ended 30 June 2018, the Group had completed to dispose the business of manufacturing and trading electric cycle ("Electric Cycle Business") to independent third parties. Electric Cycle Business represented separated line of major business and is classified as discontinued operations for the year.

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

	2018 *HK$'000*
Turnover	–
Cost of sales	–
Gross profit	–
Other income and gains	324
Selling and distribution expenses	(1)
General and administrative expenses	(2,808)
Finance costs	(283)
Loss before income tax	(2,768)
Gain on disposal of operations	7,697
Income tax expense	–
Profit for the year from discontinued operations	4,929
Operating cash outflows	(438)
Investing cash inflows	313
Financing cash outflows	(283)
Effect of foreign exchange rate changes, net	83
Total cash outflows	(325)

Employee benefit expense of discontinued electric cycles businesses of HK$695,000 included total wages and salaries of HK$605,000 and total contributions to retirement benefit schemes of HK$90,000 for the year ended 30 June 2018.

7. FINANCE COSTS

	2019 ***HK$'000***	2018 *HK$'000*
Continuing operations		
Interest on corporate bonds	**–**	2,785
Interest on bank loans and bank overdraft	**1,240**	1,258
Interest on other loans	**–**	4,127
	1,240	8,170

8. INCOME TAX CREDIT

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profit arising in Hong Kong for both years ended 30 June 2019 and 2018. No provision for Hong Kong profits tax has been made for the current period as the Group has no assessable profits arising in Hong Kong.

The subsidiaries established in the PRC are subject to enterprise income tax ("EIT") at tax rates of 25% for both years ended 30 June 2019 and 2018. 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 2019 and 2018 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 2019 and 2018.

The subsidiary established in Sweden is subject to corporate income tax at tax rates of 22% for the year ended 30 June 2019 and 2018. No provision for Sweden corporate income taxes have been made for the current and prior periods as the Group has no assessable profits arising in Sweden.

	2019			2018		
	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	**(3,998)**	**–**	**(3,998)**	(39,797)	–	(39,797)
Total income tax credit	**(3,988)**	**–**	**(3,988)**	(39,777)	–	(39,777)

9. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 30 June 2019 (2018: Nil).

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share 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:

	2019	2018
	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	**(154,992)**	(161,683)
— Discontinued operations	**–**	4,929
Loss from continuing operations and discontinued operations	**(154,992)**	(156,754)

	Number of shares	
	2019	2018
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**15,695,532**	5,747,861

Diluted loss 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.

11. 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 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 and 1 July 2018	–	–	–	–	141,580	37,340	14,491	193,411
Exchange realignment	–	–	–	–	(5,749)	(1,517)	(589)	(7,855)
At 30 June 2019	–	–	–	–	135,831	35,823	13,902	185,556
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES:								
At 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 and 1 July 2018	–	–	–	–	136,208	36,025	14,078	186,311
Amortisation for the year	–	–	–	–	336	131	69	536
Impairment loss recognised	–	–	–	–	5,041	1,184	344	6,569
Exchange realignment	–	–	–	–	(5,754)	(1,517)	(589)	(7,860)
At 30 June 2019	–	–	–	–	135,831	35,823	13,902	185,556
NET CARRYING AMOUNT:								
At 30 June 2019	–	–	–	–	–	–	–	–
At 30 June 2018	–	–	–	–	5,372	1,315	413	7,100

11. 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$5,041,000 (2018: HK$120,343,000) 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$5,041,000 has been recognised for the year ended 30 June 2019 (2018: HK$114,971,000). Details of the impairment assessment of that cash-generating unit are set out in note 12 to the consolidated financial statements.

(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$1,184,000 (2018: HK$29,449,000) 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$1,184,000 has been recognised for the year ended 30 June 2019 (2018: HK$28,134,000). Details of the impairment assessment of that cash-generating unit are set out in note 12 to the consolidated financial statements.

(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$344,000 (2018: HK$9,241,000) 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$344,000 has been recognised for the year ended 30 June 2019 (2018: HK$8,828,000). Details of the impairment assessment of that cash-generating unit are set out in note 12 to the consolidated financial statements.

12. GOODWILL

	HK$'000
COST:	
At 1 July 2017	863,150
Disposal of subsidiaries	(761,407)
Exchange realignment	14,599
At 30 June 2018 and 1 July 2018	116,342
Exchange realignment	(5,957)
At 30 June 2019	110,385
ACCUMULATED IMPAIRMENT LOSSES:	
At 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 and 1 July 2018	60,345
Exchange realignment	(7,110)
At 30 June 2019	53,235
NET CARRYING AMOUNT:	
At 30 June 2019	57,150
At 30 June 2018	55,997

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

	HK$'000
Year ended 30 June 2019	
Hotel hospitality business	**57,150**
New energy business	**–**
	57,150

	HK$'000
Year ended 30 June 2018	
Hotel hospitality business	55,997
New energy business	–
	55,997

12. GOODWILL *(Continued)*

Notes:

Hotel hospitality business

The goodwill was arising from the acquisition of hotel hospitality. The goodwill with the carrying amount of HK$57,150,000 as at 30 June 2019 (2018: HK$55,997,000) 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 an independent qualified valuer. 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 Directors of the Company are in opinion that no impairment loss (2018: Nil) was considered for the year ended 30 June 2019.

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 carrying amount of goodwill is nil as at 30 June 2019. The goodwill with the carrying amount of HK$60,345,000 (before the impairment loss) as at 30 June 2018 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 an independent qualified valuer. 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%. The cash flow projections beyond the 5 years periods are extrapolated using a growth rate at 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.

For the year ended 30 June 2019 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 an independent qualified valuer. 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 25%. The cash flow projections beyond the 5 years periods are extrapolated using a growth rate at 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. The recoverable amount of the New Energy Business CGU is considered as nil at 30 June 2019.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	*HK$'000*
Compensation from profit guarantee *(note (a))*	**20,000**	30,000
Investments in unlisted private funds *(note (b))*	**110,015**	–
	130,015	30,000
Less: Non-current portion	**(110,015)**	–
Current portion	**20,000**	30,000

Notes:

(a) 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 2019, no fair value change of compensation from profit guarantee (2018: Nil) was recognised in the consolidated statement of comprehensive income.

(b) For the year ended 30 June 2019, the fair value gain of unlisted private funds was HK$5,183,000 which has been dealt with in the consolidated statement of comprehensive income for the year ended 30 June 2019. In addition, the Group disposed one of the unlisted private funds with net proceeds of HK$2,524,000.

14. AVAILABLE-FOR-SALE INVESTMENTS

	2019	2018
	HK$'000	*HK$'000*
Investments in unlisted private funds	**–**	107,356

Note:

For 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 which has been dealt with 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.

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

As disclosed in note 2(a)(A)(i), investments in unlisted private funds were reclassified from available-for-sale investments to financial assets at fair value through profit or loss upon the adoption of HKFRS 9. Details of the financial assets at fair value through profit or loss are set out in note 13 to the consolidated financial statements.

15. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**3,120**	4,624
Less: Provision for impairment losses	**(2,121)**	(1,126)
Trade receivables, net *(note a)*	**999**	3,498
Other receivables	**17,882**	16,470
Prepayments for purchase	**–**	932
Other deposits and prepayments *(note b)*	**9,642**	36,294
	28,523	57,194

Notes:

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

The ageing analysis of trade receivables, net of provision for impairment losses, based on invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**827**	2,094
31–60 days	**129**	45
61–90 days	**17**	21
Over 90 days	**26**	1,338
	999	3,498

The movements in the expected credit losses for trade receivables for the year ended 30 June 2019 are as follows:

	2019
	HK$'000
At 30 June 2018 as originally stated	**1,126**
Effect on the adoption of HKFRS 9	**40**
At 1 July 2018 as restated	**1,166**
Expected credit losses for the year	**1,079**
Exchange realignment	**(124)**
As at 30 June 2019	**2,121**

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

Notes: (Continued)

(a) The movements in the impairment for trade receivables for the year ended 30 June 2018 are as follows:

	2018
	HK$'000
At 1 July 2017	82,753
Impairment loss for the year	628
Disposal of a subsidiary	(83,714)
Written off of trade receivable	(127)
Exchange realignment	1,586
At 30 June 2018	1,126

Included in the provision for impairment losses is individually impaired trade receivable with balance of HK$1,126,000 as at 30 June 2018 from trade debtors who have been in severe financial difficulties.

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

	2018
	HK$'000
Neither past due nor impaired	2,100
Less than 1 month past due	42
1 to 3 months past due	33
More than 3 months past due	1,323
	3,498

As at 30 June 2018, 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 as at 30 June 2018.

The Group does not hold any collateral over these balances.

(b) As at 30 June 2018, the balances mainly included the sales loan receivable of HK$18,000,000 and the deposit for the office. The Group has received the settlement of sales loan receivable during the year ended 30 June 2019.

16. LOANS RECEIVABLE

	2019	2018
	HK$'000	*HK$'000*
Gross loan and interest receivables	**233,710**	169,723
Less: Provision for impairment losses	**(141,361)**	(2,441)
	92,349	167,282

As at 30 June 2019, the loans receivable with gross principal amount of HK$219,882,000 (2018: HK$164,122,000) in aggregate and related gross interest receivables of HK$13,828,000 (2018: HK$5,601,000) were due from ten (2018: nine) independent third parties. These loans are interest-bearing at rates ranging from 5.5% to 20% (2018: 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.

As at 30 June 2018, all the loans receivable were unsecured. As at 30 June 2019, the Group hold collateral over loans receivable with gross principal amount of HK$102,500,000 (2018: Nil).

Impairment loss of HK$127,148,000 (2018: HK$2,441,000) had been recognised in the consolidated statement of comprehensive income for the year ended 30 June 2019.

The movements in the impairment losses allowances for loans receivable for the year ended 30 June 2019 are as follows:

	2019
	HK$'000
At 30 June 2018 as originally stated	**2,441**
Effect on the adoption of HKFRS 9	**12,910**
At 1 July 2018 as restated	**15,351**
Expected credit losses for the year	**127,148**
Written off of loans receivable	**(2,441)**
Adjustment on interest receivables arising from the impaired loans	**1,303**
At 30 June 2019	**141,361**

The movements in the impairment loss for loans receivable for the year ended 30 June 2018 are as follows:

	2018
	HK$'000
At 1 July 2017	5,199
Impairment loss for the year	2,441
Written off of loans receivable	(5,199)
At 30 June 2018	2,441

16. LOANS RECEIVABLE *(Continued)*

The ageing analysis of loans receivable that are neither individually nor collectively considered to be impaired as at 30 June 2018 is as follows:

	2018
	HK$'000
Neither past due nor impaired	136,802
1 to 3 months past due	–
Over 3 months past due	30,480
	167,282

17. TRANSACTION WITH NON-CONTROLLING INTERESTS

On 4 April 2018, the Group entered into a sale and purchase agreement ("SPA") with the purchaser and Mr. Zhu Yongjun (the "Guarantor"), in which the purchaser is wholly-owned by the Guarantor. The Guarantor is a director of Perfect Essential Holdings Limited, a subsidiary of the Company. Pursuant to the SPA, the Group agreed to dispose of 49% equity interest of Perfect Essential Holdings Limited and its subsidiaries ("EPS Group") at a consideration of HK$382 and the shareholder's loans at a consideration of HK$64,484,000. The Group's effective interest in EPS Group was changed from 100% to 51% upon the completion of the disposal of the 49% equity interests in EPS Group in July 2018. The Group recognised an increase in the deficit of non-controlling interests of HK$62,026,000 and an increase in equity attributable to owners of the Company of HK$62,026,000.

Pursuant to the SPA, the considerations should be settled by the purchaser in five instalments on or before the agreed time frame. During the year ended 30 June 2019, the considerations of the sales shares of HK$382 and the sales loans of HK$35,861,000 have been received by the Company. As at 30 June 2019, remaining considerations of the sales loans with gross principal amount of HK$28,623,000 and the related gross interest receivables of HK$746,000 have been passed due. Share charge on 22% equity interest of the EPS Group has been created by the purchaser as the security for the payment of remaining considerations.

Details of the partial disposal of EPS Group are set out in the Company's announcements dated 4 April 2018, 26 April 2018, 11 May 2018, 8 June 2018, 18 July 2018, 18 October 2018, 31 October 2018, 16 January 2019, 27 February 2019, 17 April 2019, 15 July 2019, 5 August 2019, 16 August 2019, 19 August 2019, 2 September 2019 and 16 September 2019; and the Company's circular dated 25 June 2018.

18. TRADE PAYABLES, OTHER ADVANCES AND ACCRUALS

	2019	2018
	HK$'000	*HK$'000*
Trade payables *(note (a))*	**1,602**	1,522
Receipts in advance	**–**	5,698
Other payables and accruals *(note (b))*	**15,961**	13,876
Deposit received *(note (c))*	**–**	26,320
	17,563	47,416

18. TRADE PAYABLES, OTHER ADVANCES AND ACCRUALS *(Continued)*

Notes:

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

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**1,373**	1,283
31–60 days	**80**	138
61–90 days	**27**	27
Over 90 days	**122**	74
	1,602	1,522

(b) As at 30 June 2019, other payables and accruals consists of accrued audit fee of HK$2,300,000 (2018: HK$2,100,000).

(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 and it's shareholder's loan.

19. BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Bank overdraft	**1,751**	1,589
Bank loans, secured	**137,976**	144,339
	139,727	145,928
Less: Current portion	**(10,766)**	(10,706)
Non-current portion	**128,961**	135,222

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:

	2019	2018
	HK$'000	*HK$'000*
Within one year or on demand	**10,766**	10,706
More than one year, but not exceeding two years	**8,826**	8,853
More than two years, but not exceeding five years	**120,135**	126,369
	139,727	145,928

Bank borrowings were secured by (i) corporate guarantees provided by subsidiaries within the Group as at 30 June 2019 and 2018; (ii) the pledge of Group's assets as set out in note 23; and (iii) the entire equity interest of certain subsidiaries as at 30 June 2019 and 2018.

The abovementioned bank borrowings are charged at floating rates ranging from 0.75% to 8.05% per annum (2018: 0.75% to 8.05%).

20. AMOUNT DUE TO NON-CONTROLLING INTERESTS

The amount due was unsecured, interest-free and repayable on demand.

21. 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 sales orders determined by the Group, 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.

22. SHARE CAPITAL

	Number of shares	**Amount**
	'000	*HK$'000*
Ordinary shares of HK$0.05 each at 30 June 2018 and 2019		
Authorised:		
At 1 July 2017, 30 June 2018, 1 July 2018 and 30 June 2019	30,000,000	1,500,000

	Number of shares	**Amount**
	'000	*HK$'000*
Issued and fully paid:		
At 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, 1 July 2018 and 30 June 2019	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. 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.

23. PLEDGE OF ASSETS

Save as disclosed elsewhere in these consolidated financial statement, 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:

	2019	2018
	HK$'000	*HK$'000*
Property, plant and equipment	**482,972**	479,005
Bank balances	**1,872**	3,655
	484,844	482,660

24. DISPOSAL OF A SUBSIDIARY

(a) Disposal of Show Art Limited ("Show Art")

On 30 November 2018, the Group entered into a share transfer agreement with an independent third party to dispose of the entire equity interest of Show Art at a consideration of HK$5,000,000. Gain on disposal amounted to HK$880,000 was analysed as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	4,132
Prepayment	3
Accruals	(15)
	4,120
Less: Proceeds from disposal	(5,000)
Gain on disposal	(880)
Net cash inflows arising on disposal	5,000

The cash consideration of HK$5,000,000 from the disposal of Show Art had been fully received by the Group during the year. Net cash inflows arising on disposal was HK$5,000,000.

24. DISPOSAL OF A SUBSIDIARY *(Continued)*

(b) 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:

	2018 *HK$'000*
Net liabilities disposed of:	
Other receivables	137
Trade payables and other payables	(30,792)
Tax payable	(7,084)
	(37,739)
Non-controlling interests	(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)

The cash consideration of HK$117 from the disposal of Guocang had been fully received by the Group for the year ended 30 June 2018. Net cash inflows arising on disposal was HK$117.

25. EVENTS AFTER REPORTING PERIOD

(a) Disposal of property holding company

On 25 April 2019, Rich Shine Development Limited ("Rich Shine"), a wholly-owned subsidiary of the Company as a vender, entered into a provisional sale and purchase agreement with an independent third party (the "Purchaser"), for the disposal (i) the sale share, representing the entire issued share capital of Rich Shine; and (ii) the sale loan, at the consideration of HK$82,820,000. The completion shall take place on or before 29 July 2019.

On 29 July 2019, Rich Shine and the Purchaser agreed to defer the date of completion to 13 August 2019.

On 13 August 2019, all conditions precedent for the completion have been fulfilled and completion took place on 13 August 2019. Following the completion, the Group ceased to have any interests in Rich Shine and the financial results of Rich Shine would no longer be consolidated in the financial statements of the Group.

Details of the disposal are set out in the Company's announcements dated 25 April 2019, 29 July 2019 and 13 August 2019.

(b) Second supplemental settlement deed relating to 2016 settlement deed and the supplemental settlement deed

On 27 September 2019, the Company entered into the second supplemental settlement deed for the full and final settlement of the vendor's obligation of the outstanding settlement payment under the 2016 settlement deed and the supplemental settlement deed. Details of the transactions are set out in the Company's announcements dated 26 April 2015, 26 September 2016, 28 September 2018 and 27 September 2019.

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 2019, 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 2019, 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) Impairment loss on intangible assets

Included in the Group's consolidated statement of financial position at 30 June 2018 are intangible assets and goodwill with carrying amount (before recognition of year 2018's impairment loss) of HK$159,033,000 and HK$60,345,000 respectively arising from the acquisition of Emission Particle Solution Sweden AB ("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 had performed an impairment assessment on the Group's 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 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 had 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. Amortisation charge on the intangible assets for the year ended 30 June 2018 amounted to HK$24,224,000. Deferred tax liability relating to the intangible assets was (i) reversed by HK$5,329,000 as a result of amortisation of the intangible assets and (ii) reversed by HK$33,425,000 as a result of recognition of the impairment loss. However, during the course of our audit of the Group's 2018 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 fair value of the intangible assets as at the date of acquisition of EPS and the recoverable amount of the New Energy Business CGU as at 1 July 2017 and 30 June 2018. Due to the abovementioned limitations on our scope of work, our audit opinion on the Group's 2018 consolidated financial statements was modified.

As at 30 June 2019, the directors of the Company performed an impairment assessment on the New Energy Business CGU as detailed in note 19 to the consolidated financial statements. With reference to the result of the impairment assessment, the Group's has recognised an impairment loss of HK$6,569,000 on the intangible assets for the year ended 30 June 2019. For the year ended 30 June 2019, amortisation charge of HK$536,000 on the intangible assets, reversal of deferred tax liability of HK$118,000 as a result of amortisation of the intangible assets and HK$1,445,000 as a result of recognition of the impairment loss have been recognised in the consolidated statement of comprehensive income. The abovementioned limitations encountered in the course of our audit of the Group's 2018 consolidated financial statements remained unsolved during the course of our audit of the Group's consolidated financial statements for the year ended 30 June 2019. Any adjustment to the carrying amount of intangible assets as at 30 June 2018 found to be necessary would have a consequential effect on the opening balance of the intangible assets at 1 July 2018 and the impairment loss on the intangible assets, the amortisation charge on the intangible assets and the deferred tax liability relating to the intangible assets being reversed for the year ended 30 June 2019.

Our audit opinion on the Group's consolidated financial statements for the year ended 30 June 2019 is also modified because of the possible effect of the audit scope limitations in the audit of the Group's 2018 consolidated financial statements on the comparability of the related 2019 figures and 2018 figures.

(ii) Comparability of fair value change of financial liabilities at fair value through profit or loss

As detailed in note 5(b) and note 29 to the consolidated financial statements, as at 1 July 2017, the Group has financial liabilities at fair value through profit or loss amounting to approximately HK$127,431,000 which represented contingent consideration payable arising from the acquisition of EPS.

During the year ended 30 June 2018, the financial liabilities at fair value through profit or loss had 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 had been credited to the consolidated statement of comprehensive income for the year ended 30 June 2018.

During our audit of 2018 consolidated financial statements, 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 as at 1 July 2017. Since any adjustment found to be necessary would have a consequential effect on 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, our audit opinion dated 28 September 2018 on the Group's consolidated financial statements for the year ended 30 June 2018 was modified accordingly.

Our audit opinion on the Group's consolidated financial statements for the year ended 30 June 2019 is also modified because of the possible effects of this matter on the comparability of the related 2019 figures and 2018 figures.

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 five business segments, (i) hotel hospitality business; (ii) provision of money lending services; (iii) new energy business; (iv) trading and distribution of liquor and wine; and (v) investments in funds. As at 30 June 2019, the Group recorded a turnover of approximately HK$62.9 million (2018: approximately HK$59.9 million). The net loss for the year ended 30 June 2019 was approximately HK$168.9 million (2018: approximately HK$157.5 million) while the loss for the year attributable to owners of the Company was approximately HK$154.9 million (2018: approximately HK$156.8 million). Basic loss per share was approximately 0.99 HK cent (2018: approximately 2.72 HK cents). The increase in the net loss for the year was mainly attributable to the net off of (i) the absence of the gain on change in fair value of financial liabilities at fair value through profit or loss of approximately HK$131.2 million; (ii) the increase in impairment loss on loans receivable of approximately HK$124.7 million and (iii) the decrease in impairment losses on intangible assets and goodwill in aggregate of approximately HK$205.7 million.

Hotel hospitality business

The hotel hospitality business recorded a turnover of approximately HK$33.2 million (2018: approximately HK$37.4 million) and a segment loss of approximately HK$6.8 million (2018: approximately HK$1.8 million). The segment loss was mainly due to an increase in operating expenses.

Hotel hospitality business is one of the core businesses of the Group which contributed approximately 52.8% of the Group's revenue for the year ended 30 June 2019. 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 Resort Towers consists 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.

Although the natural hazard happened in the second half of 2018 has affected the tourism in Hokkaido, the Directors, in view of the large potential growth in tourism in Japan driven by the Tokyo Olympics 2020, 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.

Money lending services

As at 30 June 2019, the Group had loans receivable with gross principal amount of approximately HK$219.9 million (2018: approximately HK$164.1 million). The Group recorded interest income from loans receivable of approximately HK$22.3 million for the year ended 30 June 2019 (2018: approximately HK$10.9 million).

The loan portfolio comprises loans to independent third party borrowers with term ranging from one month to twelve months and interest rate ranged from 5.5% to 20% per annum.

The money lending business recorded a segment loss of approximately HK$106.5 million (2018 segment profit: approximately HK$5.6 million). The segment loss was mainly attributable from an increase in impairment loss on loans receivable of approximately HK$124.7 million.

As at 30 June 2019, the management had engaged an independent qualified valuer (the "1st ECL Valuer") to determine the expected credit losses (the "ECL") of the Group's loans receivable. In view of the materiality of the balance of loans receivable and for the sake of prudence, the management had further engaged another independent qualified valuer to conduct an independent review of the valuation report issued by the 1st ECL Valuer on the valuation methodology, the underlying assumptions, the parameters and inputs used in the valuation for accounting purpose.

In assessing the ECL of the Group's loans receivable, a credit rating analysis of the underlying debtors was adopted by reviewing the historical accounting information, credit assessment and including forward-looking information to estimate the default risk. The Group applied different expected loss rates to different classes of receivables according to their respective risk characteristics. In determining the default risk, factors including but not limited to, the past default history, the duration of the underlying loans, the possibility of adverse change in the debtor's business environment and the debtor's financial position, would be considered. The rate of ECL ranged from 5% to 100% depending on the nature, probability of default and loss given default of the loans receivable.

The money lending business has been contributing to the revenue of the Group and the management expects to further expand the scale of the money lending business with more caution credit assessment.

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 2019 of the new energy business was approximately HK$6.4 million (2018: approximately HK$7.7 million) and the segment loss was approximately HK$29.9 million (2018: approximately HK$146.2 million). The decrease in segment loss was mainly resulted from the decrease in impairment losses on intangible assets and goodwill.

During the year, the Group has devoted more resources in expanding the sales of EuroAd in the PRC market, such as developed the wholesale and retail business through online and offline distribution channels. The Group has entered certain sales contracts and/or framework supply contracts with potential customers during the year ended 30 June 2019. The financial performance of the PRC market has a dramatic improvement that approximately HK$1.7 million was recorded as revenue for the year ended 30 June 2019, representing an increase of 750% from approximately HK$0.2 million for the year ended 30 June 2018.

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 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, 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 and second completions took place on 18 July 2018 and 31 October 2018 respectively 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.

On 16 January 2019, the Company received a written notice from the purchaser that the purchaser has waived the right to exercise the call option. As such, the call option will not be exercised by the purchaser.

On 27 February 2019, the Company, the purchaser and the guarantor entered into an extension letter to extend the third completion date to not later than 17 April 2019 (or such other date as the Company, the purchaser and the guarantor may agree in writing) (the “Extended Third Completion Date”), and the purchaser undertook to pay to the Company the third tranche payment together with interest accrued on the third tranche payment at the rate of 12% per annum on or before the Extended Third Completion Date.

On 17 April 2019, the Company did not receive the relevant instalments of the consideration for the third completion and the fourth completion, therefore, the third completion and the fourth completion did not take place. The Company had also received a notice from the purchaser that the purchaser was considering the possibility of not proceeding with the third completion, the fourth completion and the fifth completion.

On 15 July 2019, the Company, the purchaser and the guarantor entered into a deed of settlement (the "Deed of Settlement") to set out the terms and conditions for the settlement of the payment obligations and liabilities of the purchaser under the third completion, fourth completion and fifth completion. Pursuant to the Deed of Settlement, (i) the purchaser shall transfer 21.75% of the issued share capital of the Target Company to the Company and assign part of the purchaser's shareholder loan at the consideration of HK$1,220,991.5 (the "Assigned Amount Consideration"); (ii) the purchaser shall pay to the Company the sum of HK$1,220,991.50 by way of set-off against the Assigned Amount Consideration on a dollar-for dollar basis; and (iii) the guarantor shall enter into a service agreement with the Target Company as a consultant for a service fee of HK$1 for the whole term. The completion of the Deed of Settlement shall be subject to the passing of the shareholders of the Company (the "Shareholders") at a special general meeting of the Company. The circular containing the details of the Deed of Settlement will be dispatched to the Shareholders in due course.

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 2019 of the new energy business. For the sake of prudence and same as last year, the Company engaged another independent qualified valuer to conduct an independent review of the valuation report issued by the 1st Valuer on the valuation methodology, assessment of the discount rate and any other key variables used in the valuation and the internal consistency of the valuation model used by the 1st Valuer for accounting reference purpose.

In assessing the recoverable amount of the cash generating unit of the new energy business as at 30 June 2019, 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 25% 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.

Liquor and wine business

The turnover for the year ended 30 June 2019 of the liquor and wine business was approximately HK$0.9 million (2018: approximately HK$3.9 million) and a segment loss of approximately HK$3.1 million was recorded as at the year ended 30 June 2019 (2018: segment profit of approximately HK$12.3 million).

The Group will continue to explore more sales opportunities with an aim to improve the revenue stream of the liquor and wine business.

Funds Investments

As at 30 June 2019, the Group had fund portfolio of approximately HK$110.0 million (30 June 2018: approximately HK$107.4 million).

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.

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

Provision of Money Lending Services

The Group will continue to closely monitor the money lending services in order to provide a secured contribution to the Group's revenue and, on the other hand, seize other growth opportunities to enhance competitiveness to strive for the best return to the shareholders of the Company.

New Energy Business

China and central Asia are the major markets for the new energy business the Group focused. The Group is in the course of negotiating with certain potential customers in the PRC in relation to the entering into of framework supply contracts to enhance the customers portfolio and the Group's revenue bases. On the other hand, the Group will consider to dispose of its business operation in other markets to reallocate more resources in the China and central Asia markets.

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

FINAL DIVIDEND

The Board resolved not to recommend the payment of any dividend for the year ended 30 June 2019 (2018: Nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 30 June 2019, the Group recorded cash and bank balances (including pledged bank balances) amounting to approximately HK$304.3 million (2018: approximately HK$425.3 million) and the net current assets value was approximately HK$512.6 million (2018: approximately HK$685.7 million).

The Group's gearing ratio as at 30 June 2019 was approximately 0.14 (2018: approximately 0.13), being a ratio of total debts, including borrowings of approximately HK$139.7 million (2018: approximately HK$145.9 million) to the total equity of approximately HK$966.6 million (2018: approximately HK$1,139.1 million).

USE OF PROCEEDS FROM RIGHTS ISSUE

The Company completed a rights issue on 13 June 2018, pursuant to which the Company has issued 10,463,687,800 ordinary shares of the Company of HK$0.05 each as 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 from the rights issue (after deducting the expenses) were approximately HK$523.6 million. The net subscription price per rights share after deducting the related expenses of the rights issue was approximately HK$0.050. The Company intended to apply net proceeds of approximately HK$523.6 million from the rights issue as to (i) approximately HK$196.0 million for the contribution to the facility to be made available to a joint venture company (the "JV Company") formed with Zhongke International Capital Limited; (ii) approximately HK$193.9 million for repayment of the outstanding borrowings; (iii) approximately HK$100.0 million for expansion of the Group's money lending business; and (iv) the remaining balance for general working capital of the Group.

In view of the reasonable interest income generated from the loans receivable, the Group reallocated HK$11.35 million from the portion intended to be used as general working capital to expand the money lending business in August 2018. Details of the change in use of proceeds are set out in the announcement of the Company dated 10 August 2018.

In view of the termination of the amended and restated joint venture agreement with Zhongke International Capital Limited (the "Amended and Restated JV Agreement"), on 17 January 2019, the Group further reallocated the net proceeds in the amount of approximately HK$196.0 million which was originally planned for the contribution to the facility to be made available to the JV Company to fund other future investment opportunities (which may include acquisition of office premises for the Group's own use or rental purposes), and/or expansion of the Group's money lending business and/or general working capital of the Group. Details of the further change in use of proceeds are set out in the announcement of the Company dated 17 January 2019.

As at 30 June 2019, the Group utilised the net proceeds from the rights issue as to (i) approximately HK$56.0 million for repayment of the outstanding borrowings; (ii) approximately HK$111.35 million for expansion of the Group's money lending business by granting of loans to independent third parties; (iii) approximately HK$80.09 million for the acquisition of property and (iv) approximately HK$45.37 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.

The Group plans to utilise the remaining proceeds from the rights issue for future potential investments, expansion of money lending business and repay the remaining outstanding borrowings.

PLEDGE OF ASSETS

As at 30 June 2019, the Group pledged hotel land and building in Japan with an aggregated carrying value of approximately HK$483.0 million (2018: approximately HK$479.0 million), bank deposits of approximately HK$1.9 million (2018: approximately HK$3.7 million) and the entire equity interest of certain subsidiaries of the Company to secure banking facilities of the Group.

CAPITAL STRUCTURE

During the year ended 30 June 2019, 314,855,198 share options were cancelled or lapsed.

Save as disclosed above, the Company had no other changes in capital structure during the year ended 30 June 2019.

INVESTMENT POSITION AND PLANNING

Financial Assets at Fair Value through Profit or Loss/Available-For-Sale Investments

As at 30 June 2019, the Group had invested in two (2018: three) unlisted private funds with aggregated carrying amount of approximately HK$110.0 million (2018: approximately HK$107.4 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.

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. The amount of HK$10,000,000 was received by the Company pursuant to the terms of the supplemental settlement deed. The amount of HK$20,650,000 was still outstanding as at 30 June 2019.

Pursuant to the second supplemental settlement deed entered into between Mr. Lee and the Company on 27 September 2019, Mr. Lee shall pay HK$21,050,000 (being the sum of the outstanding settlement payment of HK$20,650,000 and the additional amount of compensation of HK$400,000) to the Company in the following manner: (a) HK$10,000,000 shall be paid to the Company on the date of the second supplemental settlement deed; and (b) HK$11,050,000 shall be paid to the Company on or before 30 September 2020. The Company received HK$10,000,000 from the vendor on 27 September 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 land in Huizhou City, Guangdong Province, the PRC, and the shareholder's loan in cash at a consideration of HK$11,000,000, in which HK$550,000 and HK$450,000 had been received on 7 September 2017 and 30 April 2019 respectively and the remaining balance of HK$10,000,000 will be payable by the purchaser on or before 31 December 2019. On 7 February 2018, 31 January 2019 and 31 July 2019, the vendor and the purchaser confirmed their mutual agreement to extend the long stop date to 31 January 2019, 31 July 2019 and 31 December 2019 respectively 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Disposal of 49% Equity Interest in Perfect Essential Holdings Limited and Deed of Settlement

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 and second completion took place on 18 July 2018 and 31 October 2018 respectively 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.

On 16 January 2019, the Company received a written notice from the purchaser that the purchaser has waived the right to exercise the call option. As such, the call option will not be exercised by the purchaser.

On 27 February 2019, the Company, the purchaser and the guarantor entered into an extension letter to extend the third completion date to not later than 17 April 2019 (or such other date as the Company, the purchaser and the guarantor may agree in writing) (the "Extended Third Completion Date"), and the purchaser undertakes to pay to the Company the third tranche payment together with interest accrued on the third tranche payment at the rate of 12% per annum on or before the Extended Third Completion Date.

On 17 April 2019, the Company did not receive the relevant instalments of the consideration for the third completion and the fourth completion, therefore, the third completion and the fourth completion did not take place. The Company had also received a notice from the purchaser that the purchaser was considering the possibility of not proceeding with the third completion, the fourth completion and the fifth completion.

On 15 July 2019, the Company, the purchaser and the guarantor entered into the Deed of Settlement to set out the terms and conditions for the settlement of the payment obligations and liabilities of the purchaser under the third completion, fourth completion and fifth completion. Pursuant to the Deed of Settlement, (i) the purchaser shall transfer 21.75% of the issued share capital of the Target Company to the Company and assign part of the purchaser's shareholder loan at the consideration of HK$1,220,991.50 (the "Assigned Amount Consideration"); (ii) the purchaser shall pay to the Company the sum of HK$1,220,991.50 by way of set-off against the Assigned Amount Consideration on a dollar-for dollar basis; and (iii) the guarantor shall enter into a service agreement with the Target Company as a consultant for a service fee of HK$1 for the whole term. The completion of the Deed of Settlement shall be subject to the passing of the Shareholders at a special general meeting of the Company. The circular containing the details of the Deed of Settlement will be dispatched to the Shareholders in due course.

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, 18 July 2018, 18 October 2018, 31 October 2018, 16 January 2019, 27 February 2019, 17 April 2019, 15 July 2019, 5 August 2019, 16 August 2019, 19 August 2019, 2 September 2019 and 16 September 2019 and the Company's circular dated 25 June 2018.

Lapse of 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 Holdings Limited ("CMAT") in relation to the proposed investment by the Company in a business of production of building and construction materials made by recycled materials. As the memorandum of understanding expired on 16 December 2018 and the Company and CMAT had not agreed to extend the term for a further period, the memorandum of understanding therefore lapsed and ceased to have any effect on 16 December 2018.

Details of the transaction are set out in the Company's announcements dated 17 September 2018 and 17 December 2018.

Disposal of Show Art

On 30 November 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 Show Art at a consideration of HK$5,000,000. The disposal was classified as a non-disclosable transaction under Chapter 14 of the Listing Rules.

Termination of the Amended and Restated JV Agreement

On 14 July 2017, Rich Express Investment Group Limited ("Rich Express"), a wholly-owned subsidiary of the Company and Zhongke International Capital Limited ("Zhongke International Capital") entered into the Amended and Restated JV Agreement (as amended and supplemented on 14 November 2017) in relation to the formation of the JV Company and to provide a facility in an aggregate amount of HK$400,000,000 to the JV Company. The JV Company was incorporated in Hong Kong with limited liability on 11 August 2017. On 17 January 2019, as the JV Company has been incorporated for more than a year and no suitable projects or investment opportunities has been identified by the JV Company since its incorporation, Rich Express and Zhongke International Capital, after negotiations and discussions, entered into a deed of termination to terminate the Amended and Restated JV Agreement.

Details of the transaction are set out in the Company's announcement dated 17 January 2019.

Acquisition of Property and Disposal of Property Holding Company

On 29 January 2019, Rich Shine Development Limited, a wholly-owned subsidiary of the Company, as purchaser entered into a sale and purchase agreement with Tang Nanjun and Tang Yilin as vendors pursuant to which the purchaser agreed to acquire and the vendors agreed to sell a property in Hong Kong (the "Property") at a consideration of HK$80,000,000. The acquisition of the Property was completed on 6 March 2019.

Details of the acquisition are set out in the Company's announcement dated 29 January 2019.

On 25 April 2019, the Company, as vendor, entered into the provisional sale and purchase agreement with Team Eight Group Limited, as purchaser, pursuant to which the Company has conditionally agreed to sell, and the purchaser has conditionally agreed to acquire (i) the entire issued share capital of Rich Shine Development Limited which hold the Property; and (ii) the sale loan, at the consideration of HK$82,820,000. The completion of disposal took place on 13 August 2019.

Details of the disposal are set out in the Company's announcements dated 25 April 2019, 29 July 2019 and 13 August 2019.

CONTINGENT LIABILITIES

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

CAPITAL COMMITMENTS

As at 30 June 2019, the Group had no significant capital commitments (2018: 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 2019, the Group had approximately 82 (2018: 80) 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 2019.

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 2019.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (the "2019 AGM") is scheduled to be held on 5 December 2019. For determining the entitlement to attend and vote at the 2019 AGM, the register of members of the Company will be closed from 2 December 2019 to 5 December 2019, 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 2019 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 29 November 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 30 June 2019, 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.

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 of the Group's annual results for the year ended 30 June 2019, 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 2019 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, 27 September 2019

As at the date of this announcement, the executive Directors are Mr. Wong Hin Shek, Mr. Chi Chi Hung, Kenneth and Mr. Chan Wai Ki; 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.