Good Resources Holdings Limited
天成國際集團控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 00109)

GOOD RESOURCES

ANNUAL REPORT
2019

* for identification purposes only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Chen Chuanjin *(Chairman, re-designated from Chief Executive Officer on 10 July 2019)*
Mr. Lu Sheng *(Chairman, resigned on 10 July 2019)*
Mr. Chen Shi *(Chief Executive Officer, appointed on 10 July 2019)*

Non-executive Director:

Mr. Lo Wan Sing, Vincent

Independent Non-executive Directors:

Mr. Chau On Ta Yuen
Mr. Zhang Ning
Mr. Wong Hok Bun, Mario

COMPANY SECRETARY

Ms. Kwan Shan

AUTHORIZED REPRESENTATIVES

Mr. Chen Chuanjin *(appointed on 10 July 2019)*
Mr. Lu Sheng *(resigned on 10 July 2019)*
Ms. Kwan Shan

AUDIT COMMITTEE

Mr. Chau On Ta Yuen *(Chairman of Audit Committee)*
Mr. Lo Wan Sing, Vincent
Mr. Wong Hok Bun, Mario

REMUNERATION COMMITTEE

Mr. Zhang Ning *(Chairman of Remuneration Committee)*
Mr. Lo Wan Sing, Vincent
Mr. Chau On Ta Yuen
Mr. Wong Hok Bun, Mario

NOMINATION COMMITTEE

Mr. Chen Chuanjin *(Chairman of Nomination Committee, appointed on 10 July 2019)*
Mr. Lu Sheng *(Chairman of Nomination Committee, resigned on 10 July 2019)*
Mr. Chau On Ta Yuen
Mr. Lo Wan Sing, Vincent
Mr. Zhang Ning
Mr. Wong Hok Bun, Mario

REGISTERED OFFICE OF THE COMPANY

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS OF THE COMPANY IN HONG KONG

Units 3310–11
33rd Floor, West Tower
Shun Tak Centre
168–200 Connaught Road Central
Sheung Wan
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

CORPORATE INFORMATION

LEGAL ADVISERS

On Hong Kong law:
ReedSmith Richards Butler
20th Floor Alexandra House
18 Chater Road, Central
Hong Kong

Herbert Smith Freehills
23rd Floor, Gloucester Tower
15 Queen's Road Central
Hong Kong

On Bermuda law:
Conyers Dill & Pearman
2901, One Exchange Square
No. 8 Connaught Place, Central
Hong Kong

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Chiyu Banking Corporation Ltd.

STOCK CODE

SEHK 00109

WEBSITE

www.hkex109.hk

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Good Resources Holdings Limited ("Good Resources" or the "Company"), I am pleased to report the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2019.

A YEAR IN REVIEW

During the year of 2019, loan financing has remained the core income stream of the Group. Revenue from the loan interest was slightly declined as compared with last year due to our cautious approach on the selection of loan customers and the competitive interest rate offered to the existing customers with increasing financing needs.

For the Group's investment in Myanmar, the existing core business is the provision of optical fibre leasing services inclusive of ancillary rental services of telecommunication facilities. The business progress is slowly picking up its momentum while we have been getting accustomed to the business environment and local culture in Myanmar. As the number of telecom operators increases and competition intensifies in Myanmar, we are targeting to connect our optical fibre to new infrastructure projects such as smart poles for better customer recruitment strategy, and also assessing new opportunity such as the market of white label Internet Service Infrastructure Providers of Myanmar through some potential business partnership with supplier of telecom transmission equipment with latest technology in the near future. We aim to provide various services in the telecom leasing sector to diversify our income sources and increase our market share in Myanmar.

For other investment, we have subscribed for a 11% senior notes in the principal amount of US$20,000,000 during the year and earned coupon interest income from this new investment.

OUTLOOK

The uncertainty of the global economy and ongoing trade tensions between China and US have created downside risks and increased volatility for the Chinese economy. Among the conservative and pragmatic approach to the existing business, we are actively exploring other business opportunities to broaden the sources of revenue and diversify business risk in the best interest of shareholders of the Company.

APPRECIATION

On behalf of the Board, I would like to thank our valued customers, suppliers and business associates for their invaluable contributions and support. I would also like to take this opportunity to thank all employees for their enormous contribution in the last year. Looking ahead, we will continue our hard work to sustain the Group's growth and maximize shareholders' returns. Last but not least, I am most grateful to our shareholders for their ongoing support.

Chen Chuanjin
Chairman

Hong Kong, 13 September 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal businesses of the Group include (i) the provision of financial services; (ii) the provision of optical fibre leasing services; and (iii) investment holding.

Provision of financial services

In Hong Kong, the Group is conducting its money lending business through Golden Wayford Limited, a wholly-owned subsidiary of the Company, which was granted a money lenders licence by the licensing court in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group is also carrying on the financial leasing business, commercial factoring business and general loan financing activities in the PRC through an indirect wholly-owned PRC subsidiary located at the Shanghai Pilot Free Trade Zone.

The financial services segment has continued to generate interest incomes from loan financing during the year and has accounted for majority of the Group's turnover for the year ended 30 June 2019 (the "Year"). The segment is the core income sources of the Group's profit and also one of the main business of the Group in the long run.

Provision of optical fibre leasing services

The Group's segment of provision of optical fibre leasing services inclusive of ancillary rental services of telecommunication facilities is represented by its sub-group of Golden 11 Investment International PTE Ltd. ("Golden 11"), which holds a license granted by the Posts and Telecommunications Department of Myanmar which allows the construction of business infrastructure for optical fibre network, base stations, towers and telecom network at Myanmar along the railway line in Yangon. Leasing income will be generated from the infrastructure projects with major target customers being the mobile network operators in Myanmar. This segment is a strategic asset of the Group which can help to diversify our revenue sources and capture the growth of the telecom market in Myanmar. We have been continuing to recruit more staff to enlarge our sales team, operations as well as outsourcing contractors to support the growth of this segment. This segment has generated revenue of approximately HK$51,000 during the Year. With our construction of optical fibre circuit along the Yangon rail line and roll out of more sites for base stations, towers and augmented backhaul optical fibre leasing income, these facilities are expected to be substantially completed in the year of 2020 and the Group expects, it will contribute more revenue to the Group in the future.

Investment holding

The Group's investment portfolio segment comprised of the following financial instrument investments:

(i) The Group held investment in convertible note issued by Airspan Network Inc. ("Airspan") with fair value of approximately HK$66,560,000, representing approximately 2.2% of the Group total assets as at 30 June 2019.

(ii) The Group also held investment in 11% Senior Notes of Redco Properties Group Limited with fair value of approximately HK$160,886,000, representing approximately 5.5% of the Group's total assets as at 30 June 2019.

In total, these investments represent approximately 7.7% of the Group's total assets as at 30 June 2019. Please refer to Note 18 to the consolidated financial statements for details.

The Group intends to continue deploying its strategy to maintain its investment portfolios and seek other potential investments to diversify its investment portfolios in order to broaden the income source of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 30 June 2019, the turnover of the Group decreased by approximately HK$25,858,000 to approximately HK$84,665,000 (2018: approximately HK$110,523,000). For the Year, the Group has recorded a profit before taxation of approximately HK$79,709,000 (2018: approximately HK$91,236,000) and a net profit of approximately HK$52,531,000 (2018: approximately HK$63,885,000).

The financial results for the Year was mainly driven by the combined impacts of:

(i) The turnover of the Group decreased by approximately HK$25,858,000 to approximately HK$84,665,000 (2018: approximately HK$110,523,000), representing a decrease of approximately 23.4%. The decline was primarily caused by change of interest rate upon the extension of certain finance leases and loans in 2017 carried over into 2018 and the decrease in outstanding loan principal during the Year as a result that certain loans were repaid by the debtors. As of 30 June 2019, loans receivable of approximately HK$1,225,291,000 (2018: approximately HK$1,127,684,000) of the Group were outstanding, outstanding balance at 30 June 2019 was higher than that of 30 June 2018 mainly due to a new loan happened in June 2019. The Group's finance lease and loan portfolio average interest rate was approximately 7.6% (2018: approximately 8.1%);

(ii) Decrease in other revenue and other net (losses)/gains by approximately HK$14,344,000 or 39.9% to approximately HK$21,614,000 (2018: approximately HK$35,958,000) mainly due to the combined impact of interest income earned from quoted debt investments of approximately HK$14,597,000 (2018: nil); net loss on financial assets at fair value through profit or loss of approximately HK$241,000 (2018: Net gains of approximately HK$4,565,000); loss on written off of other receivables of approximately HK$7,474,000 (2018: nil); loss on disposal of loans receivable of approximately HK$6,590,000 (2018: approximately HK$127,000); and the gain on disposal of other financial assets of nil (2018: gain of approximately HK$3,917,000); and

(iii) The general and administrative expenses for the Year of approximately HK$23,595,000 represents an approximately 55.0% or approximately HK$28,810,000 decrease as compared with last year of approximately HK$52,405,000. The decrease in general and administrative expense was mainly due to the decrease in credit risk of receivables leading to reversal of provision of impairment for receivables recognised pursuant to new accounting standards coming into effect during the Year of approximately HK$34,349,000 (2018: nil); and provision for impairment allowance of other receivables made of approximately HK$6,910,000 (2018: nil).

The financial performance for the year ended 30 June 2019 is the results of the Group's disciplined cost control and success in capturing the opportunity to deliver a long-term stable return for the shareholders.

PROSPECT

Loan financing remains as the Group's core operations. Trade war continued escalation, growing debt bubble and possible forthcoming quantitative easing in Europe and United States, etc., all these market factors increase the demand from corporates for long term money lending. The Group has implemented a strict and cautious approach for selection of loan financing customers to minimize the potential default risk. It is expected that there still has a stable revenue generated from loan financing services in the coming year. As a protective measure for our loans receivable, our strategy is to weather our assets from the possible financial storm stemming from trade war, micro and macro economic factors through diversification. We are actively seeking to broaden and diversify our loan financing portfolio and customer base with smaller size lending contracts and/or industry focus lending, which we believe that it will help to mitigate the risk of over reliance on any customer, as well as increasing the income sources of the Group. Besides, along with the Mainland China's "One Belt, One Road" economic development strategy, we have increased our Golden 11 investment in Myanmar from 51% to 91% during the Year. Given the anticipation to generate turnover from the continuing construction of optical fibre in the Yangon city area of Myanmar in the coming fiscal year, a separate segment is shown for our Myanmar operations to reflect our revenue strategy. We believe that this segment will create further positive value to the shareholders and the stakeholders of the Company in near future.

We are proactively exploring further potential investment opportunities in other industries that have long term revenue flow in order to broaden the source of revenue and diversify business risk of the Group, which are in the best interest of shareholders of the Company.

USE OF PROCEEDS AND UPDATES

The net proceeds received by the Company in May 2015 from the completion of the subscription agreement dated 29 January 2015 between the Company and Tiancheng International Holdings Investment Limited (the details of which were set out in the circular (the "Circular") of the Company dated 12 March 2015). The net proceeds were intended to be applied in accordance with the proposed application as set out in pages 16 and 17 of the Circular. The actual proceeds received amounted to approximately HK$2,464.8 million and were intended to apply as follows:

(a) approximately HK$1,847.1 million for the loan/lease financing activities of the Group within the financial services segment;

(b) approximately HK$39 million for investment in the online bank business in form of joint venture;

(c) approximately HK$78 million for investment in Golden 11 and loans to shareholders of Golden 11;

(d) approximately HK$500.7 million for the purposes of further development of Golden 11 and fulfilling the capital contribution commitment of approximately HK$38 million of Golden 11, future investment opportunities in the clean energy, internet banking (non-greenfield stage), biopharmaceutical, financial investment, bulk commodities, cultural industries or other major sectors.

The actual use of the net proceeds from the subscription agreement up to 30 June 2019 has been utilized in the following manner:

(a) used as intended;

(b) used as intended;

(c) used as intended;

(d) approximately HK$59 million was used for fulfilling the capital contribution commitment of Golden 11 Sub-group and working capital needs up to 30 June 2018; an additional working capital of approximately HK$7 million has been provided to Golden 11 for business development for the year ended 30 June 2019; and the remaining balance yet to be utilised and is placed in licensed banks.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains its strong financial position with cash and cash equivalents of approximately HK$1,192,811,000 (2018: approximately HK$1,469,569,000).

As at 30 June 2019, the Group had net current assets of approximately HK$2,265,053,000 (2018: approximately HK$1,402,219,000). The total equity was approximately HK$2,794,306,000 (2018: approximately HK$2,939,857,000). The Group had no borrowings (30 June 2018: no borrowings) and gearing ratio was zero as at 30 June 2019 and 2018. Gearing ratio is calculated as net debt divided by total capital.

CAPITAL STRUCTURE

The capital of the Company only comprises ordinary shares. During July and August 2018, the Company purchased and cancelled total 10,550,000 ordinary shares of the Company on-market. The buy-back payment was paid wholly out of the company's retained profit. Consequently, HK$1,055,000 share capital and HK$1,035,000 share premium was deducted for the ordinary shares bought back and cancelled. The number of ordinary shares outstanding decreased from 7,104,503,998 shares to 7,098,773,998 shares upon cancellation of shares re-purchased in the prior year, then from 7,098,773,998 shares as at 30 June 2018 to 7,088,223,998 shares at end of current year. The shares were acquired during the Year at an average price of HK$0.198 per share, with prices ranging from HK$0.185 to HK$0.220. The total amount of approximately HK$2,090,000 paid to acquire the shares has been deducted from shareholders' equity.

CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any significant contingent liabilities.

DIVIDEND

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

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2019, the Group employed approximately 33 employees. The remuneration committee of the board of Directors and the Directors reviewed remuneration policies regularly. The structure of the remuneration packages would take into account the level and composition of pay and the general market conditions in the respective countries and businesses.

SHARE OPTION SCHEME

At the annual general meeting held on 28 November 2017, an ordinary resolution regarding the termination of the old share option scheme and the adoption of new share option scheme (the "New Scheme") for the primary purpose of enabling the Company to grants options to the eligible participants in recognition of their contribution of the Company was passed. Under the terms of the New Scheme, the board of Directors may, at their discretion, grant options to the participants who fall within the definition prescribed in the New Scheme including the employees and Executive Directors of the Company or its subsidiaries to subscribe for shares in the Company at a price shall be at least the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted; (ii) the average closing price of the shares of the Company as stated the Stock Exchange's daily quotations sheets for the five consecutive trading days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share. The number of shares in respect of which options may be granted must not in aggregate exceed 10% of the issued shares capital of the Company at the time of approving the New Scheme, without prior approval from the Company's shareholders.

Options granted to substantial shareholders or Independent Non-executive Directors in excess of 0.1% of the Company's share capital and with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders. Options granted under the New Scheme will entitle the holder to subscribe for shares of the Company from the date of grant up to ten years from the date of grant. A nominal consideration of HK$1 is payable on acceptance of the grant of an option. Further details are set out in the Company's circular dated 19 October 2017.

There were no share options outstanding at 30 June 2019, and no share options were granted during the year ended 30 June 2019.

ADVANCES TO ENTITIES AND CONNECTED TRANSACTIONS

All definition of the Agreement(s) under this heading follow the same definitions as in the "Corporate Governance Report" in the annual report 2016.

Pursuant to Rule 13.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), a general disclosure obligation arises where an advance to an entity from the Group exceeds 8% of the total assets of the Group. Pursuant to Rule 13.13 of the Listing Rules, details of advances as defined under Rule 13.15 of the Listing Rules which remained outstanding as at 30 June 2019 were as follow:

The Shanghai Wealth Supplemental Agreements

On 30 December 2016, Shanghai Yongsheng entered into the First Shanghai Wealth Supplemental Agreement and Second Shanghai Wealth Supplemental Agreement with Shanghai Wealth, pursuant to which Shanghai Yongsheng agreed to extend repayment date under the First Shanghai Wealth Loan by 39 months to 16 October 2019 and Second Shanghai Wealth Loan by 39 months to 16 December 2019.

As at 30 June 2019, the principal and the accrued interest of the First Shanghai Wealth Loan and the Second Shanghai Wealth Loan which remains outstanding is RMB24,190,000 and RMB251,934,000, respectively.

The First Shanghai Wealth Supplemental Agreement

Date:	30 December 2016
Parties:	Shanghai Yongsheng, as the lender Shanghai Wealth, as the borrower To the Directors' knowledge, information and belief and having made all reasonable enquiry, Shanghai Wealth and its ultimate beneficial owners are not connected persons of the Company
Principal amount:	RMB24,000,000
Term:	The repayment date is extended by 39 months to 16 October 2019
Interest:	8% per annum with effect from 1 December 2016, payable on a quarterly basis
Security:	The First Shanghai Wealth Loan is secured by certain real estate properties owned by Shanghai Wealth (the "Shanghai Wealth Properties")

MANAGEMENT DISCUSSION AND ANALYSIS

The Second Shanghai Wealth Supplemental Agreement

Date:	30 December 2016
Parties:	Shanghai Yongsheng, as the lender Shanghai Wealth, as the borrower To the Directors' knowledge, information and belief and having made all reasonable enquiry, Shanghai Wealth and its ultimate beneficial owners are not connected persons of the Company
Principal amount:	RMB250,000,000
Term:	The repayment date is extended by 39 months to 16 December 2019
Interest:	8% per annum with effect from 1 December 2016, payable on a quarterly basis
Security:	The Second Shanghai Wealth Loan is secured by the Shanghai Wealth Properties

The Shanghai Renhe Investment Supplemental Agreement

On 30 December 2016, Shanghai Yongsheng entered into the Shanghai Renhe Investment Supplemental Agreement with Shanghai Renhe Investment, pursuant to which Shanghai Yongsheng agreed to extend repayment date under the Shanghai Renhe Investment Loan by 39 months to 6 December 2019.

As at 30 June 2019, the principal and the accrued interest of the Shanghai Renhe Investment Loan which remains outstanding is RMB345,460,000.

Date:	30 December 2016
Parties:	Shanghai Yongsheng, as the lender Shanghai Renhe Investment, as the borrower To the Directors' knowledge, information and belief and having made all reasonable enquiry, Shanghai Renhe Investment and its ultimate beneficial owners are not connected persons of the Company
Principal amount:	RMB350,000,000
Term:	The repayment date is extended by 39 months to 6 December 2019
Interest:	8% per annum with effect from 1 December 2016, payable on a quarterly basis
Security:	The Shanghai Renhe Investment Loan is unsecured

In addition, 上海錢江文化科技(集團)有限公司 (Shanghai Qian Jiang Cultural and Technology (Group) Limited*), a company held as to 10% by Shanghai Renhe Investment and 90% by an indirect holding company of Shanghai Renhe Investment agreed to provide a guarantee in respect of the Shanghai Renhe Investment Loan with effect from the date of the Shanghai Renhe Investment Supplemental Agreement.

The Shanghai Shihao Supplemental Agreement

On 30 December 2016, Shanghai Yongsheng entered into the Shanghai Shihao Supplemental Agreement with Shanghai Shihao, pursuant to which Shanghai Yongsheng agreed to extend repayment date under the Shanghai Shihao Loan by 36 months to 10 September, 13 September and 11 November 2019 respectively.

As at 30 June 2019, the principal and the accrued interest of the Shanghai Shihao Loan which remains outstanding is RMB214,173,000.

Date:	30 December 2016
Parties:	Shanghai Yongsheng, as the lender Shanghai Shihao, as the borrower To the Directors' knowledge, information and belief and having made all reasonable enquiry, Shanghai Shihao and its ultimate beneficial owners are not connected persons of the Company.
Principal amount:	RMB220,000,000
Term:	The repayment date is extended by 36 months to 10 September, 13 September and 11 November 2019 respectively, effective from 7 September 2015
Interest:	8% per annum with effect from 1 December 2016, payable on a quarterly basis
Security:	The Shanghai Shihao Loan is unsecured

In addition, 鎮江榮德新能源科技有限公司 (Zhenjiang Rongde New Energy Science Technology Co., Ltd.*), a wholly-owned subsidiary of Shanghai Shihao, agreed to (i) provide a guarantee in respect of the Shanghai Shihao Loan; and (ii) charge certain machinery for the production of photovoltaic solar cells and modules as new security for the previously unsecured Shanghai Shihao Loan, with effect from the date of the Shanghai Shihao Supplemental Agreements. The Board considers that the value of the security provided is sufficient to cover the principal amount of the Shanghai Shihao Loan.

Shanghai Mei Long Building Development Limited ("Shanghai Mei Long") Agreement

On 29 June 2018, Shanghai Yongsheng entered into the First Shanghai Mei Long Agreement with Shanghai Mei Long, pursuant to which Shanghai Yongsheng agreed to advance a loan to Shanghai Mei Long in the sum of RMB30,000,000 for a term of 24 months. *(Note)*

On 12 June 2019, Shanghai Yongsheng entered into the Second Shanghai Mei Long Agreement with Shanghai Mei Long, pursuant to which Shanghai Yongsheng agreed to advance a loan to Shanghai Mei Long in the sum of RMB150,000,000 for a term of 36 months. *(Note)*

As at 30 June 2019, the principal and the accrued interest of the First Shanghai Mei Long Loan and the Second Shanghai Mei Long Loan which remains outstanding are RMB29,784,000 and RMB129,894,000, respectively.

The First Shanghai Mei Long Agreement

Date:	29 June 2018
Parties:	Shanghai Yongsheng, as the leader Shanghai Mei Long, as the borrower To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Shanghai Mei Long and its ultimate beneficial shareholders as at the date of this report are third parties independent of the Company and are not connected persons of the Company.
Principal loan amount:	RMB30,000,000
Term:	24 months, effective from 2 July 2018
Interest rate:	6% per annum, payable semi-annually
Security:	The First Shanghai Mei Long Loan is unsecured

The Second Shanghai Mei Long Agreement

Date:	12 June 2019
Parties:	Shanghai Yongsheng, as the leader Shanghai Mei Long, as the borrower To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Shanghai Mei Long and its ultimate beneficial shareholders as at the date of this report are third parties independent of the Company and are not connected persons of the Company.
Principal loan amount:	RMB150,000,000
Term:	36 months, effective from 25 June 2019
Interest rate:	6% per annum, payable semi-annually
Security:	equity pledge of each of the shareholders of Shanghai Mei Long of their respective equity interests in Shanghai Mei Long

Shanghai Bao Cheng Property Limited ("Shanghai Bao Cheng") Agreement

On 2 January 2019, Shanghai Yongsheng entered into the Shanghai Bao Cheng Agreement with Shanghai Bao Cheng, pursuant to which Shanghai Yongsheng agreed to advance a loan to Shanghai Bao Cheng in the sum of RMB42,000,000 for a term of 12 months. *(Note)*

As at 30 June 2019, the principal and the accrued interest of the Shanghai Bao Cheng Loan which remains outstanding is RMB41,796,000.

Date:	2 January 2019
Parties:	Shanghai Yongsheng, as the leader Shanghai Bao Cheng, as the borrower To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Shanghai Bao Cheng and its ultimate beneficial shareholders as at the date of this report are third parties independent of the Company and are not connected persons of the Company.
Principal loan amount:	RMB42,000,000
Term:	12 months, effective from 2 January 2019
Interest rate:	7% per annum, payable quarterly
Security:	The Shanghai Bao Cheng Loan is unsecured

Note: In respect of these agreements, 上海梅隴大廈發展有限公司 (Shanghai Mei Long Building Development Limited*) is owned by Liu Jianfei ("Individual A") and Zhang Zhifeng ("Individual B") which are third parties independent of the Company and are not connected persons of the Company, as to 10% and 90% by Individual A and Individual B respectively. 上海寶成房地產有限公司 (Shanghai Bao Cheng Property Limited*) is owned by Individual A and Individual B which are third parties independent of the Company and are not connected persons of the Company, as to 80% and 20% by Individual A and Individual B respectively. Since the financing sums for these agreements in aggregate exceeds 8% under the assets ratio calculated in accordance with Rule 14.07(1) of the Listing Rules their details are accordingly disclosed.

* *for illustrative purposes only.*

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

As detailed in Note 16 of interim report 2018/2019, on 31 January 2019 the Group acquired an additional 40% ownership interest in its subsidiary Golden 11. Following the acquisition, the Group holds 91% ownership interests in Golden 11.

CHARGE ON ASSETS

As at 30 June 2019, the Group did not have any charge on its assets (2018: Nil).

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2019, the Group does not have any other plan for material investments or capital assets.

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 30 June 2019 and up to date of this report.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the Year under review, the Group's transactions were substantially denominated in either Hong Kong dollars, US dollars or RMB Yuan. The Group did not use any financial instruments for hedging purposes (2018: Nil).

DIRECTORS AND SENIOR MANAGEMENT'S PROFILES

HONORARY CHAIRMAN

Mr. NG Leung Ho GBS, JP (吳良好) ("Mr. Ng"), aged 68, is Honorary Chairman of the Company. He was previously an Executive Director and Chairman of the Company. On 29 June 2015, Mr. Ng was re-designated to Honorary Chairman and Non-executive Director and member of Nomination Committee of the Company. Mr. Ng resigned from Non-executive Director and member of Nomination Committee of the Company since 1 April 2016. The duties of Mr. Ng with the Company were on honorary basis and there were no executive functions in nature. Mr. Ng helps to promote the interest of the Group with Chairman and CEO of the Company.

Mr. Ng has substantial experience in the field of apparel business and management experience in listed companies. He was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region (the "Government of HKSAR") in 2007 and awarded the Bronze Bauhinia Star (BBS), the Silver Bauhinia Star (SBS) and the Gold Bauhinia Star (GBS) by the Government of HKSAR in 2010, 2016 and 2017 respectively.

He is also a member of Standing Committee of the Chinese People's Political Consultative Conference (the "CPPCC") National Committee, a member of the CPPCC and holds the office of deputy officer of Subcommittee of Education, Science, Culture, Health and Sports of the CPPCC. He is currently the chairman of Hong Kong Federation of Fujian Associations.

EXECUTIVE DIRECTORS

Mr. CHEN Chuanjin (陳傳進) ("Mr. CJ Chen"), aged 54, is Chairman of the Board, an Executive Director and an Authorized Representative of the Company. He has been redesignated from the Chief Executive Officer of the Company to Chairman of the Board and was appointed as an Authorized representative of the Company and the chairman and a member of the Nomination Committee of the Company with effect from 10 July 2019.

Mr. CJ Chen obtained a master degree in Master of Business Administration in The Open University of Hong Kong in 2007.

Mr. CJ Chen is the founder of Tianjin Binhai Zone Venture Investment Fund. During the period from May 2002 to December 2007, Mr. CJ Chen had been the vice president of the assessment management department, head of risk management of Tianjin Branch, and Manager of the risk management committee of China Development Bank. During the period from February 2009 to December 2014, he had been the assistant to senior assessment manager of China Development Bank. Mr. CJ Chen is the pioneering lecturer of the Master of Business Administration course organised by Newhuadu Business School where he assessed more than 200 investment projects with a total investment amount over RMB150 billion. He also took the lead on the publication of a book named "Guidance on Private Equity Financing in the PRC".

EXECUTIVE DIRECTORS (continued)

Mr. Chen Shi (**陳實**) ("Mr. Chen"), aged 58, was appointed as an Executive Director and the Chief Executive Officer of the Company on 10 July 2019. Mr. Chen has over 27 years of working experience. Mr. Chen obtained a bachelor degree and a master degree in Economics from Wuhan University in August 1982 and July 1985, respectively. He later obtained his doctorate degree in Economics from the Graduate School of Chinese Academy of Social Sciences in July 1989. Mr. Chen worked as the deputy head and then the head of the Policy Division of Social and Economic Development Research Center of the People's Government of Hainan Province from July 1989 to November 1994. He was a deputy general manager of Yat Chau Holdings Limited from December 1994 to February 1998. He then served as a deputy general manager of Cityford Dyeing & Printing Industrial Limited from March 1998 to December 2001. From January 2002 to February 2013, Mr. Chen was the president of Caricom Limited. He was previously a director of Partners Financial Holdings Limited from November 2012 to July 2013 and a non-executive director of LDK Solar Co., Ltd. (a company listed on the New York Stock Exchange) from March 2014 to May 2016. Mr. Chen also served as a non-executive director (from March 2013 to September 2013) and is currently an executive director (since August 2017) of Shunfeng International Clean Energy Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1165). He is a director of Mountain China Resorts (Holdings) Limited (a company listed on the TSX Venture Exchange in Canada) since February 2012. Mr. Chen is currently a director of a number of subsidiaries of the Company.

NON-EXECUTIVE DIRECTOR

Mr. LO Wan Sing, Vincent SBS, (**盧溫勝**) ("Mr. Lo"), aged 71, is an Non-executive Director of the Company. He was appointed as the Independent Non-executive Director of the Company on 3 July 2007 and re-designated as the Executive Director and the Chairman of the Board and appointed as a member of the General Committee on 10 November 2008. He was the Chairman of Remuneration Committee, and member of each of Audit Committee and Nomination Committee of the Company from 3 July 2007 to 10 November 2008. Mr. Lo was re-designated as the Vice-Chairman of the Board on 8 September 2009 and appointed as the Managing Director, a member of the Remuneration Committee and Nomination Committee of the Company on 1 March 2011. On 29 June 2015, Mr. Lo was re-designated to the Non-executive Director of the Company. With effect from 30 June 2016 Mr. Lo was appointed a member of each of Audit Committee and Nomination Committee of the Company. Mr. Lo was appointed a member of Remuneration Committee of the Company from 14 July 2016. Mr. Lo is also a director of Golden Wayford Limited, a wholly-owned subsidiary of the Company.

He had also been the independent non-executive director of Xinyi Solar Holdings Limited (Stock Code: 968) and Ever Harvest Group Holdings Limited (Stock Code: 1549) the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited. He has more than 30 years of experience in the field of jewelry and property investment. He is currently the president of Plateria Jewelry Limited and Kwok Cheong Ind. Limited, and also the managing director of Hong Kong New Century Real Estate Limited.

He awarded the Bronze Bauhinia Star (BBS) and the Silver Bauhinia Star (SBS) by the Government of HKSAR in 2011 and 2017 respectively. He was a member of Chinese People's Political Consultative Conference. He is also the first deputy chairman of Hong Kong Federation of Fujian Associations.

DIRECTORS AND SENIOR MANAGEMENT'S PROFILES

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAU On Ta Yuen SBS, BBS (**周安達源**) ("Mr. Chau"), aged 71, is an Independent Non-executive Director of the Company. He was appointed as an Independent Non-executive Director of the Company on 3 July 2007. He was also appointed the chairman of the Nomination Committee, the member of each of the Audit Committee and Remuneration Committee of the Company on 3 July 2007. On 29 June 2015, Mr. Chau was re-designated to the chairman of Audit Committee and a member of the Nomination Committee of the Company.

He graduated from Xiamen University majoring in Chinese language and literature. Mr. Chau is currently chairman and executive director of ELL Environmental Holdings Limited (Stock Code: 1395). Mr. Chau is also honorary chairman and non-executive director of China Ocean Industry Group Limited (Stock Code: 651), and an independent non-executive director of Come Sure Group (Holdings) Limited (Stock Code: 794), Redco Properties Group Limited (Stock Code: 1622) and Hang Pin Living Technology Company Limited (formally known as "Hua Long Jin Kong Company Limited") (Stock Code: 1682). Mr. Chau was an independent non-executive director of Leyou Technologies Holdings Limited (Stock Code: 1089) for the period from 17 December 2010 to 4 May 2016, The securities of the above companies are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

He awarded the Bronze Bauhinia Star (BBS) and the Silver Bauhinia Star (SBS) by the Government of HKSAR in 2010 and 2016 respectively.

He is a member of Standing Committee of the CPPCC National Committee and a member of the CPPCC and holds the office of its deputy officer of Subcommittee of Social and Legal Affairs of the CPPCC. He is also the deputy chairman and secretary-general of Hong Kong Federation of Fujian Associations.

Mr. ZHANG Ning (**張寧**) ("Mr. Zhang"), aged 61, is an Independent Non-executive Director of the Company. He was appointed as an Independent Non-executive Director of the Company, the chairman of the Remuneration Committee and a member of Nomination Committee of the Company on 14 July 2016.

Mr. Zhang graduated from the Xi'an University of Technology (西安理工大學) in the PRC with a degree in engineering in 1982. In 1990, he graduated from the PBC School of Finance, Tsinghua University (清華大學五道口金融學院) in the PRC with a Master degree in Economics. Mr. Zhang has over 27 years of management experience in finance and pharmaceutical industries. Mr. Zhang has been the chairman of the board of directors of Beijing Concham Global Finance Leasing Co., Ltd. (北京中盛國際融資租賃有限公司) in the People's Republic of China (the "PRC") since January 2014. From November 2003 to December 2013, he had been the general manager of Beijing Bontop Mall Assets Management Co., Ltd. (北京邦泰摩爾資產管理有限公司) in the PRC.

Mr. WONG Hok Bun, Mario (**黃學斌**) ("Mr. Wong"), aged 40, is an Independent Non-executive Director of the Company. He was appointed as the Independent Non-executive Director of the Company, a member of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee of the Company on 31 May 2017.

Mr. Wong holds a Bachelor of Economics and Finance from The University of Hong Kong and is a fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA). He is a CFA charterholder and a member of The Australasian Institute of Mining and Metallurgy (MAusIMM). He has over 16 years of experience in auditing, accounting, financial management and corporate finance. Mr. Wong is the chief financial officer and company secretary of Jinchuan Group International Resources Co. Ltd. (Stock Code: 2362). Mr. Wong was also an executive director, chief financial officer and company secretary of Theme International Holdings Limited (Stock Code: 990) from 31 December 2015 to 12 August 2018, which the shares of both companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

DIRECTORS AND SENIOR MANAGEMENT'S PROFILES

SENIOR MANAGEMENT

Mr. Chan Chi Ming, Tony (陳子明) ("Mr. Chan"), aged 51, is a Chief Financial Officer of the Group. He is also a director of the group's subsidiaries in Myanmar and Singapore. Mr. Chan graduated from Australian National University, with a Bachelor Degree in Commerce (Major in Accounting). Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia and has over 20 years' experience in the field of business advisory, accounting and auditing. Mr. Chan was formerly a senior manager of an international accounting firm. He is currently an independent non-executive director of Dominate Group Holdings Company Limited (stock code: 8537) and Theme International Holdings Limited (stock code: 990), whose shares are listed on GEM and Main Board of the Stock Exchange, respectively. During the periods from November 2016 to July 2018 and from July 2018 to January 2019, Mr. Chan was a non-executive director and then re-designated as an executive director of Good Fellow Heatlhcare Holdings Limited (previously known as Hua Xia Healthcare Holdings Limited) (stock code: 8143), whose shares are listed on GEM of the Stock Exchange. During the period from November 2016 to July 2018, he was the executive director of Wan Kei Group Holdings Limited (stock code: 1718), whose shares are listed on the Main Board of the Stock Exchange. Also, during the period from September 2007 to May 2017, he was also the company secretary and authorised representative of the Company.

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements of the Company for the year ended 30 June 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in Note 29 to the financial statements.

Further discussion and analysis of these activities, including an indication of likely future developments in the Group's business, can be found in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this Directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group realised the importance of sufficient financial funding. The Group will keep on to monitor and measure the liquidity and funding risk in an on-going basis, and ensure a sufficient cash flow for the business operations. Other risks and uncertainties are set out in Notes 5 and 6 to the consolidated financial statements.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Company is committed to operating in a sustainable manner while balancing the interests of various stakeholders including the Group's employees, customers, and the community.

(i) Employees

The Group recognises the value and importance of its employees and the Group has been devoting resources in staff training and review of their development. The Group ensures that all employees are reasonably remunerated and also continues to improve and regularly review and update its policies on remuneration and benefits, training, occupational health and safety.

(ii) Customers

The Group is committed to providing maintain customer intimacy and keep good relationship with key customers, the Group has implemented a series of policies including the regular communication and understanding of business needs of customers.

(iii) Community

The Company will continue to contribute to the harmonious society through social contributions and participations in public service activities.

DONATION

The Group has made donation approximately HK$20,000 during the financial year (2018: Nil).

ENVIRONMENTAL POLICIES

The Group is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimise our environmental impact by saving electricity and encouraging recycle of office supplies and other materials. As a responsible corporation, the Group is committed to maintain the highest environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole. The Group maintains strong relationships with its employees and has provided high quality services to its customers so as to ensure sustainable development. Information on the environmental policies of the Company is set out in the "Environmental, Social and Governance Report" on pages 35 to 46 of this Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in the HKSAR/PRC/Singapore/Myanmar while the Company itself is listed on the Stock Exchange. The Group's establishment and operations accordingly shall comply with all HKSAR/PRC/Singapore/Myanmar laws and applicable laws in the jurisdictions where it has operations. During the year ended 30 June 2019, and up to the date of this annual report, 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.

RESULTS

The results of the Group for the year ended 30 June 2019 are set out in the consolidated statement of comprehensive income on page 52.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 30 June 2019.

FINANCIAL SUMMARY

The financial summary of the consolidated results and net assets of the Group for the last five financial years are set out on page 120.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in Note 14 to the financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in Note 23 to the financial statements.

EQUITY LINKED AGREEMENTS

Other than the Share Option Scheme as disclosed in the above headed "Share Option Scheme", no equity linked agreements were entered into by the Company during the year or subsisted at the end of the year.

REPORT OF THE DIRECTORS

RESERVES

Details of movements during the year in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 55 and in Note 30 to the financial statements respectively.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution amounted to approximately HK$1,593,246,000 as at 30 June 2019. Under the Companies Act 1981 of Bermuda (as amended), the balances in a company's contributed surplus and share premium accounts are available for distribution. However, the company cannot declare or pay a dividend, or make a distribution out of contributed surplus and share premium if: (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the assets of the company would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:
Mr. Chen Chuanjin *(Chairman)*
Mr. Chen Shi *(Chief Executive Officer)*

Non-executive Director:
Mr. Lo Wan Sing, Vincent

Independent Non-executive Directors:
Mr. Chau On Ta Yuen
Mr. Zhang Ning
Mr. Wong Hok Bun, Mario

Pursuant to clause 87(1) of the Bye-laws of the Company, Mr. Zhang Ning and Mr. Wong Hok Bun, Mario will retire from office by rotation and, being eligible, all of them will offer themselves for re-election at the forthcoming Annual General Meeting.

Pursuant to clause 86 (2) of the Bye-laws of the Company, Mr. Chen Shi, being the newly appointed Executive Director with effect from 10 July 2019 to fill a casual vacancy on the Board, will retire from office at the forthcoming AGM and, being eligible, offer himself for re-election.

The term of office for each Director is for a term of three years subject to the retirement and re-election provisions in the Company's Bye-laws.

None of the Director being proposed for re-election at the forthcoming annual general meeting has any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS OF SUBSIDIARIES

During the financial year and up to the date of this annual report, Mr. Chen Chuanjin held directorships in some of the Company's subsidiaries. Other directors of the Company's subsidiaries include Chen Shi, Lo Wan Sing, Vincent, Chen Songlin Michael, Chan Chi Ming Tony and Kwan Shan.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

At 30 June 2019, the interests or short positions of each Director and the Chief Executive in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Long position in shares of the Company

Directors	Capacity	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Chen Chuanjin	Beneficial owner	10,000,000	0.14%
Lo Wan Sing, Vincent	Beneficial owner	9,500,000	0.13%
Chau On Ta Yuen	Beneficial owner	2,500,000	0.04%
Lu Sheng *(Note 2)*	Interest of controlled corporation *(Note 1)*	600,000,000	8.46%

Notes:

1. Power Fine Global Investment Limited is wholly-owned by Mr. Lu Sheng, an Executive Director. Mr. Lu Sheng is deemed to be interested in the 600,000,000 Shares held by Power Fine Global Investment Limited for the purposes of the SFO.

2. Mr. Lu Sheng resigned as an Executive Director of the Company on 10 July 2019.

Save as disclosed above, as at 30 June 2019, none of the Directors and the Chief Executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading of "Directors and Chief Executives' Interests in Shares" above and the "Share Option Scheme" on page 8, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouses or children under the age of eighteen had any right to subscribe for the securities of the Company, or had exercised any such right during the Year.

SUBSTANTIAL SHAREHOLDERS IN THE INTERESTS IN SHARES

At 30 June 2019, the shareholder who had an interest or short position in the shares and underlying shares of the Company which have been disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO was as follows:

Long position in the shares of the Company

Name of shareholder	Capacity	Number of issued ordinary share capital	Approximate percentage of the issued shares held of the Company *(Note 5)*
Cheng Kin Ming *(Note 1)*	Beneficial owner	2,340,190,000	33.02%
Tiancheng International Holdings Investment Limited *(Note 1)*	Beneficial owner	2,263,710,000	31.94%
Chu Yuet Wah *(Note 2)*	Beneficial owner and person having a security interest	1,810,146,190	25.54%
Kingston Finance Limited *(Note 2)*	Person having a security interest	1,800,000,000	25.39%
Ng Leung Ho *(Note 3)*	Beneficial owner	1,012,061,882	14.28%
Golden Prince Group Limited *(Note 3)*	Beneficial owner	600,000,000	8.46%
Rich Capital Global Enterprises Limited *(Note 3)*	Beneficial owner	406,741,882	5.74%
Power Fine Global Investment Limited *(Note 4)*	Beneficial owner	600,000,000	8.46%

Note 1: The entire issued capital of Tiancheng International Holdings Investment Limited is directly wholly-owned by Mr. Cheng Kin Ming.

Note 2: Ms. Chu Yuet Wah has personal holding of 1,545,500 shares of the Company, indirect holding of 8,600,690 shares of the Company and as a person having a security interest of 1,800,000,000 shares of the Company. The entire issued capital of Kingston Finance Limited is indirectly wholly-owned by Ms. Chu Yuet Wah.

Note 3: Mr. Ng Leung Ho has personal holding of 5,320,000 shares of the Company. The entire issued capital of Golden Prince Group Limited and Rich Capital Global Enterprises Limited are both directly wholly-owned by Mr. Ng Leung Ho.

Note 4: The entire issued capital of Power Fine Global Investment Limited is owned by Mr. Lu Sheng, Executive Director of the Company who resigned on 10 July 2019.

Note 5: The approximate percentages were calculated based on 7,088,223,998 shares in issue as at 30 June 2019 (rounded down to two decimal places).

Save as disclosed herein, no other person had any interests or short positions in the shares or underlying shares of the Company as at 30 June 2019, which were disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance, to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

INDEMNITY PROVISION

The Bye-laws of the Company provides that every Director of the Company shall be entitled to be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses shall or may incur or sustain by any act done or in the execution of their duties as a Director of the Company, provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to such Director. Director Liability Insurance is in place to protect the Directors of the Company or its subsidiaries against potential costs and liabilities arising from claims brought against the Directors in the executive of their duties.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Director subsequent to 30 June 2018 are set out below of the Company:

Name of Director	**Details of change**
Wong Hok Bun, Mario	Resigned as an executive director, chief financial officer and company secretary of Theme International Holdings Limited (Stock Code: 990) on 12 August 2018. Appointed as the chief financial officer on 30 November 2018 and a joint company secretary and authorised representative on 5 September 2018 of Jinchuan Group International Resources Co., Ltd (Stock Code: 2362).

MAJOR CUSTOMERS AND SUPPLIERS

The Group has three external customers, which had accounted for 87% of the Group's turnover from financial services and turnover from the largest customer included therein amounted to approximately 36%.

At no time during the year did a Director, a close associate of a Director or a shareholder of the Company (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) have any beneficial interest in any of the Group's five largest suppliers or customers.

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

During the Year, a wholly-owned subsidiary of the Company, Jet United Investments Limited ("Jet United") repurchased a total of 10,550,000 shares of the Company on the Stock Exchange at an aggregate consideration (excluding expenses) of approximately HK$2,089,330. Further details are set out as follows:

Month of repurchase	Number of ordinary shares repurchased	Highest purchase price per share *HK$*	Lowest purchase price per share *HK$*	Purchase consideration (excluding expenses) *HK$*
July 2018	6,480,000	0.220	0.192	1,326,360
August 2018	4,070,000	0.188	0.185	762,970
	10,550,000			2,089,330

All the shares repurchased were cancelled on 27 August 2018. Shares repurchased by Jet United in the Year were carried out pursuant to the general mandate to repurchase shares granted by the shareholders of the Company at the annual general meeting held on 28 November 2017 and were made in the interest of the Company and the shareholders of the Company as a whole. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 30 June 2019.

CORPORATE GOVERNANCE

Corporate governance practices of the Company is set out in the Corporate Governance Report in this Annual Report.

INDEPENDENCE CONFIRMATION

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

DIRECTOR'S INTERESTS IN COMPETING BUSINESSES

None of the Directors of the Company interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

AUDIT COMMITTEE

The Company has appointed one Non-executive Director and two Independent Non-executive Directors of the Company as members of the Audit Committee to assist the board of Directors in fulfilling its duties by providing review and supervision of the Company's financial reporting process and internal controls. The audit committee has reviewed the Group's annual results for the year ended 30 June 2019.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

REPORT OF THE DIRECTORS

EMOLUMENT POLICY

The Group's employee emolument policy is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the best knowledge of the Directors, the Company has maintained a sufficient public float throughout the year ended 30 June 2019.

AUDITOR

The financial statements for the year ended 30 June 2019 have been audited by BDO Limited. BDO Limited shall retire and a resolution for its reappointment will be proposed at the forthcoming Annual General Meeting of the Company.

On behalf of the Board

CHEN Chuanjin
Chairman

Hong Kong, 13 September 2019

CORPORATE GOVERNANCE REPORT

CODE ON CORPORATE GOVERNANCE PRACTICE

The Board is committed to establish and maintain high standards of corporate governance to enhance shareholders' interest and promote sustainable development. The Company has applied the principles and complied with all the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 30 June 2019 except for the derivation from code provision A.6.7 of the CG Code as further detailed under the heading "ATTENDANCE RECORD AT BOARD AND BOARD COMMITTEE MEETINGS" on page 32.

The corporate governance principles of the Company emphasis an effective Board, sound internal control, appropriate independence policy, transparency and accountability to the shareholders of the Company. The Board will continue to monitor and revise the Company's corporate governance policies in order to ensure that such policies may meet the general rules and standards required by the Listing Rules.

THE BOARD OF DIRECTORS

Composition of the Board

The Board now comprises six Directors, including two Executive Directors and one Non-executive Director and three Independent Non-executive Directors. The Directors' biographical information is set out on pages 14 to 17 under the heading "Directors and Senior Management's Profiles". The Board members up to the date of this report are:

Executive Directors:

Mr. Chen Chuanjin *(Chairman)*
Mr. Chen Shi *(Chief Executive Officer)*

Non-executive Director:

Mr. Lo Wan Sing, Vincent

Independent Non-executive Directors:

Mr. Chau On Ta Yuen
Mr. Zhang Ning
Mr. Wong Hok Bun, Mario

THE BOARD OF DIRECTORS (continued)

Responsibilities of the Board

There is a clear division of responsibilities between the Board and the management. The Board is responsible for formulating and deciding on strategy, policy, guidance, monitoring implementation thereof and overseeing the performance of the management. While day-to-day management of the Group is delegated to the management team of each respective subsidiary under the overall management and leadership of the Chairman and Chief Executive Officer. Without prejudice to the generality of the responsibility aforesaid, the Board is responsible for:

- Formulating the strategy and policy for the operation and development of the businesses of the Group and monitoring the implementation thereof;

- Recommending dividends;

- Reviewing and approving the annual and interim reports;

- Establishing and maintaining good corporate governance standards and practices; and

- Ensuring and monitoring other continuing obligations and compliance of the Company under the Listing Rules.

The Board believes that the balance of power and authority is adequately ensured by the operating of the Board, which comprises experienced and high caliber individuals with a sufficient number thereof being Non-executive Director and Independent Non-executive Directors.

Appointment and Re-election of Directors

All Directors are subject to retirement by rotation once every three years in accordance with the Company's Bye-laws and the Code. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of Independent Non-executive Directors.

Directors' Service Contracts

Mr. Chen Chuanjin, Mr. Chen Shi, Mr. Lo Wan Sing, Vincent, Mr. Chau On Ta Yuen, Mr. Zhang Ning and Mr. Wong Hok Bun, Mario have entered into the services agreements with the Company in relation to their appointments as an Executive Director, Non-executive Director and Independent Non-executive Director as the case may be, for a term of three years unless terminated by at least one month's written notice served by either party at any time during the then existing term.

Saved as disclosed above, none of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Director's Insurance

The Company has management liability insurance covering the Directors during the year.

THE BOARD OF DIRECTORS (continued)

Directors' Training and Professional Development

Directors are also encouraged to participate in professional development courses and seminars to develop and refresh their knowledge and skills. All Directors had provided a record of training they received during the year to the Company. According to the training records provided by the Directors, the training attended by them during the reporting period is summarized as follows:

Directors	Corporate Governance, regulatory development and Directors training on other relevant topics
Mr. Lu Sheng (Resigned on 10 July 2019)	✓
Mr. Chen Chuanjin	✓
Mr. Lo Wan Sing, Vincent	✓
Mr. Chau On Ta Yuen	✓
Mr. Zhang Ning	✓
Mr. Wong Hok Bun, Mario	✓

NON-EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board currently has one Non-executive Director ("NED") and three Independent Non-executive Directors ("INEDs") with one of them possessing appropriate professional qualifications, or accounting or related financial management expertise. Currently, the INEDs are appointed for specific terms and are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

The roles of the INEDs include the following:

- Provision of independent judgment at the Board;
- Dealing with issues arriving from potential conflicts of interests between the major shareholders (or, as the case may be, Directors, or management and the minority shareholders);
- Serving on audit, nomination and remuneration committees; and
- Scrutinizing the performance of the Group as necessary.

Pursuant to Rule 3.13 of the Listing Rules, the Company received annual independence confirmation letters from Mr. Chau On Ta Yuen, Mr. Zhang Ning and Mr. Wong Hok Bun, Mario respectively. The Company considers all INEDs to be independent in accordance with the independence guidelines set out in the Listing Rules.

The Board conducts at least four regular Board meetings a year at approximately quarterly intervals in addition to other Board meetings that are required for significant and important issues, and for statutory purposes. Appropriate and sufficient information is provided to Board members in a timely manner to keep them abreast of the Group's latest developments and thus assist them in discharging their duties.

The Board has established Board Committees, namely Audit Committee, Remuneration Committee and Nomination Committee to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities.

COMPANY SECRETARY

The Company Secretary assists the Board and the Company in complying with the laws, rules and regulations and provides up-to-date compliance advice to the Board and senior management in decision-making process. The Company Secretary also plays as a communication channel with the Board, regulatory bodies and shareholders.

Ms. KWAN Shan (關山) ("Ms. Kwan"), was appointed as a Company Secretary and an Authorised Representative of the Company on 31 May 2017.

Ms. Kwan holds a Master of Corporate Governance and a Bachelor's Degree in Accountancy both from The Hong Kong Polytechnic University. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. She is also a fellow member of the Association of Chartered Certified Accountants. She has over 20 years of experience in accounting, financing and company secretarial fields. Ms. Kwan is an independent non-executive director of Far East Holdings International Limited (Stock Code: 36). She was an executive director and a company secretary of China Gem Holdings Limited (formerly known as "Yueshou Environmental Holdings Limited") (Stock Code: 1191) from 1 April 2016 to 8 May 2017. The securities of the above companies are listed on the Main Board of the Stock Exchange of Hong Kong Limited.

During the year ended 30 June 2019, Ms. Kwan Shan, the Company Secretary, has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee comprises one NED and two INEDs of the Company:

Mr. Chau On Ta Yuen *(Chairman of Audit Committee)*
Mr. Lo Wan Sing, Vincent
Mr. Wong Hok Bun, Mario

The Audit Committee was set up with the responsibilities of reviewing and providing supervision over the Group's financial reporting process and internal controls. It is responsible to evaluate the overall effectiveness of the internal control and risk management frameworks, to review the accounting principles and practices adopted by the Group and other financial reporting matters and ensure the completeness, accuracy and fairness of the financial statements, to monitor compliance with statutory and listing requirements and to oversee the relationship with the external auditor.

The Audit Committee reviews the interim and annual reports before submission to the Board. At least one member has an appropriate professional qualification or accounting or related financial management expertise. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual reports. Senior representatives of the external auditor, Executive Directors and senior executives are invited to attend the meetings, if required. Each of the Audit Committee members has unrestricted access to the Group's external auditor and the management.

Summary of Works

Audit Committee held three meetings during the year. The Audit Committee reviewed the annual and interim results of the year and discuss the valuation of the investments; made recommendations to the Board on the terms of engagement of the external and internal auditors; and reviewed the system of internal control, risk management and its other duties in accordance with the Audit Committee's terms of reference.

As a resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint the current external Auditor, Messrs. BDO Limited, no explanation from the Audit Committee is applicable to the reason why the Board has taken a different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of the external Auditor.

REMUNERATION COMMITTEE

The Remuneration Committee comprises one NED and three INEDs:

Mr. Zhang Ning *(Chairman of Remuneration Committee)*
Mr. Lo Wan Sing, Vincent
Mr. Chau On Ta Yuen
Mr. Wong Hok Bun, Mario

The Remuneration Committee was set up with the responsibility for providing recommendations to the Board the remuneration policy of all the Directors and the senior management. The Remuneration Committee is authorized to investigate any matter within its Terms of Reference and seeks any information it requires from any employee or Director of the Company and obtains outside legal or other independent professional advice at the cost of the Company if it considers necessary.

Summary of Works

During the year, the Remuneration Committee held one meeting and reviewed the remuneration packages of the all the Directors and the senior management and made recommendations to the Board on the remuneration of the newly appointed Executive Director in accordance with the Remuneration Committee's terms of reference. Pursuant to code provision B1.5 of the CG Code, the details of the annual remuneration of the members of the senior management by band for the year ended 30 June 2019 is as follows:

Remuneration Band (in HK$)	No. of individuals
HK$1,000,001 to HK$1,500,000	3
HK$1,500,001 to HK$2,000,000	–

Details of the remuneration of each Director for the year ended 30 June 2019 are set out in Note 11 to the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee consists of the Chairman of the Board, one NED, and three INEDs:

Mr. Chen Chuanjin *(Chairman of Nomination Committee, appointed on 10 July 2019)*
Mr. Lu Sheng *(Chairman of Nomination Committee, resigned on 10 July 2019)*
Mr. Chau On Ta Yuen
Mr. Lo Wan Sing, Vincent
Mr. Zhang Ning
Mr. Wong Hok Bun, Mario

The Nomination Committee is responsible for nominating potential candidates for directorship, reviewing the nomination of Directors and making recommendations to the Board on such appointments.

The Nomination Committee is scheduled to meet at least once a year for the review of the structure, size and composition (including skills, knowledge and experience) of the Board. In addition, the Nomination Committee also meets as it is required to consider nomination of related matters.

NOMINATION COMMITTEE (continued)

Summary of Works

Nomination Committee held one meeting during the year. The Nomination Committee reviewed the board diversity policy, the structure, size and composition of the Board and made recommendations on any proposed changes to the Board to complement the Company's strategy and the appointment of the newly appointed Directors in accordance with the Nomination Committee's terms of reference.

Board Diversity Policy

The Nomination Committee adopted a board diversity policy (the "Board Diversity Policy"). A summary of this policy, together with the measurable objectives set for implementing this Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Board Diversity Policy

The Company recognized and embraced the benefits of having a diverse Board to the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the Board. In designing the Board's composition, Board diversity has been considered from a number of measurable aspects including gender, age, ethnicity, knowledge and length of services. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Implementation and Monitoring

The Nomination Committee reviewed the Board's composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

As at the date of this report, the Board comprises six Directors. Two of them are ED, one of them is NED, three of them are INEDs, and thereby to promote critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of age, length of services, professional background and skills.

The Nomination Committee has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group achieved the Board Diversity Policy.

ATTENDANCE RECORD AT BOARD AND BOARD COMMITTEE MEETINGS

The Board and the Board committees meet regularly every fiscal year and additional meetings would be arranged if and when necessary. Seven meetings were held by the Board during the year ended 30 June 2019. Attendance of the meetings of the Board and those of the committees are set out as follows:

	Attendance/Number of Meetings				
Name of Directors	**Board**	**Audit**	**Nomination**	**Remuneration**	**AGM**
Executive Directors					
Mr. Lu Sheng (resigned on 10 July 2019)	7/7	–	2/2	–	1/1
Mr. Chen Chuanjin	7/7	–	–	–	1/1
Non-executive Director					
Mr. Lo Wan Sing, Vincent	7/7	2/3	2/2	2/2	1/1
Independent Non-executive Directors					
Mr. Chau On Ta Yuen	6/7	3/3	2/2	2/2	0/1*
Mr. Zhang Ning	7/7	–	2/2	2/2	1/1
Mr. Wong Hok Bun, Mario	7/7	3/3	2/2	2/2	1/1

* Pursuant to code provision A.6.7 of the CG Code that independent non-executive directors and non-executive director should also attend general meetings. Mr. Chau On Ta Yuen, Independent Non-executive Director of the Company, did not attend the annual general meeting of the Company due to business arrangement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions By Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") during the Year under review. The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the year ended 30 June 2019.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group.

The statement of the external Auditor of the Company, Messrs. BDO Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report from pages 47 to 51.

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

AUDITOR'S REMUNERATION

The remuneration in respect of audit and non-audit services provided by the external auditors for the year ended 30 June 2019 are HK$1,268,000 and HK$173,000 respectively.

DIVIDEND POLICY

Under the Dividend Policy, the declaration and payment of dividends shall be determined by the Board and subject to all the applicable requirements under, including but not limited to, the Companies Ordinance and the Bye-laws of the Company.

The Company do not have any pre-determined dividend payout ratio. In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account, inter alia, results of operations, financial condition, the payment by the Group's subsidiaries of cash dividends to the Company, future prospects, legal and tax considerations and other factors the Board deems appropriate. Directors will consider that if there is material adverse impact on our Group's financial and liquidity position arising out of the dividend payments. Dividends may be paid out by way of cash or by other means that our Group considers appropriate.

The Company will continually review the Dividend Policy from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

INTERNAL CONTROL AND RISK MANAGEMENT

To facilitate the effectiveness and efficiency of operations and to ensure compliance with relevant laws and regulations, the Group emphasizes on the importance of a sound internal control system which is also indispensable to mitigating the Group's risk exposures. The Group's system of internal control is designed to provide reasonable, rather than absolute, assurance against material misstatement or loss and to manage but not eliminate risks of failure in operational systems and fulfillment of the business objectives.

The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks.

The Group is committed to the identification, monitoring and management of risks associated with its business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's performance by the Audit Committee and the Board.

During the Year under review, the Board through the Audit Committee had conducted an annual review on the risk management of the Group including risk management functions of the Group. Appropriate measures have been put in place to manage the risks. No major issue was raised for improvement.

The Board currently takes the view that there is no immediate need to set up an internal audit function in light of the size, nature and complexity of the Group's business. The internal audit function was carried out by an independent accounting firm. During the Year, the Audit Committee and an independent accounting firm has conducted a review of the effectiveness of the internal control system of the Company and is satisfied that the internal control systems within the Group are effective.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good and effective communication with all shareholders. With a policy of being transparent, strengthening investor relations, and providing consistent and stable returns to shareholders, the Company seeks to ensure transparency through establishing and maintaining different communication channels with shareholders.

A key element of effective communication with shareholders and investors is prompt and timely dissemination of information in relation to the Company. In addition to announcing its interim and annual results to shareholders and investors, the Company also publicises its major business developments and activities through press releases, announcements and the Company's website in accordance with relevant rules and regulations.

The Company also communicates to its shareholders through its annual and half-year reports. All such reports can also be accessed via the Company's website http://www.hkex109.hk. The Directors, Company Secretary or other appropriate members of senior management also respond to enquiries from shareholders and investors promptly. Enquiries can be put forward to the Board through mail to head office of the Company to the Company Secretary.

SHAREHOLDERS' RIGHT

The Board may whenever it thinks fit call special general meetings, and shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (as amended).

The Company is committed to protecting the privacy right on all personal data collected from shareholders. When collecting personal data from the shareholders, the Company will specify in the relevant documents the purpose of collection and the use of personal data etc. Contact details are also provided to the shareholders for accessing and correcting their personal data.

INVESTOR RELATIONS

The Company recognises the need and the importance of timely and continuous communication with shareholders. In addition to the Company's annual reports and interim reports, the Company maintains a policy of ongoing communication with shareholders whose enquiries are directed to and dealt with by the Company's senior management.

ABOUT THIS REPORT

Good Resources Holding Limited (the "Company", collectively with its subsidiaries as the "Group") strives continuously to incorporate sustainability initiatives into our daily operations and management. While sharing the vision of becoming the preferred choice of our stakeholders, The Group is committed to improving our Environmental, Social and Governance ("ESG") performance by upholding good corporate governance standards, protecting our environment, engaging the community and promoting social integration.

This ESG Report aims to review and share our key sustainability performances and outline our milestones on our sustainability journey during the reporting period from 1 July 2018 to 30 June 2019. Our reporting boundary is limited to our business operations in Hong Kong, China and Myanmar unless other specified. After increasing our equity interest in Myanmar office from 51% to 91%, it was positioned as one of the business segments of the Company during the year.

This Report has complied with the "comply or explain" provisions set out in the "Environmental, Social and Governance Reporting Guide" under Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Board has confirmed the disclosure contents of this Report. We value your feedback regarding the review and our overall sustainability practices. Please provide your comments by email ir@hkex109.hk.

STAKEHOLDER ENGAGEMENT

The business of the Company is mainly focusing on the loan financing activities in Hong Kong and Mainland China and leasing services of optical fibre in Myanmar. The Company engaged key stakeholders through various communication channels, both internal and external stakeholders of the Company are materially influenced to the Company in identifying sustainability issues of relevance and importance, compliance of legal and corporate governance, formulating business strategies, managing business operations, enhancing efficiency as well as identifying risks and opportunities.

The practitioners in stakeholder engagement are:

Stakeholder	Major Concerns	Communications Channels
Customers/Suppliers	• Business procedures • Stable relationship • Information Security • Integrity and transparency • Fair, open	• Customer service hotline and email • Company website, annual reports • Monthly statement • Regular meetings • Tendering process
Employees	• Salary & welfare • Working environment • Training and development • Health & safety	• Meetings with employee • Performance management • Induction training materials • Health & labour insurance
Shareholders and Investors	• Return on the investment • Risk mitigation • Investor relationship • Economic performance • Information disclosure	• Annual general meeting and other shareholders meetings • Interim & Annual Report and announcements • Meeting with investors and analysts
Government and Regulators	• Legal and regulatory compliance • Proper tax payment • Employment Protection	• Compliance materials • Submission for approval • Enquiries and clarifications

ENVIRONMENTAL

Environmental protection is embedded in our culture, communities and values. We recognise and accept our responsibility to the community and environment both now and in the future. We are committed to maintaining and improving upon our environmental performance and ensuring that environmental considerations are an integral part of our decision-making, management and culture. To our best knowledge, we have complied with all relevant laws and regulations regarding environmental issues in the regions where it has business operations during the reporting year. In our operating regions, we strictly comply with the laws and regulations, includes but not limited to the Environmental Protection Law of the People's Republic of China and the Environmental Conservation Law of Myanmar. During the year, the Company was not aware of any non-compliance with relevant standards, rules and regulations that have a significant impact on the Company.

Emission Policy

We are committed to managing and continually improving our energy performance. And we also promote it to our stakeholders by achieving our common energy objectives and targets and minimizing energy costs at work environment. The Company is committed to creating green offices and has actively implemented electricity saving, emission reduction and recycling initiatives.

- ***Energy and Greenhouse Gas Emissions Reduction***

  We recognise the inherent economic and environmental value in improving energy efficiency across the whole of our operations, such as:

  ✓ Replace existing bulbs with compact fluorescent light bulbs
  ✓ Use hibernation feature of computers and laptops
  ✓ Reduce paper wastage
  ✓ Switch off equipment when not in use
  ✓ Keep control of heating and cooling
  ✓ Use energy saving features of air conditioners, printers, microwaves
  ✓ Drive less or Carpool

- ***Waste Management***

  We educate and enhance our employees' environmental and waste awareness, including:

  ✓ Reduce, reuse, recycle bottles, plastic containers and paper
  ✓ Avoid products with lot of packaging
  ✓ Go online, create electronic copies instead of printing the documents

- ***Natural Resources***

  Given that the nature of the loan financing business, the Company's operation in Hong Kong, Mainland China and Myanmar does not involve industrial production as well as handling of any hazardous wastes or packaging with significant direct impact on the environment and natural resources. Our key water usage arises from consumption in offices, water consumption is not significant for the Group's operations and the Group does not have issue in sourcing water. Nevertheless, the Company realizes that office operations continuously consume resources including energy, paper, water and different office supplies, which ultimately impact to the environment. Therefore, the Company has established an "Environment Policy" practicing what it preaches regarding the need to improve the environmental performance of daily business operations.

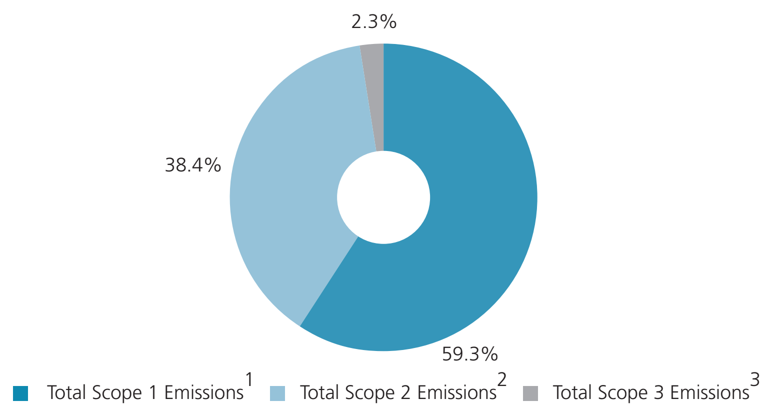
ENVIRONMENTAL (continued)

Environmental Performance

In accordance with the ESG Reporting Guide set out by the Stock Exchange, the data of the "Emissions" and "Use of Resources" of the Group during the reporting period of 2018/2019 are tabulated below.

Energy use and emissions	Unit	2018/2019	2017/2018
Electricity	kWh	27,779.55	20,748.67
Petrol	L	10,589.62	10,118.84
Greenhouse gas emissions	tCO_2e	48.33	42.87
NOx	g	3,680.17	3,253.78
SOx	g	170.49	162.91
PM	g	270.96	239.57

Total Greenhouse Gas Emissions



Resources Consumption	Unit	2018/2019	2017/2018
Paper consumption	tonnes	0.23	0.2
General waste generation	tonnes	2.17	2.31

Waste collected for recycling	Unit	2018/2019	2017/2018
Paper recycling	tonnes	0.30	0.14
Plastic recycling	tonnes	0.12	0.04

1 Scope 1 emissions are direct emissions generated from fuel consumption of company-owned vehicles.
2 Scope 2 emissions are indirect emissions from our purchased electricity used in our offices.
3 Scope 3 emissions include indirect emissions generated from paper waste disposal.

SOCIETY

Health and Safety

Health and safety have always been on the top of the agenda. To ensure the well-being of our employees, contractors, tenants and visitors to our premises, we are committed to maintaining a healthy and safe work environment and minimising any adverse health and safety impacts arising from our operations. Zero accident was reported during the reporting year.

✓ Provide adequate and appropriate resources
✓ Educate and train employees regarding safety and health best practices
✓ Comply with applicable laws and regulations including the Occupational Safety and Health Ordinance of Hong Kong, the Workplace Safety Law of PRC and the Occupational Safety and Health Law of Myanmar
✓ Implement measures to monitor performance and to achieve significant and continuous improvement
✓ Review the status, planning, organization and implementation of the policy at least annually

Labour Standard

We recognise the importance of compliance with regulatory requirements and risk of non-compliance with the laws and regulations regarding social issues. We have complied with the relevant laws and regulations that have a significant impact on the business and operation of the Company during the reporting year. We strictly comply with the requirements of the Labour Law of Hong Kong, the Labour Law of the PRC and Labour-related laws and regulations in Myanmar. The Company prohibits the use of child labour and forced or compulsory labour at all its units and suppliers. Zero-tolerance approach is adopted. No employee is made to work against his/her will or work as forced labour, or subject to corporal punishment or coercion of any type related to work. The Group is not aware of any non-compliance with relevant rules and regulations on preventing child or forced labour.

Equal Employment

Below guideline describes the philosophy and guideline with regard to equal employment and nondiscrimination within the Company. Based on Equal Opportunity (EO) legal obligations as well as business and moral principles, we are committed to a positive, results oriented work environment offering EO to all employees and potential employees.

- ***Non-Discrimination***

  In the recruitment, selection, compensation, training, utilization, upgrading or termination of any individual, or in any other activities during employment, there will be no discrimination on the grounds of:

  ✓ Gender, marital status and pregnancy
  ✓ Disability
  ✓ Family status
  ✓ Race
  ✓ Colour
  ✓ Religious belief
  ✓ Age
  ✓ National origin
  ✓ Citizenship status
  ✓ Sexual orientation

- ***Harassment***

  We do not practice or tolerate harassment of or retaliation against any employee or applicant.

SOCIETY (continued)

Development and Training

To enable our talents to develop themselves to their fullest potential and to provide them with the essential skill sets to deliver the best, a comprehensive development plan has been established. The Company aims at encouraging staff to pursue professional development, which enables them to acquire knowledge and skills in line with business needs. Staff training and development is considered as investment to our future, that training sponsorship should not be viewed as staff welfare.

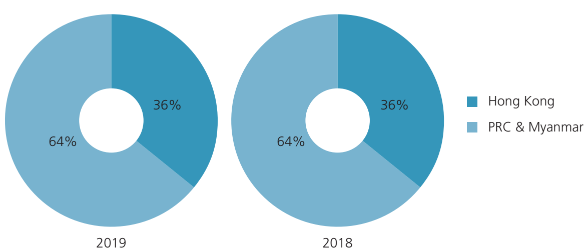
Social Performance

Good Resources Holdings Limited employs 33 staff in total.

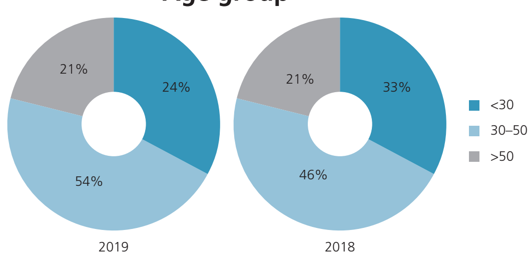
Workforce statistic by geographical, gender, employment type and age group:

Staff Number		2018/2019	2017/2018
(a)	Breakdown by geographical location		
	Hong Kong	12	12
	PRC and Myanmar	21	21
(b)	Breakdown by gender		
	Employees — Female	18	14
	Employees — Male	15	19
(c)	Breakdown by age group		
	Employees Age < 30	8	11
	Employees Age 30–50	18	15
	Employees Age > 50	7	7
(d)	Breakdown by employment type		
	Employee — Full-time	33	33
	Employee — Part-time	0	0

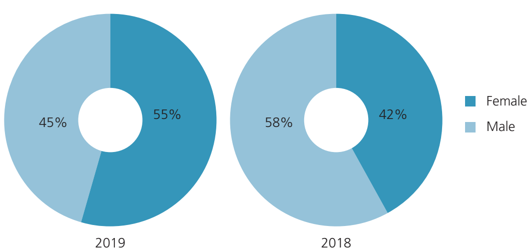
Geographical location



Age group



Gender



COMMUNITY

The Company recognized the importance of local communities to the continued success and growth of our business. Apart from the donation to charity organization by the Company from time to time, we also encourage our employees to participate and contribute to the community in any form voluntarily including donation, volunteer work in charity organizations etc. Some employees have donated to the charities regularly such as child sponsorship in World Vision, Medecins Sans Frontieres etc.

During the reporting year, we successfully organized 2 charity programs to visit the children, provide food and cash donation to support the operation of the children development centers in Myanmar. There are 116 orphans in the centers from 3 years to teenage who are now studying at University. The centers provide food, shelter and also home education with volunteer teachers. Our staff members committed over 100 hours for the voluntary program.

OPERATING PRACTICES

Supply Chain Management

The Company is committed to operating in an ethical and safe environment and employ sound supply chain practices to ensure that the Company's performance remains sustainable. Its procurement process encourages a high level of objectivity and impartiality in supplier selection. Its suppliers are required to provide quality goods and services that meet the Company's expectations. The Company also ensures that suppliers will provide efficient after-sales services prior to purchasing any products from them. Additionally, all suppliers are required to comply with relevant legislation when supplying goods and services to the Company. The Company conducts annual evaluations of its suppliers to ensure that quality is maintained, goods and services have actually been provided and that prices paid for such goods and services remain competitive.

Protect Client

The Company is committed to safeguarding our customers' personal information. The Company complies strictly with the law and regulation of privacy matter, such as the Personal Data (Privacy) Ordinance of Hong Kong. The personal information of our customers is collected and used in a responsible and non-discriminatory manner by restricting the use of information to consistent purposes identified in the contract. The Company also take steps to upgrade our security features on computer system to safeguard the customers' personal information. The Company implements ongoing measures to identify and monitor the risk of privacy to protect customer's information.

Anti-corruption

The Company maintains a high standard of business integrity throughout its operations and tolerates no corruption or bribery in any form. The Company strictly complies with relevant laws and regulations relating to anti-corruption, bribery, extortion, fraudulent behavior and money-laundering such as the Prevention of Bribery Ordinance of Hong Kong enforced by the Independent Commission Against Corruption, the Anti-Money Laundering Law of the People's Republic of China and the Anti-corruption Law of Myanmar.

The Company is committed to adhering to the highest ethical standards. The Company has established Code of Conduct and a written whistle-blowing policy that employees are required to adhere. Such code explicitly prohibits employees from soliciting, accepting or offering bribes or any form of advantage. The Code of Conduct also outlines the Company's expectations on staff with regard to conflicts of interest and the whistle-blowing policy encourages staff and external parties to speak up in confidence if any suspected misconduct or malpractice.

No non-compliance case was noted in relation to business fraud laws and regulations during the year.

ESG GUIDE CONTENT INDEX

Disclosure, Aspects, General Disclosure and KPIs	Description	Page/Statement
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	37
KPI A1.1	The types of emissions and respective emissions data.	38
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	38
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	We do not report on this issue as the Group does not produce significant amount of hazardous waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	38
KPI A1.5	Description of measures to mitigate emissions and results achieved.	37
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	37
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	37
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	38
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	We did not collect such information as it is not material to our business
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	37–38
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	We do not report on this issue as the disclosure is not material to our business

ESG GUIDE CONTENT INDEX (continued)

Disclosure, Aspects, General Disclosure and KPIs	Description	Page/Statement
KPI A2.5	Total packaging material used for finished products.	We do not report on this issue as the disclosure is not material to our business. Our business does not manufacture or sell any physical product
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	37
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	37
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	39
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	40
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	39
KPI B2.1	Number and rate of work-related fatalities.	39
KPI B2.2	Lost days due to work injury.	39
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	39

ESG GUIDE CONTENT INDEX (continued)

Disclosure, Aspects, General Disclosure and KPIs	Description	Page/Statement
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	40
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	39
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	39
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	39
Aspect B5: Supply Chain Management		
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TO THE SHAREHOLDERS OF GOOD RESOURCES HOLDINGS LIMITED
天成國際集團控股有限公司
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Good Resources Holdings Limited (the "Company") and its subsidiaries (together as the "Group") set out on pages 52 to 119, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, 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 OPINION

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 opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of goodwill

The Group had goodwill of HK$15,566,000 as at 30 June 2019. Management have performed an impairment review under Hong Kong Accounting Standard 36 "Impairment of Assets". Recoverable amount of cash generating unit is determined based on value in use calculations, which include significant assumptions and judgements made by management concerning the estimated future cash flows. Based on the value in use calculations, no impairment loss has been recognised for goodwill for the year then ended (2018: Nil).

We identified the impairment assessment of goodwill as a key audit matter because of its significance to the consolidated financial statements and because this area involves a significant degree of judgement and estimation made by management, in particular the estimation of future cash flows and discount rate.

The accounting policy, significant accounting judgements and estimates, key assumptions used in the impairment model and disclosures are included in Notes 3, 4 and 16 to the consolidated financial statements.

Our response:

Our procedures in relation to management's impairment assessment of goodwill included:

- Assessing the valuation methodology;
- Challenging the reasonableness of key assumptions adopted in the valuation, such as the discount rate, based on our knowledge of the business and industry and available market data; and
- Reconciling input data to supporting evidence, such as latest financial forecasts approved by the management and considering the reasonableness of these forecasts.

Impairment assessment of loans receivable

The Group had loans receivable of HK$1,225,291,000 as at 30 June 2019 and accounted for 42% of the total assets of the Group. The determination of allowance for impairment of loans and accounts receivable is a key area of judgement.

The adoption of HKFRS 9 has changed the Group's accounting for loan loss impairment by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECLs") approach.

The measurement of ECLs requires the application of significant judgment and increases complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECLs models (for exposures assessed individually or collectively), such as the expected future cash flows and forward-looking macroeconomic factors.

Our response:

Our procedures in relation to management's impairment assessment of loans receivable included:

- We obtained an understanding of the controls over the approval, recording and monitoring of loans receivable. We also assessed the effectiveness of key controls over the application of the impairment methodology, the governance for the ECLs models, inputs and assumptions used by the Group in calculating the ECLs.

- For the collectively assessed ECLs, we assessed the reasonableness of the Group's ECLs models, including the model input, model design, model performance for significant portfolios. We assessed the reasonableness of the Group's criteria for assessing if there has been a significant increase in credit risk that allowances for loans and accounts receivable should be measured on a lifetime ECLs basis. We also assessed whether historical experience is representative of current circumstances and of the recent losses incurred in the portfolios and assessed the reasonableness of forward-looking adjustments.

- For allowance for impaired loans and receivables determined on an individual basis, we assessed the indicators and assumptions for impairment, the quantification of allowance for impairment including the forecasts of future cash flows, the valuation of underlying collateral and estimates of recoverable amounts.

- We also assessed the adequacy of the disclosures relating to loans receivable for impairment of loans, which are included in Note 6 and 20 to the consolidated financial statements.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Choi Man On
Practising Certificate number P02410

Hong Kong, 13 September 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
Turnover	7	**84,665**	110,523
Other revenue	9	**37,511**	23,994
Other net (losses)/gains	9	**(15,897)**	11,964
Administrative expenses		**(23,595)**	(52,405)
Finance costs		**(2)**	–
Share of loss of a joint venture		**(2,973)**	(2,840)
Profit before taxation	10	**79,709**	91,236
Taxation	12	**(27,178)**	(27,351)
Profit for the year		**52,531**	63,885
Other comprehensive (loss)/income that may be subsequently reclassified to profit or loss			
Fair value adjustment on financial assets at fair value through other comprehensive income		**4,710**	(3,493)
Exchange differences arising on translation of foreign operations		**(101,200)**	67,986
Other comprehensive (loss)/income for the year		**(96,490)**	64,493
Total comprehensive (loss)/income for the year		**(43,959)**	128,378
Profit for the year attributable to:			
— Owners of the Company		**54,120**	74,365
— Non-controlling interests		**(1,589)**	(10,480)
		52,531	63,885
Total comprehensive (loss)/income for the year attributable to:			
— Owners of the Company		**(42,446)**	138,316
— Non-controlling interests		**(1,513)**	(9,938)
		(43,959)	128,378
		HK Cents	*HK Cents*
Earnings per share attributable to owners of the Company	13		
— Basic		**0.76**	1.04
— Diluted		**0.76**	1.04

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**63,398**	68,215
Intangible assets	15	**59,145**	65,354
Goodwill	16	**15,566**	15,646
Loans receivable	20	**204,108**	1,072,231
Interest in a joint venture	17	**29,419**	32,544
Financial assets at fair value through profit or loss	18	**4,306**	–
Financial assets at fair value through other comprehensive income	18	**160,886**	–
Available-for-sale financial asset	18	**–**	71,489
Deferred tax assets	22	**7,094**	–
		543,922	1,325,479
Current assets			
Loans receivable	20	**1,021,183**	55,453
Other receivables, deposits and prepayments		**123,247**	10,819
Financial assets at fair value through profit or loss	18	**66,560**	–
Bank balances and cash	21	**1,192,811**	1,469,659
		2,403,801	1,535,931
Non-current assets held for sale	19	**–**	228,312
		2,403,801	1,764,243
Total assets		**2,947,723**	3,089,722
Current liabilities			
Other payables, accruals and deposits received		**50,024**	49,073
Provision for taxation		**88,724**	84,639
		138,748	133,712
Total assets less current liabilities		**2,808,975**	2,956,010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Deferred tax liabilities	22	**14,669**	16,153
NET ASSETS		**2,794,306**	2,939,857
EQUITY			
Equity attributable to owners of the Company			
Share capital	23	**708,822**	709,877
Reserves		**2,076,128**	2,186,845
		2,784,950	2,896,722
Non-controlling interests	24	**9,356**	43,135
TOTAL EQUITY		**2,794,306**	2,939,857

The financial statements on pages 52 to 119 were approved by the Board of Directors on 13 September 2019 and were signed on its behalf by:

Chen Chuanjin	**Chen Shi**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Attributable to owners of the Company									
	Share capital *(Note 23)* *HK$'000*	Share premium[a] *HK$'000*	Contribution surplus[a] *HK$'000*	Special reserve[b] *HK$'000*	Other reserves[c] *HK$'000*	Translation reserves[d] *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *(Note 24)* *HK$'000*	Total equity *HK$'000*
At 1 July 2017	720,469	1,985,773	170,789	847	57,963	(185,476)	51,069	2,801,434	53,073	2,854,507
Profit for the year	–	–	–	–	–	–	74,365	74,365	(10,480)	63,885
Other comprehensive income for the year	–	–	–	–	(3,493)	67,444	–	63,951	542	64,493
Total comprehensive income for the year	–	–	–	–	(3,493)	67,444	74,365	138,316	(9,938)	128,378
Transfer to statutory reserve	–	–	–	–	8,615	–	(8,615)	–	–	–
Shares repurchase	(10,592)	(32,436)	–	–	–	–	–	(43,028)	–	(43,028)
At 30 June 2018	709,877	1,953,337	170,789	847	63,085	(118,032)	116,819	2,896,722	43,135	2,939,857
Initial application of HKFRS 9 *(Note 2(a))*	–	–	–	–	3,493	–	(47,539)	(44,046)	–	(44,046)
As restated	709,877	1,953,337	170,789	847	66,578	(118,032)	69,280	2,852,676	43,135	2,895,811
Profit for the year	–	–	–	–	–	–	54,120	54,120	(1,589)	52,531
Other comprehensive loss for the year	–	–	–	–	4,710	(101,276)	–	(96,566)	76	(96,490)
Total comprehensive loss for the year	–	–	–	–	4,710	(101,276)	54,120	(42,446)	(1,513)	(43,959)
Transfer to statutory reserve	–	–	–	–	8,100	–	(8,100)	–	–	–
Acquisition of non-controlling interests							(23,191)	(23,191)	(32,266)	(55,457)
Shares repurchase	(1,055)	(1,034)	–	–	–	–	–	(2,089)	–	(2,089)
At 30 June 2019	**708,822**	**1,952,303**	**170,789**	**847**	**79,388**	**(219,308)**	**92,109**	**2,784,950**	**9,356**	**2,794,306**

(a) The application of the share premium account and contributed surplus are governed by the Bermuda Companies Act.

(b) The special reserve of the Group represents the differences between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to a group reorganisation in December 1997, over the nominal value of the Company's shares issued in exchange.

(c) Other reserves of the Group as at 30 June 2019 comprise the aggregate of the credit arising from the reduction of nominal value of the Company's share capital in March 1999 and March 2001 less the amount utilised for a bonus issue of shares in September 2000 amounting to HK$39,387,000, the statutory reserve of a subsidiary established in the People's Republic of China of HK$35,291,000 set aside in accordance with the relevant laws and regulations, and the investment revaluation reserve of unlisted bond investment set out in Note 18 amounting to a gain of HK$4,710,000.

(d) The translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		**79,709**	91,236
Adjustments for:			
Bank interest income	9	**(17,032)**	(16,764)
Finance cost		**2**	–
Depreciation of property, plant and equipment	14	**4,554**	4,522
Amortisation of intangible assets	15	**5,935**	5,881
Share of loss of a joint venture		**2,973**	2,840
Loss on disposal of loans receivable	9	**6,590**	127
Gain on disposal of financial assets at fair value through profit or loss	9	**–**	(3,917)
Gain on disposal of non-current asset held for sales	9	**(419)**	–
Net loss/(gain) on convertible notes at fair value through profit or loss	9	**241**	(4,565)
Written off of other receivable	9	**7,474**	–
Reversal of provision for impairment allowance of loans receivable	6	**(34,349)**	–
Impairment of other receivable	10	**6,910**	–
Operating cash flows before movements in working capital		**62,588**	79,360
(Increase)/decrease in loans receivable		**(211,702)**	54,836
Decrease in other receivables, deposits and prepayments		**89,261**	11,069
Increase/(decrease) in other payables, accruals and deposits received		**1,747**	(1,699)
Cash (used in)/generated from operations		**(58,106)**	143,566
Income taxes paid		**(12,036)**	(25,789)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		**(70,142)**	117,777
INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss		**–**	7,750
Purchase of senior notes		**(157,000)**	–
Interest received on bank balances		**17,032**	16,764
Purchase of property, plant and equipment	14	**(59)**	(933)
Increase in bank deposits with maturity over three months		**(1,109,029)**	–
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		**(1,249,056)**	23,581

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
FINANCING ACTIVITIES			
Interest paid		**(2)**	–
Payment for share repurchase	23	**(2,089)**	(43,028)
NET CASH USED IN FINANCING ACTIVITIES		**(2,091)**	(43,028)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(1,321,289)**	98,330
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(64,588)**	23,509
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**1,469,659**	1,347,820
CASH AND CASH EQUIVALENTS AT END OF THE YEAR represented by bank balances and cash	21	**83,782**	1,469,659

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

1. GENERAL

Good Resources Holdings Limited was 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 address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company is located at Room 3310–11, 33rd Floor, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are provision of financial services, investment holding and provision of optical fibre leasing services. The principal activities of its subsidiaries are set out in Note 29.

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Adoption of new/revised HKFRSs — effective 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 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 (Clarifications to HKFRS 15)
Amendments to HKAS 40	Transfer to Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

A. *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 these financial statements as the periods to which the transition provision exemptions related have passed.

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

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

The adoption of these amendments has no impact on these financial statements as the Group is not a venture capital organisation.

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(a) Adoption of new/revised HKFRSs — effective 1 July 2018 (continued)

C. HKFRS 9 — Financial Instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 July 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of reserves and retained profits as of 1 July 2018 as follows:

Retained profits	*HK$'000*
Retained profits as at 30 June 2018	**116,819**
Increase in expected credit losses ("ECLs") in loans receivable	(56,325)
Increase in ECLs in other receivables	(1,231)
Recognition of deferred taxation	13,510
Reclassify financial asset (unlisted debt investments) from available-for-sales financial assets at FVOCI to financial assets at FVTPL *(Note 2(a)C(i)(b))*	(3,493)
Restated retained profits as at 1 July 2018	**69,280**

Other reserves	*HK$'000*
Other reserves balances at 30 June 2018	**63,085**
Reclassify financial asset (unlisted debt investments) from available-for-sales financial assets at FVOCI to financial assets at FVTPL *(Note 2(a)C(i)(b))*	3,493
Other reserves as at 1 July 2018	**66,578**

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(a) Adoption of new/revised HKFRSs — effective 1 July 2018 (continued)

C. *HKFRS 9 — Financial Instruments (continued)*

(i) Classification and measurement of financial instruments

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

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

- 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 it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to 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 costs or FVOCI as described above are classified as FVTPL. 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 costs or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(a) Adoption of new/revised HKFRSs — effective 1 July 2018 (continued)

C. *HKFRS 9 — Financial Instruments (continued)*

(i) Classification and measurement of financial instruments (continued)

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised costs	Financial assets at amortised costs 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.
FVOCI (debt instruments)	Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

The following table summarizes 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 1 July 2018 under HKAS 39** *HK$'000*	**Carrying amount as at 1 July 2018 under HKFRS 9** *HK$'000*
Loans receivable	Loans and receivables	Amortised cost	1,127,684	1,071,359
Unlisted equity investments	Available-for-sale *(Note a)*	FVTPL	4,306	4,306
Unlisted debt investments	Available-for-sale (at fair value)*(Note b)*	FVTPL	67,183	67,183
Other receivables	Loans and receivables	Amortised cost	10,304	9,073
Cash and cash equivalents	Loans and receivables	Amortised cost	1,469,659	1,469,659

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(a) Adoption of new/revised HKFRSs — effective 1 July 2018 (continued)

C. HKFRS 9 — Financial Instruments (continued)

(i) Classification and measurement of financial instruments (continued)

Note (a) As of 1 July 2018, an unquoted equity investments were reclassified from available-for-sale financial assets at cost to financial assets at FVTPL. These unquoted equity instrument has no quoted price in an active market. The Group intends to hold these unquoted equity investment for long term strategic purpose.

Note (b) The Group invested in the convertible promissory note (the "Note") with principal amount of USD9,000,000 carrying interest at 5% per annum issued by Airspan Network Inc. ("Airspan"). Under HKAS 39, the investment was classified as available-for-sale financial asset in the consolidated statement of financial position. It was carried at fair value with changes in fair value recognised through other comprehensive income. At the date of initial application of HKFRS 9, the Note was reclassified from available-for-sale financial assets at fair value through other comprehensive income to FVTPL, as the contractual cash flows from the Note are not solely payment of principal and interest on the principal amount outstanding. The previous fair value loss recognised in "Other reserves" of HK$3,493,000 was debited to retained profits at 1 July 2018.

(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 "ECLs model". HKFRS 9 requires the Group to recognised ECLs for trade receivables, financial assets at amortised costs, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current period.

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

Measurement of ECLs

ECLs 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 applies the general impairment approach of HKFRS 9 for loans receivable and other receivable to recognise impairment based on a three-stage process which is intended to reflect the deterioration in credit quality of a financial instrument.

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

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(a) Adoption of new/revised HKFRSs — effective 1 July 2018 (continued)

C. HKFRS 9 — Financial Instruments (continued)

(ii) Impairment of financial assets (continued)

Presentation of ECLs

Loss allowances for financial assets measured at amortised costs are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, the loss allowance is recognised in other comprehensive income, instead of reducing the carrying amount of the assets.

Under the general approach, financial assets are classified into three stage to reflect the deterioration in credit quality. Impairment allowance of each stage is calculated based on the product of probability of default, loss given default and exposure at default. Stage 1 covers financial assets that have not deteriorated significantly in credit quality since initial recognition including those that considered to be low credit risk investments. Stage 2 covers financial assets that have deteriorated significantly in credit quality since initial recognition but do not have objective evidence of a credit loss event. Stage 3 covers financial assets that have objective evidence of impairment at the reporting date. 12 months ECLs is recognised in Stage 1, while lifetime ECLs are recognised in Stages 2 and 3.

The Group's internal credit risk grading assessment comprises of five categories grouped with similar credit characteristics. For Group A, B, C and D, all the amounts are not past due and Group E represents a customer with indicator of increase in credit risk. The decision rules for stage allocation under general approach are as follows:

Group	Stage	Description	ECLs applied
A	Stage 1	The counterparty has a low risk of default and does not have any past-due amounts	12 months ECLs
B	Stage 1	The counterparty has a low risk of default and does not have any past-due amounts	12 months ECLs
C	Stage 1	The counterparty has a low risk of default and does not have any past-due amounts	12 months ECLs
D	Stage 1	The counterparty has a low risk of default and does not have any past-due amounts	12 months ECLs
E	Stage 2	There have been significant increases in credit risk through information developed internally or external resources	Lifetime ECLs — not credit-impaired

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(a) Adoption of new/revised HKFRSs — effective 1 July 2018 (continued)

C. *HKFRS 9 — Financial Instruments (continued)*

(ii) Impairment of financial assets (continued)

Presentation of ECLs (continued)

The expected credit loss rate as at 1 July 2018 after applying the general impairment approach of HKFRS 9 is as follow:

1 July 2018	Group A	Group B	Group C	Group D	Group E
Expected credit loss rate *(%)*	4.9%	0.13%	7.19%	0.72%	15.15%
Gross carrying amount *(HK$'000)*	329,876	256,431	421,365	59,941	60,071
Loss allowance *(HK$'000)*	16,175	333	30,285	431	9,101

The increase in loss allowance for loans receivable upon the transition to HKFRS 9 as of 1 July 2018 were HK$56,325,000. The loss allowances of loans receivable decreased by HK$34,349,000 during the year ended 30 June 2019.

Impairment of other receivables

As at 1 July 2018, the other receivables mainly represent amount due from a minority shareholder of a subsidiary. It is considered to be low risk as the borrower is considered, in the short term, to have a strong capacity to meet its obligations, and therefore the impairment provision is determined as 12 months ECLs. After applying the ECLs model, the management considered that provision for impairment allowance for other receivables upon the transition to HKFRS 9 as at 1 July 2018 were HK$1,231,000.

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) 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 ECLs rules are therefore not reflected in the statement of financial position as at 30 June 2018, but are recognised in the 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 retained profits 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.

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(a) Adoption of new/revised HKFRSs — effective 1 July 2018 (continued)

C. HKFRS 9 — Financial Instruments (continued)

(iv) Transition (continued)

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 "DIA"):

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity investments not held for trading as at FVOCI.

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

D. 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 method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 July 2018). As a result, the financial information presented for 2018 has not been restated.

The Group has applied the following accounting policy for revenue recognition in the preparation of these consolidated financial statements:

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(a) Adoption of new/revised HKFRSs — effective 1 July 2018 (continued)

D. HKFRS 15 — Revenue from Contracts with Customers (continued)

The Group recognises revenue from contracts with customers based on a five-step model as set out in HKFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group has reviewed the impact of HKFRS 15 and considered that HKFRS 15 has no significant financial effect on the timing and amounts of revenue recognised in the consolidated financial information.

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

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

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

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (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 financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to: HKFRS 3 Business Combinations; HKFRS 11 Joint Arrangements; HKAS 12 Income Taxes; and HKAS 23 Borrowing Costs[1]
HKFRS 16	Leases[1]
Amendments to HKFRS 9	Prepayment features with negative compensation[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 3	Definition of a business[4]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2021

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

4 Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

5 Effective for annual periods beginning on or after 1 January 2020

Those new/revised HKFRSs that might have material impact on the Group's financial statements are set out below:

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 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.

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

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

HKFRS 16 — Leases (continued)

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.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for a number of properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in Note 25, at 30 June 2019, the Group's future minimum lease payments under non-cancellable operating leases amounted to HK$67,030,000 for properties under operating leases, of which HK$57,746,000 is payable after 1 year after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

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.

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

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

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

2. ADOPTION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

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

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

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

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. Except as described above, the Directors of the Company anticipate that the application of other new and amendments to HKFRSs and an interpretation will have no material impact on the Group's financial performance and positions and/or the disclosures to the financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

3.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out below.

3.3 Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the same as the functional currency of the Company.

3.4 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries up to 30 June each year. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Business combination and basis of consolidation (continued)

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

3.5 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3.6 Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Joint arrangements (continued)

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

The Company's interests in joint ventures are stated at cost less impairment losses, if any. Results of joint ventures are accounted for by the Company on the basis of dividends received and receivable.

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Telecommunications infrastructure and network equipment	5–10 years
Furniture, fixtures and equipment	3–5 years
Motor vehicles	10 years
Leasehold improvements	Over the term of the relevant lease

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

Construction in progress is stated at cost less any impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is provided on a straight-line basis over the useful life as follows:

Operating lease	Over the unexpired term of the lease
License	15 years

The amortisation expense is recognised in profit or loss and included in administrative expenses.

3.9 Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquire over the fair value of identifiable assets and liabilities acquired.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

3.10 Non-current assets and disposal groups classified as held for sale

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Non-current assets and disposal groups classified as held for sale (continued)

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and

- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the year are included in profit or loss up to the date of disposal.

3.11 Financial Instruments (accounting policies applied from 1 July 2018)

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

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

Debt instruments

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

Amortised costs: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised costs. Financial assets 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.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through OCI. Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Financial Instruments (accounting policies applied from 1 July 2018) (continued)

(i) Financial assets (continued)

Debt instruments (continued)

Fair value through profit or loss ("FVTPL"): Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised costs or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

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. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises a loss allowance for ECLs on financial assets which are subject to impairment under HKFRS 9 (including loans receivable, other receivables, amounts due from subsidiaries, bank balances and cash). The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECLs represents the ECLs that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12 months ECLs represents the portion of lifetime ECLs that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group applies the general impairment approach of HKFRS 9 for other financial assets and unused credit card limit to recognise impairment based on a three-stage process which is intended to reflect the deterioration in credit quality of a financial instrument. The ECLs on these assets is assessed individually and/or collectively using a provision matrix with appropriate groupings. Stage 1 covers instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk. Stage 2 covers financial instruments that have deteriorated significantly in credit quality since initial recognition but do not have objective evidence of a credit loss event. Stage 3 covers financial assets that have objective evidence of impairment at the reporting date. 12 months ECLs is recognised in Stage 1, while lifetime expected credit losses are recognised in Stages 2 and 3.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Financial Instruments (accounting policies applied from 1 July 2018) (continued)

(ii) Impairment loss on financial assets (continued)

(a) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating; or
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

(b) Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(c) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event; or

(c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Financial Instruments (accounting policies applied from 1 July 2018) (continued)

(ii) Impairment loss on financial assets (continued)

(d) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of advances and receivables, when the amounts are over 180 days past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings, certain preference shares and the debt element of convertible loan note issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Hong Kong Companies Ordinance, Cap. 622, came into operation on 3 March 2014. Under the Ordinance shares of the Company do not have a nominal value. Consideration received or receivable for the issue of shares on or after 3 March 2014 is credited to share capital. Commissions and expenses are allowed to be deducted from share capital under s. 148 and s. 149 of the Ordinance.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Financial Instruments (accounting policies applied from 1 July 2018) (continued)

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECLs provision measured in accordance with principles of the accounting policy set out in 4(k)A(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

3.12 Financial Instruments (accounting policies applied until 30 June 2018)

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. Accordingly, the comparative financial information provided continues to be accounted for in accordance with the Group's previous accounting policy.

(i) Financial assets

The Group's financial assets are classified into one of the three categories, comprising financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss where the financial asset is either held for trading or it is designated at initial recognition as at fair value through profit or loss. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividend or interest earned on these financial assets. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial Instruments (accounting policies applied until 30 June 2018) (continued)

(i) Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including loans receivable, trade and other receivables, bank balances and cash and amounts due from subsidiaries) are carried at amortised cost using the effective interest method, less any identified impairment losses. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

A loans receivable under sale and leaseback arrangement, which in substance does not involve a lease and represents loan made to a borrower/lessee secured on the underlying assets, is also classified as loans and receivables.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

(ii) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments;
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial Instruments (accounting policies applied until 30 June 2018) (continued)

(ii) Impairment of financial assets (continued)

For Loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which has been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of an asset, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against the corresponding asset directly and any amounts held in the allowance account relating to that asset are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

For Available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial Instruments (accounting policies applied until 30 June 2018) (continued)

(iii) Financial liabilities and equity instruments issued by the Group

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities including trade and other payables and amounts due to subsidiaries are initially measured at fair values, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Convertible notes

Convertible notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible notes and fair value assigned to the liability component, representing the embedded option for the holder to convert the convertible notes into a fixed number of the Company's own equity instruments, is included in convertible notes reserve.

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method, until extinguished on conversion or maturity.

Issue costs are apportioned between the liability and equity components of the convertible notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial Instruments (accounting policies applied until 30 June 2018) (continued)

(iii) Financial liabilities and equity instruments issued by the Group (continued)

Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to the future cash flows in relation to the financial assets expire or when the financial assets have been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

3.13 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment, intangible asset with finite useful life, investments in subsidiaries and joint venture to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue recognition (accounting policies applied from 1 July 2018)

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding amounts collected on behalf of third parties and is after deduction of any trade discount.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight-line basis over the terms of the relevant leases.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Revenue recognition (accounting policies applied until 30 June 2018)

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts.

Interest income from a financial asset is accrued on a time-apportioned basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments held for trading is recognised when the Group's rights to receive payment have been established.

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

3.15 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Income taxes (continued)

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

3.16 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

3.17 Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Employee benefits

(i) Short term benefits

Salaries, annual bonuses, and paid annual leaves are accrued in the year in which the associated services are rendered by employees.

(ii) Pension obligations

Contributions to the Mandatory Provident Fund scheme as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to profit or loss when incurred. The Group has no further payment obligations once the contribution has been made.

3.19 Provision and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made for the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligation, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.20 Share-based payments

Where share options are awarded to employees of the Group or other providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share-based compensation reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Share-based payments (continued)

Where equity instruments are granted to parties other than employees, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets, or except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service. A corresponding increase in equity is recognised.

When the option is exercised, the amount recognised in the share-based compensation reserve is transferred to share premium account. When the option lapses, the amount recognised in the share-based compensation reserve is released directly to retained profits.

3.21 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a party, provides key management personnel services to the Group or to the Group's parent.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of other receivables and loans receivable

The Group makes provision for impairment of trade receivables and contract assets based on assumptions about risk of default and expected loss rates (Note 3.11 (ii)). The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the balance sheet date.

Provision for taxes

The Group through its investments in subsidiaries is subject to certain taxes in the People's Republic of China (the "PRC") and Hong Kong including enterprise income tax, capital gain tax and Hong Kong Profits Tax. Significant judgement is required in determining the amount of the provision for taxes and the timing of related taxes. The Group recognises the liabilities for anticipated taxes based on the Group's interpretation of prevailing tax laws and practices. Where the final outcome of these matters is different from the amounts that were initially recorded, such difference will impact the tax provisions in the period in which such determination is made.

Impairment of goodwill and intangible assets

Determining whether goodwill or an intangible asset is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated and the intangible asset relates. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Fair value of measurement

The Group's financial assets at fair value through profit or loss are measured at fair value.

The fair value measurement of the Group's financial assets utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

A more detailed information in relation to the fair value measurement of these assets is disclosed in Note 28.

5. CAPITAL RISK MANAGEMENT

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. There was no change in capital management policies and objectives from prior periods.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustment to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings representing outstanding convertible notes as shown in the consolidated statement of financial position less cash and bank balances. Total capital is calculated as equity as shown in the consolidated statement of financial position, plus net debt (excess of borrowings over cash and bank balances), as appropriate.

During the years ended 30 June 2019 and 2018, the Group did not have any borrowings which is consistent with its strategy to maintain a zero or minimal gearing ratio.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include other receivables, loans receivable, financial asset at fair value through other comprehensive income, financial assets at fair value through profit or loss, bank balances and cash, bank deposits, other payables, accruals and deposits received. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk and impairment assessment

At 30 June 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount the respective recognised financial assets (including loans receivable, other receivables, amounts due from subsidiaries, bank balances and cash) as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group's management has delegated to a team the responsibility for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group's management reviews the recoverable amount of each individual debt, including loans receivable, loans receivable under sale and leaseback arrangements, other receivables, deposits and prepayments, regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. For loans receivable, the Group will consider, but not limited to, the business prospect, the financial performance and position of borrowers through business due diligence works performed by in-house staff. For loans receivable under sale and leaseback arrangements, the Group holds collaterals from the borrowers/lessees. In this regard, management considers that the Group's credit risk is significantly reduced. As at 30 June 2019, loans receivable and loans receivable under sale and leaseback arrangements are principally due from eight (2018: eight) borrowers or counterparties and the other receivables, deposits and prepayments are also due from a limited numbers of counterparties as at 30 June 2019 and 2018. The Group therefore has certain concentration of credit risk to a number of counterparties.

The credit risk on bank deposits is limited because the counterparties are banks with good reputation.

Impairment allowance policies upon application of HKFRS 9

Upon application of HKFRS 9, the management is responsible in developing and maintaining the processes for measuring ECLs of the Group's asset portfolio. The ECLs are assessed by the management regularly. The Group applies simplified approach to measure ECLs on trade related receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 July 2018 and general approach to measure ECLs on other financial assets at amortised cost. In addition, forward-looking information is required in estimating the ECLs, with the Directors considering expectation of certain macroeconomic indicators such as unemployment rate, consumer price index and gross domestic product growth rate.

Under the general approach, financial assets are classified into three stages to reflect the deterioration in credit quality. Impairment allowance of each stage is calculated based on the product of probability of default, loss given default and exposure at default. Stage 1 covers financial assets that have not deteriorated significantly in credit quality since initial recognition including those that considered to be low credit risk investments. Stage 2 covers financial assets that have deteriorated significantly in credit quality since initial recognition but do not have objective evidence of a credit loss event. Stage 3 covers financial assets that have objective evidence of impairment at the reporting date. 12-months ECLs are recognised in Stage 1, while lifetime ECLs are recognised in Stages 2 and 3.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk and impairment assessment (continued)

Impairment allowance policies upon application of HKFRS 9 (continued)

The Group's internal credit risk grading assessment comprises of six categories grouped with similar credit characteristics. For Group A, B, C, D, F and G, all the amounts are not past due. The decision rules for stage allocation under general approach are as follows:

Group	Stage	Description	ECLs applied
A	Stage 1	The counterparty has a low risk of default and does not have any past-due amounts	12 months ECLs
B	Stage 1	The counterparty has a low risk of default and does not have any past-due amounts	12 months ECLs
C	Stage 1	The counterparty has a low risk of default and does not have any past-due amounts	12 months ECLs
D	Stage 1	The counterparty has a low risk of default and does not have any past-due amounts	12 months ECLs
F	Stage 1	The counterparty has a low risk of default and does not have any past-due amounts	12 months ECLs
G	Stage 1	The counterparty has a low risk of default and does not have any past-due amounts	12 months ECLs

The following table provides information about the Group's exposure to credit risk and ECLs for loans receivable as at 30 June 2019 after applying the general impairment approach of HKFRS 9:

	Group A	Group B	Group C	Group D	Group F	Group G
Expected credit loss rate *(%)*	0.79%	1.01%	2.83%	0.68%	1.83%	0.30%
Gross carrying amount *(HK$'000)*	316,266	245,851	403,980	72,003	184,816	22,733
Loss allowance *(HK$'000)*	2,507	2,486	11,434	490	3,373	68

Movement in the loss allowances account in respect of loans receivable during the year is as follows:

	HK$'000
Loss allowance as at 30 June 2018 under HKAS 39	–
Impact of initial application of HKFRS 9 *(Note 2(a))*	56,325
Adjusted balance at 1 July 2018	56,325
Reversal of impairment loss recognised during the year	(34,349)
Exchange realignment	(1,618)
Loss allowance as at 1 July 2018 under HKFRS 9	20,358

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk and impairment assessment (continued)

Other receivables

The management regularly review and assess the credit quality of the counterparties. Other receivables as at 30 June 2019 mainly represents the receivables from sales of non-current assets held for sales. The Group uses lifetime ECLs to assess the loss allowance of other receivables. The Directors consider that there is a significant increase in credit risk for the balance after considering the financial background and condition of the counterparties. An impairment of HK$6,910,000 was made in respect of the other receivables at 30 June 2019 after applying the ECLs model.

Equity price risk

The Group has no significant equity price risk as at 30 June 2019.

Interest rate risk

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits. The Directors consider the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank deposits have short maturity periods. The Group's loans receivable carry at fixed interest rate and therefore are not subject to cash flow interest rate risk.

The Group has no significant interest-bearing financial liabilities. Accordingly, management considers the Group has no significant cash flow interest rate risk from financial liabilities.

The Group does not have an interest rate hedging policy. However, management monitors interest rate exposures and will consider hedging significant interest rate exposures should the need arise.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. The Group maintains its financial position with adequate cash and cash equivalents of HK$1,192,811,000 (2018: HK$1,469,659,000) at 30 June 2019.

At end of the reporting period, the contractual undiscounted cash flows of the Group's non-derivative financial liabilities which are repayable on demand or within one year, equals their carrying amounts as the impact of discounting are insignificant.

Foreign currency risk

Majority of the group entities' transactions are denominated and settled in their respective functional currencies. Accordingly, there is no significant exposure to foreign currency risk except that the Group entities operating in Hong Kong have bank deposits of approximately HK$7,372,000 (2018: HK$7,777,000) denominated in Renminbi included in bank balances and cash as at 30 June 2019. Had the exchange rate of Renminbi against Hong Kong dollar increased/decreased by 5%, the profit for the year ended 30 June 2019 and equity as at 30 June 2018 would increase/decrease by approximately HK$369,000 (2018: loss would decrease/increase and equity would increase/decrease by approximately HK$389,000). The above analysis is prepared based on the reasonably possible changes in an exchange rate to which the Group has significant exposure at the end of each reporting period.

7. TURNOVER

Turnover represents the aggregate of amounts received and receivable from third parties, less returns and allowance and is analysed as follows:

	2019	2018
	HK$'000	*HK$'000*
Loan interest income	**84,614**	110,523
Leasing services income	**51**	–
	84,665	110,523

8. SEGMENT REPORTING

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 ("CODM") has been identified as the Executive Directors of the Company.

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's Directors in order to allocate resources and assess performance of the segment.

For the year ended 30 June 2018, the Executive Directors have determined that the Group had two reportable segments — "Financial Services", "Investment Portfolio". The financial services segment, mainly the money lending business in Hong Kong and the loan financing business in the People's Republic of China (the "PRC"), continues to generate interest incomes from those business. The investment portfolio segment has been expanding includes but not limited to debt investments, equity investments and acquisition of companies. Following the start of operation of the optical fibre leasing services business in Myanmar, the CODM changed the internal reporting structure and added "Leasing Services" as a new reporting segment to strengthen the Group's business structure strategy. Therefore, the Group has three reporting segments for the year ended 30 June 2019. The leasing services segment mainly related to provision of optical fibre leasing service for private companies and telecommunication companies in Myanmar.

8. SEGMENT REPORTING (continued)

Reportable segments (continued)

Segment information about these reportable segments is presented below:

For the year ended 30 June 2019	Financial services HK$'000	Investment portfolio HK$'000	Leasing services HK$'000	Consolidated HK$'000
Turnover — external	84,614	–	51	84,665
Segment results	79,033	6,777	(14,033)	71,777
Other revenue				560
Other net losses				(1,077)
Other corporate expenses				(18,729)
Profit for the year				52,531

At 30 June 2019	Financial services HK$'000	Investment portfolio HK$'000	Leasing services HK$'000	Unallocated HK$'000	Consolidated HK$'000
ASSETS					
Property, plant and equipment	1,115	–	62,212	71	63,398
Intangible assets	6,078	–	53,067	–	59,145
Goodwill	–	–	15,566	–	15,566
Loans receivable	1,225,291	–	–	–	1,225,291
Interest in a joint venture	–	–	29,419	–	29,419
Financial assets at fair value through profit or loss	–	70,866	–	–	70,866
Financial assets at fair value through other comprehensive income	–	160,886	–	–	160,886
Other receivables, deposits and prepayments	113,774	6,748	2,672	53	123,247
Bank balances and cash	1,162,633	22,016	441	7,721	1,192,811
Deferred tax assets	7,093	1	–	–	7,094
Consolidated total assets	2,515,984	260,517	163,377	7,845	2,947,723
LIABILITIES					
Other payables, accruals and deposits received	15,957	917	31,182	1,968	50,024
Provision for taxation	59,430	–	–	29,294	88,724
Deferred tax liabilities	1,519	–	13,150	–	14,669
Consolidated total liabilities	76,906	917	44,332	31,262	153,417

8. SEGMENT REPORTING (continued)

Reportable segments (continued)

Other information **For the year ended 30 June 2019**	**Financial services** ***HK$'000***	**Investment portfolio** ***HK$'000***	**Leasing services** ***HK$'000***	**Unallocated** ***HK$'000***	**Consolidated** ***HK$'000***
Depreciation of property, plant and equipment	**(164)**	**–**	**(4,360)**	**(30)**	**(4,554)**
Amortisation of intangible assets	**(1,106)**	**–**	**(4,829)**	**–**	**(5,935)**
Loss on disposal of loans receivable	**–**	**(6,590)**	**–**	**–**	**(6,590)**
Written off of other receivables	**–**	**(7,474)**	**–**	**–**	**(7,474)**
Net loss on financial assets at fair value through profit or loss	**–**	**(241)**	**–**	**–**	**(241)**
Additions of non–current assets (other than financial assets)	**–**	**–**	**24**	**35**	**59**

For the year ended 30 June 2018	Financial services *HK$'000*	Investment portfolio *HK$'000*	Consolidated *HK$'000*
Turnover — external	110,523	–	110,523
Segment results	86,049	(8,950)	77,099
Other revenue			1,375
Other net gains			1,975
Other corporate expenses			(16,564)
Profit for the year			63,885

8. SEGMENT REPORTING (continued)

Reportable segments (continued)

At 30 June 2018	Financial services HK$'000	Investment portfolio HK$'000	Unallocated HK$'000	Consolidated HK$'000
ASSETS				
Property, plant and equipment	1,282	66,868	65	68,215
Intangible assets	7,184	58,170	–	65,354
Goodwill	–	15,646	–	15,646
Loans receivable	1,127,684	–	–	1,127,684
Interest in a joint venture	–	32,544	–	32,544
Available-for-sale financial asset	–	71,489	–	71,489
Other receivables, deposits and prepayments	2,387	7,971	461	10,819
Bank balances and cash	1,351,999	3,277	114,383	1,469,659
Non-current assets held for sale	228,312	–	–	228,312
Consolidated total assets	2,718,848	255,965	114,909	3,089,722
LIABILITIES				
Other payables, accruals and deposits received	14,874	31,351	2,848	49,073
Provision for taxation	55,344	–	29,295	84,639
Deferred tax liabilities	1,796	14,357	–	16,153
Consolidated total liabilities	72,014	45,708	32,143	149,865

Other information For the year ended 30 June 2018	Financial services HK$'000	Investment portfolio HK$'000	Unallocated HK$'000	Consolidated HK$'000
Depreciation of property, plant and equipment	(165)	(4,329)	(28)	(4,522)
Amortisation of intangible assets	(1,107)	(4,774)	–	(5,881)
Loss on disposal of loans receivable	(127)	–	–	(127)
Net gain on convertible notes at fair value through profit or loss	–	4,565	–	4,565
Gain on disposal of financial assets at fair value through profit or loss	–	3,917	–	3,917
Additions of non-current assets (other than financial assets)	–	933	–	933

8. SEGMENT REPORTING (continued)

Geographical information

The Group determines the geographical location of non-current assets (other than financial instruments) and revenue by the location of the assets and customers/payees respectively.

The following tables present the geographical locations of the Group's revenue and non-current assets (other than financial instruments):

	2019 *HK$'000*	2018 *HK$'000*
Revenue from external customers		
Hong Kong	1,973	3,888
The PRC	82,641	106,635
Myanmar	51	–
	84,665	110,523

	2019 *HK$'000*	2018 *HK$'000*
Non-current assets (other than financial instruments)		
Hong Kong	1,123	1,258
The PRC	13,235	7,273
Myanmar	160,264	173,228
	174,622	181,759

Information about major customers

Revenue from the Group's major customers representing 10% or more of the Group's revenue is derived from financial services segment as listed below:

	2019 HK$'000	2018 *HK$'000*
Customer A	30,837	32,264
Customer B	24,141	25,258
Customer C	18,766	20,165
Customer D	–	19,635
	73,744	97,322

9. OTHER REVENUE AND OTHER NET (LOSSES)/GAINS

	2019 HK$'000	2018 HK$'000
Other revenue		
Interest income from convertible notes	3,566	2,323
Bank interest income	17,032	16,764
Interest income from quoted debt investments	14,597	–
Government subsidies	2,010	4,807
Others	306	100
	37,511	23,994
Other net (losses)/gains		
Net (losses)/gains on financial assets at fair value through profit or loss	(241)	4,565
Written off of other receivables *(note)*	(7,474)	–
Losses on disposal of loans receivable *(note)*	(6,590)	(127)
Gain on disposal of financial assets at fair value through profit or loss	–	3,917
Net foreign exchange (losses)/gains	(2,011)	3,609
Gain on disposal of non-current asset held for sales *(note 19)*	419	–
	(15,897)	11,964
Other revenue and other net gains	21,614	35,958

Note:

As at 30 June 2018, the Company had loans receivable from Mr. Chen Shimin ("CSM"), the 40% interest minority shareholder of Golden 11 Investment International PTE Ltd ("G11", and its subsidiaries collectively known as "G11 Sub-group"), with principal and interest of USD7,652,545. The loans receivable was scheduled to be paid on September 2018.

On 31 January 2019, CSM and the Company's wholly-owned subsidiary, Golden Wayford Limited ("GWL") entered into a deed of settlement ("Deed of Settlement"), pursuant to the Deed of Settlement, in consideration of the full and final settlement of the CSM Loan in an aggregate sum of principal USD6,272,000 and interest USD1,634,153 indebted to GWL by CSM, CSM, amongst others, agreed to:

(i) transfer 872,224 ordinary shares (the "Transfer Shares") of G11 to GWL, as the full and final settlement of the outstanding sum (the "Outstanding Sum"), being principle USD6,272,000 and interest USD1,634,153, under the CSM Loan. The transfer shares represent 40% interest in G11 Sub-group.

(ii) CSM shall be removed from any titles or positions of the G11 Sub-group.

9. OTHER REVENUE AND OTHER NET (LOSSES)/GAINS (continued)

The transaction should be accounted for as a derecognition of financial assets in accordance with HKFRS 9. The difference between the carrying amount of financial asset disposed, ie. the principal and interest receivables of USD7,906,153 and the fair value of consideration received, ie. the fair value of 40% interest in G11 Sub-group of USD7,109,000. The fair value of Transfer Shares has been determined with references to the valuation performed by an independent firm of professionally qualified valuers. As a result, a loss on disposal of loans receivable of HK$6,590,000 has been recognised in 'Other net (losses)/gains' in the consolidated statement of comprehensive income for the year ended 30 June 2019.

Included in other receivables, deposits and prepayment as at 31 January 2019 was an amount of HK$7,474,000 due from CSM, which was unsecured, interest free and repayable on demand. Following the above transaction, the management is of the opinion that this amount is irrecoverable, hence a loss on written off of other receivables is has been recognised in 'Other net (losses)/gains' in the consolidated statement of comprehensive income for the year ended 30 June 2019.

10. PROFIT BEFORE TAXATION

	2019 ***HK$'000***	2018 *HK$'000*
Profit before taxation has been arrived at after charging/(crediting):		
Directors' emoluments	**3,400**	3,400
Staff costs (excluding Directors' emoluments):		
Salaries and allowances	**12,391**	14,309
Retirement benefits scheme contributions	**339**	228
Total staff costs	**16,130**	17,937
Auditor's remuneration:		
— Provision for current year	**1,386**	1,155
— Under-provision in prior year	**55**	110
Depreciation of property, plant and equipment *(Note 14)*	**4,554**	4,522
Amortisation of intangible assets (included in administrative expenses) *(Note 15)*	**5,935**	5,881
Reversal of provision for impairment allowance of loans receivable *(Note 6)*	**(34,349)**	–
Provision for impairment allowance of other receivables	**6,910**	–
Consultancy fees	**629**	1,132
Legal and professional fees	**1,699**	1,617

11. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

The emoluments paid or payable to each of the six (2018: six) Directors were as follows:

For the year ended 30 June 2019	Fees HK$'000	Basic salaries and allowances HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Mr. Lo Wan Sing, Vincent	300	–	–	–	300
Mr. Chau On Ta Yuen	300	–	–	–	300
Mr. Lu Sheng	–	1,200	–	–	1,200
Mr. Chen Chuanjin	–	1,000	–	–	1,000
Mr. Zhang Ning[1]	300	–	–	–	300
Mr. Wong Hok Bun, Mario[2]	300	–	–	–	300
	1,200	2,200	–	–	3,400

For the year ended 30 June 2018	Fees HK$'000	Basic salaries and allowances HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Mr. Lo Wan Sing, Vincent	300	–	–	–	300
Mr. Chau On Ta Yuen	300	–	–	–	300
Mr. Lu Sheng	–	1,200	–	–	1,200
Mr. Chen Chuanjin	–	1,000	–	–	1,000
Mr. Zhang Ning[1]	300	–	–	–	300
Mr. Wong Hok Bun, Mario[2]	300	–	–	–	300
	1,200	2,200	–	–	3,400

1 Mr. Zhang Ning was appointed on 14 July 2016.
2 Mr. Wong Hok Bun, Mario was appointed on 31 May 2017.

During the year ended 30 June 2019 and 2018, no emoluments were paid by the Group to the Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

In addition, none of the Directors had waived any emoluments during the current or prior year.

11. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS (continued)

Highest paid individuals

Of the five highest paid individuals in the Group, two (2018: one) Directors of the Company whose emoluments are set out above. The emoluments of the remaining three (2018: four) individuals are as follows:

	2019 *HK$'000*	2018 *HK$'000*
Basic salaries and allowances	**4,703**	5,197
Retirement benefits scheme contributions	**36**	136
	4,739	5,333

The emoluments were within the following bands:

	2019 *Number of individuals*	2018 *Number of individuals*
HK$1,000,001 to HK$1,500,000	**2**	2
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**1**	1

The emoluments paid or payable to a member(s) of senior management were within the following bands:

	2019 *Number of individuals*	2018 *Number of individuals*
HK$0 to HK$1,000,000	**2**	–
HK$1,000,001 to HK$1,500,000	**2**	3
HK$1,500,001 to HK$2,000,000	**–**	1

12. TAXATION

The amount of tax recognised in the consolidated statement of comprehensive income represents:

	2019 HK$'000	2018 HK$'000
Current tax		
Hong Kong Profits Tax for the year	–	–
PRC Income Tax for the year	22,676	28,821
Overseas Income Tax for the year	–	–
	22,676	28,821
Deferred tax credit *(Note 22)*	4,502	(1,470)
Income tax expense	27,178	27,351

Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and 16.5% on the estimated assessable profits above HK$2 million (2018: at a flat rate of 16.5%) for the year ended 30 June 2019. No provision for taxation in Hong Kong was made in the financial statements for the current period as the Group's operations in Hong Kong had no assessable profits.

The Group's subsidiaries in the PRC are subject to corporate income tax with tax rates of 25% for the year ended 30 June 2019 (2018: 25%).

The Group's subsidiaries in the Myanmar are subject to the corporate tax rate of 25% for both years. No provision for taxation was made in the financial statements for the current period as the Group's operations in the Myanmar had no assessable profits.

The taxation for the year can be reconciled to the accounting profit before taxation for the year per the consolidated statement of comprehensive income as follows:

	2019 HK$'000	2018 HK$'000
Profit before taxation	79,709	91,236
Tax charge calculated at Hong Kong Profits Tax rate of 16.5% (2018: 16.5%)	13,152	15,054
Effect of different tax rate in foreign jurisdictions	7,407	7,833
Tax effect of expenses not deductible for tax purpose	29,394	5,083
Tax effect of income not taxable for tax purpose	(24,972)	(1,940)
Utilisation of previously unrecognised tax losses	(297)	(486)
Tax effect of estimated tax losses not recognised	2,494	1,807
Income tax expense for the year	27,178	27,351

13. EARNINGS PER SHARE

The basic and diluted earnings per share attributable to the owners of the Company are calculated as follows:

	2019 *HK$'000*	2018 *HK$'000*
Profit for the year		
Profit for the purpose of basic and diluted earnings per share	54,120	74,365

	2019 *'000*	2018 *'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	7,089,082	7,124,160

	2019 *HK Cents*	2018 *HK Cents*
Earnings per share		
— Basic	0.76	1.04
— Diluted	0.76	1.04

Dilutive earnings per share is the same as the basic earnings per share because the Group had no dilutive potential ordinary shares during the years ended 30 June 2019 and 2018.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Motor vehicle *HK$'000*	Tele-communications infrastructure and network equipment *HK$'000*	Total *HK$'000*
COST					
At 1 July 2017	1,185	829	1,410	69,390	72,814
Additions	–	111	–	822	933
Exchange adjustment	–	5	–	905	910
At 30 June 2018	1,185	945	1,410	71,117	74,657
Additions	–	59	–	–	59
Exchange adjustment	–	(5)	–	(362)	(367)
At 30 June 2019	**1,185**	**999**	**1,410**	**70,755**	**74,349**
ACCUMULATED DEPRECIATION					
At 1 July 2017	1,185	608	76	–	1,869
Provided for the year	–	55	141	4,326	4,522
Exchange adjustment	–	–	–	51	51
At 30 June 2018	1,185	663	217	4,377	6,442
Provided for the year	–	73	141	4,340	4,554
Exchange adjustment	–	(2)	–	(43)	(45)
At 30 June 2019	**1,185**	**734**	**358**	**8,674**	**10,951**
CARRYING AMOUNT					
At 30 June 2019	**–**	**265**	**1,052**	**62,081**	**63,398**
At 30 June 2018	–	282	1,193	66,740	68,215

15. INTANGIBLE ASSETS

	Licence HK$'000	Operating lease HK$'000	Total HK$'000
COST			
At 1 July 2017	69,948	10,640	80,588
Exchange adjustment	903	–	903
At 30 June 2018	70,851	10,640	81,491
Exchange adjustment	(361)	–	(361)
At 30 June 2019	**70,490**	**10,640**	**81,130**
ACCUMULATED AMORTISATION			
At 1 July 2017	7,749	2,350	10,099
Amortisation during the year	4,775	1,106	5,881
Exchange adjustment	157	–	157
At 30 June 2018	12,681	3,456	16,137
Amortisation during the year	4,829	1,106	5,935
Exchange adjustment	(87)	–	(87)
At 30 June 2019	**17,423**	**4,562**	**21,985**
CARRYING AMOUNT			
At 30 June 2019	**53,067**	**6,078**	**59,145**
At 30 June 2018	58,170	7,184	65,354

16. GOODWILL

	HK$'000
COST	
At 1 July 2017	27,833
Exchange adjustment	359
At 30 June 2018	28,192
Exchange adjustment	(144)
At 30 June 2019	**28,048**
ACCUMULATED IMPAIRMENT LOSS	
At 1 July 2017	12,386
Exchange adjustment	160
At 30 June 2018	12,546
Exchange adjustment	(64)
At 30 June 2019	**12,482**
CARRYING AMOUNT	
At 30 June 2019	**15,566**
At 30 June 2018	15,646

For the purpose of impairment testing, cost of goodwill is allocated to the cash generating unit ("CGU") in relation to the investment in Golden 11 Investment International PTE Ltd. ("Golden 11") under the investment portfolio operating segment. There is no quoted market price in an active market and the fair values of the CGU cannot be reliably measured. The recoverable amount of the CGU has been determined from value-in-use calculations, with references to the valuation performed by an independent firm of professionally qualified valuers, based on cash flow projections from formally approved budgets covering a four-year period. Cash flow beyond the forecast period is extrapolated using an estimated average growth rate of 3% (2018: 3%), which the management considers to be reasonable as a long-term average growth rate for the network facilities service industry in countries considered to be comparable to Myanmar. Cash flows for the first four financial periods are based on expected sales orders estimated by management. The discount rate of 46.72% (2018: 44.76%) used is pre-tax and reflects specific risks relating to the CGU.

According to the latest valuation, the recoverable amount of the CGU is higher than the carrying amount and no impairment loss on goodwill has been recognised in 2019 (2018: Nil).

17. INTEREST IN A JOINT VENTURE

	2019 *HK$'000*	2018 *HK$'000*
Share of net assets	**29,419**	32,544

Particulars of the Group's interest in a joint venture are as follows:

Name of company	Form of business structure	Place of incorporation and operations	Percentage of ownership interest/ voting rights/ profit share	Principal activity
Golden Myanmar Business Exchange Co, Ltd.	Corporation	Myanmar	70%	Construction and operation of data centre

Summarised financial information in relation to Golden Myanmar Business Exchange Co., Ltd. is presented below:

	2019 *HK$'000*	2018 *HK$'000*
As at 30 June		
Current Assets	**802**	1,388
Non-current assets	**26,504**	28,760
Current liabilities	**(1,583)**	(141)
Non-current liabilities	**–**	–
Net assets	**25,723**	30,007
Included in the above amounts are:		
Bank balances and cash	**1,352**	8,149
Current financial liabilities (excluding trade and other payable)	**–**	–
Non-current financial liabilities (excluding other payables and provisions)	**–**	–
Year ended 30 June		
Revenue	**2,057**	–
Loss for the year	**4,227**	4,105
Total comprehensive loss	**4,227**	4,105

18. OTHER FINANCIAL ASSETS

	2019 *HK$'000*	2018 *HK$'000*
Non-current portion		
Available-for-sale financial asset		
Unlisted convertible promissory note with fixed interest (denominated in USD) *(Note (a))*	–	67,183
Unlisted equity securities outside Hong Kong *(Note (b))*	–	4,306
Financial assets at fair value through profit or loss		
Unlisted equity securities outside Hong Kong *(Note (b))*	4,306	–
Financial assets at fair value through other comprehensive income		
Quoted debt investments (denominated in USD) *(Note (c))*	160,886	–
	165,192	71,489
Current portion		
Financial assets at fair value through profit or loss		
Unlisted convertible promissory note with fixed interest (denominated in USD) *(Note (a))*	66,560	–

(a) The Group has entered into an agreement of an amended and restated Note with Airspan Network Inc. ("Airspan") on 28 November 2017. The principal amount of the Note is USD9,000,000 with fixed interest rate 5% and mature on date of 30 June 2020. The Note entitles the Group to convert the principal and accrued interest into shares of the issuer (the "Option") at certain conversion prices depending on various circumstances upon the conditions of conversion have been fulfilled (i) at the next equity financing date as defined in the terms and conditions of the Note, or (ii) at the option of the Group prior to 30 June 2020. The Group has no intention to convert the principal amount and accrued interest of the Note into equity of Airspan, but since the contractual cashflow are not solely payments of principal and interest on the principal amount outstanding, the Directors classified the investment as financial assets at FVTPL according to HKFRS 9 (2018: it is classified as available for sales financial asset at FVOCI).

(b) The Company holds 10% of Metro Leader Limited after the completion of disposal on 17 November 2016. It is classified as available-for-sale investments as the Group does not have the power to control or significant influence on the investee. The Directors classified the investment as financial assets at FVTPL according to HKFRS 9 (2018: it was classified as available for sale financial asset at cost).

(c) As further detailed in the announcement dated 24 August 2018, a wholly-owned subsidiary of the Company, placed an order to subscribe for the 11% Senior Notes in the principal amount of USD20,000,000 issued by Redco Properties Group Limited (力高地產集團有限公司) ("11% Senior Notes"). The 11% Senior Notes bear interest from and including the date of issue on 23 August 2018 at the rate of 11.0% per annum, payable semiannually in arrears, and will mature on 29 August 2020. The Directors classified the investment as financial assets at FVOCI.

19. NON-CURRENT ASSETS HELD FOR SALE

Pursuant to a sales and lease back agreement between the subsidiary, Shanghai Yongsheng and Zhenjiang Rongde New Energy Technology Co., Ltd. ("Zhenjiang Rongde") (the "Zhenjiang Rongde Agreement"), Shanghai Yongsheng made an advance of RMB800 million to Zhenjiang Rongde in respect of certain assets owned by Zhenjiang Rongde. The remaining principal and accrued interest of approximately RMB192,743,000 had been overdue for 12 months as at 29 June 2018. The Director considered that it would be more cost effective and efficient to take possession of, and realise the assets under the Agreement (which comprise various machinery and equipment) (the "Assets"). Therefore, Shanghai Yongsheng issued a notice to Zhenjiang Rongde on 29 June 2018 to exercise its rights under the Zhenjiang Rongde Agreement to take possession of the Assets and terminate the Agreement.

The Assets are located in the PRC with a fair value of RMB192,636,000 (approximately HK$228,312,000) had been classified as non-current assets held for sale as at 29 June 2018. The management determined the fair value with reference to the valuation prepared by an independent valuer not connected to the Group. As the nature of the Assets could not be valued on the basis of market value, the fair value was determined by the depreciated replacement cost approach. The depreciated replacement cost approach considers the cost to replace in new condition the Assets appraised in accordance with current cost of similar assets in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. The depreciated replacement cost has considered depreciation factor for physical obsolescence, market discount rate for economic (external) obsolescence and transaction cost on disposal. All the above was considered in the calculation of fair value of the Assets. The depreciated replacement cost approach generally furnishes the most reliable indication of value for the property in the absence of a known market based on comparable sales.

As the Group had taken possession of assets with a fair value of approximately RMB192,636,000 (approximately HK$228,312,000) to offset the outstanding principal and accrued interest of approximately RMB192,743,000 (equivalent to approximately HK$228,439,000) on 29 June 2018, a loss of RMB107,000 (equivalent to approximately HK$127,000) was recognised in 'Other net (losses)/gains' in the consolidated statement of comprehensive income for the year ended 30 June 2018 as detailed in Note 9.

During the year, the Assets were bought back by Zhenjiang Rongde at a consideration of RMB193,000,000 (approximately HK$219,306,000). Pursuant to a sales agreement (the "Sales agreement") between the subsidiary, Shanghai Yongsheng and Zhenjiang Rongde, Zhenjiang Rongde has to make half of the payment of RMB96.5 million to Shanghai Yongsheng before 28 June 2019 and remaining half (included into other receivables at year end) within 180 days in respect of acquisition of the Assets. A gain on disposal of asset held for sales of RMB364,000 (equivalent to approximately HK$419,000) has been recognised in 'Other net (losses)/gains' in the consolidated statement of comprehensive income for the year ended 30 June 2019 as detailed in Note 9.

20. LOANS RECEIVABLE

	2019 *HK$'000*	2018 *HK$'000*
Loans receivable	**1,221,464**	1,093,020
Loans receivable under sale and leaseback agreements	**24,185**	34,664
Gross loans receivable	**1,245,649**	1,127,684
Less: Impairment allowances *(Note 6)*	**(20,358)**	–
	1,225,291	1,127,684
Less: current portion included under current assets	**(1,021,183)**	(55,453)
Amount due after one year	**204,108**	1,072,231

The carrying amounts of the Group's loans receivable are mainly denominated in the respective functional currencies of the group entities. The loans receivable under sale and leaseback arrangements which in substance do not involve a lease and represent loans made to borrowers/lessees secured on the underlying assets.

An analysis of changes in the gross amount of advances and receivables are set out below:

	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Total *HK$'000*
At 1 July 2018	1,067,614	60,070	1,127,684
Net addition in advances and receivables	225,034	(60,070)	164,964
Exchange realignment	(46,999)	–	(46,999)
At 30 June 2019	**1,245,649**	**–**	**1,245,649**

21. BANK BALANCES AND CASH

The bank balances and cash of the Group is summarised as follows:

	2019 *HK$'000*	2018 *HK$'000*
Bank and cash balances	**83,782**	1,469,659
Time deposits with original maturity over three months	**1,109,029**	–
Total cash and bank balances	**1,192,811**	1,469,659

Cash at banks earn interest at floating rates based on the daily bank deposit rates.

As at 30 June 2019, time deposits with original maturity over three months were made for the period of 6 months depending on the immediate cash requirement of the Group, and earned fixed-rate interest at respective time deposit rates at 1.95%–2.25% per annum.

As at 30 June 2019, the Group had bank balances denominated in RMB amounted to approximately HK$1,134,312,000 (2018: HK$1,230,785,000), which were deposited with the banks and financial institutions in the PRC. RMB is currently not a free convertible currency in the international market. The conversion of RMB into foreign currencies and remittance of RMB out of the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

22. DEFERRED TAX LIABILITIES

Details of the deferred tax liabilities recognised and movements during the year:

	Fair value adjustment *HK$'000*	**Provision for impairment of receivables** *HK$'000*	**Total** *HK$'000*
At 1 July 2017	(17,623)	–	(17,623)
Credit to profit or loss during the year *(Note 12)*	1,470	–	1,470
At 30 June 2018	(16,153)	–	(16,153)
Initial application of HKFRS 9 *(Note 2)*	–	13,510	13,510
At 1 July 2018	(16,153)	13,510	(2,643)
Credit to profit or loss during the year *(Note 12)*	1,484	(5,986)	(4,502)
Exchange realignment	–	(430)	(430)
At 30 June 2019	**(14,669)**	**7,094**	**(7,575)**

22. DEFERRED TAX LIABILITIES (continued)

For the purpose of presentation in statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019	2018
	HK$'000	*HK$'000*
Deferred tax assets	**7,094**	–
Deferred tax liabilities	**(14,669)**	(16,153)
	7,575	(16,153)

At 30 June 2019, the Group had estimated unutilised tax losses of approximately HK$179,749,000 (2018: HK$175,536,000) available for offsetting against future assessable profits arising in Hong Kong. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unutilised tax losses may be carried forward indefinitely.

23. SHARE CAPITAL

	2019	2018
	HK$'000	*HK$'000*
Ordinary shares of HK$0.1 each		
Authorised:		
30,000,000,000 ordinary shares	**3,000,000**	3,000,000
Issued and fully paid:		
7,098,774,000 (30 June 2018: 7,204,694,000) ordinary shares at beginning of year	**709,877**	720,469
Ordinary shares repurchased and cancelled during the year	**(1,055)**	(10,592)
7,088,224,000 (30 June 2018: 7,098,774,000) ordinary shares at end of year	**708,822**	709,877

Note:

During the year, the Company repurchased 10,550,000 of its ordinary shares of HK$0.1 each on the Hong Kong Stock Exchange at a total consideration of HK$2,089,000. The ordinary shares were cancelled upon repurchase. The premium of HK$1,035,000 paid were deducted in the share premium account.

24. NON-CONTROLLING INTERESTS

Golden 11 Investment International PTE Ltd. ("Golden 11"), a 91% owned subsidiary of the Company, has material non-controlling interests

Summarised financial information in relation to the NCI of Golden 11, before intra-group eliminations, is presented below:

For the period ended 30 June	**2019** *HK$'000*	2018 *HK$'000*
Revenue	**51**	–
Loss for the year	**17,656**	21,388
Total comprehensive loss	**17,656**	21,388
Loss allocated to NCI	**1,589**	10,480
Dividend paid to NCI	**–**	–
For the period ended 30 June		
Cash flows used in operating activities	**(2,455)**	(10,539)
Cash flows used in investing activities	**–**	(362)
Cash flows from financing activities	**(355)**	11,638
Effect of foreign exchange rate change	**(27)**	(892)
Net cash outflows	**(2,837)**	(155)
As at 30 June		
Non-current assets	**179,964**	157,814
Current assets	**3,113**	11,248
Non-current liabilities	**(13,150)**	(14,357)
Current liabilities	**(65,974)**	(66,676)
Net assets	**103,953**	88,029
Attributable to non-controlling interests	**9,356**	43,135

24. NON-CONTROLLING INTERESTS (continued)

On 31 January 2019 the Group acquired an additional 40% ownership interest in its subsidiary Golden 11 investment International Company Ltd. Following the acquisition, the Group had 91% ownership interests. The transaction has been accounted for as an equity transaction with the non-controlling interests as follows:

	HK$'000
Carrying amount of loan receivables transferred on 31 January 2019	62,047
Loss on disposal of loans receivable *(Note 9)*	(6,590)
Fair value of 40% interest in G11 Sub-group	55,457
Net assets attributable to 40% ownership interest	(32,266)
Decrease in equity attributable to owners of the Company (included in retained earnings)	23,191

25. COMMITMENTS

(a) Operating lease commitments — The Group as lessor

	2019 ***HK$'000***	2018 *HK$'000*
Minimum lease payments received during the year under operating leases	**36**	–

At 30 June 2019 and 2018, the Group had no outstanding minimum lease payments receivable under non-cancellable operating leases.

(b) Operating lease commitments — the Group as lessee

	2019 ***HK$'000***	2018 *HK$'000*
Minimum lease payments paid during the year under operating leases	**5,049**	10,048

25. COMMITMENTS (continued)

(b) Operating lease commitments — the Group as lessee (continued)

At 30 June 2019, the Group had outstanding minimum commitments under non-cancellable operating leases which fall due as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**9,284**	6,100
In the second to fifth years inclusive	**27,637**	23,238
Over five years	**30,109**	36,433
	67,030	65,771

Operating lease payments represent rentals payable by the Group for its office premises, staff's quarters and railway sites. The leases were negotiated for a term of two to fifteen years at fixed rentals.

26. RETIREMENT BENEFITS SCHEME

The Group participates in a MPF Scheme established under the Hong Kong Mandatory Provident Fund Schemes Ordinance since December 2000. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules.

During the year, the total amount contributed by the Group to the MPF Scheme and charged to profit or loss represents contributions payable by the Group at rates specified in the rules of the scheme.

27. RELATED PARTY DISCLOSURES

During the year, the Group had the following material related party transactions:

(a) On 31 January 2019, Mr. Chen Shimin, the former minority shareholder of a subsidiary transfer USD872,224 ordinary shares of G11 to GWL for settlement of the principle USD6,272,000 and interest USD1,634,153 (Note 9).

(b) Included in other receivables, deposits and prepayments as at 30 June 2019, was an amount of Nil (2018: HK$6,684,000) due from the minority shareholder of a subsidiary. The balance is unsecured, interest-free and repayable on demand.

27. RELATED PARTY DISCLOSURES (continued)

(c) The remuneration of Directors and other members of key management of the Group during the year was as follows:

	2019 HK$'000	2018 HK$'000
Short-term benefits	**6,625**	7,031
Post-employment benefits	**44**	54
	6,669	7,085

The remuneration of Directors is determined by the remuneration committee having regard to the level and composition of pay and the general market conditions in the respective countries and businesses.

28. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the financial assets and financial liabilities recognised at the end of reporting period were categorised as follows:

	2019 HK$'000	2018 HK$'000
Financial assets		
Fair value through profit or loss		
— Unlisted equity investments	**4,306**	–
— Unlisted convertible promissory note with fixed interest (denominated in USD)	**66,560**	–
Available-for-sale financial asset		
— Equity investments	**–**	4,306
— Unlisted convertible promissory note with fixed interest (denominated in USD)	**–**	67,183
Financial assets at fair value through other comprehensive income		
— Quoted debt investments (denominated in USD)	**160,886**	–
Loans and receivables at amortised cost		
— Cash and cash equivalents	**1,192,811**	1,469,659
— Other loans and receivables	**1,337,226**	1,138,033
	2,761,789	2,679,181
Financial liabilities		
Financial liabilities at amortised cost	**50,024**	49,073

28. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (continued)

The fair values of financial assets and financial liabilities are determined as follows:

— the fair value of investments held for trading with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market price; and

— the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

HKFRS 13 requires disclosures for financial instruments that are measured at fair value by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Level 1 *HK$'000*	**Level 2** *HK$'000*	**Level 3** *HK$'000*	**Total** *HK$'000*
At 30 June 2019				
Financial assets at fair value through profit or loss				
Unlisted equity investments	**–**	**–**	**4,306**	**4,306**
Unlisted investment in convertible promissory note	**–**	**–**	**66,560**	**66,560**
Financial assets at fair value through other comprehensive income				
Quoted debt investments	**160,886**	**–**	**–**	**160,886**
Total	**160,886**	**–**	**70,866**	**231,752**
At 30 June 2018				
Financial assets at fair value through other comprehensive income through profit or loss				
Unlisted equity investments	–	–	4,306	4,306
Unlisted investment in convertible promissory note	–	–	67,183	67,183
Total	–	–	71,489	71,489

28. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (continued)

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of those financial assets at fair value through profit or loss.

For the unlisted investment in convertible promissory note, the fair value of the host debt is estimated using a discounted cash flow method and the fair value of the conversion option is estimated using a scenario based discounted cash flow method.

Significant unobservable inputs

Credit spread	9.36%
Liquidity risk premium	1.50%

Had the credit spread and liquidity risk premium increased by 10%, it would decrease the fair value of the unlisted investment in convertible promissory note by HK$600,000 (2018: HK$705,000). Had the credit spread and liquidity risk premium decreased by 10%, it would increase the fair value of the unlisted investment in convertible promissory note by HK$612,000 (2018: HK$717,000).

The following table shows the reconciliation of Level 3 fair value measurement of the unlisted investment in convertible promissory note:

	2019 ***HK$'000***	2018 *HK$'000*
At 1 July	**67,183**	69,045
Disposal	**–**	(73,610)
Purchase	**–**	70,676
Change in fair value (included in other net gains/(losses))	**–**	4,565
Change in fair value (included in other comprehensive income)	**(623)**	(3,493)
At 30 June	**66,560**	67,183

The Directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the financial statements approximate their fair values.

29. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at 30 June 2019 were as follows:

Name of subsidiary	Form of business	Place of incorporation and operations	Issued and fully paid share capital/ registered capital	Percentage held by the Company Directly %	Percentage held by the Company Indirectly %	Principal activities
Jet United Investment Limited	Corporation	Hong Kong	HK$1	100	–	Investment holding
Gold Rising Limited	Corporation	Hong Kong	HK$1	100	–	Investment holding
Golden Wayford Limited	Corporation	Hong Kong	HK$1	100	–	Finance and investment and provision of management service
Up Precious Global Investment Limited	Corporation	The British Virgin Islands	US$1	100	–	Inactive
Vincent International Holdings Limited	Corporation	Hong Kong	HK$10,000	100	–	Investment holding
上海永盛融資租賃有限公司 (Shanghai Yongsheng Capital Lease Company Limited*)	Corporation	The PRC	US$299,000,000	–	100	Financial leasing, loan financing and commercial factoring
Forever Excellence Limited	Corporation	Cayman Islands	US$1	100	–	Investment holding
Golden 11 Investment International PTE Ltd.	Corporation	Singapore	US$12,800,000 SGD5,000,000	–	91	Investment holding
Myanmar Golden 11 Investment International Company Ltd.	Corporation	Myanmar	US$9,791,200	–	91	Provision of telecommunication service

* *for identification purpose only*

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

30. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	**2019** **HK$'000**	2018 HK$'000
Non-current assets			
Property, plant and equipment		**70**	65
Investments in subsidiaries		**8,000**	106,764
Financial assets at fair value through other comprehensive income		**4,306**	–
Available-for-sale financial asset		**–**	4,306
		12,376	111,135
Current assets			
Amounts due from subsidiaries		**2,353,448**	2,386,207
Other receivables, deposits and prepayments		**54**	63
Bank balances and cash		**6,693**	69,873
		2,360,195	2,456,143
Current liabilities			
Other payables, accruals and deposits received		**1,822**	1,757
Provision for taxation		**29,294**	29,294
		31,116	31,051
NET ASSETS		**2,341,455**	2,536,227
Equity attributable to owners of the Company			
Share capital	*23*	**708,822**	709,877
Reserves	*30(b)*	**1,632,633**	1,826,350
TOTAL EQUITY		**2,341,455**	2,536,227

The statement of financial position of the Company was approved by the Board of Director on 13 September 2019 and was signed on its behalf by:

Chen Chuanjin
DIRECTOR

Chen Shi
DIRECTOR

30. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY (continued)

(b) Reserves movement of the Company

	Share premium HK$'000	Contribution surplus HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2017	1,985,773	232,738	39,387	(395,859)	1,862,039
Loss and total comprehensive loss for the year	–	–	–	(3,253)	(3,253)
Shares repurchased *(Note 23)*	(32,436)	–	–	–	(32,436)
At 30 June 2018	1,953,337	232,738	39,387	(399,112)	1,826,350
Loss and total comprehensive loss for the year	–	–	–	(192,682)	(192,682)
Shares repurchased *(Note 23)*	(1,035)	–	–	–	(1,035)
At 30 June 2019	**1,952,302**	**232,738**	**39,387**	**(591,794)**	**1,632,633**

No dividend was paid or proposed during the year, nor has any dividend been proposed since 30 June 2018 and 2019.

31. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 13 September 2019.

FINANCIAL SUMMARY

RESULTS

	For the year ended 30 June				
	2015	2016	2017	2018	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Turnover	51,190	145,147	137,684	110,523	**84,665**
Profit/(loss) for the year	13,167	(24,202)	66,893	63,885	**52,531**
Profit/(loss) attributable to:					
Owners of the Company	13,167	(16,161)	75,178	74,365	**54,120**

NET ASSETS

	As at 30 June				
	2015	2016	2017	2018	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	3,008,281	2,971,776	3,002,276	3,089,722	**2,947,723**
Total liabilities	(495,855)	(153,207)	(147,769)	(149,865)	**(153,417)**
	2,512,426	2,818,569	2,854,507	2,939,857	**2,794,306**
Equity attributable to:					
Owners of the Company	2,512,426	2,756,101	2,801,434	2,896,722	**2,784,950**