



**GOOD FELLOW RESOURCES HOLDINGS LIMITED**  
**金威資源控股有限公司\***

(Incorporated in Bermuda with limited liability)

Stock Code:00109

**2014**  
ANNUAL REPORT

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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors:

Mr. Ng Leung Ho (*Chairman*)  
Mr. Lo Wan Sing, Vincent  
(*Vice-Chairman and Managing Director*)

#### Independent Non-Executive Directors:

Mr. Law Wai Fai  
Mr. Chau On Ta Yuen  
Ms. Xu Lei

### COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Chan Chi Ming, Tony

### AUTHORIZED REPRESENTATIVES

Mr. Ng Leung Ho  
Mr. Chan Chi Ming, Tony

### AUDIT COMMITTEE

Mr. Law Wai Fai (*Chairman of Audit Committee*)  
Mr. Chau On Ta Yuen  
Ms. Xu Lei

### REMUNERATION COMMITTEE

Mr. Law Wai Fai (*Chairman of Remuneration Committee*)  
Mr. Ng Leung Ho  
Mr. Chau On Ta Yuen  
Mr. Lo Wan Sing, Vincent  
Ms. Xu Lei

### NOMINATION COMMITTEE

Mr. Chau On Ta Yuen  
(*Chairman of Nomination Committee*)  
Mr. Ng Leung Ho  
Mr. Law Wai Fai  
Mr. Lo Wan Sing, Vincent  
Ms. Xu Lei

### GENERAL COMMITTEE

Mr. Law Wai Fai (*Chairman of General Committee*)  
Mr. Ng Leung Ho  
Mr. Lo Wan Sing, Vincent

### 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

**Butterfield Fund Services (Bermuda) Limited**  
Rosebank Centre  
11 Bermudiana Road  
Pembroke, HM 08  
Bermuda

## Corporate Information

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

#### **Tricor Tengis Limited**

Level 22, Hopewell Centre,  
183 Queen's Road East,  
Hong Kong

### LEGAL ADVISERS

*On Hong Kong law:*

#### **Leung & Associates Solicitors**

Room 2408, 24th Floor, Wing On House  
71 Des Voeux Road Central  
Hong Kong

#### **TC & CO.**

Units 2201-2203, 22/F.  
Tai Tung Building  
No. 8 Fleming Road  
Wanchai  
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.gfellow.com](http://www.gfellow.com)

## Chairman's Statement

### BUSINESS REVIEW

We have earned a net profit of approximately HK\$19,924,000 for the Group in current year in comparison to a profit of approximately HK\$104,239,000 in last year and our turnover has increased by approximately HK\$21,639,000 to approximately HK\$40,732,000. The profit was higher in last year mainly due to one-off gain on disposal of available-for-sale investments and convertible notes through disposal of subsidiaries of approximately HK\$88,348,000 recognised in last year.

During the current year, the investment and financial services continued its contribution for our overall turnover. The loan financing activity generated interest income of approximately HK\$39,657,000 (2013: HK\$18,000,000) for the year under review; contribution for turnover attributable to dividend income for the securities held by the Group increased slightly from approximately HK\$1,009,000 in last year to that of approximately HK\$1,075,000 for the current year.

The Group's distribution and trading of goods segment has not delivered turnover to the Group for the current year.

### OUTLOOK

The global economy is unstable due to uncertain timetable of the de-leverage of government debts for United States. The Group continue its strategy in applying due care and prudence on expansion and diversification and maintaining core focus of the Group on preserving assets and managing the risks of our assets portfolio in view of the global continuing unstable economy.

Increasing concern of a hard landing of China economy and slow down of China economic growth could impact the market sentiment unfavourably, the Group's core business of investment and financial services and distribution and trading will continue to be managed with goal of maintaining income to the Group and to sustain value of our assets.

The further accumulation to a higher level of net assets of the Group compared to prior periods will help the Group to maintain its positions in anticipation of the continuing global unstable environment and to continue to explore for different opportunities and diversification of investment portfolio. Loan reviews will be continued under the investment and financial services business which is core business that can further grow our income and contribute positively to the Group.

### APPRECIATION

On behalf of the Board of Directors, I would like to thank our valued customers, suppliers and business associates for their invaluable contributions and support. I also want to express my gratitude to our management team and all staff of the Group for their hard work during the year. Last but not least, I am most grateful to our shareholders for their continuous support and confidence.

**Ng Leung Ho**

*Chairman*

Hong Kong, 25th September, 2014

## Management Discussion and Analysis

### FINANCIAL REVIEW

For the year ended 30th June, 2014 (the "Year"), the turnover of the Group increased by approximately HK\$21,639,000 to approximately HK\$40,732,000 (2013: approximately HK\$19,093,000), representing an increase of approximately 113.33% from last year. Increase in turnover was primarily caused by (i) increase in turnover related to business activities in investment and financial services receiving interest income of approximately HK\$21,657,000 to HK\$39,657,000 (2013: HK\$18,000,000) (ii) increase in dividend income from approximately HK\$1,009,000 for the prior year to approximately HK\$1,075,000 for the current year; and (iii) decrease in turnover related to business activities in distribution and trading with turnover of approximately HK\$84,000 for the prior year as compared to nil for the year under review.

The Group recorded a profit attributable to owners of the Company of approximately HK\$19,924,000 for the year under review compared to a profit of approximately HK\$104,239,000 of last year. The decrease in profit position was mainly due to (i) one off gain on disposal of available-for-sale investments and convertible notes through disposal of subsidiaries of approximately HK\$88,348,000 for the prior year but nil for the year under review; (ii) increase in gross profit by approximately HK\$21,721,000 to approximately HK\$40,732,000 for the current year (2013: approximately HK\$19,011,000) as interest income for the loan granted on 21st August, 2013 earned interest income in the current year; (iii) decrease in other revenue by approximately HK\$9,294,000 to approximately HK\$5,961,000 (2013: approximately HK\$15,255,000) attributable mainly to imputed interest income on convertible notes receivable of approximately HK\$9,633,000 for the prior year whereas there was nil for the current year; (iv) profit impact of other net gains of the Group recognised for the current year of approximately HK\$2,354,000 compared to other net gains of approximately HK\$1,633,000 of last year resulting from the reduction in realised and unrealized gains for investments held for trading of last year of approximately HK\$3,789,000 to approximately HK\$1,192,000 for the current year and last year's recognition of loss for fair value change on convertible note of approximately HK\$1,683,000 and loss on early redemption of convertible notes of approximately HK\$406,000 both became nil for the current year; (v) loss impact of the increase in taxation expenses of the Group for the current year by approximately HK\$2,120,000 to approximately HK\$5,694,000 (2013: approximately HK\$3,574,000); and (vi) loss impact of the increase in administrative expenses of approximately HK\$7,027,000 compared to the prior year mainly due to share-based payments expenses of approximately HK\$6,780,000 for share options granted during the year whereas there was nil for the prior year.

Overall there was a decrease in net profit of approximately HK\$84,315,000 to HK\$19,924,000 (2013: turnaround from loss of approximately HK\$633,818,000 to profit of approximately HK\$104,239,000) for the Group for current year.

### BUSINESS REVIEW

The Group's investment and financial services segment has continued to deliver results with its existing loan financing of HK\$300,000,000 brought in interest income of HK\$39,657,000 during the year under review and has contributed to the Group's turnover and gross profit for the current year. With delay in timetable of de-leveraging of the United States as an uncertainty spanning through the year under review, the Group continued and remained cautious during the Year on its investment and financial services segment and had transacted only low volume of buy and sell trades of securities, the Group continued to stay put with its strategy to maintain its investment portfolios and diversified its investment portfolios with shareholders' capital return and volatility risks both considered in the Group's holdings of portfolios of the investment and financial services segment. The Group's sales orders for its distribution and trading segment has not brought turnover to this segment during the Year as compared to approximately HK\$84,000 sales for the prior year. The Group has a Money Lenders Licence and can offer loan financing allowed by the Money Lenders Ordinance of Hong Kong. Loan financing had continued to be the core drive for the Group's turnover and our main business during the Year and we had maintained our effort on loan reviews to hope to bring more recurring income to the loan financing activity.

## Management Discussion and Analysis

### FUTURE PROSPECTS

With deleveraging of United States to be happening at a lengthened time-span and decelerated economic growth rate of China economy, the Group's measure will be carrying out of on-going assessment of possible investment projects to explore and further diversifying its income sources and asset base; the Group has approximately HK\$239,087,000 of current assets at end of the Year and will be able to make new investments by realizing the current assets should any new opportunity come to our attention. The loan financing activities have continued to provide the Group with constant interest income and provide more internal resources for further development of the Group to maintain business drive of the Group.

### LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of approximately HK\$97,939,000 (2013: approximately HK\$271,099,000).

As at 30th June, 2014, the Group had net current assets of approximately HK\$200,173,000 (2013: approximately HK\$273,308,000). The shareholders' equity was approximately HK\$400,935,000 (2013: approximately HK\$374,231,000). The Group had no borrowings at 30th June, 2014 and gearing ratio was zero (2013: zero).

### CONTINGENT LIABILITIES

As at 30th June, 2014, the Group did not have any significant contingent liabilities.

### DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 30th June, 2014.

### MAJOR TRANSACTION IN RELATION TO LOAN ADVANCE

As announced on 21st August, 2013 and as fuller detailed in the circular (the "Circular") dated 10th September, 2013 of the Company, an agreement dated 21st August, 2013 (the "Loan Agreement") was entered into by Golden Wayford Limited (金威豐有限公司), a wholly-owned subsidiary of the Company, as the lender (the "Lender") and Ongood International (HK) Limited (安泰國際(香港)有限公司), as the borrower (the "Borrower"). Pursuant to the Loan Agreement, the Lender has agreed to make available to the Borrower a secured term loan of HK\$200 million for a term of 3 years on terms and subject to the conditions set out therein. The Loan is secured by share mortgages and guarantees which fuller details can be found in the Circular.

## Management Discussion and Analysis

### EMPLOYMENT AND REMUNERATION POLICIES

As at 30th June, 2014, the Group employed approximately 10 employees. The Remuneration Committee and the Directors of the Company 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.

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 30th June, 2014.

### SHARE OPTION SCHEME

The Company has a share option scheme to enable the Directors of the Company to grant options to eligible participants, including executive Directors, of the Company and its subsidiaries to subscribe for shares in the Company. Details of movements in the Company's share options during the year ended 30th June, 2014 are set out in note 25 to the financial statements.



## Directors and Senior Management's Profiles

### EXECUTIVE DIRECTORS

**Mr. NG Leung Ho ("Mr. Ng")**, aged 63, was previously an executive Director and Chairman of the Company and a member of each of the Remuneration Committee, Nomination Committee and General Committee of the Company from 14th June, 2007 to 10th November, 2008. He was appointed as Non-Executive Director and Chairman of the Company on 8th September, 2009 and re-designated to Executive Director and member of each of the Remuneration Committee, Nomination Committee and General Committee of the Company on 30th September, 2009. He had been the director of certain subsidiaries of the Company. He had also been the chairman and an executive director of China Grand Forestry Green Resources Group Limited ("CGFGR"), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Ng has more than 37 years of experience in the field of apparel business. Mr. Ng is currently a JP and a member of the Chinese People's Political Consultative Conference, with a Silver Bauhinia Star (SBS) awarded on 1st July, 2011 by the Government of HKSAR.

**Mr. LO Wan Sing, Vincent ("Mr. Lo")**, aged 67, was appointed as an Independent Non-Executive Director of the Company on 3rd July, 2007 and re-designated as an Executive Director and Chairman of the Board and appointed as member of the General Committee on 10th November, 2008. Mr. Lo was re-designated as Vice-Chairman of the Board on 8th September, 2009 and appointed as Managing Director, a member of the Remuneration Committee and Nomination Committee of the Company on 1st March, 2011. He was previously the Chairman of Remuneration Committee, and member of each of Audit Committee and Nomination Committee of the Company from 3rd July, 2007 to 10th November, 2008. 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 is a member of the 10th, 11th and 12th Chinese People's Political Consultative Conference, with a Bronze Bauhinia Star (BBS) awarded on 1st July, 2011 by the Government of HKSAR.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. CHAU On Ta Yuen ("Mr. Chau")**, aged 67, was appointed as an Independent Non-Executive Director of the Company on 3rd July, 2007. He was also appointed the Chairman of Nomination Committee, a member of each of the Audit Committee and Remuneration Committee of the Company on 3rd July, 2007. He graduated from Xiamen University majoring in Chinese language and literature. Mr. Chau is also Chairman and executive director of China Ocean Shipbuilding Industry Group Limited and an independent non-executive director of Come Sure Group (Holdings) Limited, Sumpo Food Holdings Limited and Redco Properties Group Limited, all of which are listed on the Main Board of the Stock Exchange. Mr. Chau previously held positions for companies listed on the Main Board of the Stock Exchange: (i) as the executive director and the deputy chairman of Dynamic Energy Holdings Limited (formerly known as "Everbest Energy Holdings Limited") (from 20th March, 2003 to 20th November, 2006), (ii) as independent non-executive director of Buildmore International Limited (from 1st December, 2008 to 24th September, 2010); Mr. Chau also held position for company listed on the GEM Board of the Stock Exchange: as an independent non-executive director Hao Wen Holdings Limited (formerly known as "Everpride Biopharmaceutical Company Limited") (from 28th May, 2003 to 20th August, 2009). He is also a member of the Chinese People's Political Consultative Conference and the deputy chairman of Hong Kong Federation of Fujian Associations, with a Bronze Bauhinia Star (BBS) awarded on 1st July, 2010 by the Government of HKSAR.

## Directors and Senior Management's Profiles

**Mr. LAW Wai Fai ("Mr. Law")**, aged 46, was appointed as an Independent Non-Executive Director of the Company on 3rd July, 2007. He was also appointed as the Chairman of Audit Committee, the Chairman of General Committee, members of Remuneration Committee and Nomination Committee of the Company on 3rd July, 2007. Mr. Law has been re-designated from a member to the Chairman of the Remuneration Committee on 10th November, 2008. Mr. Law has extensive experience in financial management. He holds a master of Business Administration degree from the Hong Kong Polytechnic University and a bachelor degree in Accountancy from the City University of Hong Kong. He is also a member of the Hong Kong Institute of Certified Public Accountants and a member of The Institute of Chartered Accountants in England and Wales.

**Ms. XU Lei ("Ms. Xu")**, aged 35, was appointed as an Independent Non-Executive Director of the Company on 31st December, 2010. She was also appointed as a member of the Audit Committee, a member of the Remuneration Committee and a member of Nomination Committee. Ms. Xu holds a master degree in Journalism. Ms. Xu has more than 5 years working experience with Hong Kong Wen Wei Po and has obtained several press awards. Ms. Xu had been an independent non-executive director, a member of each of the Audit Committee, Remuneration Committee and Nomination Committee from 1st January, 2010 to 31st December, 2010 of CGFGR.

### SENIOR MANAGEMENT

**Mr. CHAN Chi Ming, Tony ("Mr. Chan")**, aged 46, chief financial officer and company secretary of the Company, is responsible for strategic investment and financial management of the Company. Mr. Chan graduated from Australian National University, with a Bachelor Degree in Commerce (Major in Accounting). Mr. Chan is a member of the CPA Australia and has over 17 years' experience in the field of business advisory, accounting and auditing. Mr. Chan was formerly senior manager of an international accounting firm.

## Corporate Governance Report

The Company is committed to upholding good corporate governance practices and procedures to ensure greater transparency and quality of disclosure as well as more effective risk control.

### CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied throughout the year ended 30th June, 2014 with the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the following deviations:

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. All Independent Non-Executive Directors of the Company are not appointed for a specific term. However, they are subject to retirement by rotation in the annual general meeting according to the provisions of the Company's Bye-Laws.

### THE BOARD OF DIRECTORS

The Board of the Company is collectively responsible for overseeing the management of the business and affairs of the Group with the objective to protect and enhance long-term shareholders' value. The position of the Chairman of the Board was held by Mr. Ng Leung Ho throughout the current financial year. The position of the Chief Executive Officer (i.e. the Managing Director) was held by Mr. Lo Wan Sing Vincent throughout the current financial year. These two positions are held separately by different directors to ensure their respective independence, accountability and responsibility. This separation of positions can ensure a clear delineation of roles between the Chairman's responsibility to oversee the Group's business strategies and the Chief Executive Officer's responsibility to monitor the day-to-day business.

The Board now comprises of five Directors, with two Executive Directors and three Independent Non-Executive Directors. The Directors' biographical information is set out on pages 8 and 9 under the heading "Directors and Senior Management's Profiles". The Board members up to the date of this report are:

#### Executive directors

Mr. Ng Leung Ho  
Mr. Lo Wan Sing, Vincent

#### Independent non-executive directors

Mr. Law Wai Fai  
Mr. Chau On Ta Yuen  
Ms. Xu Lei

None of the members of the Board is related to one another.

The Company has arranged appropriate insurance cover in respect of the legal action against the Directors. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon reasonable request made to the Board.

## Corporate Governance Report

The Independent Non-Executive Directors come from diverse business and professional backgrounds, rendering valuable expertise and experience for promoting the best interests of the Group and its shareholders as a whole by taking care of the interests of all shareholders and that issues are considered in a more objective manner. 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 that all of the Independent Non- Executive Directors are independent.

All Directors (including Independent Non-Executive Directors) are subject to retirement by rotation once every three years in accordance with the Company's Bye-laws and the Code. None of the Directors has a service contract with any member of the Group which is not determinable by the relevant employer within one year without compensation payment (other than statutory compensation).

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, Nomination Committee and General Committee to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities.

### AUDIT COMMITTEE

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Stock Exchange. The Audit Committee comprises the three Independent Non-Executive Directors of the Company. The primary duties of the Audit Committee are to review the Company's annual results and to review and supervise the Company's financial reporting and internal control procedures.

The Audit Committee meets at least twice annually to review and discuss the interim results and annual results. Each member of the Audit Committee has complete and unrestricted access to the Auditor and all senior staff of the Group.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters, including review of the audited financial statements of the Group for the year.

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.

## Corporate Governance Report

### REMUNERATION COMMITTEE

The Remuneration Committee consists of the Chairman, the Managing Director, and the three Independent Non-Executive Directors with one of them acts as the Chairman of the Remuneration Committee.

The Remuneration Committee is responsible for formulating transparent procedures for developing remuneration policies and packages for the Executive Directors and other key staff of the Group. It takes into account whether the packages offered are appropriate to the respective duties and performance of the Directors and Staff, and whether the packages are competitive and sufficiently attractive to retain the executive Directors and the key staff concerned. The Remuneration Committee meets at least once during the financial year.

### NOMINATION COMMITTEE

The Nomination Committee consists of the Chairman, the Managing Director, and the three Independent Non-Executive Directors with one of them acts as the Chairman of the Nomination Committee.

The Nomination Committee has been established to enhance transparency and fairness in the evaluation, selection and appointment of Board members. The Nomination Committee meets at least once during the financial year or/and when circumstances required.

### GENERAL COMMITTEE

The General Committee consists of three members, the majority of which are Executive Directors.

The General Committee has been established to take care of various administrative matters of the Board. The General Committee meets at least once during the financial year and when circumstances required.

### ATTENDANCE RECORD AT BOARD AND BOARD COMMITTEE MEETINGS

#### Board of Directors Meetings

A total of six Board of Directors meetings of the Company were held during the year. The attendance rates of individual Board members of the Company are as follows:

<b>Name of Directors</b>	<b>Attendance</b>
<b>Executive Directors</b>	
Mr. Ng Leung Ho ( <i>Chairman</i> )	4/6
Mr. Lo Wan Sing, Vincent ( <i>Vice-Chairman and Managing Director</i> )	5/6
<b>Independent Non-Executive Directors</b>	
Mr. Law Wai Fai	6/6
Mr. Chau On Ta Yuen	5/6
Ms. Xu Lei	6/6

## Corporate Governance Report

### Audit Committee Meetings

A total of two Audit Committee meetings of the Company were held during the year. The attendance rates of individual Audit Committee members of the Company are as follows:

Name of Audit Committee members	Attendance
<b>Independent Non-Executive Directors</b>	
Mr. Law Wai Fai ( <i>Chairman of Audit Committee</i> )	2/2
Mr. Chau On Ta Yuen	2/2
Ms. Xu Lei	2/2

### Remuneration Committee Meetings

A total of one Remuneration Committee meeting of the Company was held during the year. The attendance rates of individual Remuneration Committee members of the Company are as follows:

Name of Remuneration Committee members	Attendance
<b>Independent Non-Executive Directors</b>	
Mr. Law Wai Fai ( <i>Chairman of Remuneration Committee</i> )	0/1
Mr. Chau On Ta Yuen	1/1
Ms. Xu Lei	1/1
Mr. Lo Wan Sing, Vincent	1/1
<b>Executive Directors</b>	
Mr. Ng Leung Ho	1/1

### General Committee Meeting

A total of one General Committee meeting of the Company was held during the year. The attendance rates of individual General Committee members of the Company are as follows:

Name of General Committee members	Attendance
<b>Independent Non-Executive Director</b>	
Mr. Law Wai Fai ( <i>Chairman of General Committee</i> )	1/1
<b>Executive Directors</b>	
Mr. Ng Leung Ho	1/1
Mr. Lo Wan Sing, Vincent	1/1

### DIVERSIFICATION OF THE BOARD

In determining the composition of the Board, the Company seeks to achieve board diversity through the consideration of a number of factors and measurable criteria, age, education background, industry experience, geographical location and duration of service. The Nomination Committee has reviewed the composition of the Board in accordance with the Listing Rules and concluded that the composition of the Board is in compliance with the diversification requirements of the Listing Rules.

## Corporate Governance Report

### DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Directors are continually updated on the latest development and changes in the Listing Rules, the Code and other regulatory requirements in order to ensure the compliance with the same by the Directors, the Company has also arranged one external body to conduct one on site training relevant for corporate governance for the Directors to attend during the year.

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:

<b>Directors</b>	<b>Corporate Governance, regulatory development and training on other relevant topics</b>
Mr. Ng Leung Ho	✓
Mr. Lo Wan Sing, Vincent	✓
Mr. Chau On Ta Yuen	✓
Ms. Xu Lei	✓
Mr. Law Wai Fai	✓

During the year ended 30th June, 2014, Mr. Chan Chi Ming Tony, the Company Secretary, has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions By Directors of Listed Issuers 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 30th June, 2014.

Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are adopted by the Company.

### 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 on pages 24 and 25.

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.

## Corporate Governance Report

### AUDITOR'S REMUNERATION

The remuneration in respect of audit and non-audit services provided by the external auditors for the year ended 30th June, 2014 are HK\$450,000 and HK\$Nil respectively.

### 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.

### COMMUNICATION WITH SHAREHOLDERS

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. This commitment to fair disclosure and comprehensive and transparent reporting of the Group's activities can be reflected in many aspects.

The Board strives to encourage and maintain constant dialogue with its shareholders through various means. The Chairman (with the assistance of the Company Secretary and the other Directors) has established a shareholders' communication policy to ensure that appropriate steps are taken to provide effective communication with shareholders of the Company. The annual general meetings and other general meetings, if any, of the Company are good communication channels for the Board to meet and exchange views with the Company's shareholders. The Directors use their best endeavour to attend the general meetings so that they may answer any questions from the Company's shareholders.

The Chairman of the Board, and the chairman of the Audit, Remuneration and Nomination Committees attended the 2013 AGM and were available to answer questions. The external auditor also attended the 2013 AGM and were available to answer questions.



## Corporate Governance Report

A total of two general meetings of the Company were held during the year. The attendance rates of individual Board members of the Company are as follows:

Name of Directors	Attendance	
	Annual General Meeting	Special General Meeting
<b>Executive Directors</b>		
Mr. Ng Leung Ho ( <i>Chairman</i> )	1/1	1/1
Mr. Lo Wan Sing, Vincent ( <i>Vice-Chairman and Managing Director</i> )	1/1	1/1
<b>Independent Non-Executive Directors</b>		
Mr. Law Wai Fai	1/1	1/1
Mr. Chau On Ta Yuen	1/1	1/1
Ms. Xu Lei	1/1	0/1

The 2013 AGM circular (incorporating the notice of annual general meeting and setting out details in relation to each resolution proposed, information on voting arrangement and other relevant information) was sent to all shareholders at least 20 clear business days before the 2013 AGM. Separate resolutions for each substantially separate issue (including the re-election of retiring Directors) were proposed at the general meeting. The procedures for conducting a poll were clearly explained at the general meeting. All resolutions put to shareholders at the general meeting were voted by way of poll and passed; and the results were published on the websites of the Company and the Stock Exchange.

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.gfellow.com>. 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.

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. During the year ended 30th June, 2014, there has been no change in the Company's memorandum and articles of association.

## Report of the Directors

The directors present their annual report and the audited consolidated financial statements of the Company for the year ended 30th June, 2014.

### PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its subsidiaries are set out in note 31 to the financial statements.

### RESULTS

The results of the Group for the year ended 30th June, 2014 are set out in the consolidated statement of comprehensive income on page 26.

The directors do not recommend the payment of a dividend for the year ended 30th June, 2014.

### FINANCIAL SUMMARY

The financial summary of the consolidated results of the Group for each of the five years ended 30th June, 2014 and of the net assets of the Group as at 30th June, 2014, 2013, 2012, 2011 and 2010 are set out on page 78.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 16 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.

### SHARE OPTIONS

Details of movements during the year in the share options of the Group are set out in note 25 to the financial Statements.

### 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 29 and in note 24 to the financial statements respectively.

## Report of the Directors

### DISTRIBUTABLE RESERVES

The Company's reserves available for distribution amounted to approximately HK\$156,630,000 at 30th June, 2014. 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.

### CHARITABLE DONATIONS

Total donations made by the Group for charitable and other purposes during the year amounted to HK\$16,000.

### DIRECTORS

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

#### Executive Directors

Mr. Ng Leung Ho

Mr. Lo Wan Sing, Vincent

#### Independent Non-Executive Directors

Mr. Law Wai Fai

Mr. Chau On Ta Yuen

Ms. Xu Lei

In accordance with Clause 87(1) of the Company's Bye-laws, Mr. Law Wai Fai will retire by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

The term of office for each Non-Executive Director is the period up to his retirement by rotation in accordance with 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' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

At 30th June, 2014, 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 on the Stock Exchange to be notified to the Company and the Stock Exchange were as follows:

## Report of the Directors

### Ordinary shares or underlying shares of the Company

Directors	Capacity	Number of issued ordinary shares held	Number of share options held	Total	Approximate percentage of issued share capital of the Company
Mr. Ng Leung Ho ( <i>Note 1</i> )	Beneficial owner/ Interest of controlled corporation	406,741,882	–	406,741,882	28.20%
Mr. Lo Wan Sing, Vincent	Beneficial owner	40,600,000	7,400,000	48,000,000	3.33%
Mr. Law Wai Fai	Beneficial owner	–	2,600,000	2,600,000	0.18%
Mr. Chau On Ta Yuen	Beneficial owner	300,000	2,300,000	2,600,000	0.18%
Ms. Xu Lei	Beneficial owner	–	1,400,000	1,400,000	0.10%

*Note 1:*

Included corporate interests attributed to Mr. Ng Leung Ho of 406,741,882 shares held by Rich Capital Global Enterprises Limited, which is directly wholly owned by Mr. Ng Leung Ho.

Save as disclosed above, as at 30th June, 2014, 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

Details of the outstanding options granted to the Company's directors under the share option scheme of the Company in which the directors of the Company are entitled to participate are set out under the heading "Share Option Scheme" below.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company 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.

### SHARE OPTION SCHEME

Pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 29th January, 2008, the Company adopted the share option scheme.

## Report of the Directors

Up to 30th June, 2014, there were 83,400,000 share options granted and 8,400,000 option cancelled or lapsed. 15,520,000 options have been exercised in prior years.

As at 30th June, 2014, 59,480,000 share options are outstanding details of which were as follows:

### Number of shares under option

Director	Beginning of year	Granted during the year	Lapsed during the year	End of year	Subscription price per share	Date of grant of share options	Exercisable period
Mr. Law Wai Fai	600,000	-	-	600,000	1.25	5th February, 2008	5th February, 2008 to 4th February, 2018
	600,000	-	-	600,000	0.80	7th September, 2009	7th September, 2009 to 6th September, 2019
	-	1,400,000	-	1,400,000	0.36	28th March, 2014	28th March, 2014 to 27th March, 2024
Sub-total	1,200,000	1,400,000	-	2,600,000			
Mr. Lo Wan Sing, Vincent	-	-	-	-	1.25	5th February, 2008	5th February, 2008 to 4th February, 2018
	1,400,000	-	-	1,400,000	0.80	7th September, 2009	7th September, 2009 to 6th September, 2019
	-	6,000,000	-	6,000,000	0.36	28th March, 2014	28th March, 2014 to 27th March, 2024
Sub-total	1,400,000	6,000,000	-	7,400,000			
Mr. Chau On Ta Yuen	600,000	-	-	600,000	1.25	5th February, 2008	5th February, 2008 to 4th February, 2018
	300,000	-	-	300,000	0.80	7th September, 2009	7th September, 2009 to 6th September, 2019
	-	1,400,000	-	1,400,000	0.36	28th March, 2014	28th March, 2014 to 27th March, 2024
Sub-total	900,000	1,400,000	-	2,300,000			
Ms. Xu Lei	-	1,400,000	-	1,400,000	0.36	28th March, 2014	28th March, 2014 to 27th March, 2024
Sub-total	-	1,400,000	-	1,400,000			
Grand-total	3,500,000	10,200,000	-	13,700,000			

## Report of the Directors

Employees/ Non-Directors and Other Parties	Beginning of year	Granted during the year	Lapsed during the year	Subscription End of year	price per share	Date of grant of share options	Exercisable period
Employees/ Non-Directors and other parties	8,400,000	-	(600,000)	7,800,000	1.11	31st January, 2008	31st January, 2008 to 30th January, 2018
Non-Director and other party	5,600,000	-	-	5,600,000	1.27	6th February, 2008	6th February, 2008 to 5th February, 2018
Non-Director and other party	5,900,000	-	-	5,900,000	1.25	5th February, 2008	5th February, 2008 to 4th February, 2018
Employees/ Non-Directors and other parties	1,680,000	-	-	1,680,000	0.80	7th September, 2009	7th September, 2009 to 6th September, 2019
Employees/ Non-Directors and other parties	-	24,800,000	-	24,800,000	0.36	28th March, 2014	28th March, 2014 to 27th March, 2024
Grand-total	21,580,000	24,800,000	(600,000)	45,780,000			
Total	25,080,000	35,000,000	(600,000)	59,480,000			

The outstanding options at the beginning and the end of year can be exercised in whole.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY

At 30th June, 2014, 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:

Name of shareholder	Capacity	Number of issued ordinary share capital	Approximate percentage of the issued shares held of the Company
Rich Capital Global Enterprises Limited (Note)	Beneficial owner	406,741,882	28.20%

Note: The entire issued capital of Rich Capital Global Enterprises Limited is directly wholly owned by Mr. Ng Leung Ho.

## Report of the Directors

Save as disclosed herein, no other person had any interests or short positions in the shares or underlying shares of the Company as at 30th June, 2014, 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.

### 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.

### MAJOR CUSTOMERS AND SUPPLIERS

The Group has two external customers, which had accounted for 97% of the Group's turnover from investment and financial services and turnover from the largest customer included therein amounted to approximately 53%.

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

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

### CORPORATE GOVERNANCE

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

### 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 is 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 three 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 and interim Results.

## Report of the Directors

### 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.

### 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 30th June, 2014.

### AUDITOR

The financial statements for the year ended 30th June, 2014 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

**Ng Leung Ho**  
*Chairman*

Hong Kong, 25th September, 2014



## Independent Auditor's Report



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### **TO THE SHAREHOLDERS OF GOOD FELLOW RESOURCES HOLDINGS LIMITED**

金威資源控股有限公司

*(incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of Good Fellow Resources Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 77, which comprise the consolidated and company's statements of financial position as at 30th June, 2014, 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 a summary of significant accounting policies and other explanatory information.

### **Directors' responsibility for the consolidated financial statements**

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independent Auditor's Report

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Group and of the Company as at 30th June, 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BDO Limited**

*Certified Public Accountants*

### **Wong Chi Wai**

*Practising Certificate number P04945*

25th September, 2014

## Consolidated Statement of Comprehensive Income

For the year ended 30th June, 2014

	Notes	2014 HK\$'000	2013 HK\$'000
Turnover	7	40,732	19,093
Cost of sales		–	(82)
Gross profit		40,732	19,011
Other revenue	9	5,961	15,255
Other net gains/(losses)	9	2,354	1,633
Administrative expenses		(23,429)	(16,402)
Gain on disposal of available-for-sale investments and convertible notes through disposal of subsidiaries	26	–	88,348
Finance costs	10	–	(32)
Profit before taxation	11	25,618	107,813
Taxation	13	(5,694)	(3,574)
Profit for the year attributable to owners of the Company		19,924	104,239
Other comprehensive income			
Fair value change on available-for-sale investments		–	9,807
Reclassification adjustment of fair value gain included in profit or loss on disposal of available-for-sale investments	26	–	(9,807)
Other comprehensive income that are or may be reclassified to profit or loss		–	–
Total comprehensive income for the year attributable to owners of the Company		19,924	104,239
		<b>HK Cents</b>	<b>HK Cents</b>
Earnings per share attributable to owners of the Company	15		
– Basic		1.4	7.2
– Diluted		1.4	7.2

## Consolidated Statement of Financial Position

At 30th June, 2014

	Notes	2014 HK\$'000	2013 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	16	762	923
Loans receivable	18	200,000	100,000
		<b>200,762</b>	100,923
<b>Current assets</b>			
Trade and other receivables	19	11,321	4,532
Loans receivable	18	100,000	–
Investments held for trading	20	29,827	31,902
Bank balances and cash	21	97,939	271,099
		<b>239,087</b>	307,533
<b>Current liabilities</b>			
Other payables, accruals and deposits received		2,363	2,929
Provision for taxation		36,551	31,296
		<b>38,914</b>	34,225
Net current assets		<b>200,173</b>	273,308
<b>NET ASSETS</b>		<b>400,935</b>	374,231
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	23	144,221	144,221
Reserves		256,714	230,010
<b>TOTAL EQUITY</b>		<b>400,935</b>	374,231

On behalf of the Board

**Ng Leung Ho**  
DIRECTOR

**Lo Wan Sing, Vincent**  
DIRECTOR

## Statement of Financial Position

At 30th June, 2014

	Notes	2014 HK\$'000	2013 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	16	762	923
Investments in subsidiaries	17	–	–
		<b>762</b>	923
<b>Current assets</b>			
Trade and other receivables	19	13	12
Amounts due from subsidiaries	17	309,876	129,086
Bank balances and cash	21	83,100	256,874
		<b>392,989</b>	385,972
<b>Current liabilities</b>			
Other payables, accruals and deposits received		900	1,530
Provision for taxation		29,294	29,294
		<b>30,194</b>	30,824
Net current assets		<b>362,795</b>	355,148
<b>NET ASSETS</b>		<b>363,557</b>	356,071
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	23	144,221	144,221
Reserves	24	219,336	211,850
<b>TOTAL EQUITY</b>		<b>363,557</b>	356,071

On behalf of the Board

**Ng Leung Ho**  
DIRECTOR

**Lo Wan Sing, Vincent**  
DIRECTOR

## Consolidated Statement of Changes in Equity

For the year ended 30th June, 2014

	Share capital	Share premium <sup>(a)</sup>	Contribution surplus <sup>(a)</sup>	Special reserve <sup>(b)</sup>	Other reserves <sup>(c)</sup>	Translation reserves <sup>(d)</sup>	Share-based compensation reserve <sup>(e)</sup>	Convertible notes reserve	Available- for-sale (Accumulated revaluation reserve <sup>(f)</sup> )	losses)/ retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st July, 2012	144,221	24,916	170,789	847	39,387	(5)	16,992	6,876	-	(134,031)	269,992
Transactions with owners											
- Early redemption of convertible notes, net of tax	-	-	-	-	-	-	-	(6,876)	-	6,876	-
Profit for the year	-	-	-	-	-	-	-	-	-	104,239	104,239
Other comprehensive income for the year											
- Fair value change on available-for-sale investments	-	-	-	-	-	-	-	-	9,807	-	9,807
- Reclassification adjustment of fair value gain included in profit or loss on disposal of available-for-sale investments	-	-	-	-	-	-	-	-	(9,807)	-	(9,807)
	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	104,239	104,239
At 30th June, 2013	144,221	24,916	170,789	847	39,387	(5)	16,992	-	-	(22,916)	374,231
Transactions with owners											
- Equity settled share-based payments	-	-	-	-	-	-	6,780	-	-	-	6,780
- Lapse of share options	-	-	-	-	-	-	(453)	-	-	453	-
	-	-	-	-	-	-	6,327	-	-	453	6,780
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	-	-	19,924	19,924
At 30th June, 2014	<b>144,221</b>	<b>24,916</b>	<b>170,789</b>	<b>847</b>	<b>39,387</b>	<b>(5)</b>	<b>23,319</b>	<b>-</b>	<b>-</b>	<b>(2,539)</b>	<b>400,935</b>

## Consolidated Statement of Changes in Equity

For the year ended 30th June, 2014

- (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 of HK\$39,387,000 as at 30th June, 2013 and 2014 represent 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.
- (d) The translation reserve comprises 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.
- (e) The share-based compensation reserve represents the fair value of the share options granted by the Company which are yet to be exercised, and recognised in accordance with the accounting policy adopted for share-based payments in note 3.
- (f) Available-for-sale investments revaluation reserve represents the cumulative net change in the fair value of available-for-sale investments dealt with in accordance with the accounting policies set out in note 3. The release of the reserve to profit or loss during the year ended 30th June, 2013 represents the reversal of available-for-sale investment revaluation reserve upon the disposal of available-for-sale investments through disposal of a subsidiary.

## Consolidated Statement of Cash Flows

For the year ended 30th June, 2014

	Notes	2014 HK\$'000	2013 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Profit before taxation		<b>25,618</b>	107,813
Adjustments for:			
Bank interest income	9	<b>(2,370)</b>	(2,170)
Interest expenses	10	–	32
Share-based payments	25	<b>6,780</b>	–
Depreciation of property, plant and equipment	16	<b>178</b>	331
Imputed interest income on convertible notes receivable		–	(9,633)
Fair value change on convertible notes receivable – derivative components		–	1,683
Loss on early redemption of convertible notes		–	406
Loss on disposal of property, plant and equipment		–	67
Gain on disposal of available-for-sale investments and convertible notes through disposal of subsidiaries	26	–	(88,348)
Operating cash flows before movements in working capital		<b>30,206</b>	10,181
Increase in loan receivable		<b>(200,000)</b>	–
(Increase)/decrease in trade and other receivables		<b>(6,789)</b>	23,346
Decrease in investments held for trading		<b>2,075</b>	3,902
Decrease in other payables, accruals and deposits received		<b>(566)</b>	(23,925)
Cash (used in)/from operations		<b>(175,074)</b>	13,504
Income taxes paid		<b>(439)</b>	–
<b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES</b>		<b>(175,513)</b>	13,504
<b>INVESTING ACTIVITIES</b>			
Interest received on bank balances		<b>2,370</b>	2,170
Purchase of property, plant and equipment	16	<b>(17)</b>	(779)
Proceeds on disposal of property, plant and equipment		–	310
Net cash inflow from disposal of available-for-sale investments and convertible notes through disposal of subsidiaries, net of related expenses	26	–	251,015
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>2,353</b>	252,716
<b>FINANCING ACTIVITIES</b>			
Interest paid		–	(4)
Early redemption of convertible notes		–	(30,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>–</b>	(30,004)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(173,160)</b>	236,216
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>271,099</b>	34,883
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b> represented by bank balances and cash		<b>97,939</b>	271,099



## Notes to the Financial Statements

For the year ended 30th June, 2014

### 1. GENERAL

Good Fellow Resources Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The 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 investment and financial services, and distribution and trading. The principal activities of its subsidiaries are set out in note 31.

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

#### (a) Adoption of new/revised HKFRSs – effective 1st July, 2013

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements

The adoption of these new/revised HKFRSs has no material impact on the Group's financial statements.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

#### (b) Potential impact arising on HKFRSs not yet effective

The following new or revised HKFRSs, potentially relevant to the Group’s operations, have been issued but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities <sup>1</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKAS 36 HKFRSs (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle <sup>2</sup>
Amendments to HKAS 16 and HKAS 38	Annual Improvements 2010-2012 Cycle <sup>3</sup>
HKFRS 15	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>4</sup>
HKFRS 9 (2014)	Revenue from Contracts with Customers <sup>5</sup>
	Financial Instruments <sup>6</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>3</sup> Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2018

#### HKFRS 15 – Revenue from Contracts with Customers

HKFRS 15 specifies how and when the Group will recognise revenue as well as requiring the Group to provide users of financial statements with more informative and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. Under HKFRS 15, revenue is recognised in accordance with the core principle by identifying the contract(s) with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognising revenue when (or as) the performance obligation is satisfied. HKFRS 15 also includes a cohesive set of disclosure requirements that would result in providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

#### (b) Potential impact arising on HKFRSs not yet effective (continued)

##### HKFRS 9 (2014) – Financial Instruments

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39. In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the “Additions”) and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option (“FVO”). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income (“OCI”). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability’s credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

On 5 September, the HKICPA issued HKFRS 9 (2014) as a complete standard which will replace HKAS 39 and include the requirements of HKFRS 9 previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. HKFRS 9 replaces the ‘incurred loss’ model in HKAS 39 with an ‘expected credit loss’ model, which means that a loss event will no longer need to occur before an impairment allowance is recognised. In fact, all assets within the scope of the impairment model will have at least 12 months expected loss provision. The standard aims to address concerns about ‘too little, too late’ provisioning for loan losses, and will accelerate recognition of losses. HKFRS 9 (2014) is effective for reporting periods beginning on or after 1 January 2018 with early adoption permitted (subject to certain other requirements).

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group’s financial statements.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 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.

#### 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.

#### Functional currency and presentation

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

#### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries up to 30th 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.

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.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

#### 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:

Leasehold improvements	Over the term of the relevant lease
Furniture, fixtures and equipment	3-5 years
Motor vehicle	10 years

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.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### Financial assets

The Group's financial assets are classified into one of the three categories, including 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 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 incorporates any dividend or interest earned on the financial assets. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments

#### *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 trade and other receivables, bank balances, cash and amounts due from subsidiaries, loans receivable and the debt component of convertible notes receivable) 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.

#### *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.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

#### Financial assets (continued)

##### *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 investment have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost; or
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

##### *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 have 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.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

#### Financial assets (continued)

#### Impairment of financial assets (continued)

#### 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.

#### 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.



## Notes to the Financial Statements

For the year ended 30th June, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

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

##### *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.

The interest expense on the liability component is calculated by applying the prevailing market interest rate of similar non-convertible debt to the liability component of the convertible notes. The difference between this amount and the interest paid is added to the carrying amount of the convertible notes.

##### *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.

##### *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.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

#### *Impairment of non-financial assets*

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment and investments in subsidiaries 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.

#### Revenue recognition

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.

Sale of goods are recognised when goods delivered and title has passed.

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

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.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

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.

#### Leases

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.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

#### 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.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

#### 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.

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.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.
- (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).

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.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 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 trade and other receivables and loans receivable

The Group makes provision for impairment of trade and other receivables and loans receivable based on an estimate of the recoverability of these receivables. Provisions are applied to these receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of these receivables requires the use of estimates. Where the expectation is different from the original estimates, such difference will impact carrying value of receivables and provision for impairment losses in the period in which such estimate has been changed.

#### 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.

### 5. CAPITAL RISK MANAGEMENT

The Group's objective 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.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The capital structure of the Group consists of equity attributable to owners of the Company only, comprising share capital and reserves.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The Group's major financial instruments include trade and other receivables, loans receivable, investments held for trading, bank balances and cash and 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

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, trade debts, and other receivables, regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. For loans receivable, the Group holds collaterals from the borrowers and obtains guarantees from the borrowers' shareholders and/or subsidiaries as set out in note 18. In this regard, management considers that the Group's credit risk is significantly reduced. As at 30th June, 2013 and 2014, trade receivables and loans receivable are principally due from two customers or counterparties and the other receivables are also due from the other two counterparties. The Group therefore has significant concentration of credit risk to a few counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

#### Equity price risk

The Group's investments held for trading are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity price risk. The directors manage this exposure by maintaining a portfolio of investments held for trading with different risk profiles. At 30th June, 2014, if the quoted market price of the Group's listed securities had been 10% higher/lower, profit for the year would have been approximately HK\$2,983,000 higher/lower (2013: HK\$3,190,000 higher/lower).

#### 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 balances. The directors consider the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank balances 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.



## Notes to the Financial Statements

For the year ended 30th June, 2014

### 6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (continued)

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. The Group maintains its financial position with adequate cash and cash equivalents of HK\$97,939,000 (2013: HK\$271,099,000) at 30th June, 2014.

The following table details the remaining contractual maturities at the end of reporting period of the Group's and the Company's non-derivative financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on current rates at the end of reporting period) and the earliest date the Group and the Company can be required to pay.

The contractual maturities of financial liabilities are shown as below:

	Carrying amount <i>HK\$'000</i>	Total contractual undiscounted cash flows <i>HK\$'000</i>	Within 1 year or on demand <i>HK\$'000</i>
<b>2014</b>			
<b>Group</b>			
Other payables, accruals and deposit received	<u>2,363</u>	<u>2,363</u>	<u>2,363</u>
<b>Company</b>			
Other payables, accruals and deposit received	<u>900</u>	<u>900</u>	<u>900</u>
<b>2013</b>			
<b>Group</b>			
Other payables, accruals and deposit received	<u>2,929</u>	<u>2,929</u>	<u>2,929</u>
<b>Company</b>			
Other payables, accruals and deposit received	<u>1,530</u>	<u>1,530</u>	<u>1,530</u>

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (continued)

#### Foreign currency risk

The Group primarily operates in Hong Kong and most of its transactions are denominated and settled in Hong Kong dollars. The Group's revenue are denominated mainly in the functional currency of the respective group entities making the transactions, with the related costs mainly denominated in the same currency. Accordingly, there is no significant exposure to foreign currency risk except that the Group has bank deposits of approximately HK\$60,924,000 (2013: HK\$152,578,000) denominated in Renminbi included in bank balances and cash as at 30th June, 2014. Had the exchange rate of Renminbi against Hong Kong dollar increased/decreased by 5%, the profit for the year ended 30th June 2014 and equity as at 30th June, 2014 would increase/decrease by approximately HK\$3,046,000 (2013: HK\$7,629,000). 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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loan interest income	39,657	18,000
Dividend income from investments held for trading	1,075	1,009
Trading of apparel	–	84
	<b>40,732</b>	<b>19,093</b>

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 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 Group has two reportable segments (2013: two). The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Investment and financial services – trading of securities, investment holding and provision of financial services; and
- Distribution and trading – trading of goods.

Segment information about these reportable segments is presented below:

<b>For the year ended 30th June, 2014</b>	<b>Investment and financial services HK\$'000</b>	<b>Distribution and trading HK\$'000</b>	<b>Consolidated HK\$'000</b>
Turnover – external	<b>40,732</b>	–	<b>40,732</b>
Segment results	<b>39,090</b>	–	<b>39,090</b>
Unallocated corporate income			<b>5,961</b>
Unallocated corporate gains			<b>1,162</b>
Unallocated corporate expenses			<b>(20,595)</b>
Profit before taxation			<b>25,618</b>
Taxation			<b>(5,694)</b>
Profit for the year			<b>19,924</b>

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 8. SEGMENT REPORTING (continued)

#### Reportable segments (continued)

At 30th June, 2014	Investment and financial services HK\$'000	Distribution and trading HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>ASSETS</b>				
Loans receivable	300,000	-	-	300,000
Other assets	9,659	-	2,424	12,083
Investments held for trading	29,827	-	-	29,827
Bank balances and cash	14,295	544	83,100	97,939
	<u>353,781</u>	<u>544</u>	<u>85,524</u>	<u>439,849</u>
<b>LIABILITIES</b>				
Other payables, accruals and deposits received	-	-	2,363	2,363
Provision for taxation	-	-	36,551	36,551
	<u>-</u>	<u>-</u>	<u>38,914</u>	<u>38,914</u>
<b>Other information</b>				
For the year ended 30th June, 2014	Investment and financial services HK\$'000	Distribution and trading HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation of property, plant and equipment	-	-	(178)	(178)
Net realised and unrealised gains on investments held for trading	1,192	-	-	1,192

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 8. SEGMENT REPORTING (continued)

#### Reportable segments (continued)

Segment information about these reportable segments is presented below:

For the year ended 30th June, 2013	Investment and financial services <i>HK\$'000</i>	Distribution and trading <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover – external	19,009	84	19,093
Segment results	116,541	2	116,543
Unallocated corporate income			5,622
Unallocated corporate losses			(473)
Unallocated corporate expenses			(13,847)
Finance costs			(32)
Profit before taxation			107,813
Taxation			(3,574)
Profit for the year			104,239

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 8. SEGMENT REPORTING (continued)

#### Reportable segments (continued)

At 30th June, 2013	Investment and financial services HK\$'000	Distribution and trading HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>ASSETS</b>				
Loans receivable	100,000	–	–	100,000
Other assets	3,041	–	2,414	5,455
Investments held for trading	31,902	–	–	31,902
Bank balances and cash	13,680	545	256,874	271,099
Consolidated total assets	<u>148,623</u>	<u>545</u>	<u>259,288</u>	<u>408,456</u>
<b>LIABILITIES</b>				
Other payables, accruals and deposits received	–	–	2,929	2,929
Provision for taxation	–	–	31,296	31,296
Consolidated total liabilities	<u>–</u>	<u>–</u>	<u>34,225</u>	<u>34,225</u>
<b>Other information</b>				
For the year ended 30th June, 2013	Investment and financial services HK\$'000	Distribution and trading HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation of property, plant and equipment	–	–	(331)	(331)
Net realised and unrealised gains on investments held for trading	3,789	–	–	3,789
Gain on disposal of available-for-sale investments and convertible notes through disposal of subsidiaries	88,348	–	–	88,348
Fair value change on convertible notes receivable – derivative components	(1,683)	–	–	(1,683)
Loss on early redemption of convertible notes	–	–	(406)	(406)
Imputed interest income on convertible notes receivable	9,633	–	–	9,633

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 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 Group's non-current assets other than financial instruments, and revenue are principally located in or derived from Hong Kong, except for the revenue from trading operation of HK\$84,000 during the year ended 30th June, 2013 which was derived from Chile.

#### Information about major customers

The Group has revenue from two external customers of investment and financial service segment amounting to HK\$39,657,000 for the year (2013: one external customer of each of the Group's distribution and trading segment and investment and financial service segment amounting to HK\$84,000 and HK\$18,000,000 respectively).

## Notes to the Financial Statements

For the year ended 30th June, 2014

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

	2014 HK\$'000	2013 HK\$'000
Other revenue		
Rental and management fee income from sub-lease of office premises	3,591	3,452
Bank interest income	2,370	2,170
Imputed interest income on convertible notes receivable	–	9,633
	<u>5,961</u>	<u>15,255</u>
Other net gains/(losses)		
Net realised (losses)/gains on sales of investments held for trading*	(905)	2,228
Net changes in fair value of investments held for trading	2,097	1,561
	<u>1,192</u>	<u>3,789</u>
Net foreign exchange gains	1,162	–
Fair value change on convertible notes receivable – derivative components	–	(1,683)
Loss on early redemption of convertible notes	–	(406)
Loss on disposal of property, plant and equipment	–	(67)
	<u>2,354</u>	<u>1,633</u>
Other revenue and other net gains/(losses)	<u><u>8,315</u></u>	<u><u>16,888</u></u>

\* Net realised (losses)/gains derived from sales of investments held for trading with proceeds of HK\$12,447,400 (2013: HK\$7,784,000) net of transaction costs.

### 10. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest on convertible notes	–	32



## Notes to the Financial Statements

For the year ended 30th June, 2014

### 11. PROFIT BEFORE TAXATION

	2014 HK\$'000	2013 HK\$'000
Profit before taxation has been arrived at after charging/(crediting):		
Directors' emoluments ( <i>Note 12</i> )	6,431	4,459
Staff costs (excluding directors' emoluments):		
Salaries and allowances	2,018	1,795
Share-based payments	930	–
Retirement benefits scheme contributions	56	46
Total staff costs	9,435	6,300
Cost of sales	–	82
Share-based payments ( <i>Note 25</i> ) *	6,780	–
Auditor's remuneration		
Current year	450	500
Over-provision in prior years	(30)	(150)
Depreciation of property, plant and equipment ( <i>Note 16</i> )	178	331
Consultancy fees	4,973	1,085
Legal and professional fees **	968	188

\* Share-based payments for the year ended 30th June, 2014 comprised share-based payments to directors, employees and other third parties, of which HK\$1,976,000, HK\$930,000 and HK\$3,874,000 are included in directors' emoluments, staff costs (excluding directors' emoluments) and consultancy fees respectively.

\*\* Legal and professional fees for the year ended 30th June, 2013 excluded fee directly attributable to the disposals of investments as mentioned in note 26 to the financial statements.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 12. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

The emoluments paid or payable to each of the five (2013: five) directors were as follows:

For the year ended 30th June, 2014	Fees	Basic salaries and allowances	Retirement benefits scheme contributions	Share-based payments	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mr. Ng Leung Ho	-	3,900	15	-	3,915
Mr. Lo Wan Sing, Vincent	-	360	-	1,163	1,523
Mr. Chau On Ta Yuen	60	-	-	271	331
Mr. Law Wai Fai	60	-	-	271	331
Ms. Xu Lei	60	-	-	271	331
	<u>180</u>	<u>4,260</u>	<u>15</u>	<u>1,976</u>	<u>6,431</u>

For the year ended 30th June, 2013	Fees	Basic salaries and allowances	Retirement benefits scheme contributions	Share-based payments	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mr. Ng Leung Ho	-	3,900	15	-	3,915
Mr. Lo Wan Sing, Vincent	-	360	4	-	364
Mr. Chau On Ta Yuen	60	-	-	-	60
Mr. Law Wai Fai	60	-	-	-	60
Ms. Xu Lei	60	-	-	-	60
	<u>180</u>	<u>4,260</u>	<u>19</u>	<u>-</u>	<u>4,459</u>

During the years ended 30th June, 2013 and 2014, 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 has waived any emoluments during both of the years.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 12. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS (continued)

#### Highest paid individuals

Of the five highest paid individuals in the Group, four (2013: two) are directors of the Company whose emoluments are set out above. The emoluments of the remaining one (2013: three) individuals are as follows:

	2014 HK\$'000	2013 HK\$'000
Basic salaries and allowances	1,170	1,477
Retirement benefits scheme contributions	15	29
Share-based payments	736	–
	<u>1,921</u>	<u>1,506</u>

The emoluments were within the following bands:

	2014 Number of individuals	2013 Number of individuals
Below HK\$1,000,001	–	2
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	1	–
	<u>1</u>	<u>3</u>

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

	2014 Number of individuals	2013 Number of individuals
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	1	–
	<u>1</u>	<u>1</u>

During the year, share options were granted to directors and the highest paid employee in respect of their services to the Group, further details of which are included in note 25. The fair values of such options were determined as at the date of grant and are recognised as expense in profit or loss for the year. The amount of expense recognised in the consolidated statement of comprehensive income for the year is included in the above directors and highest paid employees and senior management's remuneration disclosures.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 13. TAXATION

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

	2014 HK\$'000	2013 HK\$'000
Current tax		
– Hong Kong Profits Tax	5,701	1,989
– Under provision in respect of prior years	3	–
– Tax reduction in respect of prior years	(10)	–
	<u>5,694</u>	<u>1,989</u>
Deferred tax		
– Current year (Note 22)	–	1,585
	<u>–</u>	<u>1,585</u>
Income tax expense	<u>5,694</u>	<u>3,574</u>

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

	2014 HK\$'000	2013 HK\$'000
Profit before taxation	25,618	107,813
Tax charge calculated at Hong Kong Profits Tax rate of 16.5% (2013: 16.5%)	4,227	17,789
Tax effect of expenses not deductible for tax purpose	3,289	36,558
Tax effect of income not taxable for tax purpose	(2,178)	(50,654)
Tax effect of estimated tax losses not recognised	350	79
Under provision in respect of prior years	3	–
Tax reduction in respect of prior years	(10)	–
Tax effect of other temporary differences not recognised	13	6
Utilisation of previously unrecognised tax losses	–	(204)
	<u>5,694</u>	<u>3,574</u>
Income tax expense for the year	<u>5,694</u>	<u>3,574</u>

### 14. LOSS/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company for the year ended 30th June, 2014 dealt with in the financial statements of the Company was approximately HK\$7,887,000 (2013: profit attributable to owners of the Company of HK\$39,200,000).

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 15. EARNINGS PER SHARE

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

Profit	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the purpose of basic and diluted earnings per share	<b>19,924</b>	104,239
Number of shares	<b>2014</b> <i>'000</i>	2013 <i>'000</i>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>1,442,214</b>	1,442,214
Effect of dilutive potential ordinary shares: – share options	<b>116</b>	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b>1,442,330</b>	1,442,214
Earnings per share	<b>2014</b> <i>HK Cents</i>	2013 <i>HK Cents</i>
– Basic	<b>1.4</b>	7.2
– Diluted	<b>1.4</b>	7.2

The computation of diluted earnings per share for the year ended 30th June, 2013 does not assume conversion of the Company's convertible notes and exercise of the outstanding share options as they had an anti-dilutive effect on the earnings per share calculation.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 16. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicle <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>COST</b>				
At 1st July, 2012	1,185	437	619	2,241
Addition	–	8	771	779
Disposal	–	–	(619)	(619)
At 30th June, 2013	1,185	445	771	2,401
Addition	–	17	–	17
<b>At 30th June, 2014</b>	<b>1,185</b>	<b>462</b>	<b>771</b>	<b>2,418</b>
<b>ACCUMULATED DEPRECIATION</b>				
At 1st July, 2012	813	395	181	1,389
Provided for the year	238	26	67	331
Disposal	–	–	(242)	(242)
At 30th June, 2013	1,051	421	6	1,478
Provided for the year	83	18	77	178
<b>At 30th June, 2014</b>	<b>1,134</b>	<b>439</b>	<b>83</b>	<b>1,656</b>
<b>CARRYING AMOUNT</b>				
<b>At 30th June, 2014</b>	<b>51</b>	<b>23</b>	<b>688</b>	<b>762</b>
At 30th June, 2013	134	24	765	923

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 16. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicle <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>COST</b>				
At 1st July, 2012	1,185	263	619	2,067
Addition	–	8	771	779
Disposal	–	–	(619)	(619)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June, 2013	1,185	271	771	2,227
Addition	–	17	–	17
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30th June, 2014</b>	<b>1,185</b>	<b>288</b>	<b>771</b>	<b>2,244</b>
<b>ACCUMULATED DEPRECIATION</b>				
At 1st July, 2012	813	221	181	1,215
Provided for the year	238	26	67	331
Disposal	–	–	(242)	(242)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June, 2013	1,051	247	6	1,304
Provided for the year	83	18	77	178
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30th June, 2014</b>	<b>1,134</b>	<b>265</b>	<b>83</b>	<b>1,482</b>
<b>CARRYING AMOUNT</b>				
<b>At 30th June, 2014</b>	<b>51</b>	<b>23</b>	<b>688</b>	<b>762</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30th June, 2013	134	24	765	923
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 17. INTERESTS IN SUBSIDIARIES

Company	2014 HK\$'000	2013 HK\$'000
Unlisted shares, at cost	–	–
Amounts due from subsidiaries net of impairment loss	<b>309,876</b>	129,086
	<b>309,876</b>	129,086

The movements of provision for impairment loss on amounts due from subsidiaries during the year are as follows:

	2014 HK\$'000	2013 HK\$'000
Balance at beginning of the year	<b>100,208</b>	153,414
Written back	<b>(8,593)</b>	(53,206)
Balance at end of the year	<b>91,615</b>	100,208

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

The Company has recognised impairment loss on amounts due from subsidiaries based on the accounting policies shown in note 3.

Particulars of the Company's subsidiaries are disclosed in note 31.



## Notes to the Financial Statements

For the year ended 30th June, 2014

### 18. LOANS RECEIVABLE

On 23rd December, 2011, Golden Wayford Limited, a wholly owned subsidiary of the Group, entered into a loan agreement with an independent third party and agreed to grant a three years term loan with principal amount of HK\$100,000,000 at fixed interest rate of 18% per annum effective on 1st February, 2012.

The repayment of the loan principal will be at maturity and interest is repayable quarterly. The loan is secured by (a) a share mortgage issued by all of the shareholders of the borrower; (b) a debenture issued by the borrower which charges on all of the assets of the borrower; (c) individual and corporate guarantees issued by all of the shareholders of the borrower and a wholly owned subsidiary of the borrower established in the PRC; and (d) six letters of undertakings issued by all of the shareholders of the borrower.

On 21st August, 2013, Golden Wayford Limited entered into another loan agreement with an independent third party and agreed to grant a three years term loan with principal amount of HK\$200,000,000 at fixed interest rate of 15% per annum effective on 11th October, 2013.

The repayment of the loan principal will be at maturity and interest is repayable semi-annually. The loan is secured by (a) share mortgages on all of the shareholders of the borrower; and (b) individual and corporate guarantees issued by all of the shareholders of the borrower.

At initial recognition, the Group determined the fair value of the loans receivable equivalent to their principal amounts. The analysis of the carrying amount of loans receivable is as follows:

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Current	<b>100,000</b>	–
Non-current	<b>200,000</b>	100,000
	<b>300,000</b>	100,000

Management of the Group determined no impairment loss on these loans receivable are required to be recognised, after taking into account the financial positions of the borrowers and the collaterals held by the Group.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Trade receivables	9,659	3,041	-	-
Other receivables	769	710	-	-
Deposits and prepayments	893	781	13	12
	<b>11,321</b>	<b>4,532</b>	<b>13</b>	<b>12</b>

The following is an ageing analysis of trade receivables, net of allowance for doubtful debts, at the end of the reporting period prepared based on invoice date:

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Current	<b>9,659</b>	<b>3,041</b>	<b>-</b>	<b>-</b>

The average credit period on sales of goods is 120 days from the invoice date.

At 30th June, 2014, all of the Group's trade receivables were neither past due nor impaired. Based on past experience, management believes that no allowance for doubtful debt is necessary in respect of this balance as there have not been a significant change in credit quality and the balance is still considered fully recoverable.

### 20. INVESTMENTS HELD FOR TRADING

The amounts at 30th June, 2013 and 2014 represented investments in equity securities listed in Hong Kong, stated at market value based on bid price at the reporting date.

### 21. BANK BALANCES AND CASH

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits were made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 22. DEFERRED TAX LIABILITIES

The following were the deferred tax liabilities recognised by the Group and the Company, which represented the temporary difference between imputed interest and coupon interest arising from the convertible notes issued by the Company and the convertible notes receivable by a subsidiary:

	<b>Group</b> <i>HK\$'000</i>	<b>Company</b> <i>HK\$'000</i>
At 1st July 2012	632	85
Debited/(credited) to profit or loss during the year (Note 13)	1,585	(6)
Disposal of subsidiaries (Note 26)	(2,138)	–
Credited to convertible notes reserve upon early redemption	(79)	(79)
	<hr/>	<hr/>
At 30th June, 2013	–	–
	<hr/> <hr/>	<hr/> <hr/>

At 30th June, 2014, the Group had estimated unutilised tax losses of approximately HK\$120,524,000 (2013: HK\$118,405,000) 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

<b>Group and Company</b>	<b>Number of shares of HK\$0.1 each '000</b>	<b>Amount HK\$'000</b>
Ordinary shares		
<b>Authorised:</b>		
At 30th June, 2013 and 2014	30,000,000	3,000,000
	<hr/>	<hr/>
<b>Issued and fully paid:</b>		
At 30th June, 2013 and 2014	1,442,214	144,221
	<hr/>	<hr/>

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 24. RESERVES

Company	Share premium HK\$'000	Contributed surplus HK\$'000	Other reserve HK\$'000	Share-based compensation reserve HK\$'000	Convertible notes reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st July, 2012	24,916	232,738	39,387	16,992	6,876	(201,465)	119,444
Transactions with owners							
– Early redemption of convertible notes, net of tax	-	-	-	-	(6,876)	6,876	-
Profit and total comprehensive income for the year	-	-	-	-	-	92,406	92,406
At 30th June, 2013	24,916	232,738	39,387	16,992	-	(102,183)	211,850
Transactions with owners							
– Equity settled share-based payments (Note 25)	-	-	-	6,780	-	-	6,780
– Lapse of share options	-	-	-	(453)	-	453	-
	-	-	-	6,327	-	453	6,780
Profit and total comprehensive income for the year	-	-	-	-	-	706	706
<b>At 30th June, 2014</b>	<b>24,916</b>	<b>232,738</b>	<b>39,387</b>	<b>23,319</b>	<b>-</b>	<b>(101,024)</b>	<b>219,336</b>

No dividend was paid or proposed during the year, nor has any dividend been proposed since 30th June, 2013 and 2014.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 25. SHARE-BASED COMPENSATIONS

The Company operates an equity-settled, share-based compensation plan for the purpose of providing incentives and rewards to eligible participants for their contribution to the success of the Group's operations.

An ordinary resolution was passed at the annual general meeting of the Company held on 29th January, 2008 for the approval of the adoption of a new share option scheme (the "New SO Scheme") and termination of another share option scheme adopted on 16th December 1997.

Eligible participants of the New SO Scheme include directors and employees of the Company and its subsidiaries. The New SO Scheme will, unless otherwise cancelled or amended, remain in force for 10 years from 29th January, 2008, after which no further options will be granted but provisions of the New SO Scheme remain in force and all outstanding options granted continue to be valid and exercisable in accordance therewith.

The maximum number of unexercised share options currently permitted to be granted under the New SO Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the New SO Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within the date specified in the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 25. SHARE-BASED COMPENSATIONS (continued)

- (a) The terms of unexpired and unexercised share options under the New SO Scheme at 30th June, 2013 and 2014 are as follows:

Category of participant	Date of grant	Exercise period	Exercise price per share	Number of share options outstanding at 30th June, 2013	Number of share options outstanding at 30th June, 2014
Director	5th February, 2008 <sup>#</sup>	5th February, 2008 to 4th February, 2018	HK\$1.25	1,200,000	1,200,000
	7th September, 2009 <sup>#</sup>	7th September, 2009 to 6th September, 2019	HK\$0.80	800,000	800,000
	7th September, 2009 <sup>#</sup>	7th September, 2010 to 6th September, 2019	HK\$0.80	720,000	720,000
	7th September, 2009 <sup>#</sup>	7th September, 2011 to 6th September, 2019	HK\$0.80	780,000	780,000
	28th March, 2014*	28th March, 2014 to 27th March, 2024	HK\$0.36	–	10,200,000
Subtotal				3,500,000	13,700,000
Non-director	31st January, 2008 <sup>#</sup>	31st January, 2008 to 30th January, 2018	HK\$1.11	8,400,000	7,800,000
	5th February, 2008 <sup>#</sup>	5th February, 2008 to 4th February, 2018	HK\$1.25	5,900,000	5,900,000
	6th February, 2008 <sup>#</sup>	6th February, 2008 to 5th February, 2018	HK\$1.27	5,600,000	5,600,000
	7th September, 2009 <sup>#</sup>	7th September, 2010 to 6th September, 2019	HK\$0.80	720,000	720,000
	7th September, 2009 <sup>#</sup>	7th September, 2011 to 6th September, 2019	HK\$0.80	960,000	960,000
	28th March, 2014*	28th March, 2014 to 27th March, 2024	HK\$0.36	–	4,800,000
Sub-total				21,580,000	25,780,000
Other parties	28th March, 2014*	28th March, 2014 to 27th March, 2024	HK\$0.36	–	20,000,000
Total				25,080,000	59,480,000

<sup>#</sup> : These options have already become exercisable since 1st July, 2012

\* : These options are exercisable since the date of options granted

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 25. SHARE-BASED COMPENSATIONS (continued)

- (b) The movements of number of outstanding share options and weighted average exercise prices of share options are as follows:

	2014		2013	
	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$	Number of options
Outstanding at beginning of year	1.14	25,080,000	1.14	25,080,000
Granted during the year	0.36	35,000,000	–	–
Lapsed during the year	0.37	(600,000)	–	–
Outstanding at end of year	0.69	<u>59,480,000</u>	1.14	<u>25,080,000</u>
Exercisable at end of year	0.69	<u>59,480,000</u>	1.14	<u>25,080,000</u>

The weighted average remaining contractual life was 7.41 years (2013: 4.72 years).

On 28th March, 2014, a total of 35,000,000 share options were granted to the directors, employees and eligible persons of the Group at a cash consideration of HK\$1 per grantee which entitle the grantees to subscribe for new ordinary shares of the Company at an exercise price of HK\$0.36 per share. The options shall be exercisable from 28th March, 2014 to 27th March, 2024. The Group recognised total share-based payments of HK\$6,780,000 (2013: HK\$ Nil) during the year ended 30th June, 2014 (Note 11).

The fair value of equity-settled share options granted during the year amounting to HK\$6,780,000 was estimated as at the date of grant, using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The significant assumptions and inputs used in the estimation of the fair value are as follows:

Share price at date of grant	HK\$0.36
Annualised volatility	63%
Risk-free interest rate	1.47%
Dividend yield	0%
Expected life of option	5 years
Fair value at date of grant	HK\$0.194
Exercise price	HK\$0.36

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 25. SHARE-BASED COMPENSATIONS (continued)

The expected life of the options may not be necessarily indicative of the exercise pattern that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of reporting period, the Company had 59,480,000 share options outstanding under the New SO Scheme, which represented approximately 4.1% of the Company's shares in issue as at that date. The exercise in full of these share options would, under the present capital structure of the Company, result in the issue of 59,480,000 additional ordinary shares of the Company and additional share capital of HK\$5,948,000 and share premium of HK\$34,481,000 (before issue expenses).



## Notes to the Financial Statements

For the year ended 30th June, 2014

### 26. GAIN ON DISPOSAL OF AVAILABLE-FOR-SALE INVESTMENTS AND CONVERTIBLE NOTES THROUGH DISPOSAL OF SUBSIDIARIES

On 28th June, 2013, the Group disposed of its subsidiaries, King Partner Limited and Acelead Limited, which held the convertible preference shares (classified as available-for-sale investments) and convertible notes (comprising debt component and derivative components) respectively pursuant to a sale and purchase agreement dated 10th November, 2012. The net assets of King Partner Limited and Acelead Limited at the date of disposal were as follows:

	28th June, 2013 HK\$'000
<hr/>	
<b>Group</b>	
Available-for-sale investments	88,000
Convertible notes – debt component	84,912
Convertible notes – derivative components	1,700
Deferred tax liabilities ( <i>Note 22</i> )	(2,138)
	<hr/>
Total interest in subsidiaries held by the Group	172,474
Satisfied by:	
Cash	251,426
	<hr/>
Gain on disposal before related expenses	78,952
Expenses directly attributable to the disposal	(411)
	<hr/>
	78,541
Release of available-for-sale investments revaluation reserve upon disposal	9,807
	<hr/>
Gain on disposal before taxation	88,348
	<hr/> <hr/>
NET CASH INFLOW ARISING FROM THE DISPOSAL	
Cash consideration as stated in the above	251,426
Direct expenses paid by the Group	(411)
	<hr/>
Net cash inflow from the disposal, net of related expenses	251,015
	<hr/> <hr/>

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 27. OPERATING LEASE ARRANGEMENTS

#### (a) As lessor

	Group	
	2014 HK\$'000	2013 HK\$'000
Minimum lease received during the year under operating leases	<u>3,251</u>	<u>3,151</u>

At 30th June, 2014 the Group had outstanding minimum leases receivable under non-cancellable operating leases which are entered into by the Company on behalf of its subsidiary and fall due as follows:

	2014 HK\$'000	2013 HK\$'000
Within one year	3,391	–
In the second to fifth years inclusive	<u>1,978</u>	–
	<u>5,369</u>	–

Operating leases receivable represent rentals receivable by the Group for sub-letting certain of its leased office premises. The leases are negotiated for a term of two years at fixed rentals.

#### (b) As lessee

	Group	
	2014 HK\$'000	2013 HK\$'000
Minimum lease payments paid during the year under operating leases	<u>4,035</u>	<u>3,779</u>

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 27. OPERATING LEASE ARRANGEMENTS (continued)

#### (b) As lessee (continued)

At 30th June, 2014 the Group had outstanding minimum commitments under a non-cancellable operating lease which is entered into by the Company on behalf of its subsidiary and falls due as follows:

	2014 HK\$'000	2013 HK\$'000
Within one year	4,392	2,205
In the second to fifth years inclusive	2,562	–
	<b>6,954</b>	2,205

Operating lease payments represent rentals payable by the Group for its office premises. The lease is negotiated for a term of three years at fixed rentals.

### 28. RETIREMENT BENEFITS SCHEME

The Group participates in the 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 charged to profit or loss represent contributions payable to the fund by the Group at rates specified in the rules of the scheme.

### 29. RELATED PARTY DISCLOSURES

#### Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the year was as follows:

	2014 HK\$'000	2013 HK\$'000
Short-term benefits	5,610	5,585
Share-based payments	2,712	–
Post-employment benefits	30	34
	<b>8,352</b>	5,619

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.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 30. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

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

<b>Group</b>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Financial assets</b>		
Fair value through profit or loss		
– Investments held for trading	<b>29,827</b>	31,902
– Loans and receivables (including bank balances and cash)	<b>408,367</b>	374,850
	<b>438,194</b>	406,752
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>2,363</b>	2,929
<b>Company</b>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Financial assets</b>		
Loans and receivables (including bank balances and cash)	<b>392,976</b>	385,960
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>900</b>	1,530

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.

## Notes to the Financial Statements

For the year ended 30th June, 2014

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

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:

Group	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 30th June, 2014</b>				
<b>Financial assets at fair value through profit or loss</b>				
Investments held for trading	<b>29,827</b>	–	–	<b>29,827</b>
<b>At 30th June, 2013</b>				
<b>Financial assets at fair value through profit or loss</b>				
Investments held for trading	31,902	–	–	31,902

There is no transfer between Level 1 and Level 2 of the fair value hierarchy in the year.

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.

## Notes to the Financial Statements

For the year ended 30th June, 2014

### 31. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at 30th June, 2014 are as follows:

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid share capital	Percentage held by the Company directly %	Principal activities
Jet United Investment Limited	Hong Kong	HK\$1	100	Investment holding
Gold Rising Limited	Hong Kong	HK\$1	100	Trading and investment holding
Golden Wayford Limited	Hong Kong	HK\$1	100	Finance and investment and provision of management service
Up Precious Global Investment Limited	British Virgin Islands	US\$1	100	Inactive

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

### 32. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 25th September, 2014.

## Financial Summary

### RESULTS

	For the year ended 30th June,				2014 HK\$'000
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	
Turnover	24,929	32,853	34,321	19,093	40,732
Profit/(loss) for the year	(2,490)	471,910	(619,312)	104,239	19,924
Profit/(loss) attributable to: Owners of the Company	(2,490)	471,910	(619,312)	104,239	19,924

### NET ASSETS

	As at 30th June,				2014 HK\$'000
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	
Total assets	430,514	933,361	356,272	408,456	439,849
Total liabilities	(30,187)	(32,797)	(86,280)	(34,225)	(38,914)
	400,327	900,564	269,992	374,231	400,935
Equity attributable to: Owners of the Company	400,327	900,564	269,992	374,231	400,935