KIRIN GROUP HOLDINGS LIMITED
麒麟集團控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 8109)

2017
Annual Report

A Step Forward, A Leap for Life

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Chow Yik *(Chairman)*
Dr. Ma Jun
Mr. Leung King Fai

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Chi Ho, Dennis
Ms. Chan Sin Wa, Carrie
Mr. Chung Shu Kun, Christopher

COMPLIANCE OFFICER

Dr. Ma Jun

COMPANY SECRETARY

Mr. Leung King Fai

COMMITTEES

AUDIT COMMITTEE

Mr. Ng Chi Ho, Dennis *(Chairman)*
Ms. Chan Sin Wa, Carrie
Mr. Chung Shu Kun, Christopher

NOMINATION COMMITTEE

Mr. Ng Chi Ho, Dennis *(Chairman)*
Ms. Chan Sin Wa, Carrie
Mr. Chung Shu Kun, Christopher

REMUNERATION COMMITTEE

Mr. Ng Chi Ho, Dennis *(Chairman)*
Ms. Chan Sin Wa, Carrie
Mr. Chung Shu Kun, Christopher

AUTHORISED REPRESENTATIVES

Dr. Ma Jun
Mr. Leung King Fai

AUDITOR

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Certified Public Accountants
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LEGAL ADVISERS

Bermuda Law:
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Hong Kong

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Bermuda

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Chaoyang District
Beijing

GEM STOCK CODE

8109

COMPANY WEBSITE

www.tricor.com.hk/webservice/08109

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of Kirin Group Holdings Limited, (the "Company", together with its subsidiaries, collectively the "Group"), I am pleased to present our annual report for the year ended 30 June 2017.

REVIEW OF RESULTS

For the year ended 30 June 2017, the Group's turnover was approximately RMB75,505,000. The Group recorded a net loss of approximately RMB87,600,000 for the year ended 30 June 2017.

BUSINESS OPERATION

The Group was principally engaged in (a) the provision of energy saving solutions and the sale of related products in Mainland China; (b) the provision of insurance brokerage and related services in Hong Kong; (c) the provision of asset management services in Hong Kong; (d) the provision of money lending services in Hong Kong; (e) the provision of information technology services in the Philippines; and (f) livestocks business in Mainland China during the year ended 30 June 2017.

With a view to providing the shareholders with better returns, the Group has progressively explored different business opportunities to diversify its business.

The management of the Group is committed to looking for business opportunities that would generate long-term returns to the shareholders of the Company.

PROSPECTS

The Group is taking positive steps to restructure the Group's business operations to build sustainable business operations for the Group in order to maximise the returns to the shareholders of the Company.

Looking forward to the coming year, the Group will continue to look for appropriate investment opportunities with reasonable and potential returns to enhance the Group's future development opportunity. Besides, the Company may carry out fund raising activities including but not limited to placing of new shares and issue bonds.

APPRECIATION

I hereby take this opportunity to express our appreciation to all the Board members for their support and efforts to the Group. In addition, on behalf of the Board, I also would like to express our sincere thanks to the officers, and all staff for their dedication and hardworking throughout the year.

Chow Yik
Chairman
Hong Kong, 29 September 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in (a) the provision of energy saving solutions and the sale of related products in Mainland China; (b) the provision of insurance brokerage and related services in Hong Kong; (c) the provision of asset management services in Hong Kong; (d) the provision of money lending services in Hong Kong; (e) the provision of information technology services in the Philippines; and (f) livestocks business in Mainland China during the year ended 30 June 2017.

Provision of energy saving solutions and the sale of related products

The performance of energy saving business was significantly influenced by the competitive price of crude oil and the continuous decline in real estate sales in Mainland China. The segment loss increased from approximately RMB8,719,000 for the year ended 30 June 2016 to approximately RMB9,553,000 for the year ended 30 June 2017. The increase in loss was mainly attributable to the decrease in service revenue. The Directors will minimise the capital expenditure and actively cutting the unnecessary costs for a long period of time in order to preserve the future ability of expanding the energy saving business until the unfavourable factors in energy market has gone.

Provision of insurance brokerage and related services

The insurance brokerage and related service business of the Company recorded a revenue of approximately RMB51,091,000 which represents an increase of approximately 2.9 times from the corresponding period in 2016.

The segment loss decreased from approximately RMB14,824,000 for the year ended 30 June 2016 to approximately RMB9,060,000 for the year ended 30 June 2017. The decrease in loss was mainly attributable to the Company's further expansion of the clientele of the business such that the average cost of its service was lowered. The Company has currently identified several overseas markets including but not limited to Japan, the Philippines and Thailand for the geographical expansion of its business.

Asset management services

The Company expanded into the business of asset management service in 2016 as part of its plan to transform itself into a financial conglomerate. This new segment did not have any revenue for the year ended 30 June 2017.

Money lending business

The money lending business of the Company recorded a revenue of approximately RMB10,976,000 which represents an increase of approximately 2.4 times from the corresponding period in 2016. This segment recorded a profit of approximately RMB4,612,000 for the year ended 30 June 2017. The segment loss is due mainly to the recognition of an impairment loss of approximately RMB5,608,000.

As at 30 June 2017, the loan portfolio size of the Company was approximately HK$122,510,000. Benefited from its successful marketing campaign, the Company will continue with its marketing campaign so as to get further market share in the money lending industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Livestocks business

The Group is constantly exploring opportunities in the diversification of business risk with a view to maximizing returns to the Group and the shareholders of the Company as a whole in the long run. As part of the Company's diversification plan, the Company has expanded into the industry of livestocks business through developing the farms in Mainland China. It is expected that the facilities will commence their operations in the second half of 2017 and the livestocks business will begin in 2018.

As at 30 June 2016, the Company has paid (i) approximately HK$4.2 million for the construction and acquisition of certain piggeries, some of which are expected to commence operation in 2018; and (ii) approximately HK$4.8 million for the purchase of piggies and provenders.

Information technology service

The information technology service business mainly includes the provision of online gaming platforms and software applications in the Philippines. The segment revenue increased from approximately RMB5,654,000 for the year ended 30 June 2016 to RMB6,574,000 for the year ended 30 June 2017. The increase is mainly attributable to the increase in maintenance services provided.

FINANCIAL REVIEW

The Group's turnover increased from approximately RMB33,774,000 for the year ended 30 June 2016 to RMB75,505,000 for the year ended 30 June 2017, which was represented a significant increase of approximately RMB41,731,000 or 123.6%. The significant increase in the Group's turnover for the year ended 30 June 2017 was mainly attributable to the increase in the insurance brokerage service segment revenue.

The distribution costs for the year ended 30 June 2017 increased significantly by approximately 759.5% to approximately RMB23,404,000, as compared to previous year (2016: approximately RMB2,723,000). Increase in distribution costs was mainly the increase of marketing expenses and transportation costs. Such significant increase in various distribution costs was because certain new businesses were acquired and came into operation during the year.

Administrative expenses for the year ended 30 June 2017 was approximately RMB50,994,000, increased approximately RMB11,586,000 or 29.4% as compared with the previous year (2016: approximately RMB39,408,000). The increase in administrative expenses was due mainly to increase in computer expenses, operating lease rentals of promises, travelling and entertainment expenses. Such significant increase in various administrative expenses was because certain new businesses were acquired and came into operation during the year.

The finance costs for the year ended 30 June 2017 increased significantly by approximately 96.9% to approximately RMB20,593,000, as compared to previous year (2016: approximately RMB10,459,000). Increase in finance costs was mainly the increase of interest expenses on corporate bonds and other borrowings.

The Group recorded a net loss of approximately RMB87,600,000 for the year ended 30 June 2017, representing an increase of approximately RMB31,216,000 or 55.4% as compared to the previous year (2016: approximately RMB56,384,000). Significant increase in net loss was a result of the increases in administrative expenses and finance costs.

Loss per share for the year ended 30 June 2017 was RMB6.56 cents (2016: RMB9.63 cents (restated)).

Profit Guarantee

(1) Reference is made to the announcement of the Company dated 24 August 2015 in relation to the acquisition of the Kirin (the "Announcement"). Definitions and terms, unless otherwise stated, shall bear the same meanings as defined in the Announcement.

Pursuant to the Agreement, the Vendor undertakes to the Purchaser that the Guaranteed Profit for the 12 months immediately after the date of Completion shall not be less than HK$3,000,000 and the Vendor will compensate the Purchaser for the Shortfall.

The Actual Profit for the 12 months immediately after the date of Completion was zero and therefore the Guaranteed Profit has not been met and the Shortfall amounted to HK$7,350,000 will be fully compensated by way of cash payment to the Purchaser. As such, the Vendor will fulfill his obligation in relation to the Guaranteed Profit under the Agreement.

(2) Reference is made to the announcement of the Company dated 8 April 2015, 12 June 2015, 23 June 2015 and 24 September 2015 in relation to the acquisition of Red Rabbit (the "Announcement"). Definitions and terms, unless otherwise stated, shall bear the same meanings as defined in the Announcement.

Pursuant to the Agreement, the Vendor undertakes to the Purchaser that the Revised Guaranteed Profit for the 12 months immediately after the date of Completion shall not be less than HK$5,000,000 and the Vendor will compensate the Purchaser for the Shortfall.

The Actual Profit of not less than HK$5,000,000 was generated for the 12 months immediately after the date of Completion. Therefore, the Revised Guaranteed Profit was met and the Company has settled the Revised Promissory Notes in October 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of Proceeds from Equity Fund Raising Activities up to 30 June 2017

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of the proceeds	Actual use of the proceeds
13 April 2016	Open offer	HK$99.4 million	(i) approximately HK$20.5 million for the development of the Group's insurance brokerage business; (ii) approximately HK$l6.00 million for the expansion of the Group's money lending business; and (iii) approximately HK$62.90 million for the general working capital of the Group including but not limited to the repayment of bonds and the associated interests payments and the acquisition of an office as the head quarter of the Group.	(i) approximately HK$18.00 million for the expansion of the Group's money lending business; (ii) approximately HK$45 million for the repayment of bonds and the associated interests payments; (iii) approximately HK$4.5 million for the staff training for the Group's insurance brokerage business; (iv) approximately HK$12 million was for marketing and promotion expenses for the Group's insurance brokerage business; (v) approximately HK$2 million for setting up information technology system for the Group's insurance brokerage business; (vi) approximately HK$12.9 million for acquisition of a land use right and office premises in the PRC; (vii) approximately of HK$2 million for relocation of Hong Kong office for the Group's insurance brokerage business; (viii) approximately HK$3 million was for repayment of bonds and working capital.

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of the proceeds	Actual use of the proceeds
20 April 2016	Placing of Shares under general mandate	HK$9.73 million	(i) as to HK$4.87 million for the settlement of loans and other current liabilities; (ii) as to approximately HK$4.86 million as general working capital of the Group.	(i) approximately HK$1 million was for the settlement of expenses for a subsidiary located in the PRC; (ii) approximately HK$7 million was for salaries and commission and other accrued expenses; (iii) approximately HK$0.6 million was for rental expenses and building management fee; (iv) approximately HK$1.13 million was for the repayment of bonds.

FINANCIAL POSITION

As at 30 June 2017, the net current assets was approximately RMB19,620,000 (2016: RMB68,465,000) of which approximately RMB19,189,000 were cash and cash equivalents (2016: approximately 15,943,000). The Group had no bank borrowing as at 30 June 2017 (2016: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

Cash and bank balances as at 30 June 2017 was approximately RMB19,189,000 (2016: approximately RMB15,943,000). As at 30 June 2017, the Group current ratio was 1.11 (2016: 1.96), comprised current assets of approximately RMB192,024,000 and current liabilities of approximately RMB172,404,000. The gearing ratio was approximately 11.94% (2016: 88.1%) as at 30 June 2017, which was computed as total liabilities of approximately RMB227,040,000 divided by total equity of approximately RMB19,008,000.

CAPITAL RAISING

Other than as disclosed under the section "Major Event During the Year Under Review", the Company had no capital raising activity during the year under review.

SIGNIFICANT INVESTMENTS

Other than as disclosed under the section "Major Events During the Year Under Review", the Group had no other significant investments during the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

Details of changes in capital structure of the Company during the year ended 30 June 2017 are set out in note 33 to the financial statements.

CAPITAL COMMITMENTS

Details of capital commitments of the Group as at 30 June 2017 are set out in note 40 to the financial statements.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any material contingent liabilities.

FOREIGN CURRENCY EXPOSURE

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Renminbi and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had 48 (2016: 46) full-time employees. Staff costs for the year ended 30 June 2017 was approximately RMB16,153,000 (2016: approximately RMB10,008,000).

The remuneration policy for the employees of the Group is based on their respective merit, qualifications and competence and prevailing market conditions.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2017 (2016: Nil).

PLEDGE OF ASSETS

Save as the finance leases disclosed in note 29 to the financial statements, as at 30 June 2017 and 2016, none of the assets of the Group has been pledged.

BIOGRAPHICAL INFORMATION OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. CHOW Yik

Mr. Chow Yik, aged 36, the Chairman of the Board. Mr. Chow obtained the degree of Bachelor of Engineering, majoring in Electronic and Communication Engineering from the City University of Hong Kong. Mr. Chow is a fellow member of the Institute of Directors. Mr. Chow was an executive director of Hao Wen Holdings Limited, a company listed on GEM of Stock Exchange from January 2011 to May 2016.

Dr. MA Jun

Dr. Ma Jun, aged 41, is the Chief Operation Officer of the Company. Dr. Ma holds a doctorate degree in computer technology and application engineering from Tsinghua University, the PRC. He has extensive research experience in computerised control system for thermal energy saving.

Mr. LEUNG King Fai

Mr. LEUNG King Fai, aged 45, the Company Secretary of the Company. Mr. Leung graduated from Deakin University with a Bachelor's degree in Commerce. Mr. Leung is a member of CPA Australia, the Hong Kong Institute of Certified Public Accountants and Chartered Institute of Management Accountants. Mr. Leung was an executive director of Hao Wen Holdings Limited, a company listed on the GEM of Stock Exchange from September 2010 to March 2015. Mr. Leung currently is an Independent Non-executive Director of Daisho Microline Holdings Limited, a company listed on the main board of Stock Exchange and an Independent Director of Biostar Pharmaceuticals Inc., a company listed on NASDAQ Stock Market in New York.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. NG Chi Ho, Dennis

Mr. Ng Chi Ho, Dennis, aged 59, holds a Bachelor of Commerce degree from the University of New South Wales, Australia and is a chartered accountant of The Chartered Accountants Australia and New Zealand as well as a fellow member of The Hong Kong Institute of Certified Public Accountants. Mr. Ng is currently an independent non-executive director of Media Asia Group Holdings Limited and China City Infrastructure Group Limited and was an independent non- executive director of KOALA Financial Group Limited (formerly known as "Sunrise (China) Technology Group Limited") from 26 June 2014 to 15 May 2015, the shares of those companies are listed on the GEM of the Stock Exchange.

Mr. CHAN Sin Wa, Carrie

Ms. Chan Sin Wa, Carrie, aged 38, has extensive working experience in the accounting and auditing industry. She graduated from Oxford Brookes University in Applied Accounting and was an Audit Manager in a medium-sized audit firm. She is an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. CHUNG Shu Kun, Christopher *BBS, MH, JP*

Mr. Chung Shu Kun, Christopher *BBS, MH, JP*, aged 60, possesses a Master of Science of e-Business awarded by Glasgow Caledonia University, United Kingdom and a Master of Business Administration awarded by University of Wales, United Kingdom. Mr. Chung was a member of the Hong Kong Legislative Council, the Eastern District Council of Hong Kong. Mr. Chung currently is a member of the People's Consultative Conference of Harbin City, a committee member of China Overseas Friendship Association and Guangzhou Overseas Friendship Association, and honorary advisor of Dongguan Overseas Friendship Association. He was appointed as a member of the Advisory Committee on Corruption of the Independent Commission against Corruption by the Hong Kong Government. He also involves in other community services, which include the vice president of Hong Kong Fishermen Consortium, the vice president and a standing committee of Hong Kong Eastern District Community Association# (東區各界協會), the Court member of the University of Hong Kong and the Council member of Hong Kong Chinese Orchestra.

REPORT OF THE DIRECTORS

The board of directors (the "Board") has pleasure in presenting the annual report and the audited financial statements of the Company for the year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries of the Company as at 30 June 2017 are set out in note 47 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2017 and the state of the affairs of the Group as at that date are set out in the financial statement on pages 34 to 119.

SHARE CAPITAL AND RESERVES

As at 30 June 2017, the total number of shares issued by the Company was 1,266,767,250 shares. Details of the capital structure of the Company are set out in note 33 to the consolidated financial statements.

Movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 37.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws and there is no restriction against such rights under the laws of Bermuda.

FINANCIAL SUMMARY

A summary of published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements of the Company, is set out on page 120. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 5 November 2010, pursuant to which the Directors may grant options to eligible participants to subscribe for shares in the Company subject to the terms and conditions stipulated therein. Details of movements in the Company's share options during the year ended are set out in note 34 to the consolidated financial statements.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

CONNECTED TRANSACTIONS

During the year ended 30 June 2017, there were no transactions needed be disclosed as connected transactions in the financial statements and in accordance with the requirements of Chapter 20 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference aligned with the provisions of CG Code. The Audit Committee currently comprises three independent non- executive Directors, namely Mr. Ng Chi Ho, Dennis (as the chairman), Ms. Chan Sin Wa, Carrie and Mr. Chung Shu Kun, Christopher. The Company's annual results for the year ended 30 June 2017 have been reviewed by the audit committee of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 30 June 2017, none of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group during the year.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2017.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive directors:
Mr. Chow Yik
Dr. Ma Jun
Mr. Leung King Fai

Independent non-executive directors:
Mr. Ng Chi Ho, Dennis
Mr. Wai Tze Lung, Francis (retired on 7 November 2016)
Mr. Chan Sin Wa, Carrie
Mr. Chung Shu Kun, Christopher

In accordance with the Bye-Law 87(1) of the Company's Bye-Laws, Mr. Ng Chi Ho, Dennis and Ms. Chan Sin Wa, Carrie will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Mr. Wai Tze Lung, Francis, an Independent Non-executive Director, did not offer himself for re-election in order to devote more time to his other business and personal engagements. Therefore, Mr. Wai retired from office as an Independent Non-executive Director upon conclusion of the annual general meeting held on 7 November 2016.

REPORT OF THE DIRECTORS

All Directors are not appointed for a specific term, but are subject to retirement by rotation in accordance with the Bye-Laws of the Company.

Details of the directors' emoluments and of the five highest paid individuals in the Group are set out in notes 10(a) and 10(b) to the financial statements, respectively.

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2017, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong ("SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

Save as disclosed below, as at 30 June 2017, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group:

Name	Capacity	Number of issued ordinary shares held	Approximate percentage of total issued shares as at 30 June 2017
Mr. Hui Chi Kwan	Interest in a controlled corporation	217,068,810	17.14%
Sino Ahead Holdings Limited	Beneficial owner	217,068,810	17.14%

Notes:

(1) The interest disclosed represents the corporate interest in 217,068,810 shares held by Sino Ahead Holdings Limited, which is wholly-owned by Mr. Hui Chi Kwan.

(2) All the interests disclosed above represent long position in the shares of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed under the sections "Share Option Scheme" and "Directors' and Chief Executives' Interests on Short Positions in Shares, Underlying Shares on Debentures of the Company or Any Associated Corporation" above, at no time during the year was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or Chief Executives of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

COMPETING INTEREST

As at 30 June 2017, none of the Directors or substantial shareholders of the Company has engaged in any business that competes or may compete with the business if the Group or has any other conflict of interests with the Group.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of purchases and sales for the year attributable to the Group's major customers and suppliers are as follows:

Purchases	
– the largest supplier	33.2%
– five largest suppliers combined	74.5%
Sales	
– the largest customer	26.6%
– five largest customers combined	71.2%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

REPORT OF THE DIRECTORS

MAJOR EVENTS DURING THE YEAR UNDER REVIEW

Capital Raising

On 16 May 2017, the Company entered into the underwriting agreement with the underwriter in respect of the Rights Issue of five offer shares for every two consolidated share held on record date at HK$0.07 per offer share. The Rights Issue was completed on 10 August 2017. The net proceeds of the Rights Issue were amounted to approximately HK$217.42 million, after deducting the underwriting commission and other related expenses of approximately HK$4.26 million. Details are set out in the Company's announcements dated 16 May 2017, 7 July 2017 and 9 August 2017, the Company's circular dated 16 June 2017 and the Company's prospectus dated 19 July 2017.

Major Acquisitions and Disposals

On 7 July 2016, the Group had entered into a joint venture agreement with Zhongjun Investment Management (Hong Kong) Company Limited for the establishment of a joint venture company (the "JV Company"). The JV Company shall provide China veterans and their family members with not less than fifty thousand places of study tours for five specific subjects which are investment, medical benefits, retirement protection, business startup and wealth creation, and training. The JV Company shall also facilitate Hong Kong investors to make investment that are beneficial to the employment of veterans in China.

On 12 August 2016, the Group completed the acquisition of the entire equity interest in Sang Woo (Kirin) Asset Management Limited ("KAM"), which engaged in asset management service in the Hong Kong, for a cash consideration of approximately RMB3,857,000 (equivalent to HK$4,307,000) from an independent third party.

On 21 November 2016, the Group further acquired 30% equity interest in Kirin Wealth Management Limited ("KWM") at a cash consideration of RMB403,000 (equivalent to HK$450,000). After the acquisition, the Group indirectly holds 75% equity interest of KWM. KWM is principally engaged in provision of insurance brokerage service in Hong Kong.

MAJOR EVENTS AFTER THE YEAR UNDER REVIEW

Capital Raising

Pursuant to an ordinary resolution passed at a special general meeting of the Company on 6 July 2017, the shareholders of the Company have approved the authorised share capital of the Company was increased from HK$150,000,000 (divided into 3,000,000,000 shares of a par value of HKD0.05 per share) to HK$500,000,000 (divided into 10,000,000,000 shares of a par value of HKD0.05 per share) by the creation of an additional 7,000,000,000 unissued shares that rank pari passu with all existing shares. Details are set out in the announcements dated 16 May 2017 and 6 July 2017.

On 10 August 2017, the Company issued and allotted 3,166,918,125 rights shares at a price of HKD0.07 per rights share on the basis of five rights shares for every two existing shares to subscribers. Details are set out in the announcements dated 16 May 2017, 6 July 2017 and 9 August 2017.

Acquisitions and Disposals

(a) During the year ended 30 June 2016, the Group entered into an agreement with an independent third party and paid the refundable deposit of approximately RMB3,016,000 (equivalent to HK$3,520,000) for the acquisition of a business, which is principally engaged in provision of Type 4 (advising on securities) and Type 9 (asset management) regulated activities under Securities and Futures Ordinance. The aforesaid acquisition was completed on 12 August 2016.

(b) On 6 April 2016, the Company entered into a non-legally binding memorandum of understanding with an independent third party and paid the refundable deposit of HK$6,750,000 (equivalent to approximately RMB5,737,000) for the acquisition of a business, which is principally engaged in provision of taxi service in Philippines. Subsequent to 30 June 2017, the Company further entered into a formal agreement for sale and purchase with the same independent to finalise this acquisition, this aforesaid acquisition was completed subsequent to 30 June 2017.

(c) On 13 September 2016, the Group entered into a non-legally binding memorandum of understanding with an independent third party and paid the refundable deposit of RMB4,209,000 for the acquisition of a business, which is principally engaged in provision of public relation services. Subsequent to 30 June 2017, the Group further entered into a sale and purchase agreement with the same independent third party to acquire 40% equity interest in aforesaid business related to public relation services. This aforesaid acquisition was completed subsequent to 30 June 2017.

CORPORATE GOVERNANCE CODE

A report on the principle corporate governance practices adopted by the Company is set out on page 18 of the Annual Report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's total issued shares as required under the Listing Rules.

AUDITORS

The financial statements were audited by Jonten Hopkins CPA Limited who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board
Chow Yik
Chairman

Hong Kong, 29 September 2017

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in enhancing the shareholders' value.

CORPORATE GOVERNANCE CODE

The Board of Directors ("Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 15 to the Rules ("GEM Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The Company is in compliance with the CG Code contained in Appendix 15 of the GEM Listing Rules and the Code Provisions save for the deviation as explained below:

The Code provision A4.1 provides that Non-executive Directors should be appointed for specific term, subject to re-election. The Company has deviated from the provision in that the Non-executive Directors and all Independent Non-executive Directors are not appointed for specific term. They are, however, subject to retirement by rotation and re-election. The reason for the deviation is that the Company does not believe that arbitrary limits on term of non-executive directorship are appropriate given that Directors ought to be committed to representing the long time interest of the Company's shareholders and the retirement and the re-election requirements of Non-executive Directors and Independent Non-executive Directors have given the Company's shareholders the right to approve continuation of Independent Non-executive Directors' offices.

Save as the aforesaid and in the opinion of the Directors, the Company has met all relevant code provisions set out in the CG code during the year ended 30 June 2017.

COMPLIANCE WITH THE REQUIRED STANDARD FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct on terms set out in the standard of dealings ("Standard Dealings") contained in Rule 5.48 to Rule 5.67 of the GEM Listing Rules regarding securities transactions by Directors. Upon specific enquiries by the Company, all Directors confirmed that they have fully complied with the Standard Dealings.

BOARD COMPOSITION

The Company is headed by the Board which is responsible for directing and supervising the Company's affairs. As at the date of this report, the Board comprises three executive Directors and three independent non-executive Directors. Biographies of all the Directors and the relationships (if any) among them are set out on page 11 of this annual report.

The executive Directors are Mr. Chow Yik, Dr. Ma Jun, and Mr. Leung King Fai. The Company also appointed three independent non-executive Directors who have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of shareholders. Mr. Ng Chi Ho, Dennis, Ms. Chan Sin Wa, Carrie and Mr. Chung Shu Kun, Christopher are independent non-executive Directors.

The Company has arranged directors and officers liability and company reimbursement insurance for its directors and officers.

Functions and responsibilities reserved to the Board and the functions and responsibilities delegated to management are as follows:

The Board shall be responsible for:

- Approval of corporate and business strategies of the Company
- Approval of the annual budgets and financial reports of the Group
- Monitoring the operating and financial performance of the Group
- Declaration of dividend to the shareholders of the Company
- Approval of investment proposals of the Company
- Restructuring and spin off relating to the Group
- Overseeing the processes for evaluation of the adequacy of internal controls, risk management, financial reporting and compliance
- Corporate governance

The management shall be responsible for:

- Day to day operations of the Company and its subsidiaries as delegated by the Board to the management
- Formulation of corporate and business strategies to be approved by the Board
- Execution of corporate and business strategies approved by the Board
- Formulation of investment, acquisition, mergers or spin off proposals
- Execution of investment, acquisition, mergers or spin off proposals and approved by the Board

BOARD DIVERSITY

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, include and make good use of differences in the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

CORPORATE GOVERNANCE REPORT

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmations of independence from each of the Independent non-executive directors in accordance with Rule 5.09 of the GEM Listing Rules. The Directors consider that all the Independent non-executive directors remain independent.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to Code Provision A6.5, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all Directors have participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations.

Name of Director	Attending seminar(s)/ programme(s)/relevant materials in relation to the business or directors' duties
Executive Directors	
Mr. Chow Yik	Yes
Dr. Ma Jun	Yes
Mr. Leung King Fai	Yes
Independent non-executive directors	
Mr. Ng Chi Ho, Dennis	Yes
Ms. Chan Sin Wa, Carrie	Yes
Mr. Chung Shu Kun, Christopher	Yes

All the Directors also understand the important of continuous professional development and are committed to participating any suitable training or reading relevant materials in order to develop and refresh their knowledge and skills.

ATTENDANCE OF INDIVIDUAL DIRECTORS AT BOARD MEETINGS FOR THE YEAR ENDED 30 JUNE 2017

The Board met regularly on a quarterly basis. Apart from the regular Board meetings of the year, the Board also met on other occasions when a Board-level decision on a particular matter is required. During the year, the Board held five meetings for the discussion and approval of important matters such as the approval of quarterly results, interim results, annual results and dividends, etc. The attendance record of each Director during the year at Board meetings is as follows:

Name of Director	Number of Attendance Attended/Eligible to attend
Executive Directors	
Mr. Chow Yik	7/7
Dr. Ma Jun	6/7
Mr. Leung King Fai	7/7

Name of Director	Number of Attendance Attended/Eligible to attend
Independent non-executive directors	
Mr. Ng Chi Ho, Dennis	6/7
Mr. Wai Tze Lung, Francis (retired on 7 November 2016)	0/2
Ms. Chan Sin Wa, Carrie	7/7
Mr. Chung Shu Kun, Christopher	6/7

Board minutes are kept by the secretary of the Company (the "Secretary") and are open for inspection by the directors of the Company. Every director of the company is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Secretary, and has the liberty to seek external professional advice if so required.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman shall be responsible for overseeing the operation of the Board, while the Chief Executive Officer shall oversee the business operations of the Company. The roles of the Chairman and Chief Executive Officer are set out in detail in the Bye-laws of the Company.

The Board is identifying suitable candidate to fill the vacancy of the Chief Executive Officer.

REMUNERATION OF DIRECTORS

The Company has established a remuneration committee (the "Remuneration Committee") with written terms of reference in compliance with the GEM Listing Rules. The terms of reference follows the requirement of Code Provision B.1.3. The Remuneration Committee currently comprises all the independent non-executive directors, namely, Mr. Ng Chi Ho, Dennis (as the Chairman), Ms. Chan Sin Wa, Carrie and Mr. Chung Shu Kun, Christopher.

For the year ended 30 June 2017, the Remuneration Committee held 2 meetings for the discussion of matters concerning the determination of remuneration of the Directors. The individual attendance record of each member of the remuneration committee is as follows:

Name of Director	Number of Attendance Attended/Eligible to attend
Independent non-executive directors	
Mr. Ng Chi Ho, Dennis	2/2
Mr. Wai Tze Lung, Francis (retired on 7 November 2016)	0/1
Ms. Chan Sin Wa, Carrie	2/2
Mr. Chung Shu Kun, Christopher	2/2

NOMINATION OF THE DIRECTORS

The Company established a nomination committee (the "Nomination Committee") with written terms of reference. The Nomination Committee currently comprises all the independent non-executive directors, namely, Mr. Ng Chi Ho, Dennis, Ms. Chan Sin Wa, Carrie and Mr. Chung Shu Kun, Christopher. Mr. Ng Chi Ho, Dennis is the chairman of the Nomination Committee.

The major functions of the Nomination Committee are to review the structure and composition of the Board, to review and provide recommendations to the shareholders of the Company on the terms of Directors service contract, and to assess the independence of the independent non-executive Directors. The major criteria in relation to the selection and nomination of Directors include professional background, industry-related experience and recommendations from the management team and industry societies. The terms of reference of the Nomination Committee are on terms no less exacting than the provision A4.5 of the CG Code.

The Nomination Committee held 2 meetings during the year ended 30 June 2017. The attendances of the meeting of the Nomination Committee are as follows:

Name of Director	**Number of Attendance Attended/Eligible to attend**
Independent non-executive directors	
Mr. Ng Chi Ho, Dennis	2/2
Mr. Wai Tze Lung, Francis (retired on 7 November 2016)	0/1
Ms. Chan Sin Wa, Carrie	2/2
Mr. Chung Shu Kun, Christopher	2/2

ACCOUNTABILITY AND AUDIT

The Board acknowledged their responsibility for preparing the financial statements of the Group. The Directors ensured in preparing of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report.

AUDITORS' REMUNERATION

For the year ended 30 June 2017, approximately RMB676,000 are payable to auditors of the Company for audit service.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference aligned with the code provisions of the CG Code. The Audit Committee currently comprises all the independent non- executive Directors, namely, Mr. Ng Chi Ho, Dennis (as the chairman), Ms. Chan Sin Wa, Carrie and Mr. Chung Shu Kun, Christopher.

The main functions of the Audit Committee are to review and supervise the financial reporting process, financial controls, internal control and risk management system of the Group and to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditor as well as their terms of appointment. The terms of reference of Audit Committee are on terms no less exacting than the provision C.3.3 of the CG Code.

For the year ended 30 June 2017, the Audit Committee held a total of 4 meetings, at which it reviewed the external findings, the accounting principles and practice adopted by the Group, the listing, statutory compliance, and financial reporting matters including recommendations made to the Board to approve the quarterly, interim and annual results for the year. The individual attendance record of each member of the Audit Committee is as follows:

Name of Director	**Number of Attendance Attended/Eligible to attend**
Independent non-executive directors	
Mr. Ng Chi Ho, Dennis	4/4
Mr. Wai Tze Lung, Francis (retired on 7 November 2016)	0/1
Ms. Chan Sin Wa, Carrie	4/4
Mr. Chung Shu Kun, Christopher	4/4

COMPANY SECRETARY

Mr. Leung King Fai ("Mr. Leung") is the Company Secretary of the Company. He is responsible to the Board for ensuring the board procedures are followed and that the Board is briefed on legislative, regulatory and corporate governance developments. Up to the date of this report, Mr. Leung has undertaken not less than 15 hours of relevant professional training.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibilities for maintaining sound and effective internal control system of the Group. The Group's system of internal control includes a defined management structure with limits of authority, is designed to help achieve business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established. The Division/Department Head of each core business segment is accountable for the conduct and performance of such segment within the agreed strategies, which are set by themselves and the Board together, and reports directly to the Board.

The relevant executive Directors and senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments.

Throughout the year, the Company complied with the code provisions on internal controls as stipulated in the CG Code. In particular, during the year under review, the Board engaged an external consulting firm to perform internal control review on major business operations of the Group. The external consultants evaluated the internal control system and studied also risks and mitigation strategies. An internal control review report with the relevant findings and recommendations was prepared to the Board. Meanwhile, the risks identified during the review exercise together with the respective ratings, existing situations and mitigating plans were all documented in the risk register. Accordingly, the Board is of the view that the systems of internal control and risk management are effective and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control system.

Based on the report from external consultant, the Board, in conjunction with the Audit Committee, annually assessed and reviewed the effectiveness of the internal control systems and procedures and considered the adequacy of resources and financial reporting function. As such, the Group currently does not have an internal audit department. The Board will review and consider establishing such department as and when it thinks necessary.

COMMUNICATION WITH SHAREHOLDERS

The Company actively promote effective communications with shareholders and investors. Shareholders are encouraged to attend the general meetings. The notice of AGM is distributed to all shareholders at least 21 clear days and not less than 20 clear business days prior to the AGM. Notices were sent to Shareholders at least 10 clear business days for all other general meetings. The Chairman of all general meetings conducts voting only after having confirmed with shareholders that they have no problem about the procedures of the voting by poll.

In line with the practice of the Company, in respect of each issue to be considered at the AGMs and special general meetings of the Company ("SGMs"), including the re-election of Directors, a separate resolution will be proposed by the chairman of the meeting.

In accordance with the code provision E.1.2 as set out in the CG Code, chairman of the Board have attended the AGM held during the year ended 30 June 2017. The Company's auditors have also attended the AGM during the year ended 30 June 2017.

The independent non-executive Directors, for the time when the general meetings were held during the year ended 30 June 2017, had other business engagements and thus, were not able to attend most general meetings held during the year ended 30 June 2017. In this regard, the compliance officer and Company Secretary had reminded the relevant independent non-executive Directors as well as the current independent non-executive Directors to attend general meetings of the Company in future, for compliance of code provisions A.6.7 as set out in the CG Code.

Participation of individual Directors at general meetings during the year ended 30 June 2017 is as follows:

	AGM	SGM
Number of meetings	1	1
Executive directors:		
Mr. Chow Yik	1/1	1/1
Mr. Ma Jun	0/1	0/1
Mr. Leung King Fai	1/1	1/1
Independent non-executive directors:		
Mr. Ng Chi Ho, Dennis	1/1	1/1
Mr. Wai Tze Lung, Francis (retired on 7 November 2016)	0/1	0/1
Ms. Chan Sin Wa, Carrie	1/1	1/1
Mr. Chung Shu Kun, Christopher	0/1	0/1

Designated executive Director(s) and senior management maintain regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner. Investors may write directly to the Company at its principal place of business in Hong Kong for any queries.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

Rights to convene special general meeting

In accordance with Company's Article 58, Shareholders holding at the date of deposit of the requisition of 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 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 months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves or any of them representing more than one half of the total voting rights of all of them, may themselves convene the general meeting, but any meeting so convened shall not be held after the expiration of three months after the date of deposit of the requisition.

Putting forward proposals at annual general meeting or special general meeting

The number of shareholders necessary for putting forward a proposal at the AGM or special general meeting shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request.

VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all the resolutions set out in the notice of the forthcoming AGM of the Company will be voted by poll.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company is pleased to present its first annual Environmental, Social and Governance Report ("ESG Report") to demonstrate its commitment to sustainable development. This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide ("the Guide") of the Stock Exchange, which covers two subject areas, Environmental and Social.

The Guide encourages an issuer to identify and disclose ESG information that is material and relevant to an issuer's business. During the self-assessment of the Company's business, the management has decided that out of the 11 ESG aspects suggested by the Guide, the below 6 ESG aspects are material to the Company:

Main ESG subject area in the Guide	ESG aspects
Environmental A1. Emissions	A2. Use of resources
Social B3. Development and training	B6. Product responsibility
	B7. Anti-corruption
	B8. Community investment

The reporting period of this ESG Report is from 1 July 2016 to 30 June 2017. Unless otherwise specified, the reporting boundary of this ESG Report is the same as this annual report.

A. ENVIRONMENTAL

Emissions and Use of Resources

The Company's operation is mainly office-based and the Company is committed to minimising the impact of businesses on the environment through adopting eco-friendly measures at the office. For example, staff is encouraged to reduce paper consumption by double-sided printing and reusing papers printed on one side.

In terms of energy saving measures, there are a number of good practices at office as follows:

- Staff is reminded to switch off lights and air-conditioning in the meeting room and the computer at the workstation when it is not in use;
- The room temperature is maintained at 25 degrees Celsius in summer to save energy; and
- Conference calls instead of face-to-face meetings are arranged where possible.

The Company is dedicated to sustain implementation of the measures above, while it will explore other eco-friendly initiatives.

B. SOCIAL

1. Employment and Labour Practices

Development and Training

The Company supports its staff to develop and enhance their professional knowledge and skills to cope with the evolving market environment and compliance level. On top of on-the-job training, the staff is encouraged to take external professional training to strengthen their work-related expertise.

2. Operating Practices

Product Responsibility

The Company puts high priority in maintaining business integrity and corporate governance standards to promote the long-term best interests to all its shareholders and stakeholders.

Anti-corruption

The Company upholds high standards on promoting anti-corruption, with all its employees and directors are required to maintain a high level of business ethics. The Audit Committee has the overall responsibility for matters related to the internal controls of anti-corruption.

During the reporting period, the Company had no legal cases regarding corrupt practices brought against the Company or its employees.

3. Community

The Company is fully aware of the importance of interacting with the wider community in fulfilling corporate social responsibility. In this aspect, the Company would explore the possibility to identify suitable partners and support community and environmental programmes that align with the Company's missions and values.

The Company believes the best way to serve the community is to drive positive impact through our investment portfolio. To create shared values with the community and stakeholders, the Company will continue to consider ESG factors in selecting future investment projects.

C. HONG KONG STOCK EXCHANGE ESG GUIDE REFERENCE

Hong Kong Stock Exchange ESG Subject Areas	ESG Aspects	Disclosure Reference
A. Environmental	A1. Emissions	Refer to the "Environmental" section of this ESG Report.
	A2. Use of resources	Refer to the "Environmental" section of this ESG Report.
	A3. The environment and natural resources	The office-based nature of the Company's operations are not considered to have significant impact on environment and natural resources.
B. Social Employment and labour practices	B1. Employment	All matters related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare complied with the Employment Ordinance by the Labour Department.
	B2. Health and safety	The office-based operation of the Company is not considered to have significant occupational hazards. The Company has complied with all the major relevant laws and regulations such as Occupational Safety And Health Ordinance by the Labour Department.
	B3. Development and training	Refer to "Social" section of this ESG Report.
	B4. Labour standards	Child labour and forced labour are prohibited in the Company.
Operating practices	B5. Supply chain management	The office-based operation of the Company is not considered to have a significant environmental and social risks of the supply chain.
	B6. Product responsibility	Refer to the "Social" section of this ESG Report.
	B7. Anti-corruption	Refer to the "Social" section of this ESG Report.
Community	B8. Community investment	Refer to the "Social" section of this ESG Report.

Jonten Hopkins CPA Limited
中天運浩勤會計師事務所有限公司

Independent Auditor's Report to the Members of:
Kirin Group Holdings Limited
(Incorporated in Bermuda with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Kirin Group Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 34 to 119, which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

— Impairment assessment of loan and interest receivables; and

— Impairment assessment of goodwill

Key Audit Matter	*How our Audit Addressed the Key Audit Matter*
Impairment assessment of loan and interest receivables	
Refer to Note 4 (Critical accounting judgements and key sources of estimation uncertainty), Note 23 (Loan receivables) and Note 25 (Interest receivables) to the consolidated financial statements. As at 30 June 2017, the Group's net carrying amount of loan and interest receivables amounted to approximately RMB122,510,000 and RMB8,158,000 respectively. Provision for impairment of loan and interest receivables amounted to approximately RMB7,523,000. Management assessed the provision for impairment of loan and interest receivables based on an estimate of the recoverability of these receivables. Provisions for impairment are applied to loan and interest receivables where events or changes in circumstances indicate that the balances may not be collectible. We focused on this area because the carrying value of loan and interest receivables is significant to the consolidated financial statements and the management's impairment assessment of loan and interest receivables require the use of significant judgement and estimation.	Our audit procedures in relation to the management's impairment assessment of loan and interest receivables included: Understanding, evaluating and validating the internal controls over impairment assessment of loan and interest receivables that relate to management's identification of events that triggered the provision for impairment of loan and interest receivables and estimation of the amount of provisions; Carrying out procedures, on a sample basis, to test the accuracy of the aging of loan and interest receivables as at the balance sheet date; Reviewing management's assessment on the adequacy of provision for individual impairment based on borrower's ability to repay the outstanding loan and interest receivables; and Examining, on a sample basis, a number of individual significant borrowers which were not identified by management as potentially impaired and performing audit procedures to assess the recoverability based on examination of the borrower's repayment records.

Impairment Assessment of Goodwill

Refer to Note 4 (Critical accounting judgements and key sources of estimation uncertainty), and Note 17 (Goodwill) to the consolidated financial statements.

As at 30 June 2017, the Group's reported goodwill amounted to approximately RMB24,153,000, net of accumulated impairment losses of approximately RMB9,947,000.

Impairment of goodwill is assessed by management by comparing the recoverable amount and carrying amount of the relevant cash generating units at the end of the reporting period. Significant judgement and assumptions were required by management of the Group in assessing the recoverable amounts of those cash generating units. The recoverable amounts are determined with reference to the value in use of the relevant cash generating units, which required significant assumptions on discount rates and growth rates in order to derive the net present value of the discounted future cash flow analysis.

We identified this area as a key audit matter as the carrying value of goodwill is significant to the consolidated financial statements and the management's impairment assessment of goodwill require the use of significant judgement and estimation.

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

Understanding the Group's key controls over the impairment assessment on goodwill;

Obtaining the discounted future cash flow analysis approved by the management and checking its mathematical accuracy;

Evaluating the reasonableness of the key assumptions adopted by the management, including discount rates and growth rates;

Testing the accuracy and evaluating the relevance of key inputs adopted in the discounted future cash flow model against historical performance of the Group, including revenues, costs of services and operating expenses, and with reference to the future strategic plans of the Group in respect of the cash generating units; and

Reviewing the sensitivity analysis performed by management on growth rates and discount rates to evaluate the potential impact on the recoverable amount and impairment.

Other Matter

The consolidated financial statements of the Group for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 30 September 2016.

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Lo Shung Chi.

Jonten Hopkins CPA Limited
Certified Public Accountants
Lo Shung Chi
Practising certificate number: P06688

Hong Kong
29 September 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Notes	2017 RMB'000	2016 RMB'000
Revenue	5	**75,505**	33,774
Cost of sales and services		**(52,680)**	(23,162)
Other income	6	**388**	250
Fair value gain on contingent consideration	12	**—**	6,079
Reversal of impairment loss on trade receivables	25	**4,332**	—
Distribution costs		**(23,404)**	(2,723)
Administrative expenses		**(50,994)**	(39,408)
Impairment loss on goodwill	17	**—**	(9,471)
Impairment loss on loan receivables	23	**(5,608)**	(1,654)
Impairment loss on trade and other receivables	25	**(10,352)**	(8,354)
Loss on disposal of subsidiaries	38	**—**	(528)
Net realised loss on disposal of financial assets at fair value through profit or loss		**(3,513)**	—
Finance costs	7	**(20,593)**	(10,459)
Loss before taxation	8	**(86,919)**	(55,656)
Taxation	9	**(681)**	(728)
Loss for the year		**(87,600)**	(56,384)
Other comprehensive income	11		
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising from translation of financial statements of foreign operations		**1,987**	4,901
Release of translation reserve upon disposal of subsidiaries	38	**—**	2
Other comprehensive income for the year		**1,987**	4,903
Total comprehensive expenses for the year		**(85,613)**	(51,481)
Loss for the year attributable to:			
— Equity shareholders of the Company		**(86,446)**	(55,542)
— Non-controlling interests		**(1,154)**	(842)
		(87,600)	(56,384)
Total comprehensive expenses for the year attributable to:			
— Equity shareholders of the Company		**(84,475)**	(50,701)
— Non-controlling interests		**(1,138)**	(780)
		(85,613)	(51,481)
			(Restated)
Loss per share			
Basic and diluted	14	**(6.56) cents**	(9.63) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	2017 *RMB'000*	2016 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	**8,989**	3,393
Prepaid lease payment	*16*	**2,258**	2,361
Goodwill	*17*	**24,153**	20,178
Intangible asset	*18*	**4,291**	5,536
Deposits paid for acquisition of investments	*19*	**9,946**	8,800
Deposits paid for property, plant and equipment		**4,387**	11,867
Deposits paid for livestocks	*20*	**—**	4,784
Interest in a joint venture	*21*	**—**	—
Available-for-sale financial assets	*22*	**—**	—
		54,024	56,919
CURRENT ASSETS			
Prepaid lease payment	*16*	**100**	100
Deposits paid for livestocks	*20*	**4,849**	—
Loan receivables	*23*	**122,510**	55,759
Consideration receivables	*24*	**—**	16,710
Trade and other receivables	*25*	**45,376**	45,120
Fair value on contingent consideration	*12*	**—**	6,298
Cash and bank balances	*26*	**19,189**	15,943
Total current assets		**192,024**	139,930
CURRENT LIABILITIES			
Trade and other payables	*27*	**39,664**	31,409
Borrowings	*28*	**4,343**	—
Obligations under finance leases	*29*	**435**	333
Promissory notes	*30*	**34,746**	4,552
Corporate bonds	*31*	**91,681**	34,376
Current tax payable		**1,535**	795
Total current liabilities		**172,404**	71,465
NET CURRENT ASSETS		**19,620**	68,465
TOTAL ASSETS LESS CURRENT LIABILITIES		**73,644**	125,384

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT LIABILITIES			
Obligations under finance leases	29	**270**	467
Corporate bonds	31	**54,151**	19,973
Deferred tax liability	32	**215**	277
		54,636	20,717
NET ASSETS		**19,008**	104,667
EQUITY			
Capital and reserves attributable to equity shareholders of the Company			
Share capital	33	**53,148**	53,148
Reserves		**(34,722)**	49,727
		18,426	102,875
Non-controlling interests		**582**	1,792
TOTAL EQUITY		**19,008**	104,667

The consolidated financial statements on pages 34 to 119 were approved and authorised for issue by the Board of directors on 29 September 2017 and are signed on its behalf by:

Chow Yik
Chairman

Leung King Fai
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Attributable to equity shareholders of the Company							
	Share capital	Share premium	Translation reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 July 2015	9,108	147,696	5,668	—	(125,949)	36,523	1,189	37,712
Loss for the year	—	—	—	—	(55,542)	(55,542)	(842)	(56,384)
Exchange difference arising from translation of financial statements of foreign operations	—	—	4,839	—	—	4,839	62	4,901
Release of translation reserve upon disposal of subsidiaries	—	—	2	—	—	2	—	2
Total comprehensive income/(expense) for the year	—	—	4,841	—	(55,542)	(50,701)	(780)	(51,481)
Capital contribution from non-controlling interests	—	—	—	—	—	—	2	2
Acquisition of subsidiaries *(note 36)*	—	—	—	—	—	—	2,453	2,453
Disposals of subsidiaries *(note 38)*	—	—	—	—	—	—	(1,072)	(1,072)
Issue of shares upon placing, net of expense *(note 33b)*	3,635	29,392	—	—	—	33,027	—	33,027
Issue of shares under the open offer, net of expense *(note 33d)*	35,725	48,301	—	—	—	84,026	—	84,026
Bonus issues *(note 33c)*	4,680	(4,680)	—	—	—	—	—	—
At 30 June 2016	53,148	220,709	10,509	—	(181,491)	102,875	1,792	104,667
Loss for the year	—	—	—	—	(86,446)	(86,446)	(1,154)	(87,600)
Exchange difference arising from translation of financial statements of foreign operations	—	—	1,971	—	—	1,971	16	1,987
Total comprehensive income/(expense) for the year	—	—	1,971	—	(86,446)	(84,475)	(1,138)	(85,613)
Acquisition of subsidiaries *(note 36e)*	—	—	—	—	—	—	14	14
Acquisition from non-controlling interests *(note 37)*	—	—	—	26	—	26	(414)	(388)
Capital contribution from non-controlling interests	—	—	—	—	—	—	328	328
At 30 June 2017	53,148	220,709	12,480	26	(267,937)	18,426	582	19,008

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Notes	2017 RMB'000	2016 RMB'000
Operating activities			
Loss before taxation		**(86,919)**	(55,656)
Adjustments for:			
Interest income	6	**(2)**	—
Fair value gain on contingent consideration	12	**—**	(6,079)
Reversal of impairment loss on trade receivables	25	**(4,332)**	—
Finance costs	7	**20,593**	10,459
Depreciation	15	**3,089**	819
Amortisation of intangible assets	18	**1,312**	943
Amortisation of prepaid lease payment	16	**100**	—
Net realised loss on disposal of financial assets at fair value through profit or loss		**3,513**	—
Loss on disposal of subsidiaries	38	**—**	528
Impairment loss on goodwill	17	**—**	9,471
Impairment loss on loan receivables	23	**5,608**	1,654
Impairment loss on trade and other receivables	25	**10,352**	8,354
Operating cash flows before changes in working capital		**(46,686)**	(29,507)
Increase in trade and other receivables		**(5,728)**	(23,908)
Increase in loan receivables		**(71,144)**	(57,472)
Decrease in consideration receivables		**16,823**	—
Increase in trade and other payables		**2,752**	9,990
Cash used in operations		**(103,983)**	(100,897)
Tax paid		**(22)**	—
Net cash used in operating activities		**(104,005)**	(100,897)
Investing activities			
Proceeds from disposals of financial assets at fair value through profit or loss		**9,467**	—
Purchase of financial assets at fair value through profit or loss		**(12,980)**	—
Net deposits paid for acquisition of investments	19	**(4,055)**	(398)
Deposits paid for property, plant and equipment		**—**	(11,777)
Deposits paid for livestocks		**—**	(4,784)
Purchase of property, plant and equipment	15	**(594)**	(2,554)
Interest received	6	**2**	—
Proceeds from profit guarantee compensation	12	**6,450**	—
Net cash inflow from disposal of subsidiaries	38	**—**	3,734
Net cash outflow on acquisition of subsidiaries	35 & 36	**(570)**	(9,729)
Net cash used in investing activities		**(2,280)**	(25,508)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Notes	2017 RMB'000	2016 RMB'000
Financing activities			
Inception of borrowings		**17,686**	—
Repayment of borrowings		**(13,372)**	—
Repayment of finance leases		**(464)**	(103)
Interest paid		**(7,996)**	(3,850)
Proceeds from issue of shares		**—**	119,176
Shares issue expenses		**—**	(2,123)
Proceeds from issue of promissory notes	*30*	**34,510**	—
Repayment of promissory notes	*30*	**(4,314)**	—
Proceeds from issue of corporate bonds	*31*	**137,644**	68,861
Expense on issue of corporate bonds	*31*	**(16,345)**	(7,939)
Repayment of corporate bonds	*31*	**(38,883)**	(32,340)
Acquisition from non-controlling interests		**(388)**	—
Capital contribution from non-controlling interests of a subsidiary		**328**	2
Net cash generated from financing activities		**108,406**	141,684
Net increase in cash and cash equivalents		**2,121**	15,279
Effect of change in foreign exchange rate		**1,125**	7
Cash and cash equivalents at the beginning of the year		**15,943**	657
Cash and cash equivalents at the end of the year		**19,189**	15,943
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**19,189**	15,943

1. GENERAL INFORMATION

Kirin Group Holdings Limited (the "Company") is a public limited company domiciled and incorporated in Bermuda and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is 23/F., Sang Woo Building, No. 227–228 Gloucester Road, Wan Chai, Hong Kong. The principal activities of its subsidiaries are set out in note 47.

The consolidated financial statements are presented in Renminbi ("RMB") which is different the functional currency of the Company, Hong Kong dollars ("HK$"), as the directors of the Company consider that RMB is the most appropriate presentation currency in view of the convenience of the consolidated financial statements users.

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

Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised standards, interpretations and amendments that have been issued but are not yet effective:

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfer of Investment Property[3]
Amendment to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[3]
Amendment to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue from Contracts with Customers[3]
HKFRS 9	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Leases[4]
HK(IFRIC) — Interpretation 22	Foreign Currency Transactions and Advance Consideration[3]
HK(IFRIC) — Interpretation 23	Uncertainty over Income Tax Treatments[4]
Annual Improvements Project	Annual Improvements to HKFRSs 2014–2016 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective date to be determined

HKFRS 9 *"Financial Instruments"*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 9 *"Financial Instruments" (continued)*

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors have reviewed the Group's financial assets as at 30 June 2017 and anticipated that application of the expected credit loss model of HKFRS 9 in the future will result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets and is not likely to have other material impact on the results and financial position of the Group based on an analysis of the Group's existing business model. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The above assessments were made based on an analysis of the Group's financial assets and financial liabilities as at 30 June 2017 on the basis of the facts and circumstances that existed at that date. As facts and circumstances may change during the period leading up to the initial date of application of HKFRS 9, which is expected to be 1 July 2018 as the Group does not intend to early apply the standard. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 15 *"Revenue from Contracts with Customers"*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. By considering the nature of operations of the Group, the directors anticipate that the application of HKFRS 15 in the future may not have a material impact on the amounts reported, though more disclosures may be made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 *"Leases"*

HKFRS 16 was issued and is effective for annual periods beginning on or after 1 January 2019. HKFRS 16 replaces all existing lease accounting requirements and represents a significant change in the accounting and reporting of leases, with more assets and liabilities to be reported on the consolidated statement of financial position and a different recognition of lease costs.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees.

The directors of the Company anticipate that the application of the new accounting model of HKFRS 16 is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss and other comprehensive income over the period of the lease. As disclosed in note 39 to these consolidated financial statements, at 30 June 2017, the Group's future minimum lease payments under non-cancellable operating leases amounted to approximately 3,348,000, the majority of which is payable between 2 and 3 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

Amendment to HKAS 7 *"Disclosure Initiative"*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (a) changes from financing cash flows; (b) changes arising from obtaining or losing control of subsidiaries or other businesses; (c) the effect of changes in foreign exchange rates; (d) changes in fair values; and (e) other changes.

The amendments apply prospectively to the Group for annual period beginning on 1 July 2017. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The directors anticipate that the application of other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of preparation

For the year ended 30 June 2017, the Group reported a net loss attributable to the equity shareholders of the Company of approximately RMB86,446,000 and had a net operating cash outflow of approximately RMB104,005,000. Major financing liabilities, arising mainly from corporate bonds, promissory notes and borrowings, increased from approximately RMB58,901,000 as at 30 June 2016 to approximately RMB184,921,000, of which an amount of approximately RMB130,770,000 were classified as current liabilities, while cash and cash equivalents amounted to approximately RMB19,189,000 only. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. In particular, the Group completed the fund raising by rights issue subsequent to the end of the reporting period, thereby an aggregate proceeds from the rights issue amounted to approximately HK$221,684,000 (before deduction of related expenses) were made use of by the Group to (i) repay outstanding liabilities; (ii) finance general working capital and (iii) develop the Group's business.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of preparation *(continued)*

In light of the measures as described above, the directors of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when fall due within twelve months from 30 June 2017. Accordingly, the directors are of opinion that it is appropriate to prepare these consolidated financial statements on a going concern basis. These consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of fair value on contingent consideration and financial assets at fair value through profit or loss, which are carried at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are 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 are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group losses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income Taxes” and HKAS 19 “Employee Benefits” respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 “Share-based Payment” at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another HKFRS.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	Over the shorter of useful lives or lease terms
Furniture and fixtures	2–5 years
Motor vehicles	4–5 years
Plant and machinery	3–10 years

The assets' residual values (if any) and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

The construction in progress is not depreciated until it is put into commercial use and accordingly is stated at cost.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. If not, the expenditure is treated as an expense in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Joint ventures

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment losses on tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When 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. When 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 of disposal 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 a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the 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 (or cash-generated 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into the following categories: financial assets "at fair value through profit or loss (FVTPL)", loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised by applying an effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loan receivables, consideration receivables and cash and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period subsequent to initial recognition (see accounting policy on impairment of financial assets below).

Financial assets at FVTPL

Financial assets are classified at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 "Financial Instruments: Recognition and Measurement" permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "fair value change on contingent consideration" line item. Fair value is determined in the manner described in Note 42(c) to the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be 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 financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For loan receivables, the total allowance for impairment losses arises from: individual impairment allowances.

The Group assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. The individual impairment allowance is based upon management's best estimate of the present value of cash flows which are expected to be received discounted at the original effective interest rate. In estimating these cash flows, management make judgements about the borrower's financial situation and the net realisable value of any underlying collateral or guarantees in favour of the Group. Each impaired asset is assessed on its merits.

Where there is no reasonable prospect of recovery, the loan and the related interest receivables are written off.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments ***(continued)***

Financial assets (continued)

Impairment of financial assets (continued)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables, borrowings, corporate bonds, promissory notes and obligations under finance leases) are subsequently measured at amortised cost using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised by applying an effective interest rate, except for short-term payables where the recognition of interest would be immaterial.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligations specified in the relevant contract are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

Cash and bank balances in the consolidated statement of financial position comprise cash at banks and on hand with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxation are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly to equity, in which case, the current and deferred taxation are also recognised in other comprehensive income or directly in equity respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Retirement benefits scheme

Payments to defined contribution retirement benefit plans, the Mandatory Provident Fund ("MPF") Scheme and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payment transactions

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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 obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes and includes the following items:

(a) Revenue from sale of products in the ordinary course of business is recognised when all of the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(b) Service fee income and commission income are recognised when services are rendered.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing

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 lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payment" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Related parties

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

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

 (2) has significant influence over the Group; or

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

(ii) An entity is related to the Group if any of the following conditions applies:

(1) 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).

(2) 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).

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

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

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

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

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

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.

Operating segments

Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-makers which are detailed in Note 5 to these consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company 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 may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

4.1 Critical judgement in applying accounting policies

The following are the critical judgements, apart from those involving estimation (see note 4.2 below), that the directors have made in the process of applying the Group's accounting policies and that the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Acquisitions of subsidiaries

During the years ended 30 June 2017 and 2016, the Group acquired various subsidiaries for expanding its business. In determining whether each acquisition represents a business combination, the directors of the Company have exercised their judgement when applying HKFRS 3 "Business Combinations" to consider if the acquired group under each acquisition constitutes a business or an asset. The directors apply a decision-making framework by (1) identifying the elements (comprising inputs, processes and outputs) in the acquired group; (2) assessing the capability of the acquired group to produce outputs; and (3) assessing the capability of a market participant to produce outputs if missing elements exist. The determination of whether the transaction is an asset acquisition or business combination depends on the results of the decision-making framework and this involves critical judgement exerted by the directors of the Company.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3. Determining whether goodwill is impaired requires an estimation of the recoverable amount which is the higher of the value in use and fair value less costs of disposal of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or there is downward revision of future

(ii) Estimated impairment loss on loan receivables and trade and other receivables

The Group performs ongoing credit evaluations of its debtors and adjusts credit limits based on payment history and the debtor's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its debtors and maintains a provision for impairment loss upon its historical experience and any specific debtors collection issues that it has been identified. The Group will continue to monitor the collections from debtors and maintain an appropriate level of estimated impairment.

(iii) Estimated impairment of intangible asset (other than goodwill)

The Group evaluates whether item of intangible asset have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the stated accounting policy. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates.

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

4.2 Key sources of estimation uncertainty *(continued)*

(iv) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

5. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and performance assessment. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group. The Group is principally engaged in provision of energy saving service and related products, insurance brokerage service, money lending service and information technology service.

Specifically, the Group's reportable segments same as operating under HKFRS 8 are as follows:

(a) Energy saving service and related products;

(b) Insurance brokerage and related services;

(c) Asset management and securities brokerage services;

(d) Money lending service;

(e) Information technology services; and

(f) Sales of livestocks

The insurance brokerage and related services segment, money lending service segment, information technology services segment and sales of livestocks segment are introduced during the year ended 30 June 2016 through the acquisition of Kirin Financial Group Limited and its subsidiaries ("Kirin") (note 36b), Red Link Enterprises Limited and its subsidiaries ("Red Link") (note 36a), Red Rabbit International Technology Inc. ("Red Rabbit") (note 36c) and Cyber Leader Holdings Limited ("Cyber Leader") (note 35) respectively.

The asset management and securities brokerage services segment is introduced during the year ended 30 June 2017 through the acquisition of Sang Woo (Kirin) Asset Management Limited ("Sang Woo") (note 36e). Sang Woo is registered as a licensed corporation engaging in asset management service, a licensing activity governed by the Hong Kong Securities and Futures Ordinance ("SFO"). Furthermore, upon the incorporation of subsidiary, Sang Woo (Kirin) Securities Limited ("SWKSL") during the year ended 30 June 2016, SWKSL also applied for the licenses of securities brokerage and advising on securities under SFO during the year ended 30 June 2017. As a result, the new segment of asset management and securities brokerage exist for year ended 30 June 2017.

Even though the segment information for insurance brokerage and related services for previous year includes the effect of SWKSL, no restatement of segment information is disclosed as the effect is immaterial given SWKSL was inactive.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment revenue and results

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

The segment results for the year ended 30 June 2017 are as follows:

	Energy saving services and related products *RMB'000*	Insurance brokerage and related services *RMB'000*	Asset management and securities brokerage services *RMB'000*	Money lending service *RMB'000*	Information technology services *RMB'000*	Consolidated *RMB'000*
REVENUE						
Revenue from external customers	6,864	51,091	—	10,976	6,574	75,505
Inter-segment revenue	—	18,726	—	—	—	18,726
Reportable segment revenue	6,864	69,817	—	10,976	6,574	94,231

Inter-segment sales are charged at prevailing market rates.

RESULTS						
Segment results	(9,553)	(9,060)	(3,253)	4,612	1,695	(15,559)
Unallocated corporate expenses						(47,254)
Finance costs						(20,593)
Net realised loss on disposal of financial assets at fair value through profit or loss						(3,513)
Loss before taxation						(86,919)

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

The segment results for the year ended 30 June 2016 are as follows:

	Energy saving services and related products *RMB'000*	Insurance brokerage and related services *RMB'000*	Money lending service *RMB'000*	Information technology services *RMB'000*	Consolidated *RMB'000*
REVENUE					
Revenue from external customers	11,781	13,105	3,234	5,654	33,774
Inter-segment revenue	—	8,487	—	—	8,487
Reportable segment revenue	11,781	21,592	3,234	5,654	42,261

Inter-segment sales are charged at prevailing market rates.

RESULTS					
Segment results	(8,719)	(14,824)	774	2,616	(20,153)
Unallocated corporate expenses					(24,516)
Finance costs					(10,459)
Loss on disposal of subsidiaries					(528)
Loss before taxation					(55,656)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by each segment without allocation of certain administration costs including directors' emoluments, loss on disposal of subsidiaries, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

The segment assets and liabilities as at 30 June 2017 are as follows:

	Energy saving services and related products	Insurance brokerage and related services	Asset management and securities brokerage services	Money lending service	Information technology services	Sales of livestock	Unallocated	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS								
Segment assets	4,607	16,676	10	133,169	31,296	15,937		201,695
Unallocated corporate assets								44,353
Consolidated total assets								246,048
LIABILITIES								
Segment liabilities	16,524	3,178	1	964	1,820	816		23,303
Unallocated corporate liabilities								203,737
Consolidated total liabilities								227,040
OTHER INFORMATION								
Capital additions	2	933	—	18	—	—	—	953
Depreciation and amortisation	4	1,786	—	13	2,598	100	—	4,501
Impairment loss on goodwill	—	—	—	—	—	—	—	—

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment assets and liabilities *(continued)*

The segment assets and liabilities as at 30 June 2016 are as follows:

	Energy saving services and related products	Insurance brokerage and related services	Money lending service	Information technology services	Sales of livestock	Unallocated	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS							
Segment assets	13,938	26,822	61,159	32,471	19,447		153,837
Unallocated corporate assets							43,012
Consolidated total assets							196,849
LIABILITIES							
Segment liabilities	20,435	2,108	866	1,252	1		24,662
Unallocated corporate liabilities							67,520
Consolidated total liabilities							92,182
OTHER INFORMATION							
Capital additions	3	2,440	21	90	—	713	3,267
Depreciation and amortisation	10	603	5	992	—	152	1,762
Impairment loss on goodwill	—	9,471	—	—	—	—	9,471

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Segment assets and liabilities *(continued)*

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

— all assets are allocated to operating segments other than certain plant and equipment, interest in a joint venture, available-for-sale financial assets, consideration receivables, fair value on contingent consideration, certain other receivables, deposits paid for acquisition of investments and bank balances and cash as these assets are managed on a group basis.

— all liabilities are allocated to operating segments other than certain other payables, borrowings, promissory notes, obligations under finance leases, current tax payables, corporate bonds and deferred tax liability as these liabilities are managed on a group basis.

Geographical information

The Group operates in three principal geographical areas — The People's Republic of China (excluding Hong Kong)("PRC"), Hong Kong and the Philippines.

The Group's revenue from external customers is presented by the location of operations and information about the Group's non-current assets by location of assets are detailed below:

	Revenue from external customers Year ended		**Specified non-current assets**	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**6,864**	11,781	**2,258**	2,373
Hong Kong	**62,067**	16,339	**13,042**	5,766
The Philippines	**6,574**	5,654	**24,381**	23,329

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Information about major customers

Revenue from each of the major customers, which accounted for 10% or more of the Group's revenue during the year, is set out below:

	2017	2016
	RMB'000	*RMB'000*
Energy saving services and related products segment		
Customer A	**5,698**	4,066
Customer B	**—**	3,513
	5,698	7,579
Insurance brokerage and related services segment		
Customer C	**8,302**	3,888
Customer D	**4,147**	4,452
Customer E	**20,102**	1,623
Customer F	**13,092**	2,266
	45,643	12,229
Information technology services segment		
Customer G	**6,574**	5,654
	57,915	25,462

6. OTHER INCOME

	2017	2016
	RMB'000	*RMB'000*
Other revenue:		
Bank interest income	**2**	—
Sundry income	**386**	250
	388	250

7. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Interest on corporate bonds	**9,613**	6,328
Imputed interest on corporate bonds *(note 31)*	**7,702**	3,379
Imputed interest on promissory notes *(note 30)*	**249**	715
Interest on promissory notes	**2,859**	—
Interest on borrowings	**46**	—
Finance charges	**124**	37
	20,593	10,459

8. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging the following:

	2017	2016
	RMB'000	*RMB'000*
Staff costs (including directors' remuneration):		
— Salaries and other benefits	**15,540**	9,614
— Retirement benefits scheme contributions	**613**	394
	16,153	10,008
Amortisation of intangible assets *(note 18)*	**1,312**	943
Amortisation of prepaid lease payment *(note 16)*	**100**	—
Auditor's remuneration	**676**	538
Depreciation of property, plant and equipment *(note 15)*	**3,089**	819
Excess payment on acquisition of assets and liabilities *(note 36d)*	**—**	248
Operating lease rentals of office premises	**4,145**	2,788
Exchange loss, net	**7**	773

9. TAXATION

(i) Overseas income tax

The Company is incorporated in Bermuda and is exempted from taxation in Bermuda. The Company's subsidiaries established in the British Virgin Islands ("BVI") are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from the British Virgin Islands income taxes. The Company's subsidiary established in the Republic of Seychelles is exempted from payment of the Republic of Seychelles income tax.

(ii) The Philippines income tax

Upon incorporation, Cagayan Economic Zone Authority ("CEZA") approved Red Rabbit's registration as an Econzone Export Enterprise for its business activities. Under the terms of its registration, Red Rabbit is entitled to certain incentives such as exemption in Value-Added Tax. Business establishments operating within the said economic zone shall be entitled to the existing fiscal incentives as provided for under Presidential Decree No. 66, the law creating the Export Processing Zone Authority, or those provided under Book VI of Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987. In lieu of paying national and local taxes, it shall pay 5% special tax rate on gross income earned as defined under Republic Act No. 7922, the law creating CEZA.

The provision for current income tax represents the income tax computed at the special tax rate of 5% applicable to CEZA registered enterprises.

(iii) The PRC enterprise income tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

9. TAXATION *(continued)*

(iv) Hong Kong profits tax

The provision for Hong Kong profits tax is calculated at the rate of 16.5% (2016: 16.5%) of the estimated assessable profits for the year.

	2017	2016
	RMB'000	*RMB'000*
Current tax:		
Hong Kong profits tax		
Current year	**760**	575
Over-provision in previous years	**(162)**	—
Overseas income tax		
Current year	**149**	200
Deferred tax:		
Deferred taxation relating to the origination and reversal of temporary differences *(note 32)*	**(66)**	(47)
Taxation charge	**681**	728

The tax charge for the years can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017	2016
	RMB'000	*RMB'000*
Loss before taxation	**(86,919)**	(55,656)
Tax calculated at the applicable tax rate	**(14,341)**	(10,073)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**196**	—
Tax effect of non-deductible expenses	**11,771**	8,705
Tax effect of non-taxable income	**(2,460)**	(1,705)
Tax effect of utilisation of tax losses not previous recognised	**(152)**	(112)
Tax effect of tax losses not recognised	**4,326**	764
Over-provision in previous years	**(162)**	—
Tax effect of other temporary differences not recognised	**1,503**	3,149
Taxation charge	**681**	728

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 7 (2016:10) directors of the Company are as follows:

Name of Directors	Directors' fees	Salaries and allowances	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2017				
Executive Directors:				
Chow Yik	—	1,062	14	1,076
Leung King Fai	—	592	14	606
Ma Jun	—	417	12	429
Independent Non-Executive Directors:				
Ng Chi Ho Dennis	104	—	—	104
Chan Sin Wa Carrie	104	—	—	104
Chung Shu Kun Christopher	104	—	—	104
Wai Tze Lung, Francis *(note 1)*	37	—	—	37
Total	349	2,071	40	2,460

(1) Mr. Wai Tze Lung, Francis resigned as an independent non-executive director of the Company with effect from 7 November 2016.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' emoluments *(continued)*

Name of Directors	Directors' fees	Salaries and allowances	Retirement benefits scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2016				
Executive Directors:				
Chow Yik	—	690	15	705
Leung King Fai	—	496	15	511
Ma Jun	—	488	12	500
Non-Executive Director:				
Xu Bo *(note 1)*	—	—	—	—
Independent Non-Executive Directors:				
Ng Chi Ho Dennis	99	—	—	99
Wai Tze Lung, Francis	99	—	—	99
Zhao Bin *(note 2)*	—	—	—	—
Lau Yu Ching *(note 2)*	—	—	—	—
Chan Sin Wa Carrie *(note 3)*	99	—	—	99
Chung Shu Kun Christopher *(note 4)*	80	—	—	80
Total	377	1,674	42	2,093

(1) Mr. Xu Bo resigned as a non-executive director of the Company with effect from 13 July 2015.

(2) Mr. Zhao Bin and Mr. Lau Yu Ching resigned as the independent non-executive directors of the Company with effect from 1 July 2015.

(3) On 1 July 2015, Ms. Chan Sin Wa Carrie was appointed as an independent non-executive director of the Company.

(4) On 11 September 2015, Mr. Chung Shu Kun Christopher was appointed as an independent non-executive director of the Company.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(a) Directors' emoluments *(continued)*

During the years ended 30 June 2017 and 2016, compensation of key management personnel represents remuneration to directors as set out above and a member from senior management. Total compensations with key management personnel consisting of short-term employee benefits of approximately RMB2,828,000 (2016: RMB2,548,000) and post-employment benefits of approximately RMB52,000 (2016: RMB55,000) for years ended 30 June 2017 and 2016 respectively. The directors' remuneration is determined by the remuneration committee having regard to the performance, responsibilities and experience of individuals and market trends.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2016: three) were directors of the Company whose emoluments were included in note (a) above. The emoluments of the remaining three (2016: two) individuals were as follows:

	2017	2016
	RMB'000	*RMB'000*
Fees, salaries, allowances and benefits in kind	**1,694**	893
Retirement benefits scheme contributions	**43**	27
	1,737	920

The number of employees whose emoluments fall within the following band was as follows:

	2017	2016
Nil to RMB1,000,000	**3**	2

For the years ended 30 June 2017 and 2016, no emoluments were paid by the Group to these five highest paid individuals, and the directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no director waived any emoluments.

11. DISCLOSURE OF TAX EFFECTS RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

No disclosure of tax effects have been made as there were no tax benefits or tax expenses relating to the components of other comprehensive income during the years ended 30 June 2017 and 2016.

12. FAIR VALUE ON CONTINGENT CONSIDERATION

	RMB'000
At 1 July 2015	—
Acquisition of subsidiaries *(note 36b)*	—
Currency realignment	219
Change in fair value	6,079
At 30 June 2016 and 1 July 2016	6,298
Currency realignment	152
Compensation from profit guarantee	(6,450)
At 30 June 2017	—

Pursuant to the sale and purchase agreement for the acquisition of the entire issued share capital of Kirin, the vendor has guaranteed and warranted to the Company that the audited net profit after tax of Kirin for the 12 months immediately after the date of completion (the "Guaranteed Period") shall not be less than HK$3,000,000 (the "Guaranteed Profit").

In the event that the actual profit is less than the Guaranteed Profit, the vendor shall compensate the Company 3.5 times of the difference between the Guaranteed Profit and the actual profit in proportion to their respective interests in form of cash. Details of the calculation of the compensation are set out in the Group's circular dated 24 August 2015.

The fair value of the profit guarantee was HK$7,350,000 (equivalent to approximately RMB6,298,000) as at 30 June 2016, which was determined by Roma Appraisal Limited, an independent professional valuer, based on the probabilistic flow method in which the cash flows for each year represent the difference between the guaranteed profit and the actual profit. The directors of the Company estimated the projected net profits of the Kirin under four different scenarios with respective scenario probabilities. The fair value of the profit guarantee was the probability weighted average of the present values of the shortfalls between the guaranteed profits and the projected net profits under the four scenarios. A discount rate of 20.98% has been used to calculate the present value of cash flows of the profit guarantee.

12. FAIR VALUE ON CONTINGENT CONSIDERATION *(continued)*

Below is a summary of a significant unobservable input to the valuation of the contingent consideration together with a quantitative sensitivity analysis as at 30 June 2016:

	Valuation technique	**Significant unobservable input**	**Sensitivity of fair value to the input**
Discounted financial instrument in respect of the profit guarantee	Income approach	Discount rate 20.98%	1% increase/decrease in discount rate would result in decrease in fair value by HK$9,000/increase in fair value by HK$9,000

The actual profit for the Guaranteed Period was zero, and therefore the Guaranteed Profit has not been met. As a result, a compensation of HK$7,350,000 (equivalent to approximately RMB6,450,000) was payable by the vendor. Up to 30 June 2017, an amount of HK$7,300,000 (equivalent to RMB6,409,000) was received and the outstanding balance of HK$50,000 (equivalent to approximately RMB41,000) was included in other receivables.

13. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the year ended 30 June 2017 (2016: Nil).

14. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the loss attributable to the equity shareholders of the Company for the year ended 30 June 2017 of approximately RMB86,446,000 (2016: approximately RMB55,542,000) and the weighted average number of approximately 1,317,641,000 (2016 (restated): approximately 576,887,000) ordinary shares.

As described in note 33e, the Company completed the rights issue on 10 August 2017. In calculating earnings per share, the weighted average number of shares outstanding during the years ended 30 June 2017 and 2016 were calculated as if the bonus elements without consideration included in the rights issue had been existed from the beginning of the comparative year.

Diluted loss per share

The diluted loss per share is equal to the basic loss per share as there were no potential dilutive ordinary shares outstanding during the years ended 30 June 2017 and 2016.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *RMB'000*	Furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Plant and machinery *RMB'000*	Total *RMB'000*
Cost						
At 1 July 2015	290	112	—	—	—	402
Currency realignment	103	18	5	—	40	166
On acquisition of subsidiaries *(note 36b)*	386	82	—	—	188	656
Additions	1,881	328	136	—	922	3,267
At 30 June 2016 and 1 July 2016	2660	540	141	—	1,150	4,491
Currency realignment	160	7	2	60	31	260
Transfers from deposits paid *(note)*	3,256	—	—	4,284	—	7,540
Additions	56	76	—	—	821	953
At 30 June 2017	6,132	623	143	4,344	2,002	13,244
Accumulated depreciation						
At 1 July 2015	144	91	—	—	—	235
Currency realignment	35	4	—	—	5	44
Charge for the year	656	42	1	—	120	819
At 30 June 2016 and 1 July 2016	835	137	1	—	125	1,098
Currency realignment	51	2	—	—	15	68
Charge for the year	2,446	101	28	—	514	3,089
At 30 June 2017	3,332	240	29	—	654	4,255
Carrying values						
At 30 June 2017	2,800	383	114	4,344	1,348	8,989
At 30 June 2016	1,825	403	140	—	1,025	3,393

Notes:

The net carrying value of plant and machinery of approximately RMB1,348,000 (2016: RMB1,025,000) includes an amount of RMB932,000 (2016: RMB699,000) in respect of assets held under obligations under finance leases.

During the year ended 30 June 2017, an aggregate amount of construction in progress of approximately RMB4,284,000 (2016: Nil) has been transferred from deposits paid for property, plant and equipment upon the construction works commenced for the piggeries for livestocks business. Also, an amount of leasehold improvements of approximately RMB3,256,000 has been transferred from deposits paid for property, plant and equipment as the decoration works under the information technology services completed as at 30 June 2017.

16. PREPAID LEASE PAYMENT

The Group's prepaid lease payment comprises:

	2017	2016
	RMB'000	*RMB'000*
At 1 July	**2,461**	—
Acquired on acquisition of subsidiaries *(note 35)*	**—**	2,461
Currency realignment	**(3)**	—
Amortisation	**(100)**	—
At 30 June	**2,358**	2,461
Analysed for reporting purposes as:		
Non-current assets	**2,258**	2,361
Current assets	**100**	100
	2,358	2,461

17. GOODWILL

	RMB'000
Cost	
At 1 July 2015	—
Currency realignment	851
Acquisition of subsidiaries *(note 36)*	29,139
At 30 June 2016 and 1 July 2016	29,990
Currency realignment	462
Acquisition of subsidiaries *(note 36)*	3,648
At 30 June 2017	34,100
Accumulated impairment losses	
At 1 July 2015	—
Currency realignment	341
Impairment loss for the year	9,471
At 30 June 2016 and 1 July 2016	9,812
Currency realignment	135
At 30 June 2017	9,947
Net book value	
At 30 June 2017	24,153
At 30 June 2016	20,178

During the year ended 30 June 2016, goodwill of approximately RMB17,174,000 (note 36c), RMB9,581,000 (note 36b) and RMB2,384,000 (note 36a) arising from the acquisition of Red Rabbit, Kirin and Red Link respectively were allocated to the Group's cash generating units ("CGUs") of information technology services segment, insurance brokerage and related services segment and money lending services segment.

During the year ended 30 June 2017, goodwill of approximately RMB3,648,000 (note 36e) arising from the acquisition of Sang Woo was allocated to the Group's cash generating units ("CGUs") of asset management and securities brokerage services segment.

17. GOODWILL *(continued)*

Information technology services

The recoverable amount of the CGU had been determined on the basis of value-in-use calculation with reference to a valuation performed by BMI Appraisals Limited, a firm of independent qualified professional valuers not connected with the Group. That calculation used cash flow projections based on financial budgets approved by management covering a 5 year period, and a pretax discount rate of 22.74%. Cash flows beyond the 5 year period had been extrapolated using 3% growth rate. This growth rate was based on the relevant industry growth forecasts and did not exceed the average long term growth rate for the relevant industry.

Money lending services

The recoverable amount of the CGU had been determined on the basis of value-in-use calculation with reference to a valuation performed by BMI Appraisals Limited. That calculation used cash flow projections based on financial budgets approved by management covering a 5 year period, and a pretax discount rate of 19.21%. Cash flows beyond the 5 year period had not been extrapolated without any growth rate. This analysis was based on the relevant industry growth forecasts and did not exceed the average long term growth rate for the relevant industry.

Asset management and securities brokerage services

The recoverable amount of the CGU had been determined on the basis of value-in-use calculation with reference to a valuation performed by BMI Appraisals Limited. That calculation used cash flow projections based on financial budgets approved by management covering a 5 year period, and a pretax discount rate of 21.46%. Cash flows beyond the 5 year period had been extrapolated using 3% growth rate. This growth rate was based on the relevant industry growth forecasts and did not exceed the average long term growth rate for the relevant industry.

Insurance brokerage and related services

As at 30 June 2016, the recoverable amount of the CGU had been determined on the basis of value-in-use calculation with reference to a valuation performed by BMI Appraisals Limited. That calculation used cash flow projections based on financial budgets approved by management covering a 5 year period, and a pretax discount rate of 25.13%. Cash flows beyond the 5 year period had been extrapolated using 3.5% growth rate. This growth rate was based on the relevant industry growth forecasts and did not exceed the average long term growth rate for the relevant industry.

Full impairment loss of RMB9,471,000 was recognised during the year ended 30 June 2016 due to the increase in market competition and operating expenses which affect adversely the future growth and profits of the Group's insurance brokerage service business.

18. INTANGIBLE ASSET

	Customer service contract *RMB'000*
Cost	
At 1 July 2015	—
Currency realignment	276
Acquisition of subsidiaries *(note 36c)*	6,237
At 30 June 2016 and 1 July 2016	6,513
Currency realignment	89
At 30 June 2017	6,602
ACCUMULATED AMORTISATION	
At 1 July 2015	—
Currency realignment	34
Amortisation for the year	943
At 30 June 2016 and 1 July 2016	977
Currency realignment	22
Amortisation for the year	1,312
At 30 June 2017	2,311
Net book value	
At 30 June 2017	4,291
At 30 June 2016	5,536

The customer service contract was purchased as part of the acquisition of Red Rabbit.

The customer service contract has definite lives and is amortised on a straight-line basis over its useful life of 5 years.

19. DEPOSITS PAID FOR ACQUISITION OF INVESTMENTS

(a) During the year ended 30 June 2016, the Group entered into an agreement with an independent third party and paid the refundable deposit of approximately RMB3,016,000 for the acquisition of a business, which is principally engaged in provision of Type 4 (advising on securities) and Type 9 (asset management) regulated activities under Securities and Futures Ordinance. The aforesaid acquisition was completed on 12 August 2016. Details of the acquisition have been disclosed in note 36e to these consolidated financial statements.

(b) On 6 April 2016, the Company entered into a non-legally binding memorandum of understanding with an independent third party and paid the refundable deposit of HK$6,750,000 (equivalent to approximately RMB5,737,000) for the acquisition of a business, which is principally engaged in provision of taxi service in Philippines. Subsequent to 30 June 2017, the Company further entered into a formal agreement for sale and purchase with the same independent to finalise this acquisition, this aforesaid acquisition was completed subsequent to 30 June 2017.

(c) On 13 September 2016, the Group entered into a non-legally binding memorandum of understanding with an independent third party and paid the refundable deposit of RMB4,209,000 for the acquisition of a business, which is principally engaged in provision of public relation services. Subsequent to 30 June 2017, the Group further entered into a sale and purchase agreement with the same independent third party to acquire 40% equity interest in aforesaid business related to public relation services. This aforesaid acquisition was completed subsequent to 30 June 2017.

In relation to the aforesaid acquisitions, the Group is still in the process of finalising their financial information and accordingly, the financial impact of the above mentioned acquisitions to the Group is not disclosed.

20. DEPOSITS PAID FOR LIVESTOCKS

	2017	2016
	RMB'000	*RMB'000*
At 1 July	**4,784**	—
Currency realignment	**65**	—
Deposits paid for livestocks	**—**	4,784
At 30 June	**4,849**	4,784
Analysed for reporting purposes as:		
Non-current assets	**—**	4,784
Current assets	**4,849**	—
	4,849	4,784

20. DEPOSITS PAID FOR LIVESTOCKS *(continued)*

During the year ended 30 June 2016, deposit paid for purchase of piggies for further breeding and reproduction.

During the year ended 30 June 2017, construction works for the building of piggeries commenced and the director reassessed the mode of the livestock operation and has conducted a details review for the assumptions applied for example, the life span of piggies and economic benefits. It is concluded that the duration of breeding would take it 4 months' time before it was sold. In this regard, deposits paid for livestock have been reclassified to be presented as current assets as at 30 June 2017.

21. INTEREST IN A JOINT VENTURE

	2017	2016
	RMB'000	*RMB'000*
Capital contribution	**—**	—

On 7 July 2016, the Group entered into a joint venture agreement with Zhongjun Investment Management (Hong Kong) Company Limited for the establishment of a joint venture company (the "JV Company"), with total amount of capital to be contributed by the Group of HKD5,000,000 (equivalent to approximately RMB4,343,000). The JV Company shall provide China veterans and their family members with not less than fifty thousand places of study tours for five specific subjects which are investment, medical benefits, retirement protection, business startup and wealth creation, and training. The JV Company shall also facilitate Hong Kong investors to make investment that are beneficial to the employment of veterans in China.

Followings are the particulars of the JV Company:

a)	Name of company	: Zhong Jun Kirin Limited
b)	Place of incorporation and principal place of business	: Hong Kong
c)	Particulars of shares	: 20 ordinary shares
d)	Proportion of ownership interest	: 50% (2016: Nil)
e)	Principal activities	: Provision of marketing service

Up to 30 June 2017, the Group has not contributed any capital into the JV Company, other than the amount for the share capital. Accordingly, full amount of capital of HKD5,000,000 (equivalent to approximately RMB4,343,000) that were contracted but not provided for in these consolidated financial statements were disclosed as capital commitment (note 40).

As at 30 June 2017, the JV Company remained inactive and therefore, no share of results was accounted for in these consolidated financial statements. Summarised financial information of the JV Company was also not disclosed as the results and financial information of the JV Company has minimal effect on the consolidated financial statements of the Group.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
	RMB'000	*RMB'000*
Unlisted equity securities, at cost	—	18,199
Impairment	—	18,199
Net carrying value	—	—

Unlisted equity securities of the Group are recognised at cost less impairment losses as it does not have a quoted market price on active market. The range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

23. LOAN RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Unsecured, fixed rate loan receivables	129,894	57,472
Less: Allowance for impairment		
— Individually assessed	(7,384)	(1,713)
	122,510	55,759

The movements in provision for impairment of loan receivables of the Group are as follows:

	2017	2016
	RMB'000	*RMB'000*
At 1 July	1,713	—
Currency realignment	63	59
Impairment loss recognised	5,608	1,654
At 30 June	7,384	1,713

The majority of loan receivables carried at 7%–24% (2016: 12%–24%) interest rate per annum.

23. LOAN RECEIVABLES *(continued)*

The loan receivables are due for settlement at the date specified in the respect loan agreements. The ageing analysis of the loan receivables is prepared based on contractual due date:

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**122,510**	55,305
Less than 90 days past due	**—**	454
	122,510	55,759

In respect of the receivables that were past due but not impaired mainly represent occasional delay in repayment and are not an indication of significant deterioration of credit quality of these loan receivables. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances and the balances are still considered fully recoverable.

24. CONSIDERATION RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Consideration receivables in respect of:		
Disposal of Sincere Action Investments Limited *(note 38)*	**—**	5,200
Disposal of Luck Shamrock Limited *(note 38)*	**—**	11,510
	—	16,710

During the year ended 30 June 2017, all consideration receivables were received by the Group.

25. TRADE AND OTHER RECEIVABLES

	2017 RMB'000	2016 RMB'000
Trade receivables	**29,111**	30,881
Interest receivables	**8,297**	3,055
Less: Allowance for impairment	**(19,217)**	(13,197)
	18,191	20,739
Other receivables	**15,914**	3,255
Less: Allowance for impairment	**(744)**	(744)
	15,170	2,511
Prepayments, rental and other deposits	**12,015**	21,870
	45,376	45,120

The Group allows an average credit period normally 90 days (2016: 90 days) to its trade customers. The following is an ageing analysis of trade and interest receivables (net of allowance for doubtful debt) presented based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition date.

	2017 RMB'000	2016 RMB'000
0 to 3 months	**17,310**	12,823
4 to 6 months	**—**	2,999
7 to 12 months	**865**	4,707
Over 1 year	**16**	210
	18,191	20,739

25. TRADE AND OTHER RECEIVABLES *(continued)*

The movements in provision for impairment of trade and other receivables of the Group are as follows:

	Trade receivables	
	2017	2016
	RMB'000	*RMB'000*
At 1 July	**13,058**	4,839
Impairment loss recognised	**10,352**	8,219
Reversal of impairment loss	**(4,332)**	—
At 30 June	**19,078**	13,058

	Other receivables	
	2017	2016
	RMB'000	*RMB'000*
At 1 July and 30 June	**744**	744

	Interest receivables	
	2017	2016
	RMB'000	*RMB'000*
At 1 July	**139**	—
Currency realignment	**—**	4
Impairment loss recognised	**—**	135
At 30 June	**139**	139

As at 30 June 2017, the Group's trade and other receivables are determined individually whether they are impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. At 30 June 2017, trade and interest receivables of approximately RMB19,217,000 (2016: RMB13,197,000) were impaired. The amount of allowance was RMB19,217,000 as at 30 June 2017 (2016: RMB13,197,000).

25. TRADE AND OTHER RECEIVABLES *(continued)*

The ageing analysis of the trade receivables that are not considered to be impaired is as follows:

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**10,033**	12,269
Less than 6 months past due	**—**	5,188
6 months to 1 year past due	**—**	366
	10,033	17,823

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

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

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

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**8,019**	2,916

26. CASH AND CASH EQUIVALENTS

	2017	2016
	RMB'000	*RMB'000*
Cash and bank balances and cash and cash equivalents as stated in the consolidated statement of cash flows	**19,189**	15,943

Included in the cash and bank balances, an amount of approximately RMB1,000 (2016: Nil) arised from segregated bank balances which represented money deposited by clients in the course of its insurance brokerage and securities brokerage businesses. The Group has recognised the corresponding accounts payable to respective clients.

27. TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables	**17,855**	19,084
Other payables and accruals	**20,433**	7,907
Amount due to a director	**—**	3,175
Receipt in advance	**1,376**	1,243
	39,664	31,409

The ageing analysis of trade payables at the end of the reporting period is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**2**	11,807
Over 1 year	**17,853**	7,277
	17,855	19,084

The average credit period on purchases of goods is normally 90 days (2016: 90 days).

28. BORROWINGS

	2017	2016
	RMB'000	*RMB'000*
Other borrowings	**4,343**	—

On 24 May 2017 and 2 June 2017, the Group entered into loan agreements with an independent money lender for obtaining borrowings with principals of HK$5,000,000 (equivalent to approximately RMB4,343,000) and HK$12,000,000 (equivalent to approximately RMB10,424,000) respectively for financing its daily operations and potential acquisition. These borrowings were unsecured, interest-bearing at a fixed rate of 12% per annum and repayable by 31 August 2017, with personal guarantee executed by a director of the Company.

During the year ended 30 June 2017, the loan with principal of HK$12,000,000 has been repaid by the Group.

29. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Amounts payable under finance leases:				
Not later than one year	**509**	424	**435**	333
Later than one year and not later than five years	**287**	518	**270**	467
	796	942	**705**	800
Less: Future finance charges	**91**	142	**N/A**	N/A
Present value of minimum lease payments	**705**	800	**705**	800
Less: Amount due for settlement within 1 year under current liabilities			**435**	333
Amount due for settlement after 1 year			**270**	467

It is the Group's policy to lease certain of its plant and machinery under finance leases. The lease term is expiring from two to three years. Interest is charged at rates ranging from 5% to 28% per annum (2016: 13% to 19%) on the outstanding loan balances. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

30. PROMISSORY NOTES

On 24 September 2015, the Company issued promissory notes ("PN 1") with principal amount of HK$5,000,000 (equivalent to approximately RMB4,190,000) as part of the consideration for acquisition of 51% equity interests in Red Rabbit as detailed in note 36c. The fair value of PN 1 at 24 September 2015 is approximately HK$4,447,000 (equivalent to approximately RMB3,678,000) with reference to a valuation performed by Roma Appraisal Limited, a firm of independent qualified professional valuers not connected with the Group.

The PN 1 bears interest of 12% per annum, which is subsequently measured at amortised cost and its effective interest rate is 25.93%. Its maturity date is 23 September 2016. Since the required profit guarantee as disclosed in note 36(c) was met in the guaranteed period and therefore, the Group has fully settled the PN 1 in October 2016.

On 7 September 2016, the Company issued another promissory note ("PN 2") with principal amount of HK$32,000,000 (equivalent to approximately RMB27,608,000) to an independent third party at cash. PN 2 bears interest of 12% per annum, with maturity date of 6 March 2017, and has been subsequently extended to 5 September 2017.

On 20 April 2017, the Company further issued a promissory note ("PN 3") with principal amount of HK$8,000,000 (equivalent to approximately RMB6,902,000) to the same independent third party at cash. PN 3 bears interest of 12% per annum and matured by 5 September 2017.

The movement of the promissory notes is set out below:

	RMB'000
At 1 July 2015	—
Currency realignment	159
Issued during the year	3,678
Imputed interest *(note 7)*	715
At 30 June 2016 and 1 July 2016	4,552
Currency realignment	267
Issued during the year	34,510
Imputed interest *(note 7)*	249
Interest paid	(518)
Principal repaid	(4,314)
At 30 June 2017	34,746

31. CORPORATE BONDS

During the year ended 30 June 2016, the Company issued 3 months to 18 months corporate bonds with aggregate amounts of HK$83,253,500 (equivalent to approximately RMB68,861,000) to certain independent third parties, net of direct expenses of approximately HK$9,599,000 (equivalent to approximately RMB7,939,000). These corporate bonds carried at fixed rates ranging from 6.5% to 36% per annum with interest payable monthly or semi-annually in arrears. These corporate bonds are unsecured. The effective interest rates of these corporate bonds are ranging from 16.68% to 36%.

During the year ended 30 June 2017, the Company issued 18 months to 5 years corporate bonds with aggregate principal amounts of HK$159,543,000 (equivalent to approximately RMB137,644,000) to certain independent third parties, net of direct expenses of approximately HK$22,130,000 (equivalent to approximately RMB19,092,000). These corporate bonds carried interest at fixed rates of 2% to 42% per annum with interest payable monthly or semi-annually in arrears. These corporate bonds are unsecured. The effective interest rates of these corporate bonds are ranging from 12.5% to 57.8% per annum.

	2017 *RMB'000*	2016 *RMB'000*
At 1 July	**54,349**	19,821
Currency realignment	**1,365**	2,567
Proceeds from issuance of corporate bonds	**137,644**	68,861
Transaction costs for corporate bonds issuance	**(16,345)**	(7,939)
Imputed interest *(note 7)*	**7,702**	3,379
Principal repaid	**(38,883)**	(32,340)
At 30 June	**145,832**	54,349
Carrying amount repayable:		
Within one year	**91,681**	34,376
After one year but within five years	**42,857**	19,973
Over five years	**11,294**	—
	145,832	54,349
Less: Amount shown under current liabilities	**(91,681)**	(34,376)
Amount shown under non-current liabilities	**54,151**	19,973

31. CORPORATE BONDS *(continued)*

Details of the Corporate Bonds held by individual over HK$9,000,000 as at 30 June 2017 are as follows:

Bond number	Subscriber	Principal amount	Date of issue
56	Wang WuYang	HK$10,000,000	18 February 2016
126	LI JINNING	HK$10,000,000	7 December 2016
129	連振文	HK$10,000,000	23 December 2016
130	王超	HK$10,000,000	23 December 2016
132	禹雲益	HK$10,000,000	18 January 2017
133	Chen Erhu	HK$10,300,000	18 January 2017

Details of the Corporate Bonds held by individual over HK$9,000,000 as at 30 June 2016 are as follows:

Bond number	Subscriber	Principal amount	Date of issue
30	Lin Li Ping	HK$9,600,000	6 October 2015
56	Wang WuYang	HK$10,000,000	18 February 2016

32. DEFERRED TAXATION

The following are the major components of deferred tax liability recognised by the Group and movements thereon during the current and prior years:

	Fair value adjustment on intangible assets arising from business combination *RMB'000*
At 1 July 2015	—
Currency realignment	12
Through acquisition of subsidiaries *(note 36c)*	312
Credited to profit or loss	(47)
At 30 June 2016 and 1 July 2016	277
Currency realignment	4
Credited to profit or loss	(66)
At 30 June 2017	215

32. DEFERRED TAXATION *(continued)*

Deferred tax assets have not been recognised in respect of the following items:

	2017	2016
	RMB'000	*RMB'000*
Deductible temporary differences	**33,787**	27,170
Unused tax losses	**44,526**	14,437
	78,313	41,607

At 30 June 2017, the Group had unused tax losses of approximately RMB44,526,000 (2016: RMB14,437,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely except for the tax losses arising in the PRC of approximately RMB6,786,000 (2016: RMB7,266,000) which will expire at various dates up to year 2021.

At 30 June 2017, the Group had deductible temporary differences of approximately RMB33,787,000 (2016: RMB27,170,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised.

33. SHARE CAPITAL

	Number of shares	**Amount**
	'000	*RMB'000*
Authorised:		
At 1 July 2015 (ordinary shares of HK$0.005)	20,000,000	106,000
Share consolidation *(note (a))*	(18,000,000)	—
Increase in authorised share capital *(note (a))*	1,000,000	42,845
At 30 June 2016 and 30 June 2017 (ordinary shares of HK$0.05)	3,000,000	148,845
Issued and fully paid:		
At 1 July 2015 (ordinary shares of HK$0.005)	2,092,490	9,108
Issue of shares upon placing *(note (b)(i))*	190,000	761
Bonus issue *(note (c))*	1,141,245	4,680
Share consolidation *(note (a))*	(3,081,362)	—
Issue of shares under open offer *(note (d))*	855,934	35,725
Issue of shares upon placing *(note (b)(ii))*	68,460	2,874
At 30 June 2016 and 30 June 2017 (ordinary shares of HK$0.05)	1,266,767	53,148

33. SHARE CAPITAL *(continued)*

(a) Share consolidation

Pursuant to an ordinary resolution passed at a special general meeting of the Company on 7 March 2016, the shareholders of the Company have approved the following: (i) every ten issued and unissued ordinary shares of HK$0.005 each were consolidated into one consolidated share of HK$0.05; and (ii) the authorised share capital of the Company was increased from HK$100,000,000 divided into 2,000,000,000 consolidated shares to HK$150,000,000 divided into 3,000,000,000 consolidated shares by the creation of an additional 1,000,000,000 unissued consolidated shares.

(b) Issue of shares upon placing

(i) During the year ended 30 June 2016, the Company completed the placing and subscription of 190,000,000 shares at a price of HK$0.165 per share. The proceeds of HK$950,000 (equivalent to approximately RMB761,000), representing the par value, have been credited to the Company's share capital. The remaining proceeds of HK$30,400,000 (equivalent to approximately RMB24,349,000), before the deduction of placing expenses, have been credited to the share premium account. Details are set out in the announcements dated 22 June 2015 and 6 July 2015.

(ii) During the year ended 30 June 2016, the Company completed the placing and subscription of 68,460,000 shares at a price of HK$0.145 per share. The proceeds of HK$3,423,000 (equivalent to approximately RMB2,874,000), representing the par value, have been credited to the Company's share capital. The remaining proceeds of HK$6,504,000 (equivalent to approximately RMB5,462,000), before the deduction of placing expenses, have been credited to the share premium account. Details are set out in the announcements dated 20 April 2016 and 10 May 2016.

(c) Bonus issue

By an ordinary resolution passed at the special general meeting on 24 September 2015, the Company made a bonus issue of 1 ordinary share for every 2 existing ordinary shares held by members on the register of members on 6 October 2015, resulting in the issue of 1,141,245,000 shares of HK$0.005 each and credit as fully paid from the Company's share premium account.

33. SHARE CAPITAL *(continued)*

(d) Open offer

On 14 January 2016, the Company announced its proposal to issue 855,933,750 shares of HK$0.05 each, upon the share consolidation become effective (note (a) above), by way of the open offer on the basis of five offer shares for every two ordinary shares then held by qualifying shareholders at a subscription price of HK$0.12 per offer share.

On 13 April 2016, the Company completed the open offer and issued 855,933,750 shares for gross proceeds of HK$102,712,000. The difference of HK$57,861,000 (equivalent to approximately RMB48,301,000) between the net proceeds of HK$100,658,000 (after deduction of related expenses of HK$2,054,000) and the par value of shares issued of HK$42,797,000 (equivalent to approximately RMB35,725,000) has been credited to the share premium account of the Company. Details of the open offer were set out in the prospectus of the Company dated 18 March 2016.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

All new ordinary shares issued during the year ended 30 June 2016 rank pari passu in all respects with the existing shares.

(e) Rights issue

Pursuant to an ordinary resolution passed at a special general meeting of the Company on 6 July 2017, the shareholders of the Company have approved the authorised share capital of the Company to be increased from HK$150,000,000 (divided into 3,000,000,000 shares of a par value of HKD0.05 per share) to HK$500,000,000 (divided into 10,000,000,000 shares of a par value of HKD0.05 per share) by the creation of an additional 7,000,000,000 unissued shares that rank pari passu with all existing shares. Details are set out in the announcements dated 16 May 2017 and 6 July 2017.

On 10 August 2017, the Company issued and allotted 3,166,918,125 rights shares at a price of HKD0.07 per rights share on the basis of five rights shares for every two existing shares to subscribers. Details are set out in the announcements dated 16 May 2017, 6 July 2017 and 9 August 2017.

34. SHARE OPTION SCHEME

On 5 November 2010, the shareholders of the Company adopted a share option scheme (the "Scheme") which will expire on 4 November 2020 for the primary purpose of providing incentives to Eligible Participants (as defined below) for their contribution or potential contribution to the Group. Pursuant to the Scheme, the directors may grant options to Eligible Participants to subscribe for shares ("Shares") in the Company subject to the terms and conditions stipulated therein. A summary of the Scheme is as follows:

Eligible Participants	Any full time or part time employees or potential employees, executives or officers (including executive, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers, who will or have contributed to the Company or its subsidiaries.
Total number of Shares available for issue under the Scheme	The total number of Shares which may be issued under the Scheme upon exercise of all outstanding options granted and yet to be exercised under the Scheme must not exceed 10% of the Shares in issue as at the date of relevant shareholders' approval.
Total number of Shares available for issue for options granted under Scheme	At 30 June 2011, the number of Shares issuable under for issue for the Scheme was 131,040,000 shares, which options granted under represented approximately 7.45% of the issued share capital of the Company as at that date.
Maximum entitlement of each Eligible Participant	The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any twelve-month period up to and including the date of grant shall not exceed 1% of the number of Shares in issue at the date of grant.
Period under which the Shares must be taken up under an option	The period during which the options may be exercised will be determined by the board of directors of the Company at its absolute discretion, save that no option can be exercised more than 10 years after it has been granted and accepted.
Minimum period for which an option must be held before it can be exercised	The board of director of the Company may determine the minimum period for which an option must be held before it can be exercised.
Period within which payments/calls/loans must be made/repaid	28 days from the date of the offer of the options.
Basis of determining the exercise price	The exercise price must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.
The remaining life of the Scheme	The Scheme remains in force until 4 November 2020 unless otherwise terminated in accordance with the terms stipulated therein.
Amount payable on acceptance of the option	HK$1.0

34. SHARE OPTION SCHEME *(continued)*

Share options do not confer rights on the holders to dividends or to vote at the shareholders' meetings.

During the years ended 30 June 2017 and 2016, no option was granted, exercised or cancelled, nor were there any outstanding at the beginning and at the end of the year.

35. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

During the year ended 30 June 2016, the Group entered into an agreement with the beneficial owner of a substantial shareholder of the Company to acquire the entire issued share capital of Cyber Leader Holdings Limited and its subsidiaries (the "Cyber Leader") which indirectly own a piggery for a cash consideration of HK$2,900,000 (approximately RMB2,485,000).

In the opinion of the directors of the Company, the above acquisition did not constitute a business combination in accordance with HKFRS 3. As such the acquisition is in substance an acquisition of assets, the transaction was accounted for as acquisition of assets through acquisition of subsidiaries.

Fair value of assets and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Net assets acquired:	
Prepaid lease payment	2,461
Cash and cash equivalents	25
Accruals	(1)
Total consideration	2,485
Satisfied by:	
Cash consideration paid	2,485
Net cash outflow on acquisition of subsidiaries:	
Cash consideration paid	(2,485)
Less: cash and cash equivalents acquired	25
Net cash outflow arising on acquisition	(2,460)

36. ACQUISITION OF SUBSIDIARIES

(a) On 16 June 2015, the Group entered into an agreement with an independent third party to acquire the entire equity interest in Red Link Enterprises Limited and its subsidiary ("Red Link"), which principally engaged in money lending business in Hong Kong, for a cash consideration of approximately RMB2,514,000 (equivalent to HK$3,000,000). The acquisition was completed on 27 August 2015.

The fair values of the identified assets acquired and liabilities assumed in the above acquisition as at the date of acquisition were as follows:

	RMB'000
Net assets acquired:	
Trade and other receivables	6
Bank balances and cash	128
Trade and other payables	(4)
	130
Goodwill *(note 17)*	2,384
Total consideration	2,514
Satisfied by:	
Cash consideration paid	500
Deposit paid during the year ended 30 June 2015	2,014
	2,514

Analysis of net cash flow of cash and cash equivalents arising on acquisition

Cash consideration paid	(500)
Less: cash and cash equivalents acquired	128
Net cash outflow arising on acquisition	(372)

Fair value and gross contractual amount of trade and other receivables as at the date of acquisition amounted to approximately RMB6,000, of which no receivables are expected to be uncollectible.

From the date of acquisition to 30 June 2016, Red Link has contributed net profit and revenue of approximately RMB774,000 and RMB3,234,000 respectively to the Group. Had the acquisition been completed on 1 July 2015, total group revenue for the year would have been approximately RMB33,774,000, and loss for the year would have been approximately RMB56,384,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2015, nor is it intended to be a projection of future results.

Goodwill arising from the acquisition of Red Link is attributable to the anticipated profitability of the provision of money lending business. None of the goodwill arising from this acquisition is expected to be deductible for tax purpose.

No acquisition-related costs arising from this acquisition is disclosed as the amount is minimal.

36. ACQUISITION OF SUBSIDIARIES *(continued)*

(b) On 24 August 2015, the Group entered into an agreement with an independent third party to acquire the entire equity interest in Kirin Financial Group Limited and its subsidiaries ("Kirin"), which principally engaged in insurance brokerage service in Hong Kong, for a cash consideration of approximately RMB8,967,000 (equivalent to HK$10,700,000). The vendor has provided a profit guarantee of approximately RMB2,514,000 (equivalent to HK$3,000,000). Details are set out in the announcement dated 24 August 2015. At the date of acquisition, the profit guarantee is not recognised in the consolidated financial statements as the directors of the Company are of the opinion that the effect is insignificant to the Group. The acquisition was completed on 24 August 2015.

The fair values of the identified assets acquired and liabilities assumed in the above acquisition as at the date of acquisition were as follows:

	RMB'000
Net assets acquired:	
Property, plant and equipment	656
Trade and other receivables	2,216
Bank balances and cash	895
Trade and other payables	(4,738)
Obligations under finance leases	(163)
	(1,134)
Non-controlling interests	520
Goodwill *(note 17)*	9,581
Total consideration	8,967
Satisfied by:	
Cash consideration paid	3,649
Deposit paid during the year ended 30 June 2015	5,318
	8,967

Analysis of net cash flow of cash and cash equivalents arising on acquisition

Cash consideration paid	(3,649)
Less: cash and cash equivalents acquired	895
Net cash outflow arising on acquisition	(2,754)

36. ACQUISITION OF SUBSIDIARIES *(continued)*

(b) *(continued)*

Fair value and gross contractual amount of trade and other receivables as at the date of acquisition amounted to approximately RMB2,216,000, of which no receivables are expected to be uncollectible.

From the date of acquisition to 30 June 2016, Kirin has contributed net loss and revenue of approximately RMB7,321,000 and RMB19,245,000 respectively to the Group.

Had the acquisition been completed on 1 July 2015, total Group revenue for the year would have been approximately RMB36,541,000, and loss for the year would have been approximately RMB56,941,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2015, nor is it intended to be a projection of future results.

Goodwill arising from in the acquisition of Kirin is attributable to the anticipated profitability of the insurance brokerage business. None of the goodwill arising from this acquisition is expected to be deductible for tax purpose.

No acquisition-related costs arising from this acquisition is disclosed as the amount is minimal.

(c) On 8 April 2015 and 12 June 2015, the Group entered into an agreement and a supplemental agreement with independent third parties to acquire 51% equity interests in Red Rabbit International Technology Inc. ("Red Rabbit"), which engaged in provision of information technology service in the Philippines, for a consideration of approximately RMB20,678,000 (equivalent to HK$25,000,000). The acquisition was completed on 24 September 2015 (the "Completion Date"). Partial consideration of approximately RMB16,543,000 (equivalent to HK$20,000,000) has been settled by cash and the remaining balance of approximately RMB4,135,000 (equivalent to HK$5,000,000) has been satisfied by way of promissory notes issued by the Company (note 30).

The settlement of the promissory notes is subject to profit guarantee and will be settled in cash within one month from the day on which the audit of the financial statements of Red Rabbit for the purpose of the determination of the actual profit have been issued by the auditor appointed by the Group. The vendors have agreed to provide a profit guarantee to the Group in relation to the financial performance of Red Rabbit, for a period of 12 months from the completion date (the "Profit Guarantee"). The Profit Guarantee requires Red Rabbit to meet a target profit after tax in the first anniversary from the Completion Date. The target profit after tax for the first anniversary is approximately RMB4,135,000 (equivalent to HK$5,000,000). In the event that the actual profit of Red Rabbit is less than the guarantee profit in its first anniversary from the completion date, the Group shall not be required to repay the aggregate principal amount of the promissory notes. In addition, the vendors shall compensate the Group 5 times of the difference between the guaranteed profit and the actual profit limited to the maximum amount of HK$20,000,000. Details are set out in the announcements dated 8 April 2015, 12 June 2015, 23 June 2015 and 24 September 2015.

The directors consider that it is virtually certain that the guaranteed profit amount would be achieved at initial recognition and at 30 June 2016 based on the actual performance of Red Rabbit for the first anniversary from the completion date. The fair value of the contingent consideration at the date of acquisition and 30 June 2016 is thus considered as insignificant. Accordingly, the fair value of total consideration was then arrived at an amount of approximately RMB20,221,000 at the date of acquisition.

36. ACQUISITION OF SUBSIDIARIES *(continued)*

(c) *(continued)*

The directors of the Company consider that the acquisition of Red Rabbit will provide a good business opportunity to the Group in provision of information technology service in the Philippines. The acquisition of Red Rabbit had been accounted for using the acquisition method.

Fair values of the identified assets acquired and liabilities assumed in the above acquisition as at the date of acquisition were as follows:

	RMB'000
Net assets acquired:	
Deposit paid for plant and equipment	90
Bank balances and cash	5
Intangible asset *(note 18)*	6,237
Deferred tax liability *(note 32)*	(312)
	6,020
Non-controlling interests	(2,973)
Goodwill *(note 17)*	17,174
Total consideration	20,221
Satisfied by:	
Cash consideration paid	4,148
Deposit paid during the year ended 30 June 2015	12,395
Promissory notes *(note 30)*	3,678
	20,221

Analysis of net cash flow of cash and cash equivalents arising on acquisition

Cash consideration paid	(4,148)
Less: cash and cash equivalents acquired	5
Net cash outflow arising on acquisition	(4,143)

36. ACQUISITION OF SUBSIDIARIES *(continued)*

(c) *(continued)*

The fair value of the intangible asset represents customer contracts at the date of acquisition amounted to approximately RMB6,237,000 which is based on a valuation carried out by Roma Appraisals Limited.

The fair value of the promissory notes is approximately RMB3,678,000 which is based on valuation performed by Roma Appraisals Limited.

Non-controlling interest in the Red Rabbit is measured by reference to the proportionate share of fair value of identifiable assets and liabilities of Red Rabbit at the date of acquisition.

From the date of acquisition to 30 June 2016, Red Rabbit has contributed net profit and revenue of approximately RMB3,359,000 and RMB5,654,000 respectively to the Group.

Had the acquisition been completed on 1 July 2015, total Group revenue for the year would have been approximately RMB33,774,000, and loss for the year would have been approximately RMB56,631,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2015, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had the Red Rabbit been acquired at the beginning of the current year, the directors have calculated amortisation of intangible assets acquired on the basis of the fair values arising in the initial accounting for the business combination.

Goodwill arising from the acquisition of Red Rabbit is attributable to the anticipated profitability of the provision of information technology service business. None of the goodwill arising from this acquisition is expected to be deductible for tax purpose.

No acquisition-related costs arising from this acquisition is disclosed as the amount is minimal.

36. ACQUISITION OF SUBSIDIARIES *(continued)*

(d) On 22 July 2015, the Group entered into an agreement with an independent third party to acquire the entire equity interest in Super Hero Production Company Limited ("Super Hero"). Super Hero entered into the memorandum of understanding with Live Motion Pictures Entertainment Inc. ("Live Motion") in relation to the sub-sub-license to be granted by Live Motion to Super Hero for the right to co-operate public or private presentation of Marvel's The AVENGERS Scientific Training and Tactical Intelligence Operative Network. Details are set out in the announcement dated 24 July 2015. Super Hero did not have any operation and revenue immediately before the acquisition by the Group and the excess of payment of approximately RMB248,000 (equivalent to HK$300,000) for acquisition of assets and liabilities of Super Hero does not have any measurable future economic benefits to the Group to qualify the recognition requirements of an asset, and was therefore expensed in the consolidated statement of profit or loss and other comprehensive income. The acquisition was completed on 22 July 2015.

The fair values of the identified assets acquired and liabilities assumed in the above acquisition as at the date of acquisition were as follows:

	RMB'000
Net assets acquired:	
Cash and cash equivalents	—
Excess payment on acquisition of assets and liabilities charged to consolidated statement of profit or loss and other comprehensive income	248
Total consideration	248
Satisfied by:	
Deferred consideration payable	248
Analysis of net cash flow of cash and cash equivalents arising on acquisition	
Cash consideration paid	—

No acquisition-related costs arising from this acquisition is disclosed as the amount is minimal.

36. ACQUISITION OF SUBSIDIARIES *(continued)*

(e) On 13 August 2015, the Group entered into an agreement with an independent third party to acquire the entire equity interest in Sang Woo (Kirin) Asset Management Limited (formerly known as Guardian Wealth Management Consultant Limited) and its subsidiary ("Sang Woo"), for a cash consideration of approximately RMB3,690,000 (equivalent to HKD4,307,000). The acquisition was completed on 12 August 2016. Sang Woo is principally engaged in the provision of advising on securities and asset management services, which are licensed activities under the Securities and Futures Commission ("SFC") of Hong Kong. This acquisition was made as part of the Group's strategy to expand into and develop its asset management business which is essential for building an all-rounded financial services platform.

The fair values of the identified assets acquired and liabilities assumed in the above acquisition as at the date of acquisition were as follows:

	RMB'000
Net assets acquired:	
Trade and other receivables	55
Bank balances and cash	104
Trade and other payables	(103)
	56
Non-controlling interests	(14)
Goodwill *(note 17)*	3,648
Total consideration	3,690
Satisfied by:	
Cash consideration paid	674
Deposit paid during the year ended 30 June 2016	3,016
	3,690

Analysis of net cash flow of cash and cash equivalents arising on acquisition

Cash consideration paid	(674)
Less: cash and cash equivalents acquired	104
Net cash outflow arising on acquisition	(570)

36. ACQUISITION OF SUBSIDIARIES *(continued)*

(e) *(continued)*

Fair value and gross contractual amount of trade and other receivables as at the date of acquisition amounted to approximately RMB55,000, of which no receivables are expected to be uncollectible.

From the date of acquisition to 30 June 2017, Sang Woo has contributed net loss and revenue of approximately RMB36,000 and Nil respectively to the Group. Had the acquisition been completed on 1 July 2016, total Group revenue for the year would have been approximately RMB75,505,000, and loss for the year would have been approximately RMB87,642,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2016, nor is it intended to be a projection of future results.

Goodwill arising from the acquisition of Sang Woo is attributable to the anticipated profitability of the provision of asset management business. None of the goodwill arising from this acquisition is expected to be deductible for tax purpose.

Acquisition-related costs arising from this acquisition of approximately RMB343,000 and RMB397,000 have been charged to the administrative expenses in the consolidated statement of profit or loss and other comprehensive income for years ended 30 June 2017 and 2016 respectively.

37. ACQUISITION FROM NON-CONTROLLING INTERESTS

During the year ended 30 June 2017, the Group acquired its interest in an indirect subsidiary, Kirin Wealth Management Limited from non-controlling interests. Since the Group has obtained the control over Kirin Wealth Management Limited upon the acquisition of Kirin as disclosed in note 36b, therefore, the Group recognised directly in equity of approximately RMB26,000 as other reserve, being the difference between the amount by which the non-controlling interests are adjusted of approximately RMB414,000 and the fair value of consideration paid of approximately RMB388,000, and attributed it to the shareholders of the Group.

38. DISPOSAL OF SUBSIDIARIES

(a) On 17 September 2015, the Group entered into a sale and purchase agreement with an independent third party for the disposal of its entire equity interest in Sincere Action Investments Limited ("Sincere Action") and its subsidiary at a cash consideration of RMB6,600,000. The transaction was completed on 22 September 2015.

The assets and liabilities of Sincere Action as at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	881
Goodwill	6,126
Inventories	705
Trade and other receivables	3,454
Bank balances and cash	12
Trade and other payables	(2,832)
Net assets disposed of	8,346
Release of exchange reserve upon disposals	5
Non-controlling interests	(1,072)
Loss on disposal of subsidiaries	(679)
Total consideration	6,600
Satisfied by:	
Cash received	1,400
Consideration receivables *(note 24)*	5,200
	6,600
Net cash inflow arising on disposal	
Cash consideration received during the year	1,400
Less: bank balances and cash disposed of	(12)
	1,388

38. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) On 11 September 2015, the Group entered into a sale and purchase agreement with an independent third party, for the disposal of its entire equity interest in Luck Shamrock Limited ("Luck Shamrock") and its subsidiary at a cash consideration of RMB14,380,000. The transaction was completed on 23 September 2015.

The assets and liabilities of Luck Shamrock as at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	24
Goodwill	11,665
Inventories	394
Trade and other receivables	8,169
Bank balances and cash	524
Trade and other payables	(6,544)
Net assets disposed of	14,232
Release of exchange reserve upon disposals	(3)
Gain on disposal of subsidiaries	151
Total consideration	14,380
Satisfied by:	
Cash received	2,870
Consideration receivables *(note 24)*	11,510
	14,380
Net cash inflow arising on disposal	
Cash consideration received during the year	2,870
Less: bank balances and cash disposed of	(524)
	2,346

39. OPERATING LEASE COMMITMENTS

The Group leases certain of its office premises under operating lease arrangement, with leases negotiated for terms of 2 to 3 years. None of the leases includes contingent rentals. As at 30 June 2017 and 2016, the Group's total future minimum lease payments under non-cancellable operating leases for each of the following periods were:

	2017	2016
	RMB'000	*RMB'000*
Not later than one year	**3,348**	4,296
Later than one year and not later than five years	**—**	1,840
	3,348	6,136

40. CAPITAL COMMITMENTS

The Group had the following capital commitments outstanding not provided for at the end of the reporting period:

	2017	2016
	RMB'000	*RMB'000*
Capital contribution to a joint venture *(note 21)*	**4,343**	—
Acquisition of subsidiaries	**—**	240
	4,343	240

41. RELATED PARTY TRANSACTIONS

Except those related party information disclosed elsewhere in the consolidated financial statements, the Group did not have any other material related party transactions during the year.

42. FINANCIAL INSTRUMENTS

(A) Financial instruments by categories

	Loans and receivables	
	2017	2016
	RMB'000	*RMB'000*
Assets		
Loan receivables	**122,510**	55,759
Consideration receivables	**—**	16,710
Trade and other receivables	**33,361**	24,030
Cash and bank balances	**19,189**	15,943
	175,060	112,442

	Financial assets at FVTPL	
	2017	2016
	RMB'000	*RMB'000*
Assets		
Fair value on contingent consideration	**—**	6,298

	Available-for-sale financial assets	
	2017	2016
	RMB'000	*RMB'000*
Assets		
Unlisted equity interests	**—**	—

	Financial liabilities at amortised cost	
	2017	2016
	RMB'000	*RMB'000*
Liabilities		
Trade and other payables	**38,288**	30,166
Borrowings	**4,343**	—
Obligations under finance leases	**705**	800
Promissory notes	**34,746**	4,552
Corporate bonds	**145,832**	54,349
	223,914	89,867

42. FINANCIAL INSTRUMENTS *(continued)*

(B) Financial risk management objective and policy

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk and foreign currency risk), credit risk and liquidity risk arising in the normal course of its business and financial instruments. The Group's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Group by closely monitoring the individual exposure as summarised below.

(a) Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, due to the fluctuation of the prevailing market interest rate. It is the Group's policy to keep its bank balances at floating rate of interest so as to minimise the fair value interest rate risk.

The Group is also exposed to fair value interest rate risk in relation to corporate bonds (see Note 31 for details), and loan receivables (see Note 23 for details).

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The directors of the Company consider that the interest rate risk in relation to variable bank balances are insignificant due to these balances are either within short maturity period or the outstanding balances are not significant.

(ii) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of entities within the Group. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

(b) Credit risk

As at 30 June 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to a failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for 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 reviews the recoverable amount of each individual trade debt and loan receivables individually at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

42. FINANCIAL INSTRUMENTS *(continued)*

(B) Financial risk management objective and policy *(continued)*

(b) Credit risk (continued)

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group has concentration of credit risk as 33% (2016: 33%) and 54% (2016: 92%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The Group's policy requires the reviews of individual financial assets that are above materiality thresholds periodically. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the end of the reporting period on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for (i) portfolios of homogeneous assets that are not assessed individually; and (ii) losses incurred but not yet identified, by using the historical loss experience, experienced judgment and statistical techniques to provide.

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

42. FINANCIAL INSTRUMENTS *(continued)*

(B) Financial risk management objective and policy *(continued)*

(c) Liquidity risk (continued)

	Carrying amount *RMB'000*	Contractual undiscounted cash flows *RMB'000*	Within 1 year or on demand *RMB'000*	Between 1-2 years *RMB'000*	Between 2-5 years *RMB'000*	Over 5 years *RMB'000*
At 30 June 2017						
Trade and other payables	**38,288**	**38,288**	**38,288**	**—**	**—**	**—**
Borrowings	**4,343**	**4,489**	**4,489**	**—**	**—**	**—**
Obligations under finance leases	**705**	**797**	**509**	**275**	**13**	**—**
Promissory notes	**34,746**	**36,037**	**36,037**	**—**	**—**	**—**
Corporate bonds	**145,832**	**153,220**	**95,696**	**—**	**45,800**	**11,724**
Total	**223,914**	**232,831**	**175,019**	**275**	**45,813**	**11,724**
At 30 June 2016						
Trade and other payables	30,166	30,166	30,166	—	—	—
Obligations under finance leases	800	942	424	518	—	—
Promissory notes	4,552	4,799	4,799	—	—	—
Corporate bonds	54,349	61,390	38,398	22,992	—	—
Total	89,867	97,297	73,787	23,510	—	—

(C) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

The only financial instrument of the Group that is measured at fair value at the end of each reporting period is the fair value on contingent consideration and its fair value hierarchy is level 3. The details of information about how the fair values of this financial instrument is determined (in particular, the valuation technique and inputs used) is set out in note 12.

During the years ended 30 June 2017 and 2016, there were no transfers between Level 1 and 2 or transfers into or out of Level 3.

(ii) Fair value of the Group's financial instruments that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

43. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents, issue of corporate bonds and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital.

Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues as well as the issue of new debt.

44. EMPLOYEE RETIREMENT BENEFITS

The Group enrolled all Hong Kong employees in the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs, capped at HK$1,500 per month, to the MPF Scheme, in which the contribution is matched by employees.

The Group's subsidiaries operating in the PRC participate in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. These subsidiaries are required to contribute a specified percentage of its payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions under these schemes.

The total cost charged to consolidated statement of profit or loss and other comprehensive income of approximately RMB613,000 (2016: RMB394,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

45. MAJOR NON-CASH TRANSACTIONS

During the year, the Group acquired plant and machinery with an aggregate cost of approximately RMB953,000 (2016: RMB3,267,000) of which approximately RMB359,000 (2016: RMB713,000) was acquired by means of finance leases. Cash payment of approximately RMB594,000 (2016: RMB2,554,000) were made to purchase plant and machinery.

Other major non-cash transactions for the year ended 30 June 2016 have been disclosed in note 36c.

46. INFORMATION ABOUT FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2017	2016
	RMB'000	*RMB'000*
Non-current assets		
Interests in subsidiaries	**119,694**	158,027
Deposits paid for acquisition of investments	**9,946**	8,800
	129,640	166,827
Current assets		
Other receivables	**15,217**	1,558
Cash and bank balances	**12,608**	13,444
	27,825	15,002
Current liabilities		
Other payables	**16,101**	6,877
Borrowings	**4,343**	—
Corporate bonds	**91,149**	33,717
Promissory notes	**34,746**	4,166
Amounts due to subsidiaries	**8,304**	4,217
	154,643	48,977
Net current liabilities	**(126,818)**	(33,975)
Total assets less current liabilities	**2,822**	132,852
Non-current liability		
Corporate bonds	**53,250**	19,504
Net (liabilities)/assets	**(50,428)**	113,348
Equity		
Share capital *(note 33)*	**53,148**	53,148
Reserves *(note)*	**(103,576)**	60,200
Total equity	**(50,428)**	113,348

The statement of financial position of the Company was approved and authorised for issue by the Board of directors on 29 September 2017 and are signed on its behalf by:

Chow Yik	**Leung King Fai**
Chairman	*Director*

46. INFORMATION ABOUT FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

Reserves

	Share premium *RMB'000*	**Accumulated losses** *RMB'000*	**Translation reserve** *RMB'000*	**Total** *RMB'000*
At 1 July 2015	147,696	(100,701)	(10,081)	36,914
Loss for the year	—	(49,675)	—	(49,675)
Issue of shares, net of expenses *(note 33)*	73,013	—	—	73,013
Exchange difference arising from translation of financial statements of foreign operation	—	—	(52)	(52)
At 30 June 2016 and 1 July 2016	220,709	(150,376)	(10,133)	60,200
Loss for the year	—	(164,205)	—	(164,205)
Exchange difference arising from translation of financial statements of foreign operation	—	—	429	429
At 30 June 2017	220,709	(314,581)	(9,704)	(103,576)

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 30 June 2017 and 2016 are as follows:

Name	Place of incorporation/ operations	Issued and fully paid share capital/ registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
北京科瑞易聯節能科技發展有限公司	The People's Republic of China	HK$35,000,000	100%	—	100%	Provision of energy saving services and sales of energy saving products
北京科瑞天誠科技有限公司	The People's Republic of China	HK$14,000,000	100%	—	100%	Provision of energy saving services and sales of energy saving products
Philippines Dragon Limited	Hong Kong	HK$20	100%	—	100%	Investment holding
Kirin Financial Group Limited	Hong Kong	HK$10,000	75%	—	100%	Provision of advisory service
Kirin Wealth Management Limited	Hong Kong	HK$900,000	75% (2016: 52.5%)	—	100% (2016: 70%)	Provision of insurance brokerage of service
Red Rabbit International Technology Inc.	Philippines	PHP5,110,000 (2016: PHP2,500,000)	51%	—	51%	Provision of information technology service
Kirin Finance Limited	Hong Kong	HK$10,000	100%	—	100%	Money lending
Sang Woo (Kirin) Asset Management Limited	Hong Kong	HK$22,630,00	75% (2016: Nil)	—	100% (2016: Nil)	Provision of asset management service
Sang Woo (Kirin) Securities Limited	Hong Kong	HK$7,700,000	100% (2016: 75%)	—	100%	Provision of securities brokerage service
始興縣樂天農林開發有限公司	The People's Republic of China	HK$5,100,000	100%	—	100%	Not yet commenced business

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests.

Name of subsidiary	Place of incorporation and principal place of business	Portion of ownership and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2017	**2016**	**2017**	2016	**2017**	2016
				RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Kirin Holdings Limited	Cayman Islands/Hong Kong	**25%**(*)	25%	**(1,999)**	(1,925)	**(4,829)**	(2,530)
Red Rabbit	Philippines	**49%**	49%	**845**	1,200	**5,411**	4,322
Individually immaterial subsidiaries with non-controlling interests				—	(117)	—	—
				(1,154)	(842)	582	**1,792**

(*) Upon acquisition from non-controlling interests in an indirect subsidiary as disclosed in note 37, the ownership and voting rights held by non-controlling interests changed from 47.5% to 25% for the indirect subsidiary during the year ended 30 June 2017.

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

The summarised financial information in respect of the Group's subsidiaries that has non-controlling interests that are material to the Group, before intragroup eliminations:

	Kirin Holdings Limited		Red Rabbit	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current assets	**19,909**	7,577	**7,641**	5,981
Non-current assets	**7,766**	3,323	**6,395**	8,835
Current liabilities	**(46,718)**	(21,329)	**(2,992)**	(5,718)
Non-current liabilities	**(270)**	—	**—**	—
Equity attributable to owners of the Company	**(14,484)**	(7,899)	**5,633**	4,776
Non-controlling interests	**(4,829)**	(2,530)	**5,411**	4,322
Revenue	**69,817**	21,592	**5,985**	5,654
(Loss)/profit attributable to owners of the Company	**(6,988)**	(7,003)	**879**	1,416
(Loss)/profit attributable to non-controlling interests	**(1,999)**	(1,925)	**845**	1,200
(Loss)/profit for the year	**(8,987)**	(8,928)	**1,724**	2,616
Net cash inflow/(outflow) from operating activities	**1,219**	5,701	**2,776**	(2,534)
Net cash outflow from investing activities	**(574)**	(3,911)	**—**	(3,800)
Net cash (outflow)/inflow from financing activities	**(463)**	(457)	**(2,857)**	6,432
Net cash inflow/(outflow)	**182**	1,333	**(81)**	98

The directors of the Company are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length.

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

48. EVENTS AFTER THE REPORTING PERIOD

Major events after the reporting period have been disclosed in notes 19 and 33e to these consolidated financial statements.

FINANCIAL SUMMARY

	Years ended 30 June				
	2017	2016	2015	2014	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Results					
Turnover	**75,505**	33,774	16,695	15,049	20,198
Loss for the year	**(87,600)**	(56,384)	(17,606)	(20,626)	(7,738)

	As at 30 June				
	2017	2016	2015	2014	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets and liabilities					
Total assets	**246,048**	196,849	83,616	64,301	52,339
Total liabilities	**(227,040)**	(92,182)	(45,904)	(32,969)	(22,258)
Net assets	**19,008**	104,667	37,712	31,332	30,081
Share capital	**53,148**	53,148	9,108	8,348	8,076
Reserves	**(34,722)**	49,727	27,415	19,813	18,129
Total equity attributable to equity shareholders of the Company	**18,426**	102,875	36,523	28,161	26,205
Non-controlling interests	**582**	1,792	1,189	3,171	3,876
Total equity	**19,008**	104,667	37,712	31,332	30,081