

* for identification purposes only

2015

Annual Report



GOOD RESOURCES

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

(formerly known as Good Fellow Resources Holdings Limited 金威資源控股有限公司)
(Incorporated in Bermuda with limited liability)
(Stock Code: 00109)

C o n t e n t s

	Page
Corporate Information	02
Chairman's Statement	04
Management Discussion and Analysis	06
Directors and Senior Management's Profiles	09
Corporate Governance Report	13
Report of the Directors	22
Independent Auditor's Report	28
Consolidated Statement of Comprehensive Income	30
Consolidated Statement of Financial Position	31
Statement of Financial Position	32
Consolidated Statement of Changes in Equity	33
Consolidated Statement of Cash Flows	35
Notes to the Financial Statements	36
Financial Summary	86

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Mr. Sonny Wu (*Chairman*)
Mr. Lu Sheng

Non-Executive Directors:

Mr. Liu Hai
Mr. Chen Chuanjin
Mr. Ng Leung Ho
Mr. Lo Wan Sing, Vincent

Independent Non-Executive Directors:

Mr. Chau On Ta Yuen
Ambassador Ford Fraker
Mr. Francisco Sánchez
Ms. Kwan Shan

COMPANY SECRETARY

Mr. Chan Chi Ming, Tony

AUTHORIZED REPRESENTATIVES

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

AUDIT COMMITTEE

Mr. Chau On Ta Yuen (*Chairman of Audit Committee*)
Mr. Chen Chuanjin
Ms. Kwan Shan

REMUNERATION COMMITTEE

Mr. Francisco Sánchez
(*Chairman of Remuneration Committee*)
Ambassador Ford Fraker
Mr. Chau On Ta Yuen

NOMINATION COMMITTEE

Mr. Sonny Wu
(*Chairman of Nomination Committee*)
Ambassador Ford Fraker
Mr. Francisco Sánchez
Mr. Ng Leung Ho
Mr. Chau On Ta Yuen

REGISTERED OFFICE OF THE COMPANY

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

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

LEGAL ADVISERS

On Hong Kong law:

Herbert Smith Freehills

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

On Bermuda law:

Conyers Dill & Pearman

2901, One Exchange Square
No. 8 Connaught Place, Central
Hong Kong

AUDITOR

BDO Limited

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

PRINCIPAL BANKERS

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

STOCK CODE

SEHK 00109

WEBSITE

www.gfellow.com

Chairman's Statement



The year 2015 has been a debut year for the establishment of Good Resources' transformation. As the financial investment platform for emerging industries, Good Resources focuses on fast-growing global investment sectors. The platform attracts enthusiastic well-experienced talents in capital markets to the Group: LU Sheng (President), ZHANG Yiming (General Manager), LIU Hai (General Manager), HA Chengshu and ZHENG Haohao etc. This is a team full of energy. Under the leadership of our board members including Honorary Chairman NG Leung Ho, CHEN Chuanjin, Ambassador Fraker and Minister Sánchez, and with the comprehensive cooperation with the GSR Capital investment team, we have dedicated ourselves to the investment in the world's most cutting-edge technologies and scarce resources, realizing cross-border arbitrage and technology arbitrage. Meanwhile, we have made full use of our leverage as well as industry financing to maximize shareholder value.

Our investment professionals set the eyes to the global market and actively search for fast-growing leading-edge companies which possess the core technologies that may bring revolutionary changes to the industry (including six emerging sectors: clean energy, internet finance, bio-pharmaceutical, commodity investment and corporate M&A, financial investment, and the cultural industry). Through

Good Resources' financial platform we have engaged in activities such as equity investment, fund management, finance matching, corporate M&A, as well as post-investment management, and we have made the following strategic arrangements this year:

CLEAN ENERGY

In March 2015, the Group announced to participate the acquisition of 80.1% equity interest in LUMILEDS, Philips' LED chip manufacturing division. Currently, we are proactively integrating LUMILEDS technologies and the Philips brand. And with our unique advantage in global (especially Asian) production capacity and markets access, we can quickly lower production cost and enhancing production capacity, concurrently manage our existing high-quality customers. At the same time, Good Resources has been actively involved in various LED infrastructure reconstruction projects including the replacement of street lights with LED lamps in the "Green Cities" initiatives of Europe. By adapting an innovative business model, the Group has further enhanced its value.

Alternative energy automotive and the related industry value chain is currently enjoy the continuous explosive growth. The market for alternative energy vehicles is predicted to exceed RMB400 billion by 2020 while the power battery market would also expand to RMB200 billion. Regarding those industry opportunities, Good Resources acts as a fast-mover to implement strategic planning on alternative energy automobiles as well as lithium batteries for automotive applications through financial cooperation. The Group has secured a favorable position in the market through controlling over leading companies, patents and production skills.

Chairman's Statement

WIRELESS NETWORKS

The Group has invested in Airspan Networks, which is an international advanced Internet broadband small cellular base station solutions provider. Its small cellular base station products require a much lower capital investment and operational cost, while significantly improve product performance. Moreover, the Group has entered into the agreement to acquire the controlling stake of GOLDEN 11, a holder of the NFS(C) license in Myanmar. Combining these arrangements, the Group would have the exclusive operation right of MVNO in the Asian small cellular base station market. With Myanmar and other Southeast Asian market as a development base, we plan to provide telecommunication and internet value-added services in global market, in return for high profit.

INTERNET FINANCE

Riding the favorable trend of the upcoming revolutionary transformation and upgrading of Internet finance technologies, as well as good prospects in finance investments, the Group has entered into a Memorandum of Understanding with the government of Gibraltar which is considered as "The Hong Kong of Spain", and has initiated discussions and negotiations with the government of Gibraltar on the plan of setting up an internet bank in the region, providing services such as long distance accounts-opening, online account transfer and foreign exchange investment services through innovative and safe technologies. This initiative will also explore the target markets including Europe and Middle East while providing quality and extensive Internet banking and diversified international financial products.

Moreover, our team is looking for opportunities to invest in influential large-scale companies possessing core technologies in bio-pharmaceuticals, commodities and the cultural industry around the world, grasping the industry cycle to enhance its asset value.

The overall global economy remain mixed. The potential rate raising by the Federal Reserve has added uncertainty to the global economy and brought increasing risk of fluctuations in the exchange rate market. Meanwhile the risk of volatility in the global financial market still exists. The projects and sectors we invested and participated are high-growth, high-leveraged hi-tech sectors, various risks are still exist. However, risks also creates opportunities. The continuous implementation of quantitative easing policies by central banks around the world has further fueled the rebound of macro-economies, with only new economy is expected to be further recovered. Year of 2016 is expected to be challenging, yet also full of opportunities for Good Resources.

In 2015, Good Resources is aligned with the huge demand in China's financial industry through its transformation. The Group actively integrate the cross-border resources and overseas technologies to support the rise of emerging industries through strong alliance between our professional investment team with GSR Capital. I and my team believe that Good Resources will develop as a trustworthy financial investment & Management Company in Hong Kong capital market and an influential, high efficient investment platform in the global financial industry.

Let me share a Taoist proverb with you, "The essential principle is at once the simplest, and we make good use of resources!"

Sonny WU

Chairman

Hong Kong, 29th September, 2015

Management Discussion and Analysis

FINANCIAL REVIEW

For the year ended 30th June, 2015 (the "Year"), the turnover of the Group increased by approximately HK\$10,458,000 to approximately HK\$51,190,000 (2014: approximately HK\$40,732,000), representing an increase of approximately 25.68% from last year. Increase in turnover was primarily caused by increase in turnover related to interest income by approximately HK\$11,481,000 to HK\$51,138,000 (2014: HK\$39,657,000). The Group recorded a profit attributable to owners of the Company of approximately HK\$13,167,000 for the year under review compared to a profit of approximately HK\$19,924,000 of last year. The decrease in profit position was mainly due to combined impacts of:

- (i) Loss impact for recognition of finance costs of approximately HK\$4,216,000 mainly due to interest expense on convertible notes newly issued during the year under review whereas finance costs for the prior year were nil;
- (ii) Profit impact due to interest income increased by approximately HK\$11,481,000 to HK\$51,138,000 (2014: HK\$39,657,000) as greater amount of loans generated greater amount of interest income in the current year compared to the prior year; and
- (iii) Loss impact of other net losses of the Group recognised for the current year of approximately HK\$(7,228,000) compared to other net gains of approximately HK\$2,354,000 of last year, the other net losses for the year under review were due to net losses on investments held for trading and foreign exchange of approximately HK\$(4,087,000) and HK\$(3,141,000), respectively, whilst for the prior year there were net gains on investments held for trading and foreign exchange of approximately HK\$1,192,000 and HK\$1,162,000, respectively.

BUSINESS REVIEW

The Group's investment and financial services segment has continued to deliver results with greater amount of loan financing during the year leading to more interest income earned for the year under review and has contributed to the Group's turnover for the current year. With de-leveraging of the United States continued to delay and global turmoil and volatility of stock markets as an uncertainty spanning through the year under review, the Group continued during the Year to realise the listed securities investments on hand for its investment and financial services segment and lowered to only a portfolio of approximately HK\$2,534,000 at year end, the Group continued to stay put with its strategy to maintain its investment portfolios and diversified its investment portfolios with shareholders' capital return and volatility risks both considered in the Group's holdings of portfolios of the investment and financial services segment. The Group has discontinued its distribution and trading segment to focus on the investment and financial services segment which our new directors on board have brought in more experiences and industry knowledge. The Group has a Money Lenders Licence and can offer loan financing allowed by the Money Lenders Ordinance of Hong Kong. The Group is also capable of operating financial leasing business and commercial factoring business and develop and expand its loan financing activities in PRC through its subsidiary located at the Shanghai Pilot Free Trade Zone. Loan financing had continued to be the core drive for the Group's turnover and our main business during the Year and our increased effort on loan reviews has brought more recurring income to the loan financing activity.

Management Discussion and Analysis

FUTURE PROSPECTS

The current downturn in the global economy is providing an unique opportunity for RMB cross-border investments. This is further promoted by the country's overall strategy to encourage Chinese capital to "head out". As a well-known investment team within the industry, the Group is creating a new era, drawing from its unique and visionary investment wisdom, while focusing on but not limited to finance and emerging sectors, including clean energy, bio-medicine and internet. The Group will focus on the industry-leading companies with mature development that possess core or key technologies, stable operations and healthy financial positions. Through resource integration with domestic markets and producing capacity, asset value will be further added and will support the industrial restructuring of the country, which will in turn enable us to achieve high profits and capture win-win opportunities.

The "Measures for Overseas Investment Management" recently issued by the Ministry of Commerce has established a record-based approval requirement supplement management mode. Relaxation of systems will undoubtedly enhance significantly the efficiency of outbound mergers and acquisitions. Promotion of numerous concepts and systems, including the "One Belt One Road, Asian investment bank, Silk Road Fund and BRICS Development Bank" will provide the channels and direction for overseas investment from the national perspective. Data from the National Bureau of Statistics show that China's total foreign direct investment hit a record high of US\$123.12 billion in 2014, which does not show a large difference with foreign investment in China for the first time. KPMG data also predicts that China's foreign direct investment will achieve a growth rate of more than 10% in 2015. Letting Chinese capital participate in world economic development has become an irreversible trend.

The Group achieved outstanding results soon after its establishment of new objectives, and has been in active negotiations on iconic investment projects in the internet finance, One Belt One Road and LED lighting fields. It has also attracted interest from overseas and domestic capital. Benefitting from favorable investment sentiment and national policies, as well as the assistance from an experienced investment team, the Group will help Chinese capital realize the "head out" goal through the implementation of more stringent risk-control mechanisms.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of approximately HK\$687,883,000 (2014: approximately HK\$97,939,000).

As at 30th June, 2015, the Group had net current assets of approximately HK\$2,444,679,000 (2014: approximately HK\$200,173,000). The shareholders' equity was approximately HK\$2,512,426,000 (2014: approximately HK\$400,935,000). The Group had no borrowings other than the convertible notes at 30th June, 2015 and gearing ratio was zero (2014: zero).

COMPLETION OF THE SUBSCRIPTION OF SHARES AND CONVERTIBLE BONDS AND CAPITAL STRUCTURE

Reference is made to the circular of the Company dated 12th March, 2015 (the "Circular") and the announcements of the Company dated 10th and 29th April, 2015, in relation to, among other things, the Proposed Placing, Proposed Subscription and the Whitewash Waiver (as defined in the Circular). On 19th May, 2015, 1,500,000,000 new shares and convertible bonds (see note 23 to the financial statements for more details) with an aggregate principal amount of HK\$1,843,800,000 have been duly issued to Tiancheng International Holdings Investment Limited.

Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 30th June, 2015, the Group did not have any significant contingent liabilities.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 30th June, 2015.

EMPLOYMENT AND REMUNERATION POLICIES

As at 30th June, 2015, the Group employed approximately 17 employees. The Remuneration Committee and the Directors of the Company reviewed remuneration policies regularly. The structure of the remuneration packages would take into account the level and composition of pay and the general market conditions in the respective countries and businesses.

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 30th June, 2015.

SHARE OPTION SCHEME

The Company has a share option scheme to enable the Directors of the Company to grant options to eligible participants, including executive Directors, of the Company and its subsidiaries to subscribe for shares in the Company. Details of movements in the Company's share options during the year ended 30th June, 2015 are set out in note 27 to the financial statements.

Directors and Senior Management's Profiles

EXECUTIVE DIRECTORS

Mr. Sonny Wu (伍仲俊) ("Mr. Wu"), aged 47, was appointed as Executive Director and Chairman of the Company and chairman of Nomination Committee of the Company on 29th June, 2015. Mr. Wu is a founding partner and managing director of GSR Ventures ("GSR"). Mr. Wu focuses on investments in the semiconductors, new materials, and new energy sectors. He has made extensive investments related to LED technology, and is an active board member for SunSun Lighting, LatticePower, ShineOn, Boston Power and SMIT. For the last 5 years, Mr. Wu helped secure more than US\$2 billion capital for GSR and helped a number of companies for industrial and capital expansion as well as localization in industrial parks such as Changzhou, Liyang (Jiangsu Province) and Tianjin. Prior to joining GSR, Mr. Wu held key executive positions at Nortel Networks and led the investment in Shanghai ASMC (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 3355) in 1994. He served as managing director for Guangdong Nortel Telecom Corp. since 1997. Mr. Wu graduated from the University of British Columbia in May 1991 with a bachelor degree in engineering physics and from the Massachusetts Institute of Technology (Sloan Fellow) in June 2001 with a master degree in business administration.

Mr. LU Sheng (盧晟) ("Mr. Lu"), aged 42, was appointed as Executive Director of the Company on 29th June, 2015. Mr. Lu graduated from Jiangxi University of Finance and Economics with a bachelor degree in economics in July 1995. He received a master degree in accounting from Research Institute for Fiscal Science, Ministry of Finance in July 1998, and a doctor degree in management from Chinese Academy of Social Science in July 2004. Mr. Lu has 17 years of experience in finance and investment. He worked as general manager in the finance and marketing department of Huaxia Bank from March 2012 to March 2015, and the investment department of Huaxia Bank from September 2007 to February 2012. Prior to joining Huaxia Bank, he worked at the investment department of Guolian Securities where he served as vice president from 2005 to August 2007, as general manager from 2004 to 2005, and as deputy general manager from 2002 to 2004.

NON-EXECUTIVE DIRECTORS

Mr. LIU Hai (劉海) ("Mr. Liu"), aged 31, was appointed as Non-Executive Director of the Company on 29th June, 2015. Mr. Liu graduated from Shanghai Jiao Tong University with a B.S. degree in electronic engineering in July 2005. He received a M.S. degree in electrical engineering from Seoul National University in June 2007, and a MBA degree from MIT Sloan School of Management in June 2011. Prior to joining the Company, Mr. Liu joined GSR in 2011 as a partner, with a focus on investments in the clean energy, mobile internet and healthcare sectors. Mr. Liu led the investments including LatticePower, Boston-Power, GreenApple, Purple-Health and Aerofarms. He has participated in operations for the LED portfolio companies of GSR. He is also deeply involved in the acquisition of 80.1% stake of Philips Lumileds by GSR GO Scale Capital, and the acquisition of 59% stake of Lattice Power by Shunfeng International Clean Energy Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1165). Prior to joining GSR, Mr. Liu held senior position at the mobile division of Samsung Electronics in Seoul, South Korea. He has rich experience in the wireless, telecommunications, and semiconductor sectors, in disciplines ranging from hardware/software architecture design, to supply chain management, to sales and marketing for major telecom carriers in Latin America and China. He is a member of Samsung's Global Genius Scholarship Program.

Directors and Senior Management's Profiles

Mr. CHEN Chuan Jin (陳傳進) ("Mr. Chen"), aged 50, was appointed as Non-Executive Director and member of Audit Committee of the Company on 29th June, 2015. Mr. Chen is the founder of Tianjin Binhai Zone Venture Investment Fund. During the period from May 2002 to December 2007, Mr. Chen had been the vice president of the assessment management department, head of risk management of Tianjin Branch, and Manager of the risk management committee of China Development Bank. During the period from February 2009 to December 2014, he had been the assistant to senior assessment manager of China Development Bank. Mr. Chen is the pioneering lecturer of the Master of Business Administration course organised by Newhuadu Business School where he assessed more than 200 investment projects with a total investment amount over RMB150 billion. He also took the lead on the publication of a book named "Guidance on Private Equity Financing in the PRC". Mr. Chen obtained a master degree in Master of Business Administration in The Open University of Hong Kong in 2007.

Mr. NG Leung Ho (吳良好) ("Mr. Ng"), aged 64, was previously an executive Director and Chairman of the Company and a member of each of the Remuneration Committee, Nomination Committee and General Committee of the Company from 14th June, 2007 to 10th November, 2008. He was appointed as Non-Executive Director and Chairman of the Company on 8th September, 2009 and re-designated to Executive Director and member of each of the Remuneration Committee, Nomination Committee and General Committee of the Company on 30th September, 2009. On 29th June, 2015, Mr. Ng was re-designated to Non-Executive Director and member of Nomination Committee of the Company. He had been the director of certain subsidiaries of the Company. He had also been the chairman and an executive director of China Grand Forestry Green Resources Group Limited ("CGFGR"), the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 910). Mr. Ng has more than 37 years of experience in the field of apparel business. Mr. Ng is currently a JP and a member of the Chinese People's Political Consultative Conference, with a Silver Bauhinia Star (SBS) awarded on 1st July, 2011 by the Government of HKSAR.

Mr. LO Wan Sing, Vincent (盧溫勝) ("Mr. Lo"), aged 68, was appointed as an Independent Non-Executive Director of the Company on 3rd July, 2007 and re-designated as an Executive Director and Chairman of the Board and appointed as member of the General Committee on 10th November, 2008. Mr. Lo was re-designated as Vice-Chairman of the Board on 8th September, 2009 and appointed as Managing Director, a member of the Remuneration Committee and Nomination Committee of the Company on 1st March, 2011. He was previously the Chairman of Remuneration Committee, and member of each of Audit Committee and Nomination Committee of the Company from 3rd July, 2007 to 10th November, 2008. On 29th June, 2015, Mr. Lo was re-designated to Non-Executive Director of the Company. He had also been the Independent non-executive director of Xinyi Solar Holdings Limited the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 968). He has more than 30 years of experience in the field of jewelry and property investment. He is currently the president of Plateria Jewelry Limited and Kwok Cheong Ind. Limited, and also the managing director of Hong Kong New Century Real Estate Limited. He is a member of the 10th, 11th and 12th Chinese People's Political Consultative Conference, with a Bronze Bauhinia Star (BBS) awarded on 1st July, 2011 by the Government of HKSAR.

Directors and Senior Management's Profiles

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAU On Ta Yuen (周安達源) ("Mr. Chau"), aged 68, was appointed as an Independent Non-Executive Director of the Company on 3rd July, 2007. He was also appointed the Chairman of Nomination Committee, a member of each of the Audit Committee and Remuneration Committee of the Company on 3rd July, 2007. On 29th June, 2015, Mr. Chau was re-designated to chairman of Audit Committee of the Company. He graduated from Xiamen University majoring in Chinese language and literature. Mr. Chau is currently Chairman and executive director of ELL Environmental Holdings Limited (formerly known as "Everbest Water Treatment Development Company Limited (Stock code: 1395)". Mr. Chau was also Chairman and executive director of China Ocean Shipbuilding Industry Group Limited (Stock code: 651) up to 22nd September 2015 and then was re-designated to non-executive director. and an independent non-executive director of Come Sure Group (Holdings) Limited (Stock code: 794), Leyou Technologies Holdings Limited (formerly known as "Sumpo Food Holding Limited") (Stock code: 1089) and Redco Properties Group Limited (Stock code: 1622), all of which are listed on the Main Board of the Stock Exchange. He is also a member of the Chinese People's Political Consultative Conference and the deputy chairman of Hong Kong Federation of Fujian Associations, with a Bronze Bauhinia Star (BBS) awarded on 1st July, 2010 by the Government of HKSAR.

Mr. Ford FRAKER ("Mr. Fraker"), aged 66, was appointed as Non-Executive Director and a member of each of the Remuneration Committee and Nomination Committee of the Company on 29th June, 2015. Mr. Fraker has over 35 years of experience in banking, finance and investments in the Middle East. Ambassador Fraker is currently a senior advisor for the Middle East with Bank of America Merrill Lynch and he also serves as president of the Middle East Policy Council in Washington, DC, the United States ("U.S."). He is a member of the Board of Directors of Berger Group Holdings, Morristown, NJ, and vice chairman of the Board of Trustees of the International College in Beirut. Ambassador Fraker began his career with Chemical Bank New York from 1972 to 1979 in New York, Lebanon, UAE and Bahrain finishing as Vice President/Regional Manager for the bank's Bahrain office. In 1979, he joined Saudi International Bank (JP Morgan affiliate) where he spent 12 years as Head of the Middle East, Banking and Credit and serving on the bank's Managing Committee. In 1993, Ambassador Fraker worked as managing director at MeesPierson Investment Finance Limited and he was responsible for overseeing investments with the European and Middle Eastern institutional and private investors base. In 1996, he co-founded and served as managing director and Chairman of Trinity Group Limited which he remains active with. From April 2007 to April 2009, Mr. Fraker served as U.S. Ambassador to the Kingdom of Saudi Arabia, spanning both the George W. Bush and Barack H. Obama administrations. From 2009 to 2013, he was a senior advisor to Kohlberg Kravis Roberts & Co. (KKR) serving as Chairman of KKR Middle East and North Africa, and CEO of KKR Saudi Ltd.

Directors and Senior Management's Profiles

Mr. Francisco J. SANCHEZ (“Mr. Sánchez”), aged 55, was appointed as Non-Executive Director and Chairman of the Remuneration Committee and member of Nomination Committee of the Company on 29th June, 2015. Mr. Sanchez served as Under Secretary for International Trade at the U.S. Department of Commerce from March, 2010 to November, 2013, a post to which he was nominated in 2009 by President Barack Obama. As the top trade and investment emissary for U.S., Mr. Sánchez was one of the architects of President Obama’s National Export Initiative (NEI) and helped companies expand around the world. During the Clinton Administration, he served as the Assistant Secretary for Aviation and International Affairs at the U.S. Department of Transportation. He also served in the White House as a Special Assistant to President Clinton, and Chief of Staff to the Special Envoy to the Americas. Mr. Sánchez has decades of experience as an international business consultant and negotiation strategist, founding CNS in 2001 and still serving as its Chairman. He has been serving as a director at Archer Daniels Midland (NYSE: ADM) since May 2014. Mr. Sánchez also serves on the board of counselors for McLarty Associates, and until recently, served on the board of directors for the Overseas Private Investment Corporation (OPIC). He is a non-resident fellow at The Brookings Institute and is a member of the Council of Foreign Relations. Mr. Sánchez has been awarded the National Point of Light Award and the Governor’s Point of Light Award for Outstanding Community Service. He was also named one of the 100 Most Influential Hispanics by Hispanic Business Magazine and one of the top Hispanics nationwide by Poder Magazine.

Ms. KWAN Shan (關山) (“Ms. Kwan”), aged 43, was appointed as Independent Non-Executive Director and member of Audit Committee of the Company on 29th June, 2015. Ms. Kwan has more than 17 years of experience in the accounting and finance field in listed companies. Ms. Kwan holds a Bachelor’s Degree in Accountancy from Hong Kong Polytechnic University and is a fellow member of the Association of Chartered Certified Accountants. Ms. Kwan is currently a company secretary of Yueshou Environmental Holdings Limited (stock code: 1191), whose securities are listed on Main Board of the Stock Exchange. Ms. Kwan is an independent non-executive director of Far East Holdings International Limited (a company listed on Main Board of the Stock Exchange, stock code: 36).

Mr. LAW Wai Fai (“Mr. Law”), aged 47, was appointed as an Independent Non-Executive Director of the Company on 3rd July, 2007. He was also appointed as the Chairman of Audit Committee, the Chairman of General Committee, members of Remuneration Committee and Nomination Committee of the Company on 3rd July, 2007. Mr. Law has been re-designated from a member to the Chairman of the Remuneration Committee on 10th November, 2008. Mr. Law resigned from all positions of the Company on 29th June, 2015. Mr. Law has extensive experience in financial management. He holds a master of Business Administration degree from the Hong Kong Polytechnic University and a bachelor degree in Accountancy from the City University of Hong Kong. He is also a member of the Hong Kong Institute of Certified Public Accountants and a member of The Institute of Chartered Accountants in England and Wales.

Ms. XU Lei (“Ms. Xu”), aged 36, was appointed as an Independent Non-Executive Director of the Company on 31st December, 2010. She was also appointed as a member of the Audit Committee, a member of the Remuneration Committee and a member of Nomination Committee. Ms. Xu resigned from all positions of the Company on 29th June, 2015. Ms. Xu holds a master degree in Journalism. Ms. Xu has more than 5 years working experience with Hong Kong Wen Wei Po and has obtained several press awards. Ms. Xu had been an independent non-executive director, a member of each of the Audit Committee, Remuneration Committee and Nomination Committee from 1st January, 2010 to 31st December, 2010 of CGFGR.

SENIOR MANAGEMENT

Mr. CHAN Chi Ming, Tony (“Mr. Chan”), aged 47, company secretary of the Company, is responsible for company secretarial function of the Company. Mr. Chan graduated from Australian National University, with a Bachelor Degree in Commerce (Major in Accounting). Mr. Chan is a member of the CPA Australia and has over 17 years’ experience in the field of business advisory, accounting and auditing. Mr. Chan was formerly senior manager of an international accounting firm.

Corporate Governance Report

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

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied throughout the year ended 30th June, 2015 with the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the following deviations:

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election and the Company has complied with the provision from 29th June, 2015.

THE BOARD OF DIRECTORS

The Board of the Company is collectively responsible for overseeing the management of the business and affairs of the Group with the objective to protect and enhance long-term shareholders' value. The position of the Chairman of the Board was held by Mr. Ng Leung Ho until 29th June, 2015. From 29th June, 2015, the position of the Chairman of the Board was taken up by Mr. Sonny Wu. The position of the Chief Executive Officer (i.e. the Managing Director) was held by Mr. Lo Wan Sing Vincent until 29th June, 2015. These two positions are held separately by different directors to ensure their respective independence, accountability and responsibility. This separation of positions can ensure a clear delineation of roles between the Chairman's responsibility to oversee the Group's business strategies and the Chief Executive Officer's responsibility to monitor the day-to-day business.

The Board now comprises of ten Directors, comprising two Executive Directors and four Non-Executive Directors and four Independent Non-Executive Directors. The Directors' biographical information is set out on pages 8 to 12 under the heading "Directors and Senior Management's Profiles". The Board members up to the date of this report are:

Executive Directors

Mr. Sonny Wu (*Chairman*)
Mr. Lu Sheng

Non-Executive Directors

Mr. Liu Hai
Mr. Chen Chuanjin
Mr. Ng Leung Ho
Mr. Lo Wan Sing, Vincent

Independent Non-executive Directors

Mr. Chau On Ta Yuen
Ambassador Ford Fraker
Mr. Francisco Sánchez
Ms. Kwan Shan

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

Corporate Governance Report

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

The Independent Non-Executive Directors come from diverse business and professional backgrounds, rendering valuable expertise and experience for promoting the best interests of the Group and its shareholders as a whole by taking care of the interests of all shareholders and that issues are considered in a more objective manner. The Company has received, from each of the Independent Non-Executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the Independent Non- Executive Directors are independent.

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

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

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

AUDIT COMMITTEE

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

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

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

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

Corporate Governance Report

REMUNERATION COMMITTEE

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

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

NOMINATION COMMITTEE

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

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

ATTENDANCE RECORD AT BOARD AND BOARD COMMITTEE MEETINGS

Board of Directors Meetings

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

Name of Directors	Attendance
Executive Directors	
Mr. Sonny Wu (<i>Chairman</i>) (appointed on 29th June, 2015)	2/2
Mr. Lu Sheng (appointed on 29th June, 2015)	2/2
Non-Executive Directors	
Mr. Liu Hai (appointed on 29th June, 2015)	1/2
Mr. Chen Chuanjin (appointed on 29th June, 2015)	1/2
Mr. Ng Leung Ho (<i>Chairman</i>) (re-designated from executive director into non-executive director on 29th June, 2015)	29/44
Mr. Lo Wan Sing, Vincent (<i>Vice-Chairman and Managing Director</i>) (re-designated from executive director into non-executive director on 29th June, 2015)	37/44
Independent Non-Executive Directors	
Mr. Chau On Ta Yuen	18/44
Ambassador Ford Fraker (appointed on 29th June, 2015)	1/2
Mr. Francisco Sánchez (appointed on 29th June, 2015)	1/2
Ms. Kwan Shan (appointed on 29th June, 2015)	1/2
Mr. Law Wai Fai (appointed on 3rd July, 2007 and resigned on 29th June, 2015)	15/42
Ms. Xu Lei (appointed on 31st December, 2010 and resigned on 29th June, 2015)	15/42

Corporate Governance Report

Audit Committee Meetings

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

Name of Audit Committee members	Attendance
Independent Non-Executive Directors	
Mr. Law Wai Fai (<i>Chairman of Audit Committee</i>) (appointed on 3rd July, 2007 and resigned on 29th June, 2015)	3/3
Mr. Chau On Ta Yuen* (re-designated from member to Chairman of Audit Committee on 29th June, 2015)	3/3
Mr. Kwan Shan# (appointed on 29th June, 2015)	0/0
Ms. Xu Lei (appointed on 31st December, 2010 and resigned on 29th June, 2015)	3/3
Non-Executive Director	
Mr. Chen Chuanjin# (appointed on 29th June, 2015)	0/0

Remuneration Committee Meetings

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

Name of Remuneration Committee members	Attendance
Independent Non-Executive Directors	
Mr. Law Wai Fai (<i>Chairman of Remuneration Committee</i>) (appointed on 10th November, 2008 and resigned on 29th June, 2015)	2/2
Mr. Francisco Sánchez* (appointed as Chairman of Remuneration Committee on 29th June, 2015)	0/0
Ambassador Ford Fraker# (appointed on 29th June, 2015)	0/0
Mr. Chau On Ta Yuen#	1/2
Ms. Xu Lei (appointed on 31st December, 2010 and resigned on 29th June, 2015)	1/2
Non Executive Directors	
Mr. Ng Leung Ho (appointed on 30th September, 2009 and resigned on 29th June, 2015)	1/2
Mr. Lo Wan Sing, Vincent (appointed on 1st March, 2011 and resigned on 29th June, 2015)	1/2

* Chairman of respective committee at 30th June, 2015

Member of respective committee at 30th June, 2015

Corporate Governance Report

Nomination Committee Meetings

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

Name of Nomination Committee members	Attendance
Independent Non-Executive Directors	
Mr. Chau On Ta Yuen (<i>Chairman of Nomination Committee</i>)# (re-designated from Chairman to member of Nomination Committee on 29th June, 2015)	1/1
Mr. Law Wai Fai (appointed on 3rd July, 2007 and resigned on 29th June, 2015)	1/1
Ms. Xu Lei (appointed on 31st December, 2010 and resigned on 29th June, 2015)	1/1
Ambassador Ford Fraker# (appointed on 29th June, 2015)	0/0
Mr. Francisco Sánchez# (appointed on 29th June, 2015)	0/0
Executive Directors	
Mr. Sonny Wu* (appointed as Chairman of Nomination Committee on 29th June, 2015)	0/0
Non-Executive Directors	
Mr. Ng Leung Ho#	1/1
Mr. Lo Wan Sing, Vincent (appointed on 1st March, 2011 and resigned on 29th June, 2015)	1/1

General Committee Meeting

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

Name of General Committee members	Attendance
Independent Non-Executive Director	
Mr. Law Wai Fai (<i>Chairman of General Committee</i>) (appointed on 3rd July, 2007 and resigned on 29th June, 2015)	1/1
Non-Executive Directors	
Mr. Ng Leung Ho (appointed on 30th September, 2009 and resigned on 29th June, 2015)	1/1
Mr. Lo Wan Sing, Vincent (appointed on 10th November, 2008 and resigned on 29th June, 2015)	1/1

* Chairman of respective committee at 30th June, 2015

Member of respective committee at 30th June, 2015

Corporate Governance Report

DIVERSIFICATION OF THE BOARD

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

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

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

Directors are also encouraged to participate in professional development courses and seminars to develop and refresh their knowledge and skills. All Directors had provided a record of training they received during the year to the Company. According to the training records provided by the Directors (other than the new directors who started from 29th June, 2015, who only had been our directors for 2 days during the year), the training attended by them during the reporting period is summarized as follows:

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

During the year ended 30th June, 2015, Mr. Chan Chi Ming Tony, the Company Secretary, has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions By Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") during the year under review. The Company has made specific enquiry with all directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the year ended 30th June, 2015.

Corporate Governance Report

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

The statement of the external Auditor of the Company, Messrs. BDO Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 28 and 29.

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

AUDITOR'S REMUNERATION

The remuneration in respect of audit and non-audit services provided by the external auditors for the year ended 30th June, 2015 are HK\$700,000 and HK\$135,000 respectively.

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

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

COMMUNICATION WITH SHAREHOLDERS

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

The Company has a professionally-run investor relations senior officers and team to serve as an important communication channel between the Company and its shareholders and other investors.

A key element of effective communication with shareholders and investors is prompt and timely dissemination of information in relation to the Company. In addition to announcing its interim and annual results to shareholders and investors, the Company also publicises its major business developments and activities through press releases, announcements and the Company's website in accordance with relevant rules and regulations. Press conferences and analyst briefings are held from time to time on financial performance and major transactions.

Corporate Governance Report

The general meetings also provide a useful forum for shareholders to exchange views with the Board. The Chairman of the Board, as well as Chairman of the Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, members of the respective Committees, and the external auditors of the Company, are available to answer questions from shareholders at annual general meetings and extraordinary general meetings of the Company.

The Chairman of the Board and all Committees, or in his absence, an alternate appointed by him will, whenever possible, propose separate resolutions for each substantially separate issue at general meetings of the Company.

The Company's management ensures the external auditors attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditors' independence.

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

Name of Directors	Attendance Annual General Meeting	Special General Meeting
Non-Executive Directors		
Mr. Ng Leung Ho (<i>Executive director and Chairman up to 29th June, 2015, then re-designated to non-executive director</i>)	1/1	2/2
Mr. Lo Wan Sing, Vincent (<i>Executive director and Vice-Chairman and Managing Director up to 29th June, 2015, then re-designated to non-executive director</i>)	1/1	2/2
Independent Non-Executive Directors		
Mr. Law Wai Fai (resigned on 29th June, 2015)	1/1	1/2
Mr. Chau On Ta Yuen	1/1	2/2
Ms. Xu Lei (resigned on 29th June, 2015)	1/1	1/2

The 2014 AGM circular (incorporating the notice of annual general meeting and setting out details in relation to each resolution proposed, information on voting arrangement and other relevant information) was sent to all shareholders at least 20 clear business days before the 2014 AGM. Separate resolutions for each substantially separate issue (including the re-election of retiring Directors) were proposed at the general meeting. The procedures for conducting a poll were clearly explained at the general meeting. All resolutions put to shareholders at the general meeting were voted by way of poll and passed; and the results were published on the websites of the Company and the Stock Exchange.

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

Corporate Governance Report

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

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

INVESTOR RELATIONS

The Company recognises the need and the importance of timely and continuous communication with shareholders. In addition to the Company's annual reports and interim reports, the Company maintains a policy of ongoing communication with shareholders whose enquiries are directed to and dealt with by the Company's senior management. During the year ended 30th June, 2015, there had been an amendment in the Company's memorandum and articles of association as detailed in our circular dated 9th June, 2015.

Report of the Directors

The directors present their annual report and the audited consolidated financial statements of the Company for the year ended 30th June, 2015.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 33 to the financial statements.

RESULTS

The results of the Group for the year ended 30th June, 2015 are set out in the consolidated statement of comprehensive income on page 30.

The directors do not recommend the payment of a dividend for the year ended 30th June, 2015.

FINANCIAL SUMMARY

The financial summary of the consolidated results of the Group for each of the five years ended 30th June, 2015 and of the net assets of the Group as at 30th June, 2015, 2014, 2013, 2012 and 2011 are set out on page 86.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 25 to the financial statements.

SHARE OPTIONS

Details of movements during the year in the share options of the Group are set out in note 27 to the financial Statements.

RESERVES

Details of movements during the year in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 33 and in note 26 to the financial statements respectively.

Report of the Directors

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution amounted to approximately HK\$1,740,142,000 at 30th June, 2015. Under the Companies Act 1981 of Bermuda (as amended), the balances in a company's contributed surplus and share premium accounts are available for distribution. However, the company cannot declare or pay a dividend, or make a distribution out of contributed surplus and share premium if: (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the assets of the company would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

CHARITABLE DONATIONS

Total donations made by the Group for charitable and other purposes during the year amounted to HK\$23,000.

DIRECTORS

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

Executive Directors

Mr. Sonny Wu (*Chairman*) (appointed on 29th June, 2015)

Mr. Lu Sheng (appointed on 29th June, 2015)

Non-Executive Directors

Mr. Liu Hai (appointed on 29th June, 2015)

Mr. Chen Chuanjin (appointed on 29th June, 2015)

Mr. Ng Leung Ho (re-designated on 29th June, 2015 and was executive director prior to the re-designation)

Mr. Lo Wan Sing, Vincent (re-designated on 29th June, 2015 and was executive director prior to the re-designation)

Independent Non-Executive Directors

Mr. Chau On Ta Yuen

Ambassador Ford Fraker (appointed on 29th June, 2015)

Mr. Francisco Sánchez (appointed on 29th June, 2015)

Ms. Kwan Shan (appointed on 29th June, 2015)

Mr. Law Wai Fai (resigned on 29th June, 2015)

Ms. Xu Lei (resigned on 29th June, 2015)

In accordance with Clause 87(1) of the Company's Bye-laws, Mr. Ng Leung Ho, Mr. Lo Wan Sing, Vincent and Mr. Chau On Ta Yuen will retire by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

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

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

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

At 30th June, 2015, the interests or short positions of each Director and the Chief Executive in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules on the Stock Exchange to be notified to the Company and the Stock Exchange were as follows:

Ordinary shares or underlying shares of the Company

Directors	Capacity	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Mr. Chau On Ta Yuen	Beneficial owner	4,800,000	0.08%
Mr. Chen Chuan Jin	Beneficial owner	10,000,000	0.17%
Ms. Kwan Shan	Beneficial owner	620,000	0.01%
Mr. Lo Wan Sing, Vincent	Beneficial owner	49,500,000	0.82%
Mr. Ng Leung Ho (<i>Note 1</i>)	Interest of controlled corporation (<i>Note 1</i>)	1,006,741,882	16.76%
Mr. Sonny Wu	Beneficial owner and interest of controlled corporation (<i>Note 2</i>)	970,000,000	16.15%

Note 1:

Rich Capital Global Enterprises Limited and Golden Prince Group Limited are wholly owned by Mr. Ng Leung Ho, a non-executive Director. Mr. Ng Leung Ho is deemed to be interested in the 406,741,882 Shares held by Rich Capital Global Enterprises Limited and 600,000,000 held by Golden Prince Group Limited, respectively, for the purposes of the SFO.

Note 2:

Mr. Sonny Wu, an executive Director, is the beneficial owner of 910,000,000 Shares. Smart Tiger Holdings Limited and Great Universal Holdings Limited are wholly owned by Mr. Sonny Wu. Mr. Sonny Wu is deemed to be interested in the 30,000,000 Shares held by Smart Tiger Holdings Limited and 30,000,000 held by Great Universal Holdings Limited, respectively, for the purposes of the SFO.

Save as disclosed above, as at 30th June, 2015, none of the directors and the chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.

Report of the Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or their spouses or children under the age of eighteen had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

SHARE OPTION SCHEME

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

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

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

At 30th June, 2015, the shareholder who had an interest or short position in the shares and underlying shares of the Company which have been disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO was as follows:

Name of shareholder	Capacity	Number of issued ordinary share capital	Approximate percentage of the issued shares held of the Company
Tiancheng International Holdings Investment Limited (Note 1)	Beneficial owner	3,218,100,000	53.57%
Golden Prince Group Limited (Note 2)	Beneficial owner	600,000,000	9.99%
Rich Capital Global Enterprises Limited (Note 2)	Beneficial owner	406,741,882	6.77%
Sonny Wu (Note 3)	Beneficial owner	910,000,000	15.15%
Great Universal Holdings Limited (Note 3)	Beneficial owner	30,000,000	0.50%
Smart Tiger Holdings Limited (Note 3)	Beneficial owner	30,000,000	0.50%

Report of the Directors

Note 1: The entire issued capital of Tiancheng International Holdings Investment Limited is directly wholly owned by Mr. Cheng Kin Ming. Included in number of issued ordinary share capital was 1,197,938,497 shares pertaining to conversion rights attached to convertible notes.

Note 2: The entire issued capital of Golden Prince Group Limited and Rich Capital Global Enterprises Limited is both directly wholly owned by Mr. Ng Leung Ho.

Note 3: The entire issued capital of Great Universal Holdings Limited and Smart Tiger Holdings Limited is both directly wholly owned by Mr. Sonny Wu.

Save as disclosed herein, no other person had any interests or short positions in the shares or underlying shares of the Company as at 30th June, 2015, which were disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The Group has three external customers, which had accounted for 94.75% of the Group's turnover from investment and financial services and turnover from the largest customer included therein amounted to approximately 45.60%.

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

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

CORPORATE GOVERNANCE

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

INDEPENDENCE CONFIRMATION

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

DIRECTOR'S INTERESTS IN COMPETING BUSINESSES

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

Report of the Directors

AUDIT COMMITTEE

The Company has appointed three independent non-executive directors of the Company as members of the Audit Committee to assist the board of directors in fulfilling its duties by providing review and supervision of the Company's financial reporting process and internal controls. The audit committee has reviewed the Group's annual and interim Results.

PRE-EMPTIVE RIGHTS

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

EMOLUMENT POLICY

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

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

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the best knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 30th June, 2015.

AUDITOR

The financial statements for the year ended 30th June, 2015 have been audited by BDO Limited. BDO Limited shall retire and a resolution for its reappointment will be proposed at the forthcoming Annual General Meeting of the Company.

On behalf of the Board

Sonny Wu
Chairman

Hong Kong, 29th September, 2015

Independent Auditor's Report



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

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

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF GOOD RESOURCES HOLDINGS LIMITED

天成國際集團控股有限公司

(FORMERLY KNOWN AS GOOD FELLOW RESOURCES HOLDINGS LIMITED

金威資源控股有限公司)

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Good Resources Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 85, which comprise the consolidated and company's statements of financial position as at 30th June, 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 30th June, 2015 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited

Certified Public Accountants

Wong Chi Wai

Practising Certificate number P04945

29th September, 2015

Consolidated Statement of Comprehensive Income

For the year ended 30th June, 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Turnover	7	51,190	40,732
Other revenue	9	6,226	5,961
Other net (losses)/gains	9	(7,228)	2,354
Administrative expenses		(24,502)	(23,429)
Finance costs	10	(4,216)	–
Profit before taxation	11	21,470	25,618
Taxation	13	(8,303)	(5,694)
Profit for the year attributable to owners of the Company		13,167	19,924
Other comprehensive income that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		34,983	–
Total comprehensive income for the year attributable to owners of the Company		48,150	19,924
		HK Cents	HK Cents
Earnings per share attributable to owners of the Company	15		
– Basic		0.7	1.4
– Diluted		0.7	1.4

Consolidated Statement of Financial Position

At 30th June, 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment	16	712	762
Intangible asset	17	10,507	–
Loans receivable	19	507,640	200,000
		518,859	200,762
Current assets			
Loans receivable	19	1,094,269	100,000
Trade and other receivables	20	704,736	11,321
Investments held for trading	21	2,534	29,827
Bank balances and cash	22	687,883	97,939
		2,489,422	239,087
Current liabilities			
Other payables, accruals and deposits received		3,381	2,363
Provision for taxation		41,362	36,551
		44,743	38,914
Net current assets		2,444,679	200,173
Total assets less current liabilities		2,963,538	400,935
Non-current liabilities			
Convertible notes	23	448,485	–
Deferred tax liabilities	24	2,627	–
		451,112	–
NET ASSETS		2,512,426	400,935
Capital and reserves attributable to owners of the Company			
Share capital	25	600,676	144,221
Reserves		1,911,750	256,714
TOTAL EQUITY		2,512,426	400,935

On behalf of the Board

Sonny Wu
DIRECTOR

Lu Sheng
DIRECTOR

Statement of Financial Position

At 30th June, 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment	16	712	762
Investments in subsidiaries	18	8,000	–
		8,712	762
Current assets			
Amounts due from subsidiaries	18	2,690,573	309,876
Trade and other receivables	20	5,416	13
Bank balances and cash	22	225,997	83,100
		2,921,986	392,989
Current liabilities			
Other payables, accruals and deposits received		1,472	900
Provision for taxation		29,294	29,294
		30,766	30,194
Net current assets		2,891,220	362,795
Total assets less current liabilities		2,899,932	363,557
Non-current liabilities			
Convertible notes	23	448,485	–
NET ASSETS		2,451,447	363,557
Capital and reserves attributable to owners of the Company			
Share capital	25	600,676	144,221
Reserves	26	1,850,771	219,336
TOTAL EQUITY		2,451,447	363,557

On behalf of the Board

Sonny Wu
DIRECTOR

Lu Sheng
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30th June, 2015

	Share capital	Share premium ^(a)	Contribution surplus ^(a)	Special reserve ^(b)	Other reserves ^(c)	Translation reserves ^(d)	Share - based compensation reserve ^(e)	Convertible notes reserve	Retained profits/ (accumulated losses)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st July, 2013	144,221	24,916	170,789	847	39,387	(5)	16,992	-	(22,916)	374,231
Transactions with owners										
- Equity settled share-based payments	-	-	-	-	-	-	6,780	-	-	6,780
- Lapse of share options	-	-	-	-	-	-	(453)	-	453	-
	-	-	-	-	-	-	6,327	-	453	6,780
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	-	19,924	19,924
At 30th June, 2014	144,221	24,916	170,789	847	39,387	(5)	23,319	-	(2,539)	400,935
Transactions with owners										
- Issue of shares by placement, net of issue costs of HK\$9,878,000 deducted from share premium (Note 25)	150,000	498,622	-	-	-	-	-	-	-	648,622
- Recognition of equity component of convertible notes (Note 23)	-	-	-	-	-	-	-	249,776	-	249,776
- Issue of shares upon conversion of convertible notes (Notes 23 and 25)	300,207	1,000,425	-	-	-	-	-	(178,534)	-	1,122,098
- Equity settled share-based payments (Note 27)	-	-	-	-	-	-	850	-	-	850
- Issue of shares upon exercise of share options (Note 25)	6,248	59,916	-	-	-	-	(24,169)	-	-	41,995
	456,455	1,558,963	-	-	-	-	(23,319)	71,242	-	2,063,341
Profit for the year	-	-	-	-	-	-	-	-	13,167	13,167
Other comprehensive income for the year	-	-	-	-	-	34,983	-	-	-	34,983
Total comprehensive income for the year	-	-	-	-	-	34,983	-	-	13,167	48,150
At 30th June, 2015	600,676	1,583,879	170,789	847	39,387	34,978	-	71,242	10,628	2,512,426

Consolidated Statement of Changes in Equity

For the year ended 30th June, 2015

- (a) The application of the share premium account and contributed surplus are governed by the Bermuda Companies Act.
- (b) The special reserve of the Group represents the differences between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to a group reorganisation in December 1997, over the nominal value of the Company's shares issued in exchange.
- (c) Other reserves of the Group of HK\$39,387,000 as at 30th June, 2014 and 2015 represent the aggregate of the credit arising from the reduction of nominal value of the Company's share capital in March 1999 and March 2001 less the amount utilised for a bonus issue of shares in September 2000.
- (d) The translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3.
- (e) The share-based compensation reserve represents the fair value of the share options granted by the Company which were yet to be exercised, and recognised in accordance with the accounting policy adopted for share-based payments in Note 3.

Consolidated Statement of Cash Flows

For the year ended 30th June, 2015

	Notes	2015 HK\$'000	2014 HK\$'000
OPERATING ACTIVITIES			
Profit before taxation		21,470	25,618
Adjustments for:			
Bank interest income	9	(2,259)	(2,370)
Interest expenses	10	4,216	–
Share-based payments	27	850	6,780
Depreciation of property, plant and equipment	16	128	178
Amortisation of intangible asset	17	133	–
Operating cash flows before movements in working capital		24,538	30,206
Increase in loans receivable		(1,281,184)	(200,000)
Increase in trade and other receivables		(682,932)	(6,789)
Decrease in investments held for trading		27,293	2,075
Increase/(decrease) in other payables, accruals and deposits received		1,018	(566)
Cash used in operations		(1,911,267)	(175,074)
Income taxes paid		(3,535)	(439)
NET CASH USED IN OPERATING ACTIVITIES		(1,914,802)	(175,513)
INVESTING ACTIVITIES			
Interest received on bank balances		2,259	2,370
Purchase of property, plant and equipment	16	(78)	(17)
Acquisition of subsidiaries, net of cash acquired	28	(7,980)	–
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(5,799)	2,353
FINANCING ACTIVITIES			
Net proceeds from issue of shares through exercise of share options		41,995	–
Net proceeds from issue of ordinary shares		648,622	–
Net proceeds from issue of convertible notes, net of issue costs	23	1,816,143	–
NET CASH FROM FINANCING ACTIVITIES		2,506,760	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		586,159	(173,160)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		3,785	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		97,939	271,099
CASH AND CASH EQUIVALENTS AT END OF THE YEAR represented by bank balances and cash		687,883	97,939

Notes to the Financial Statements

For the year ended 30th June, 2015

1. GENERAL

Good Resources Holdings Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company is located at Room 3310-11, 33rd Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are provision of investment and financial services. The principal activities of its subsidiaries are set out in Note 33.

Following the completion of issue of new shares to Tiancheng International Holdings Investment Limited (“Tiancheng”) by placement on 19th May, 2015 as mentioned in Note 25 and conversion of part of the convertible notes issued to Tiancheng during the year ended 30th June, 2015 as mentioned in Note 23 pursuant to a subscription agreement dated 9th January, 2015, as supplemented by a supplemental deed dated 29th January, 2015, for subscription of the aforementioned new shares and convertible notes (the “Subscription Agreement”) entered into between the Company and Tiancheng, details of which are set out in the Company’s circular dated 12th March, 2015, the directors of the Company consider Tiancheng to be the parent and ultimate holding company of the Company which is a limited liability company incorporated in the British Virgin Islands and wholly-owned by Mr. Cheng Kin Ming.

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

(a) Adoption of new/revised HKFRSs – effective 1st July, 2014

Amendments to HKFRS 10, HKFRS 12 and HKFRS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
HKFRSs (Amendments)	Annual Improvement 2011-2013 Cycle
HKFRSs (Amendments)	Annual Improvement 2010-2012 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

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

Notes to the Financial Statements

For the year ended 30th June, 2015

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

(b) Potential impact arising on HKFRSs not yet effective

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

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle ¹
Amendments to HKAS 1	Amendments to HKAS 1 ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKAS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosure ³
HKFRS 9 (2014)	Financial Instruments ³

¹ Effective for annual periods beginning on or after 1st January, 2016

² Effective for annual periods beginning on or after 1st January, 2017

³ Effective for annual periods beginning on or after 1st January, 2018

HKFRS 15 – Revenue from Contracts with Customers

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

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

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

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

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

Notes to the Financial Statements

For the year ended 30th June, 2015

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

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

HKFRS 9 (2014) – Financial Instruments

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of measurement

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

Notes to the Financial Statements

For the year ended 30th June, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional and presentation currency

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

Business combination and basis of consolidation

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

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

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

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

Subsidiaries

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

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

Notes to the Financial Statements

For the year ended 30th June, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

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

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

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

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

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

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

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

Intangible assets

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

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

Operating lease	Over the unexpired term of the lease
-----------------	--------------------------------------

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

Notes to the Financial Statements

For the year ended 30th June, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

Financial assets

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

Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss where the financial asset is either held for trading or it is designated as at fair value through profit or loss. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments

Loans and receivables

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

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

Notes to the Financial Statements

For the year ended 30th June, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets

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

Objective evidence of impairment could include:

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

For Loans and receivables

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

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

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

Notes to the Financial Statements

For the year ended 30th June, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments issued by the Group

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

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

Financial liabilities

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

Equity instruments

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

Convertible notes

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

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

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

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

Notes to the Financial Statements

For the year ended 30th June, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

Effective interest method

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

Derecognition of financial assets and liabilities

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

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

Impairment of non-financial assets

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

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

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

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

Notes to the Financial Statements

For the year ended 30th June, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

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

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

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

Income taxes

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30th June, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

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

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

The Group as lessor

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

The Group as lessee

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

Foreign currencies

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

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

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

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

Notes to the Financial Statements

For the year ended 30th June, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

(i) Short term benefits

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

(ii) Pension obligations

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

Provision and contingent liabilities

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

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

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

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

Notes to the Financial Statements

For the year ended 30th June, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

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

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

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

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

Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.

Notes to the Financial Statements

For the year ended 30th June, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

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

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Notes to the Financial Statements

For the year ended 30th June, 2015

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

Impairment of trade and other receivables and loans receivable

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

Provision for taxes

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

5. CAPITAL RISK MANAGEMENT

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

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

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

During the year ended 30th June, 2015, the Group's strategy, which was unchanged from 2014, was to maintain a zero or minimal gearing ratio.

Notes to the Financial Statements

For the year ended 30th June, 2015

5. CAPITAL RISK MANAGEMENT (continued)

The gearing ratio as at 30th June, 2014 and 2015 were as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Total borrowings	448,485	–
Less: Bank balances and cash	(687,883)	(97,939)
Net debt	(239,398)	(97,939)
Total capital	2,512,426	400,935
Gearing ratio	N/A	N/A

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The Group's major financial instruments include trade and other receivables, loans receivable, investments held for trading, bank balances and cash and other payables, accruals and deposits received. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

In order to minimise credit risk, the Group's management has delegated to a team the responsibility for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group's management reviews the recoverable amount of each individual debt, including loans receivable, loans receivables under sale and leaseback arrangements, trade and other receivables, regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. For loans receivable, the Group holds collaterals from the borrowers and obtains guarantees from the borrowers' shareholders and/or subsidiaries as set out in Note 19. For loans receivable under sale and leaseback arrangements, the Group holds collaterals from the borrowers/lessees. In this regard, management considers that the Group's credit risk is significantly reduced. As at 30th June, 2015, loans receivable and loans receivable under sale and leaseback arrangements are principally due from five (2014: two) customers or counterparties and the trade and other receivables are also due from the other three (2014: two) counterparties. The Group therefore has significant concentration of credit risk to a limited number of counterparties.

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

Notes to the Financial Statements

For the year ended 30th June, 2015

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (continued)

Equity price risk

The Group's investments held for trading are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity price risk. The directors manage this exposure by maintaining a portfolio of investments held for trading with different risk profiles. At 30th June, 2015, if the quoted market price of the Group's listed securities had been 10% higher/lower, profit for the year would have been approximately HK\$253,000 higher/lower (2014: HK\$2,983,000 higher/lower).

Interest rate risk

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

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

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

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. The Group maintains its financial position with adequate cash and cash equivalents of HK\$687,883,000 (2014: HK\$97,939,000) at 30th June, 2015.

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

Notes to the Financial Statements

For the year ended 30th June, 2015

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (continued)

Liquidity risk (continued)

The contractual maturities of financial liabilities are shown as below:

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	Between 2 and 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2015					
Group					
Other payables, accruals and deposit received	3,381	3,381	3,381	-	-
Convertible notes	448,485	525,895	-	-	525,895
	<u>451,866</u>	<u>529,276</u>	<u>3,381</u>	<u>-</u>	<u>525,895</u>
Company					
Other payables, accruals and deposit received	1,472	1,472	1,472	-	-
Convertible notes	448,485	525,895	-	-	525,895
	<u>449,957</u>	<u>527,367</u>	<u>1,472</u>	<u>-</u>	<u>525,895</u>
2014					
Group					
Other payables, accruals and deposit received	2,363	2,363	2,363	-	-
Company					
Other payables, accruals and deposit received	900	900	900	-	-

Notes to the Financial Statements

For the year ended 30th June, 2015

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (continued)

Foreign currency risk

The Group primarily operates in Hong Kong and PRC, and most of its transactions are denominated and settled in Hong Kong dollars and Renminbi. The Group's revenue are denominated mainly in the functional currency of the respective group entities making the transactions, with the related costs mainly denominated in the same currency. Accordingly, there is no significant exposure to foreign currency risk except that the group entities operating in Hong Kong has bank deposits of approximately HK\$100,402,000 (2014: HK\$60,924,000) denominated in Renminbi included in bank balances and cash as at 30th June, 2015. Had the exchange rate of Renminbi against Hong Kong dollar increased/decreased by 5%, the profit for the year ended 30th June 2015 and equity as at 30th June, 2015 would increase/decrease by approximately HK\$5,020,000 (2014: HK\$3,046,000). The above analysis is prepared based on the reasonably possible changes in an exchange rate to which the Group has significant exposure at the end of each reporting period.

7. TURNOVER

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

	2015 HK\$'000	2014 HK\$'000
Loan interest income	51,138	39,657
Dividend income from investments held for trading	52	1,075
	51,190	40,732

8. SEGMENT REPORTING

Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

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

Since completion of issue of the Company's convertible notes and new shares pursuant to the Subscription Agreement in May 2015, the directors have decided to cease the business of distribution and trading. Thereafter, the directors have determined that the Group has only one single reportable segment as the Group is only engaged in provision of investment and financial services which include trading of securities, investment holding, provision of financial services and finance lease services. The directors allocate resources and assess performance on an aggregated basis.

Notes to the Financial Statements

For the year ended 30th June, 2015

8. SEGMENT REPORTING (continued)

Reportable segments (continued)

At 30th June, 2014, the Group had two reportable segments. The segments were managed separately as each business offered different products and services and required different business strategies. The following summary described the operations in each of the Group's reportable segments:

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

The distribution and trading segment has not been reclassified as discontinued operation as there was no revenue, profit or loss arising from this segment during the two years ended 30th June, 2014 and 2015, and assets and liabilities attributable to this segment are insignificant.

Segment information about these reportable segments is presented below:

For the year ended 30th June, 2015	Investment and financial services HK\$'000	Consolidated HK\$'000
Turnover – external	51,190	51,190
Segment results	43,594	43,594
Unallocated corporate income		6,226
Unallocated corporate losses		(3,141)
Unallocated corporate expenses		(20,993)
Finance costs		(4,216)
Profit before taxation		21,470
Taxation		(8,303)
Profit for the year		13,167

Notes to the Financial Statements

For the year ended 30th June, 2015

8. SEGMENT REPORTING (continued)

Reportable segments (continued)

At 30th June, 2015	Investment and financial services HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
ASSETS			
Intangible asset	10,507	–	10,507
Loans receivable	1,601,909	–	1,601,909
Other assets	698,423	7,025	705,448
Investments held for trading	2,534	–	2,534
Bank balances and cash	422,886	264,997	687,883
Consolidated total assets	<u>2,736,259</u>	<u>272,022</u>	<u>3,008,281</u>
LIABILITIES			
Other payables, accruals and deposits received	–	3,381	3,381
Provision for taxation	–	41,362	41,362
Convertible notes	–	448,485	448,485
Deferred tax liabilities	–	2,627	2,627
Consolidated total liabilities	<u>–</u>	<u>495,855</u>	<u>495,855</u>

Notes to the Financial Statements

For the year ended 30th June, 2015

8. SEGMENT REPORTING (continued)

Reportable segments (continued)

Other information For the year ended 30th June, 2015	Investment and financial services HK\$'000	Distribution and trading HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation of property, plant and equipment	-	-	(128)	(128)
Amortisation of intangible asset	(133)	-	-	(133)
Net realised and unrealised losses on investments held for trading	(4,087)	-	-	(4,087)

Segment information about these reportable segments is presented below:

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

Notes to the Financial Statements

For the year ended 30th June, 2015

8. SEGMENT REPORTING (continued)

Reportable segments (continued)

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

Notes to the Financial Statements

For the year ended 30th June, 2015

8. SEGMENT REPORTING (continued)

Geographical information

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

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

	2015 HK\$'000	2014 HK\$'000
Revenue from external customers		
Hong Kong	41,686	40,732
The PRC	9,504	–
	<u>51,190</u>	<u>40,732</u>

	2015 HK\$'000	2014 HK\$'000
Non-current assets (other than financial instruments)		
Hong Kong	712	762
The PRC	10,507	–
	<u>11,219</u>	<u>762</u>

Information about major customers

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

	2015 HK\$'000	2014 HK\$'000
Customer A	23,342	21,657
Customer B	18,000	18,000
Customer C	7,161	–
	<u>48,503</u>	<u>39,657</u>

Notes to the Financial Statements

For the year ended 30th June, 2015

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

	2015 HK\$'000	2014 HK\$'000
Other revenue		
Rental and management fee income from sub-lease of office premises	3,720	3,591
Bank interest income	2,259	2,370
Others	247	–
	<u>6,226</u>	<u>5,961</u>
Other net (losses)/gains		
Net realised losses on sales of investments held for trading*	(4,395)	(905)
Net changes in fair value of investments held for trading	308	2,097
	<u>(4,087)</u>	<u>1,192</u>
Net realised and unrealised (losses)/gains on investments held for trading	(3,141)	1,162
	<u>(7,228)</u>	<u>2,354</u>
Other revenue and other net (losses)/gains	<u>(1,002)</u>	<u>8,315</u>

* Net realised losses derived from sales of investments held for trading with proceeds of HK\$57,117,130 (2014: HK\$12,447,400) net of transaction costs.

10. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest on convertible notes	4,216	–

Notes to the Financial Statements

For the year ended 30th June, 2015

11. PROFIT BEFORE TAXATION

	2015 HK\$'000	2014 HK\$'000
Profit before taxation has been arrived at after charging/(crediting):		
Directors' emoluments (Note 12)	4,763	6,431
Staff costs (excluding directors' emoluments):		
Salaries and allowances	2,508	2,018
Share-based payments	–	930
Retirement benefits scheme contributions	76	56
Total staff costs	7,347	9,435
Share-based payments (Note 27) *	850	6,780
Auditor's remuneration		
Current year	700	450
Over-provision in prior year	–	(30)
Depreciation of property, plant and equipment (Note 16)	128	178
Amortisation of intangible asset (Note 17)	133	–
Consultancy fees	2,161	4,973
Legal and professional fees	2,286	968

* Share-based payments of HK\$850,000 for the year ended 30th June, 2015 is made to a third party and included in consultancy fees. Share-based payments of HK\$6,780,000 for the year ended 30th June, 2014 comprised share-based payments to directors, employees and other third parties, of which HK\$1,976,000, HK\$930,000 and HK\$3,874,000 were included in directors' emoluments, staff costs (excluding directors' emoluments) and consultancy fees respectively.

Notes to the Financial Statements

For the year ended 30th June, 2015

12. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

The emoluments paid or payable to each of the twelve (2014: five) directors were as follows:

For the year ended 30th June, 2015	Fees HK\$'000	Basic	Retirement	Share- based payments HK\$'000	Total HK\$'000
		salaries and allowances HK\$'000	benefits scheme contributions HK\$'000		
Mr. Ng Leung Ho	-	4,080	18	-	4,098
Mr. Lo Wan Sing, Vincent	-	360	-	-	360
Mr. Chau On Ta Yuen	60	-	-	-	60
Mr. Law Wai Fai #	60	-	-	-	60
Ms. Xu Lei #	60	-	-	-	60
Mr. Liu Hai *	-	125	-	-	125
Mr. Sonny Wu*	-	-	-	-	-
Mr. Lu Sheng*	-	-	-	-	-
Mr. Chen Chuanjin*	-	-	-	-	-
Ambassador Ford Fraker*	-	-	-	-	-
Mr. Francisco Sanchez*	-	-	-	-	-
Ms. Kwan Shan*	-	-	-	-	-
	180	4,565	18	-	4,763

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

Mr. Law Wai Fai and Ms. Xu Lei resigned on 29 June 2015.

* The directors were appointed on 29 June 2015.

During the years ended 30th June, 2014 and 2015, no emoluments were paid by the Group to the directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors had waived any emoluments during the current or prior year.

Notes to the Financial Statements

For the year ended 30th June, 2015

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

Highest paid individuals

Of the five highest paid individuals in the Group, two (2014: four) are directors of the Company whose emoluments are set out above. The emoluments of the remaining three (2014: one) individuals are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Basic salaries and allowances	1,661	1,170
Retirement benefits scheme contributions	41	15
Share-based payments	–	736
	<u>1,702</u>	<u>1,921</u>

The emoluments were within the following bands:

	2015 <i>Number of individuals</i>	2014 <i>Number of individuals</i>
Below HK\$1,000,001	2	–
HK\$1,000,001 to HK\$1,500,000	1	–
HK\$1,500,001 to HK\$2,000,000	–	1
	<u>3</u>	<u>1</u>

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

	2015 <i>Number of individuals</i>	2014 <i>Number of individuals</i>
HK\$1,000,001 to HK\$1,500,000	1	–
HK\$1,500,001 to HK\$2,000,000	–	1
	<u>1</u>	<u>1</u>

Notes to the Financial Statements

For the year ended 30th June, 2015

13. TAXATION

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

	2015 HK\$'000	2014 HK\$'000
Current tax		
Hong Kong Profits Tax for the year	5,934	5,701
(Over)/under provision in respect of prior years	(9)	3
Tax reduction in respect of prior years	(20)	(10)
	<u>5,905</u>	<u>5,694</u>
PRC Income Tax for the year	2,431	–
	<u>8,336</u>	<u>5,694</u>
Deferred tax		
– Current year (Note 24)	(33)	–
Income tax expense	<u><u>8,303</u></u>	<u><u>5,694</u></u>

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

	2015 HK\$'000	2014 HK\$'000
Profit before taxation	<u><u>21,470</u></u>	<u><u>25,618</u></u>
Tax charge calculated at Hong Kong Profits Tax rate of 16.5% (2014: 16.5%)	3,543	4,227
Effect of different tax rate in foreign jurisdictions	815	–
Tax effect of expenses not deductible for tax purpose	9,298	3,289
Tax effect of income not taxable for tax purpose	(6,578)	(2,178)
Tax effect of estimated tax losses not recognised	1,253	350
(Over)/under provision in respect of prior years	(9)	3
Tax reduction in respect of prior years	(20)	(10)
Tax effect of other temporary differences not recognised	1	13
Income tax expense for the year	<u><u>8,303</u></u>	<u><u>5,694</u></u>

Notes to the Financial Statements

For the year ended 30th June, 2015

14. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company for the year ended 30th June, 2015 dealt with in the financial statements of the Company was approximately HK\$13,188,000 (2014: HK\$7,887,000).

15. EARNINGS PER SHARE

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit		
Profit for the purpose of basic and diluted earnings per share	<u>13,167</u>	<u>19,924</u>
	2015 <i>'000</i>	2014 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,806,102	1,442,214
Effect of dilutive potential ordinary shares: – share options	<u>5,278</u>	<u>116</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>1,811,380</u>	<u>1,442,330</u>
	2015 <i>HK Cents</i>	2014 <i>HK Cents</i>
Earnings per share		
– Basic	<u>0.7</u>	<u>1.4</u>
– Diluted	<u>0.7</u>	<u>1.4</u>

The computation of diluted earnings per share for the year ended 30th June, 2015 does not assume conversion of the Company's convertible notes as they have an anti-dilutive effect on the earnings per share calculation.

Notes to the Financial Statements

For the year ended 30th June, 2015

16. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicle <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST				
At 1st July, 2013	1,185	445	771	2,401
Addition	–	17	–	17
At 30th June, 2014	1,185	462	771	2,418
Addition	–	78	–	78
At 30th June, 2015	1,185	540	771	2,496
ACCUMULATED DEPRECIATION				
At 1st July, 2013	1,051	421	6	1,478
Provided for the year	83	18	77	178
At 30th June, 2014	1,134	439	83	1,656
Provided for the year	33	17	78	128
At 30th June, 2015	1,167	456	161	1,784
CARRYING AMOUNT				
At 30th June, 2015	18	84	610	712
At 30th June, 2014	51	23	688	762

Notes to the Financial Statements

For the year ended 30th June, 2015

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicle <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST				
At 1st July, 2013	1,185	271	771	2,227
Addition	–	17	–	17
At 30th June, 2014	1,185	288	771	2,244
Addition	–	78	–	78
At 30th June, 2015	1,185	366	771	2,322
ACCUMULATED DEPRECIATION				
At 1st July, 2013	1,051	247	6	1,304
Provided for the year	83	18	77	178
At 30th June, 2014	1,134	265	83	1,482
Provided for the year	33	17	78	128
At 30th June, 2015	1,167	282	161	1,610
CARRYING AMOUNT				
At 30th June, 2015	18	84	610	712
At 30th June, 2014	51	23	688	762

Notes to the Financial Statements

For the year ended 30th June, 2015

17. INTANGIBLE ASSET

Group

	Operating lease	
	2015	2014
	HK\$'000	HK\$'000
COST		
Acquisition of subsidiaries during the year (Note 28)	10,640	–
Amortisation:		
Provided for the year	133	–
Carrying amount:		
At 30th June	<u>10,507</u>	<u>–</u>

The intangible asset represents a rent-free lease agreement of the subsidiaries acquired in a business combination. The unexpired lease term of the lease agreement is about 9.5 years as at 30th June, 2015.

18. INTERESTS IN SUBSIDIARIES

Company

	2015	2014
	HK\$'000	HK\$'000
Unlisted shares, at cost	8,000	–
Amounts due from subsidiaries net of impairment loss	2,690,573	309,876
	<u>2,698,573</u>	<u>309,876</u>

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

	2015	2014
	HK\$'000	HK\$'000
Balance at beginning of the year	91,615	100,208
Written back	(5,931)	(8,593)
Balance at end of the year	<u>85,684</u>	<u>91,615</u>

Notes to the Financial Statements

For the year ended 30th June, 2015

18. INTERESTS IN SUBSIDIARIES (continued)

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

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

Particulars of the Company's subsidiaries are disclosed in Note 33.

19. LOANS RECEIVABLE

	Group	
	2015	2014
	HK\$'000	HK\$'000
Loans receivable (Notes i, ii and iii)	221,736	300,000
Loans receivable under sale and leaseback agreements (Note iv)	1,380,173	–
	1,601,909	300,000

Note:

- (i) On 23rd December, 2011, Golden Wayford Limited, a wholly owned subsidiary of the Group, entered into a loan agreement with an independent third party and agreed to grant a three years term loan with principal amount of HK\$100,000,000 at fixed interest rate of 18% per annum effective on 1st February, 2012. The loan was repaid during the year.
- (ii) On 21st August, 2013, Golden Wayford Limited entered into another loan agreement with an independent third party and agreed to grant a three years term loan with principal amount of HK\$200,000,000 at fixed interest rate of 15% per annum effective on 11th October, 2013. The repayment of the loan principal would be at maturity and interest was repayable semi-annually. The loan was secured by (a) share mortgages on all of the shareholders of the borrower; and (b) individual and corporate guarantees issued by all of the shareholders of the borrower. Subsequent to 30th June, 2015, the loan was early repaid by the borrower.
- (iii) In April, 2015, Golden Wayford Limited entered into another loan agreement with an independent third party and agreed to grant an eight months term loan with principal amount of US\$2,800,000 (equivalent to HK\$21,736,000) at fixed interest rate of 8% per annum effective on 1st May, 2015. The repayment of the loan principal and interest will be at maturity. The loan is secured by a share mortgage on 2,000,000 issued ordinary shares of Golden 11 Investment International Pte. Ltd., an independent third party of the Group, held by the borrower.
- (iv) These are loans receivable under sale and leaseback arrangements which in substance do not involve a lease and represent loans made to borrowers/lessees secured on the underlying assets.

Notes to the Financial Statements

For the year ended 30th June, 2015

19. LOANS RECEIVABLE (continued)

In June 2015, 上海永盛融資租賃有限公司, a wholly owned subsidiary of the Group, entered into three sale and leaseback agreements with three independent third parties and agreed to grant loans with the loan periods from six months to two years, with an aggregate principal amount of RMB1,080,000,000 (equivalent to HK\$1,370,628,000) as at 30th June, 2015 at the effective interest rates ranging from 10% to 15% per annum. The loan principals and interests are repayable in two installments during the loan terms. The loans are secured by the underlying assets held by the borrowers.

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

	Group	
	2015 HK\$'000	2014 HK\$'000
Current	1,094,269	100,000
Non-current	507,640	200,000
	1,601,909	300,000

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

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Trade receivables	292	9,659	–	–
Other receivables (Note)	634,603	769	–	–
Deposits and prepayments (Note)	69,841	893	5,416	13
	704,736	11,321	5,416	13

Note:

In June 2015, the Group paid RMB550 million to a potential investee, of which RMB50 million (HK\$63,455,000) was included in deposits and prepayments as at 30th June, 2015 and represents payment for a convertible debt which was subsequently granted to the potential investee by the Group on 2nd July, 2015. The balance of RMB500 million (HK\$634,550,000) was included in other receivables as at 30th June, 2015 and represents a temporary and refundable deposit for a six-month period. The Group is currently performing further assessment on the potential investee as to whether or not to utilise the temporary deposit as additional investment in the investee. As at 30th June, 2015, the directors were not aware of any objective evidence on impairment on these deposits and therefore no recognition of impairment loss is considered necessary.

Notes to the Financial Statements

For the year ended 30th June, 2015

20. TRADE AND OTHER RECEIVABLES (continued)

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

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Current	<u>292</u>	<u>9,659</u>	<u>-</u>	<u>-</u>

At 30th June, 2015, all of the Group's trade receivables were neither past due nor impaired. Based on past experience, management believes that no allowance for doubtful debt is necessary in respect of this balance as there have not been a significant change in credit quality and the balance is still considered fully recoverable.

21. INVESTMENTS HELD FOR TRADING

The amounts at 30th June, 2014 and 2015 represented investments in equity securities listed in Hong Kong which were stated at market value based on bid price at the reporting date.

22. BANK BALANCES AND CASH

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

23. CONVERTIBLE NOTES

On 19th May, 2015, the Company completed the issuance of convertible notes with aggregate principal amount of HK\$1,843,800,000 by placement to Tiancheng pursuant to the Subscription Agreement as mentioned in Note 1, for the purposes of raising general working capital and other investments to be identified. The convertible notes carry a zero coupon interest rate.

The convertible notes entitle the holder to convert into a total of 4,200,000,000 ordinary shares of HK\$0.1 each of the Company at an initial conversion price of HK\$0.439 per conversion share (subject to adjustments in accordance with the terms of the convertible notes) at any time during the period commencing from the date of issuance of the convertible notes, up to the maturity date which is the date falling five years after the issuing date.

The Company shall redeem any convertible notes then outstanding at a value equal to the aggregate principal amount then outstanding with accrued interest, if any, on the maturity date. There is no early redemption right for the convertible notes.

The Company determined the fair value of the liability component based on the valuation performed by an independent valuer using discounted cash flow approach. The effective interest rate is 3%. The residual amount was assigned as the equity component for the conversion option and was included in the convertible notes reserve of the Company and the Group.

Notes to the Financial Statements

For the year ended 30th June, 2015

23. CONVERTIBLE NOTES (continued)

The movements of liability and equity components of the convertible notes during the year were set out below.

Group and Company	Liability component <i>HK\$'000</i>	Equity component <i>HK\$'000</i>	Total <i>HK\$'000</i>
Fair value of the convertible notes upon issuance on 19th May, 2015	1,590,220	253,580	1,843,800
Issue costs	(23,853)	(3,804)	(27,657)
Imputed interest expenses (Note 10)	4,216	–	4,216
Conversion into ordinary shares of the Company	(1,122,098)	(178,534)	(1,300,632)
At 30th June, 2015	448,485	71,242	519,727

During the year ended 30th June, 2015, the holder converted the convertible notes in an aggregate principal amount of HK\$1,317,905,000 at a conversion price of HK\$0.439 per share, which resulted in the issuance of 3,002,061,503 new ordinary shares of the Company.

As at 30th June, 2015, total principal amount of the outstanding convertible notes of HK\$525,895,000 can be convertible into 1,197,938,497 ordinary shares of the Company at the conversion price of HK\$0.439 per share.

24. DEFERRED TAX LIABILITIES

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

	Group Fair value adjustment <i>HK\$'000</i>
Arising from acquisition of subsidiaries during the year (Note 28)	2,660
Credited to profit or loss during the year (Note 13)	(33)
At 30th June, 2015	2,627

At 30th June, 2015, the Group had estimated unutilised tax losses of approximately HK\$127,643,000 (2014: HK\$120,524,000) available for offsetting against future assessable profits arising in Hong Kong. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unutilised tax losses may be carried forward indefinitely.

Notes to the Financial Statements

For the year ended 30th June, 2015

25. SHARE CAPITAL

	Company	
	2015	2014
	HK\$'000	HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
30,000,000,000 ordinary shares	3,000,000	3,000,000
Issued and fully paid:		
1,442,214,000 ordinary shares at beginning of year	144,221	144,221
Issue of 1,500,000,000 ordinary shares by placement (Note)	150,000	–
Conversion of convertible notes into 3,002,062,000 ordinary shares (Note 23)	300,207	–
Issue of 62,480,000 ordinary shares upon exercise of share options	6,248	–
6,006,756,000 (2014: 1,442,214,000) ordinary shares at end of year	600,676	144,221

Note:

On 19th May, 2015, 1,500,000,000 ordinary shares were issued to Tiancheng at an issue price of HK\$0.439 each pursuant to the Subscription Agreement for the purpose of development of the Group by way of acquisitions and leveraging on new investment opportunities and/or expansion of current business and increasing general working capital.

Notes to the Financial Statements

For the year ended 30th June, 2015

26. RESERVES

Company	Share	Contributed	Other	Share-based	Convertible	Accumulated	Total
	premium	surplus	reserve	compensation	notes	losses	
	HK\$'000	HK\$'000	HK\$'000	reserve	reserve	reserve	HK\$'000
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st July, 2013	24,916	232,738	39,387	16,992	-	(102,183)	211,850
Transactions with owners							
- Equity settled share-based payments	-	-	-	6,780	-	-	6,780
- Lapse of share options	-	-	-	(453)	-	453	-
	-	-	-	6,327	-	453	6,780
Profit and total comprehensive income for the year	-	-	-	-	-	706	706
At 30th June, 2014	24,916	232,738	39,387	23,319	-	(101,024)	219,336
Transactions with owners							
- Issue of shares by placement, net of issue costs of HK\$9,878,000 deducted from share premium (Note 25)	498,622	-	-	-	-	-	498,622
- Recognition of equity component of convertible notes (Note 23)	-	-	-	-	249,776	-	249,776
- Issue of shares upon conversion of convertible notes (Note 23)	1,000,425	-	-	-	(178,534)	-	821,891
- Equity settled share-based payments (Note 27)	-	-	-	850	-	-	850
- Issue of shares upon exercise of share options (Note 25)	59,916	-	-	(24,169)	-	-	35,747
	1,558,963	-	-	(23,319)	71,242	-	1,606,886
Profit and total comprehensive income for the year	-	-	-	-	-	24,549	24,549
At 30th June, 2015	1,583,879	232,738	39,387	-	71,242	(76,475)	1,850,771

No dividend was paid or proposed during the year, nor has any dividend been proposed since 30th June, 2014 and 2015.

Notes to the Financial Statements

For the year ended 30th June, 2015

27. SHARE-BASED COMPENSATIONS

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30th June, 2015

27. SHARE-BASED COMPENSATIONS (continued)

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

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

During the year ended 30th June, 2015, all share options were exercised and no share options were outstanding as at 30th June, 2015.

Notes to the Financial Statements

For the year ended 30th June, 2015

27. SHARE-BASED COMPENSATIONS (continued)

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

	2015		2014	
	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$	Number of options
Outstanding at beginning of year	0.69	59,480,000	1.14	25,080,000
Granted during the year	0.52	3,000,000	0.36	35,000,000
Exercised during the year	0.67	(62,480,000)	-	-
Lapsed during the year	-	-	0.37	(600,000)
Outstanding at end of year	-	-	0.69	59,480,000
Exercisable at end of year	-	-	0.69	59,480,000

The weighted average share price at the dates of exercises of the share options during the year ended 30th June, 2015 was HK\$2.30.

The weighted average remaining contractual life of the share options as at 30th June, 2014 was 7.41 years.

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

On 10th November, 2014, a total of 3,000,000 share options were granted to an eligible person of the Group at a cash consideration of HK\$1 which entitled the eligible person to subscribe for new ordinary shares of the Company at an exercise price of HK\$0.522 per share. The share options were exercisable from 10th November, 2014 to 9th November, 2024. The Group recognised total share-based payments of HK\$850,000 during the year ended 30th June, 2015 (Note 11).

Notes to the Financial Statements

For the year ended 30th June, 2015

27. SHARE-BASED COMPENSATIONS (continued)

The fair value of equity-settled share options granted during the year amounting to HK\$850,000 was estimated as at the date of grant, using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The significant assumptions and inputs used in the estimation of the fair value are as follows:

Share price at date of grant	HK\$0.52
Annualised volatility	65%
Risk-free interest rate	1.22%
Dividend yield	0%
Expected life of share option	5 years
Fair value at date of grant	HK\$0.285
Exercise price	HK\$0.522

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

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

28. BUSINESS ACQUISITION DURING THE YEAR

On 15th May, 2015, the Group entered into a share purchase agreement with Mr. Cheng Kin Ming, the shareholder of Vincent International Holdings Limited ("Vincent International"), to acquire a 100% equity interest in Vincent International at a cash consideration of HK\$8,000,000. The acquisition was completed and the Group took effective control of Vincent International and its subsidiary ("Vincent International Group") on 18th May, 2015. The acquisition of Vincent International Group met the definition of a business combination and the results of operations of the acquired business have been included in the Company's consolidated financial statements since 18th May, 2015. As a result of the acquisition, the Group is able to expand its financial leasing and commercial factoring business in the PRC.

The fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition were as follows:

	<i>HK\$'000</i>
Bank balances and cash	20
Intangible asset (Note 17)	10,640
Deferred tax liabilities (Note 24)	(2,660)
	<hr/>
The fair value of identifiable assets and liabilities	<u>8,000</u>

Notes to the Financial Statements

For the year ended 30th June, 2015

28. BUSINESS ACQUISITION DURING THE YEAR (continued)

Cash outflow arising from acquisition of subsidiaries:

	<i>HK\$'000</i>
Cash consideration as stated in the above	8,000
Bank balances and cash acquired	(20)
	<u>7,980</u>

Since the acquisition date, Vincent International Group has contributed HK\$9,504,000 and HK\$4,448,000 to the Group's revenue and profit after tax respectively. If the acquisition had occurred on 1st July, 2014, the Group's revenue and profit after tax would have been HK\$51,190,000 and HK\$13,167,000 respectively. This 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 1st July, 2014, nor is it intended to be a projection of future performance.

29. OPERATING LEASE ARRANGEMENTS

(a) As lessor

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Minimum lease payments received during the year under operating leases	<u>3,391</u>	<u>3,251</u>

At 30th June, 2015 the Group had outstanding minimum lease payments receivable under non-cancellable operating leases which fall due as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<u>1,978</u>	3,391
In the second to fifth years inclusive	–	1,978
	<u>1,978</u>	<u>5,369</u>

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

Notes to the Financial Statements

For the year ended 30th June, 2015

29. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

	Group	
	2015	2014
	HK\$'000	HK\$'000
Minimum lease payments paid during the year under operating leases	4,392	4,035

At 30th June, 2015 the Group had outstanding minimum commitments under non-cancellable operating leases which fall due as follows:

	2015	2014
	HK\$'000	HK\$'000
Within one year	14,402	4,392
In the second to fifth years inclusive	22,947	2,562
	37,349	6,954

Operating lease payments represent rentals payable by the Group for its office premises and a director's quarter. The leases are negotiated for a term of two to three years at fixed rentals.

30. RETIREMENT BENEFITS SCHEME

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

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

Notes to the Financial Statements

For the year ended 30th June, 2015

31. RELATED PARTY DISCLOSURES

Compensation of key management personnel

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

	2015 HK\$'000	2014 HK\$'000
Short-term benefits	5,945	5,610
Post-employment benefits	36	30
Share-based payments	–	2,712
	<u>5,981</u>	<u>8,352</u>

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

32. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

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

Group	2015 HK\$'000	2014 HK\$'000
Financial assets		
Fair value through profit or loss		
– Investments held for trading	2,534	29,827
– Loans and receivables (including bank balances and cash)	2,992,789	408,367
	<u>2,995,323</u>	<u>438,194</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>451,866</u>	<u>2,363</u>

Notes to the Financial Statements

For the year ended 30th June, 2015

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

Company	2015 HK\$'000	2014 HK\$'000
Financial assets		
Loans and receivables (including bank balances and cash)	<u>2,920,263</u>	<u>392,976</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>449,957</u>	<u>900</u>

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

- the fair value of investments held for trading with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market price; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

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

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

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

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

Group	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
At 30th June, 2015				
Financial assets at fair value through profit or loss				
Investments held for trading	<u>2,534</u>	<u>–</u>	<u>–</u>	<u>2,534</u>
At 30th June, 2014				
Financial assets at fair value through profit or loss				
Investments held for trading	<u>29,827</u>	<u>–</u>	<u>–</u>	<u>29,827</u>

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

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

Notes to the Financial Statements

For the year ended 30th June, 2015

33. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at 30th June, 2015 were as follows:

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid share capital/ registered capital	Percentage held by the Company		Principal activities
			Directly %	Indirectly %	
Jet United Investment Limited	Hong Kong	HK\$1	100	–	Investment holding
Gold Rising Limited	Hong Kong	HK\$1	100	–	Trading and investment holding
Golden Wayford Limited	Hong Kong	HK\$1	100	–	Finance and investment and provision of management service
Up Precious Global Investment Limited	British Virgin Islands	US\$1	100	–	Inactive
Vincent International Holdings Limited	Hong Kong	HK\$10,000	100	–	Investment holding
上海永盛融資租賃有限公司	PRC	US\$299,000,000	–	100	Financial leasing and commercial factoring
Outstanding Achievement Limited	British Virgin Islands	US\$1	100	–	Inactive
Outstanding Talent Limited	British Virgin Islands	US\$1	100	–	Inactive

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

Notes to the Financial Statements

For the year ended 30th June, 2015

34. CAPITAL COMMITMENTS

	2015 HK\$'000	2014 HK\$'000
Contracted, but not provided for:		
Acquisition of property, plant and equipment	700	-
Investments in subsidiaries (Note)	129,124	-
	129,824	-

Note:

On 21st May, 2015, the Company entered into an equity purchase agreement (the "Equity Purchase Agreement") with Jilin Changxin Equity Investment Fund Partnership (Limited Partnership)(吉林省長新股權投資基金合夥企業(有限合夥)), Golden 11 Investment International Pte. Ltd. (the "Target Company", a company incorporated and validly existed in Singapore with limited liability), Chen Shimin, High-tech World Development Ltd and Max Cooper International Ltd., all being independent third parties of the Company, for the acquisition of 51% equity interest in the Target Company (the "Equity Acquisition") at a cash consideration of RMB38,190,000 (HK\$48,467,000) as detailed in the Company's announcement dated 21st May, 2015. Pursuant to the Equity Purchase Agreement, the Company is committed to an additional amount of capital injection of US\$10,404,000 (HK\$80,657,000) in the Target Company. The Equity Acquisition has not yet been completed as at 30th June, 2015 and up to the date of approval of these financial statements.

35. EVENTS AFTER THE END OF REPORTING PERIOD

- (i) On 9th July, 2015, a Network Facilities Service (Class) License (the "NFS(C) License") was granted by the Posts and Telecommunications Department of Ministry of Communications and Information Technology of the Republic of the Union of Myanmar ("Myanmar") to Myanmar Golden 11 Investment International Company Limited ("Myanmar Golden 11"), a subsidiary 99.99% owned by the Target Company which is in the progress of acquisition by the Company as mentioned in Note 34. Myanmar Golden 11 is also planning to apply for the Network Facilities Services (Individual) License for establishing, operating and maintaining wireless broadband systems in Myanmar pending the promulgation of detailed rules and regulations by the relevant regulatory authorities of Myanmar as detailed in the Company's announcement dated 15th July, 2015. Up to the date of the financial statements, the acquisition of the Target Company is still in progress.
- (ii) On 6th August, 2015, Golden Wayford Limited, a wholly-owned subsidiary of the Company, entered into a note purchase agreement, pursuant to which Airspan Networks Inc. ("Airspan") agreed to issue and the subsidiary agreed to subscribe for a convertible promissory note in the principal amount of US\$10 million as detailed in the Company's announcement dated 6th August, 2015. The promissory notes have subsequently been issued to the subsidiary.

Notes to the Financial Statements

For the year ended 30th June, 2015

35. EVENTS AFTER THE END OF REPORTING PERIOD (continued)

- (iii) On 25th August, 2015, the Company entered into a limited partnership agreement with the GSC Target SPV Partners, L.P. ("General Partner"), a Cayman Islands exempted limited partnership and other limited partners pursuant to which the Company has conditionally agreed to invest US\$93 million in GSC Special Buyout Fund as detailed in the Company's announcement dated 25th August, 2015. Upon completion, the Company will become one of the limited partners of GSC Special Buyout Fund, which is led and managed by the General Partner to pursue cross-border investment opportunities as permitted under the investment mandate, including the acquisition of a 80.1% shareholding in Lumileds Holding B.V., a company spun off from Philips whose main businesses are in LED lighting and automotive lighting. The completion of the investment is subject to approval by the independent shareholders at the special general meeting which will be held after the date of the financial statements.
- (iv) On 1st September, 2015, the Company entered into a memorandum of understanding with the Ministry for Economic Development, H.M. Government of Gibraltar, having its principal place of business at 31 Town Range, Gibraltar ("MED"), and GO Scale Capital, L.P. ("GO Scale Capital"), a Cayman Islands exempted limited partnership, in relation to the possible formation of a 50:50 joint venture assets management company in Gibraltar with the sovereign wealth fund to be established by MED namely, Gibraltar Sovereign Investment Corporation ("Gibraltar AMC") as detailed in the Company's announcement dated 2nd September, 2015. Up to the date of the financial statements, no definitive binding agreement has been entered into by the Company.
- (v) Subsequent to 30th June, 2015 and up to the date of the financial statements, 1,029,505,694 ordinary shares of the Company have been issued resulting from conversion of the outstanding convertible notes with principal amount of approximately HK\$451,953,000 as mentioned in Note 23.

36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 29th September, 2015.

Financial Summary

RESULTS

	For the year ended 30th June,				2015 HK\$'000
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	
Turnover	32,853	34,321	19,093	40,732	51,190
Profit/(loss) for the year	471,910	(619,312)	104,239	19,924	13,167
Profit/(loss) attributable to: Owners of the Company	471,910	(619,312)	104,239	19,924	13,167

NET ASSETS

	As at 30th June,				2015 HK\$'000
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	
Total assets	933,361	356,272	408,456	439,849	3,008,281
Total liabilities	(32,797)	(86,280)	(34,225)	(38,914)	(495,855)
	900,564	269,992	374,231	400,935	2,512,426
Equity attributable to: Owners of the Company	900,564	269,992	374,231	400,935	2,512,426