GOOD RESOURCES

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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 109)**

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30TH JUNE, 2016

The board (the "Board") of directors (the "Directors") of Good Resources Holdings Limited (the "Company") is pleased to announce the annual consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 30th June, 2016 together with last year's comparative figures as follows:

* *For identification purpose only*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 30th June, 2016*

| | Notes | 2016 HK$'000 | 2015 HK$'000 |
|---|---|---|---|
| Turnover | 3 | **145,147** | 51,190 |
| Other revenue | 5 | **12,294** | 6,226 |
| Other net losses | 5 | **(19,826)** | (7,228) |
| Administrative expenses | | **(124,688)** | (24,502) |
| Finance costs | 6 | **(1,991)** | (4,216) |
| Profit before taxation | 7 | **10,936** | 21,470 |
| Taxation | 8 | **(35,138)** | (8,303) |
| (Loss)/profit for the year | | **(24,202)** | 13,167 |
| Other comprehensive (loss)/income that may be subsequently reclassified to profit or loss | | | |
| Exchange differences arising on translation of foreign operations | | **(190,557)** | 34,983 |
| Total comprehensive (loss)/income for the year | | **(214,759)** | 48,150 |
| (Loss)/profit for the year attributable to: | | | |
| – Owners of the Company | | **(16,161)** | 13,167 |
| – Non-controlling interests | | **(8,041)** | – |
| | | **(24,202)** | 13,167 |
| Total comprehensive (loss)/income for the year attributable to | | | |
| – Owners of the Company | | **(206,770)** | 48,150 |
| – Non-controlling interests | | **(7,989)** | – |
| | | **(214,759)** | 48,150 |
| | | ***HK Cents*** | *HK Cents* |
| (Loss)/earnings per share attributable to owners of the Company | 9 | | |
| – Basic | | **(0.2)** | 0.7 |
| – Diluted | | **(0.2)** | 0.7 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*At 30th June, 2016*

| | Notes | 2016 HK$'000 | 2015 HK$'000 |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | **72,770** | 712 |
| Intangible assets | | **76,446** | 10,507 |
| Goodwill | | **27,862** | – |
| Loans receivable | 10 | **59,865** | 507,640 |
| | | **236,943** | 518,859 |
| Current assets | | | |
| Loans receivable | 10 | **1,569,138** | 1,094,269 |
| Trade and other receivables, deposits and prepayments | | **37,588** | 704,736 |
| Financial assets at fair value through profit or loss | | **80,034** | 2,534 |
| Bank deposits with maturity over three months | | **53,682** | – |
| Bank balances and cash | | **980,003** | 687,883 |
| | | **2,720,445** | 2,489,422 |
| Assets of disposal group classified as held-for-sale | | **14,388** | – |
| | | **2,734,833** | 2,489,422 |
| Total assets | | **2,971,776** | 3,008,281 |
| Current liabilities | | | |
| Other payables, accruals and deposits received | | **63,227** | 3,381 |
| Provision for taxation | | **64,742** | 41,362 |
| | | **127,969** | 44,743 |
| Liabilities of disposal group classified as held-for-sale | | **6,146** | – |
| | | **134,115** | 44,743 |
| Total assets less current liabilities | | **2,837,661** | 2,963,538 |
| Non-current liabilities | | | |
| Convertible notes | | **–** | 448,485 |
| Deferred tax liabilities | | **19,092** | 2,627 |
| | | **19,092** | 451,112 |
| NET ASSETS | | **2,818,569** | 2,512,426 |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | **720,469** | 600,676 |
| Reserves | | **2,035,632** | 1,911,750 |
| | | **2,756,101** | 2,512,426 |
| Non-controlling interests | | **62,468** | – |
| TOTAL EQUITY | | **2,818,569** | 2,512,426 |

# NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 30th June, 2016*

## 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. During the year, the principal place of business of the Company was changed to 38th Floor, Bank of China Tower, No. 1 Garden Road, Hong Kong and was relocated to its previous year's principal place of business at Room 3310-11, 33rd Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on 30th June, 2016.

The Company is an investment holding company. The principal activities of the Group are provision of financial services and investment holding.

During the year, the directors of the Company consider Tiancheng International Holdings Investment Limited ("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. At the end of the reporting period, the Company did not have holding company.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND AMENDED RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE ("AMENDED LISTING RULES") RELATING TO THE DISCLOSURE REQUIREMENTS FOR FINANCIAL STATEMENTS

### (a) 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 Improvement 2012-2014 Cycle[1] |
| Amendments to HKAS 1 | Disclosure Initiative[1] |
| Amendments to HKAS 7 | Disclosure Initiative[2] |
| Amendments to HKAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses[2] |
| 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] |
| HKFRS 9 | Financial Instruments[3] |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception[1] |
| Amendments to HKFRS 15 | Clarification to HKFRS 15 Revenue from Contracts with Customers[3] |
| HKFRS 15 | Revenue from Contracts with Customers[3] |
| HKFRS 16 | Leases[4] |

[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
[4] Effective for annual periods beginning on or after 1st January, 2019

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

*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.

*HKFRS 9 – 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.

*HKFRS 16 – Leases*

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statement of both lessors and lessees. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirement of HKAS 16 "Property, Plant and Equipment", while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors are not yet in a position to conclude whether the application of these new/revised HKFRSs will have material impact on the Group's financial statements.

**(b) Amended Listing Rules relating to the disclosure requirements for financial statements**

The Amended Listing Rules in relation to the disclosure requirements for financial statements, including the amendments with reference to the provisions of the new Hong Kong Companies Ordinance, Cap 66 in relation to the disclosure requirements for financial statements, apply to the Company in this financial year.

There is no impact on the Group's financial position or performance, however, the Amended Listing Rules have impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the consolidated financial statements rather than a primary statement and the related notes to the statement of financial position of the Company are generally no longer presented.

## 3. TURNOVER

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

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loan interest income | **144,924** | 51,138 |
| Dividend income from investments held for trading | **223** | 52 |
| | **145,147** | 51,190 |

## 4. 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 in May 2015, the directors had decided to cease the business of distribution and trading which had no or minimal contribution to the Group's revenue and results during the year ended 30th June, 2015. Thereafter, the directors had determined that the Group had 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 allocated resources and assess performance on an aggregated basis.

At 30th June, 2015, the Group had a single reportable segment "Investment and Financial Services" – trading of securities, investment holding and provision of financial services. In 2016, riding the One Belt, One Road initiative, the Group has been exploring for opportunities to participate in investment of fast growing companies in Europe and Asia. To strengthen the investment strategy development and portfolio management, the management changes the internal reporting structure to match its business strategy change. The financial services segment, mainly the money lending business in Hong Kong and the PRC, continues to generate interest incomes from loan financing while the investment portfolio segment has been expanding and it includes but not limited to equity investments, fund investments and acquisition of companies. As such, at 30th June 2016, the Group had two reportable segments – "Financial Services" and "Investment Portfolio". The segment information for the year ended 30th June, 2015 is restated to conform with the current year's presentation accordingly.

Segment information about these reportable segments is presented below:

| For the year ended 30th June, 2016 | Financial services<br>*HK$'000* | Investment portfolio<br>*HK$'000* | Consolidated<br>*HK$'000* |
|---|---|---|---|
| Turnover – external | **144,924** | **223** | **145,147** |
| Segment results | **99,822** | **(40,297)** | **59,525** |
| Other revenue | | | **551** |
| Other net losses | | | **(19,727)** |
| Other corporate expenses | | | **(62,591)** |
| Finance costs | | | **(1,960)** |
| Loss for the year | | | **(24,202)** |

| At 30th June, 2016 | Financial services<br>*HK$'000* | Investment portfolio<br>*HK$'000* | Unallocated<br>*HK$'000* | Consolidated<br>*HK$'000* |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Property, plant and equipment | **9** | **72,528** | **233** | **72,770** |
| Intangible assets | **9,397** | **67,049** | **–** | **76,446** |
| Goodwill | **–** | **27,862** | **–** | **27,862** |
| Loans receivable | **1,629,003** | **–** | **–** | **1,629,003** |
| Trade and other receivables, deposits and prepayments | **6,843** | **26,769** | **3,976** | **37,588** |
| Financial assets at fair value through profit or loss | **–** | **80,034** | **–** | **80,034** |
| Bank deposits with maturity over three months | **53,682** | **–** | **–** | **53,682** |
| Bank balances and cash | **822,612** | **15,070** | **142,321** | **980,003** |
| Assets of disposal group classified as held-for-sale | **–** | **14,388** | **–** | **14,388** |
| Consolidated total assets | **2,521,546** | **303,700** | **146,530** | **2,971,776** |
| **LIABILITIES** | | | | |
| Other payables, accruals and deposits received | **13,411** | **40,450** | **9,366** | **63,227** |
| Provision for taxation | **35,448** | **–** | **29,294** | **64,742** |
| Deferred tax liabilities | **2,349** | **16,743** | **–** | **19,092** |
| Liabilities of disposal group classified as held-for-sale | **–** | **6,146** | **–** | **6,146** |
| Consolidated total liabilities | **51,208** | **63,339** | **38,660** | **153,207** |

| **Other information** <br> **For the year ended 30th June, 2016** | **Financial services** <br> ***HK$'000*** | **Investment portfolio** <br> ***HK$'000*** | **Unallocated** <br> ***HK$'000*** | **Consolidated** <br> ***HK$'000*** |
|---|---|---|---|---|
| Depreciation of property, plant and equipment | **(2)** | **–** | **(1,848)** | **(1,850)** |
| Amortisation of intangible assets | **(1,110)** | **(2,980)** | **–** | **(4,090)** |
| Net realised and unrealised losses on investments held for trading | **–** | **(602)** | **–** | **(602)** |
| Net gain on convertible notes at fair value through profit or loss | **–** | **465** | **–** | **465** |
| Write off of property, plant and equipment | **–** | **–** | **(12,617)** | **(12,617)** |
| Additions of non-current assets (other than financial assets) | **11** | **20,319** | **14,821** | **35,151** |

| **For the year ended 30th June, 2015** | Financial services <br> *HK$'000* <br> (Restated) | Investment portfolio <br> *HK$'000* <br> (Restated) | Consolidated <br> *HK$'000* <br> (Restated) |
|---|---|---|---|
| Turnover – external | 51,138 | 52 | 51,190 |
| Segment results | 42,826 | (4,036) | 38,790 |
| Other revenue | | | 6,226 |
| Other net losses | | | (3,141) |
| Other corporate expenses | | | (24,492) |
| Finance costs | | | (4,216) |
| Profit for the year | | | 13,167 |

| At 30th June, 2015 | Financial services HK$'000 (Restated) | Investment portfolio HK$'000 (Restated) | Unallocated HK$'000 (Restated) | Consolidated HK$'000 (Restated) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Property, plant and equipment | – | – | 712 | 712 |
| Intangible asset | 10,507 | – | – | 10,507 |
| Loans receivable | 1,601,909 | – | – | 1,601,909 |
| Trade and other receivables, deposits and prepayments | 634,930 | 63,493 | 6,313 | 704,736 |
| Financial assets at fair value through profit or loss | – | 2,534 | – | 2,534 |
| Bank balances and cash | 387,979 | – | 299,904 | 687,883 |
| Consolidated total assets | 2,635,325 | 66,027 | 306,929 | 3,008,281 |
| **LIABILITIES** | | | | |
| Other payables, accruals and deposits received | – | – | 3,381 | 3,381 |
| Provision for taxation | 12,068 | – | 29,294 | 41,362 |
| Convertible notes | – | – | 448,485 | 448,485 |
| Deferred tax liabilities | 2,627 | – | – | 2,627 |
| Consolidated total liabilities | 14,695 | – | 481,160 | 495,855 |

| **Other information**<br>**For the year ended 30th June, 2015** | Financial services HK$'000 (Restated) | Investment portfolio HK$'000 (Restated) | Unallocated HK$'000 (Restated) | Consolidated HK$'000 (Restated) |
|---|---|---|---|---|
| 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) |
| Additions of non-current assets (other than financial assets) | – | – | 78 | 78 |

**Geographical information**

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

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

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Revenue from external customers | | |
| Hong Kong | **2,868** | 41,686 |
| The PRC | **142,279** | 9,504 |
| | **145,147** | 51,190 |

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Non-current assets (other than financial instruments) | | |
| Hong Kong | **233** | 712 |
| The PRC | **9,406** | 10,507 |
| Myanmar | **167,439** | – |
| | **177,078** | 11,219 |

**Information about major customers**

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

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Customer A | **33,897** | 23,342 |
| Customer B | **32,615** | 18,000 |
| Customer C | **27,327** | 7,161 |
| Customer D | **19,867** | – |
| Customer E | **15,129** | – |
| | **128,835** | 48,503 |

## 5. OTHER REVENUE AND OTHER NET LOSSES

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Other revenue | | |
| Interest income from convertible notes | **7,556** | – |
| Rental and management fee income from sub-lease of office premises | **71** | 3,720 |
| Bank interest income | **4,666** | 2,259 |
| Others | **1** | 247 |
| | **12,294** | 6,226 |
| Other net (losses)/gains | | |
| Net realised losses on sales of investments held for trading | **–** | (4,395) |
| Net changes in fair value of investments held for trading | **(602)** | 308 |
| Net realised and unrealised losses on investments held for trading | **(602)** | (4,087) |
| Net gain on convertible notes at fair value through profit or loss | **465** | – |
| Net losses on financial assets at fair value through profit or loss | **(137)** | (4,087) |
| Write off of property, plant and equipment | **(12,617)** | – |
| Loss on disposal of property, plant and equipment | **(270)** | – |
| Net foreign exchange losses | **(6,802)** | (3,141) |
| | **(19,826)** | (7,228) |
| Other revenue and other net losses | **(7,532)** | (1,002) |

## 6. FINANCE COSTS

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on convertible notes | **1,960** | 4,216 |
| Others | **31** | – |
| | **1,991** | 4,216 |

## 7. PROFIT BEFORE TAXATION

| | 2016 | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit before taxation has been arrived at after charging: | | |
| Directors' emoluments | **8,518** | 4,763 |
| Staff costs (excluding directors' emoluments): | | |
| Salaries and allowances | **34,593** | 2,508 |
| Share-based payments | **1,955** | – |
| Retirement benefits scheme contributions | **275** | 76 |
| Total staff costs | **45,341** | 7,347 |
| Share-based payments* | **1,955** | 850 |
| Auditor's remuneration | | |
| – Audit services | **1,100** | 700 |
| – Under-provision in prior year | **235** | – |
| Depreciation of property, plant and equipment | **1,850** | 128 |
| Amortisation of intangible assets (included in administrative expenses) | **4,090** | 133 |
| Consultancy fees | **10,909** | 2,161 |
| Legal and professional fees | **20,188** | 2,286 |

* Share-based payments of HK$1,955,000 for the year ended 30th June, 2016 were made by a subsidiary to certain of its employees and included in staff costs. Share-based payments of HK$850,000 for the year ended 30th June, 2015 were made to a third party and included in consultancy fees.

## 8. TAXATION

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

| | 2016 | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current tax | | |
| Hong Kong Profits Tax for the year | **–** | 5,934 |
| Over provision in respect of prior years | **–** | (9) |
| Tax reduction in respect of prior years | **–** | (20) |
| | **–** | 5,905 |
| PRC Income Tax for the year | **36,161** | 2,431 |
| | **36,161** | 8,336 |
| Deferred tax credit | **(1,023)** | (33) |
| Income tax expense | **35,138** | 8,303 |

## 9. (LOSS)/EARNINGS PER SHARE

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

| | **2016** | 2015 |
|---|---|---|
| (Loss)/profit for the year | ***HK$'000*** | *HK$'000* |
| (Loss)/profit for the purpose of basic and diluted (loss)/earnings per share | **(16,161)** | 13,167 |

| | **2016** | 2015 |
|---|---|---|
| Number of shares | ***'000*** | *'000* |
| Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share | **7,056,794** | 1,806,102 |
| Effect of dilutive potential ordinary shares: | | |
| – share options | **–** | 5,278 |
| Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share | **7,056,794** | 1,811,380 |

| | **2016** | 2015 |
|---|---|---|
| | ***HK Cents*** | *HK Cents* |
| (Loss)/earnings per share | | |
| – Basic | **(0.2)** | 0.7 |
| – Diluted | **(0.2)** | 0.7 |

The computation of diluted (loss)/earnings per share for the years ended 30th June, 2015 and 2016 does not assume conversion of the Company's convertible notes nor takes into account the potential dilutive shares issued by a subsidiary as they have an anti-dilutive effect on the (loss)/earnings per share calculation.

## 10. LOANS RECEIVABLE

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Loans receivable | **1,367,425** | 221,736 |
| Loans receivable under sale and leaseback agreements | **261,578** | 1,380,173 |
| | **1,629,003** | 1,601,909 |

The carrying amounts of the Group's loans receivable are mainly denominated in the respective functional currencies of the group entities:

The analysis of the carrying amount of loans receivable is as follows:

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Current | **1,569,138** | 1,094,269 |
| Non-current | **59,865** | 507,640 |
| | **1,629,003** | 1,601,909 |

The analysis of loans receivable which are neither past due nor impaired, and past due but not impaired as at the end of reporting period, based on the respective maturity dates of the loans, is as follows:

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Neither past due nor impaired | **1,362,726** | 1,601,909 |
| Past due but not impaired: | | |
| – No more than 3 month past due | **223,607** | – |
| – Over 3 months but no more than 6 months past due | **42,670** | – |
| | **266,277** | – |
| | **1,629,003** | 1,601,909 |

At the end of reporting period, loans receivable which were neither past due nor impaired related to a number of borrowers for whom there was no recent history of default. For those balances which were past due but not impaired, they related to a number of borrowers for which management have assessed their financial position and performance as well as collaterals, if any, and considered the balances will be receivable in full and accordingly, no recognition of impairment loss is considered necessary.

As at 30th June, 2016, loans receivable of HK$695,276,000 (2015: HK$1,601,909,000) were secured on certain assets (mainly property, plant and equipment and inventories) of the borrowers or their related parties. The directors considered that the estimated fair value of these collaterals was not less than the carrying amount of the respective loans receivable as at 30th June, 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The principal businesses of the Group include (i) the provision of financial services and (ii) investment holding.

The 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 accounted for majority of the Group's turnover for the year ended 30th June, 2016 (the "Year").

The Group's financial services have total loans outstanding as at 30th June, 2016 of approximately HK$1,629,003,000, which has increased by 1.69% compared to loans outstanding as at 30th June, 2015 of HK$1,601,909,000. 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, which under the latest assessment of the management have been strategized as the main growth incentive of the Group for medium to long term.

The Group's investment portfolio segment comprised (i) sub-group of Golden 11 Investment International PTE Ltd. ("Golden 11") which was acquired during the Year which has been building up its business infrastructure for optical fibre network, base stations and network at Myanmar along the railway line; (ii) establishment of an online banking joint venture under Metro Leader Limited sub-group for the purpose of undertaking the business of providing digital bank services initially aimed at capturing Chinese nationals' banking business for the management of their off-shore financial needs, with the potential for future rollouts in Europe, Dubai and Hong Kong (as detailed in the announcement of the Company dated 8th June, 2016, majority equity interest of this investment will be disposed of pursuant to a disposal agreement (the "Online Bank Disposal"); and (iii) listed securities and financial instrument investments. The sub-group of Golden 11 has not generated income yet but the sales team of the sub-group has started discussion on corporate contracts for bringing income to the Group in the short to medium term. The sub-group of Metro Leader Limited has not generated income yet but the Online Bank Disposal will bring a disposal gain to the group. With Brexit and delay in increase of interest rate of United States leading to more uncertainty on global economy and slow down of economic growth in the PRC that could impact the investment sentiment, the Group continued during the Year to realise the listed securities investments on hand for its investment portfolio segment and lowered to only a portfolio of approximately HK$1,932,000 at year end. The Group held investment in convertible note issued by Airspan Network Inc. ("Airspan") with fair value of approximately HK$78 million at end of the Year. The investment provides the Group with constant interest income and also possible capital gain from the fair value change of the investment. 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 investment portfolios.

## FINANCIAL REVIEW

For the year ended 30th June, 2016 (the "Year"), the turnover of the Group increased by approximately HK$93,957,000 to approximately HK$145,147,000 (2015: approximately HK$51,190,000), representing an increase of approximately 183.55% from last year. Increase in turnover was primarily caused by increase in turnover related to interest income by approximately HK$93,786,000 to HK$144,924,000 (2015: HK$51,138,000). The Group recorded a loss attributable to owners of the Company of approximately HK$16,161,000 for the year under review compared to a profit of approximately HK$13,167,000 of last year. The change from a profit into loss position was mainly due to combined impacts of:

(i) Profit impact due to interest income increased by approximately HK$93,786,000 to HK$144,924,000 (2015: HK$51,138,000) as greater amount of loans generated in the current year compared to the prior year;

(ii) The general and administrative expenses for the year amounted to approximately HK$124,688,000, representing an approximately 408.89% increase as compared with 2015 of approximately HK$24,502,000. The increase in general and administrative expense was mainly due to the increase in staff costs of HK$37,994,000 to HK$45,341,000 (2015: HK$7,347,000) attributable to the increase in average headcount, legal and professional fees of HK$17,902,000 to HK$20,188,000 (2015: HK$2,286,000), rental expense of HK$12,747,000 to HK$17,492,000 (2015:HK$4,745,000), one-off write off of property, plant and equipment of HK$12,617,000 (2015: Nil) and consultancy expense of HK$8,748,000 to HK$10,909,000 (2015: HK$2,161,000);

(iii) Profit impact for increase in other revenue by approximately HK$6,068,000 to HK$12,294,000 (2015: HK$6,226,000) mainly due to the recognition of interest income from convertible debts of HK$7,556,000; and

(iv) Loss impact for increase in taxation charge by approximately HK$26,835,000 to HK$35,138,000 (2015: HK$8,303,000) mainly because more corporate income tax has been charged for the loan financing profit generated in PRC.

## PROSPECT

The Group conintues to endeavour to be "the trusted financial investment management company in the Hong Kong capital market guided by the vision to become an efficient investment platform with an influence on the world's financial industry," and will not only assist Chinese capital markets in forging links with global capital markets, but also steadily improving its business and financial performance.

As the opening up of Myanmar's economy continues projects involving laying fiber optic broadband internet networks and the rollout of telecommunications data services in Myanmar should in turn generate market demand and explosive growth opportunities for our investment made in Myanmar network facilities.

As the "Going out" strategy by Chinese companies progresses and further its momentum, the Group's strategy is to ride the momentum in supporting the more efficient outward investment of Chinese capital to a greater extent and depth with better quality by taking advantage of the emerging professional financial investment holding platform. Going forward, the Group will continue to explore emerging field projects with high growth potential and will continue to promote and actively implement the projects recently initiated and more closely manage the projects already implemented, as well as integrate the resources, leverage the effectiveness and ensure good returns, the Group is assessing the situation and riding on the momentum, and continue to explore possible investment in global emerging industries. The Group's investment focus will be on the leading large-scale enterprises with the core patented technology and industry influence as investment targets and actively looking for investment opportunities and continually improving the strategic layout of the portfolio in the clean energy, internet banking, biopharmaceutical, financial investment, bulk commodities, cultural industries and other major sectors. With the offshore RMB market continues to develop and increasing internationalisation of RMB currency, it is expected that tremendous pent-up demand for allocation/acquisition of overseas assets will be released from China. The Group is building up more internal resources including an increase in cash balance of approximately HK$292 million during the Year for capturing and benefit from the potential opportunities driven by the pent-up demand.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of approximately HK$980,003,000 (2015: approximately HK$687,883,000).

As at 30th June, 2016, the Group had net current assets of approximately HK$2,600,718,000 (2015: approximately HK$2,444,679,000). The total equity was approximately HK$2,818,569,000 (2015: approximately HK$2,512,426,000). The Group had no borrowings (30th June, 2015: no borrowings other than convertible notes of approximately HK$448,485,000) and gearing ratio was zero (2015: zero).

## CAPITAL STRUCTURE

During the year ended 30th June, 2016, the convertible notes with principal amount of HK$525,895,000 was converted into 1,197,938,497 ordinary shares of HK$0.1 each at the conversion price of HK$0.439, of which HK$119,793,000 was credited to share capital, while HK$401,894,000 was credited to the share premium.

## CONTINGENT LIABILITIES

As at 30th June, 2016, 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, 2016.

## EMPLOYMENT AND REMUNERATION POLICIES

As at 30th June, 2016, the Group employed approximately 82 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, 2016.

## 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. 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. During the year ended 30th June, 2016, no options were exercised and no share options were outstanding as at 30th June, 2015 and 2016.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Other than the completion of acquisition of Golden 11 on 12th November, 2015 as disclosed in Note 16 to the interim financial statements for the six months ended 31st December, 2015 and disposal of Metro Leader Limited as detailed in the announcement of the Company dated 8th June, 2016, the Group did not make any material acquisition and disposal of subsidiaries and affiliated companies for the year ended 30th June, 2016.

## CHARGE ON ASSETS

As at 30th June, 2016, the Group did not have any charge on its assets (30th June, 2015: Nil).

## FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30th June 2016, other than capital commitments for property, plant and equipment of approximately HK$33,190,000 and capital contribution commitment of approximately HK$38,020,000 of Golden 11 sub-group, the Group does not have any other plan for material investments or capital assets.

## SUBSEQUENT EVENT

On 19th August, 2016, the Group entered into a convertible note extension agreement with Airspan to extend the maturity date of the convertible promissory note dated 6th August, 2015 in the principal amount of US$10,000,000 issued by Airspan to Golden Wayford Limited of the Group to 30th June, 2017 (the "Note Extension"). The details of which are set out in the Company's circular dated 12th September, 2016. The Note Extension was approved by shareholders of the Company in a special general meeting held on 28th September, 2016.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the Year under review, the Group's transactions were substantially denominated in either Hong Kong dollars, US dollars or RMB Yuan. The Group did not use any financial instruments for hedging purposes (30th June, 2015: Nil).

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

At 30th June, 2016, 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 |
|---|---|---|---|
| Chau On Ta Yuen | Beneficial owner | 2,500,000 | 0.03% |
| Chen Chuanjin | Beneficial owner | 10,000,000 | 0.13% |
| Kwan Shan | Beneficial owner | 620,000 | 0.01% |
| Lo Wan Sing, Vincent | Beneficial owner | 9,500,000 | 0.13% |
| Lu Sheng | Interest of controlled corporation *(Note 1)* | 600,000,000 | 8.32% |

*Note:*

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

Save as disclosed above, as at 30th June, 2016, none of the directors and the chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

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

At 30th June, 2016, 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 | 2,341,100,000 | 32.49% |
| Golden Prince Group Limited *(Note 2)* | Beneficial owner | 600,000,000 | 8.33% |
| Rich Capital Global Enterprises Limited *(Note 2)* | Beneficial owner | 406,741,882 | 5.65% |
| Zhang Yi *(Note 3)* | Beneficial owner and interest of controlled corporation | 812,520,000 | 11.28% |
| Promising Sun Limited *(Note 3)* | Beneficial owner | 500,000,000 | 6.94% |
| Power Fine Global Investment Limited *(Note 4)* | Beneficial owner | 600,000,000 | 8.33% |
| Chu Yuet Wah | Person having a security interest | 1,310,146,190 | 18.18% |

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

*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:* Mr. Zhang Yi has personal holding of 312,520,000 shares of the Company and has indirect interest of 44% in Promising Sun Limited which held 500,000,000 shares of the Company.

*Note 4:* The entire issued capital of Power Fine Global Investment Limited is owned by Mr. Lu Sheng.

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, 2016, 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.

## USE OF PROCEEDS AND UPDATES

The net proceeds received by the Company in May 2015 from the completion of the subscription agreement dated 29th January, 2015 between the Company and Tiancheng International Holdings Investment Limited (the details of which were set out in the circular (the "Circular") of the Company dated 12th March, 2015). The net proceeds were intended to be applied in accordance with the proposed application as set out in pages 16 and 17 of the Circular. The actual proceeds received was HK$2,464.8 million and the use of the proceeds as at 30th June, 2016 is set out below:

(a) As disclosed in the circular of the Company dated 12th October, 2015 in relation to, among other things, the proposed investment by the Company of US$93 million in the GSC Special Buyout Fund, such investment would have utilised approximately 58% of the proceeds designated for development of the Group as well as for managing the new investment opportunities of approximately HK$1,231.4 million. Pending completion of such investment, rather than depositing the funds into bank accounts at very low interest rates, the Company considered that it would be in the best interest of the Group without materially impairing its financial capabilities to utilise such funds by providing financial assistance to persons who are willing to pay reasonable interest to the Group or making similar investments. As disclosed in the announcement of the Company dated 22nd January, 2016, the acquisition of an underlying investment by the GSC Special Buyout Fund would not proceed and the investment by the Company in the GSC Special Buyout Fund was later terminated. Following the resignation of Mr Sonny Wu as a director of the Company on 11th May, 2016 who has expertise in management of investment funds, the Group has re-designated and appointed new directors to the Board and the latest appointment of director was completed on 14th July, 2016. Having assessed the macro-economic environment for investment taking into account the threat of global terrorism and uncertainty that the exit of the United Kingdom from the European Union may have on Europe, the Board considered that it would be in the interest of the Company to utilise the proceeds of approximately HK$1,231.4 million for the long-term strategic growth of the loan/lease financing activities of the Group within the financial services segment.

(b) As at 30th June, 2016, the proceeds designated for the expansion of current business of HK$615.7 million has been fully applied and an additional approximately HK$1,231.4 million (see paragraph (a) above) of the proceeds were all used for the Group's loan financing business. As of 30th June, 2016, the Group had loan financing receivables of approximately HK$1,629 million within the financial services segment, which to a large extent were facilitated by the increase in cash resources from the proceeds.

(c) In respect of the proceed of HK$615.7 million designated for new investment opportunities and development of the Group, as disclosed in the announcement of the Company dated 31st January, 2016, the Group had agreed to make a total capital commitment of no more than US$80 million for the formation of a new joint venture in online bank. The Group has since applied approximately HK$39 million (US$5 million) of the proceeds into the joint venture. On 8th June, 2016 an announcement was made by the Company to dispose of a majority of its interest in the joint venture due to the resignation of Mr Sonny Wu, which the Board considered would adversely impact upon the Group's ability in the management of the online bank greenfield project. The Group has also applied approximately HK$78 million (US$10 million) into the Golden 11 sub-group as follow on investments and loans to shareholders of Golden 11 sub-group for investment into the Golden 11 sub-group. The Company intends to apply the unused proceeds of approximately HK$498.7 million for investments into Golden 11 and loans to shareholders of Golden 11 for investment into the Golden 11 sub-group (for purpose of further development of Golden 11 and for fulfilling the capital contribution commitment of approximately HK$38 million of Golden 11 sub-group) and future investment opportunities in the clean energy, internet banking (non-greenfield stage), biopharmaceutical, financial investment, bulk commodities, cultural industries or other major sectors.

## CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company has complied throughout the year ended 30th June, 2016 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:

Reference is made to the announcement of the Company dated 9th November, 2015 and the circular published by the Company on 31st December, 2015 in relation to, amongst other things, the following agreements:

(i) an agreement dated 1st June, 2015 between Shanghai Yongsheng Capital Lease Company Limited, an indirect wholly-owned subsidiary of the Company ("Shanghai Yongsheng") and Zhenjiang Rongde New Energy Technology Co., Ltd. ("Zhenjiang Rongde"), pursuant to which Shanghai Yongsheng agreed to advance a loan to Zhenjiang Rongde in the sum of RMB800,000,000 under a finance lease arrangement (the "Zhenjiang Rongde Agreement"), which constituted a major transaction for the Company under the Listing Rules and an advance to an entity which exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules;

(ii) an agreement dated 8th June, 2015 between Shanghai Yongsheng and Shanghai Wealth Economic Development Company Limited ("Shanghai Wealth"), pursuant to which Shanghai Yongsheng agreed to advance a loan to Shanghai Wealth in the sum of RMB250,000,000 under a finance lease arrangement (the "Shanghai Wealth Agreement"), which constituted a major and connected transaction for the Company under the Listing Rules and an advance to an entity which exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules; and

(iii) an agreement dated 18th June, 2015 between Shanghai Yongsheng and Zhejiang Wenhua Holding Company Limited ("Zhejiang Wenhua"), pursuant to which Shanghai Yongsheng agreed to advance a loan to Zhejiang Wenhua in the sum of RMB30,000,000 under a finance lease arrangement (the "Zhejiang Wenhua Agreement"), which constituted a discloseable transaction for the Company under the Listing Rules.

The Listing Rules have not been complied with as the above agreements were only announced by the Company on 9th November, 2015 rather than the day on which such agreements were entered into. Shareholders' approval in respect of the Zhenjiang Rongde Agreement and the Shanghai Wealth Agreement was obtained at the special general meeting of the Company on 18th January, 2016.

Reference is also made to the announcement of the Company dated 3rd March, 2016 and the circular of the Company dated 29th April, 2016 in relation to, amongst other things, the following agreements:

(i) an agreement dated 15th July, 2015 between Shanghai Yongsheng and Shanghai Renhe Ocean Resources Investment Company Limited ("Shanghai Renhe Ocean"), pursuant to which ShanghaiYongsheng agreed to advance a loan to Shanghai Renhe Ocean in the sum of RMB5,000,000 under a finance lease arrangement (the "First Shanghai Renhe Ocean Agreement"), which constituted a major and connected transaction for the Company under the Listing Rules;

(ii) an agreement dated 25th August, 2015 between Shanghai Yongsheng and Shanghai Renhe Ocean, pursuant to which ShanghaiYongsheng agreed to advance a loan to Shanghai Renhe Ocean in the sum of RMB5,000,000 under a finance lease arrangement (the "Second Shanghai Renhe Ocean Agreement"), which constituted a major and connected transaction for the Company under the Listing Rules and, together with the First Shanghai Renhe Ocean Agreement, constitute an advance to an entity which exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules;

(iii) an agreement dated 11th September, 2015 between Shanghai Yongsheng and Sanya Ruiheng Industrial Investment Company Limited ("Sanya Ruiheng"), pursuant to which ShanghaiYongsheng agreed to advance a loan to Sanya Ruiheng in the sum of RMB20,000,000 under a loan agreement (the "Sanya Ruiheng Agreement"), which constituted a disclosable transaction for the Company under the Listing Rules;

(iv) an agreement dated 28th July, 2015 between Shanghai Yongsheng and Boston-Power Battery (Jiangsu) Co., Ltd. ("Boston Battery"), pursuant to which ShanghaiYongsheng agreed to advance a loan to Boston Battery in the sum of RMB50,000,000 under a loan agreement (the "Boston Battery Agreement"), which constituted a disclosable transaction for the Company under the Listing Rules;

(v) an agreement dated 21st August, 2015 between Shanghai Yongsheng and Zhejiang Wenhua, pursuant to which ShanghaiYongsheng agreed to advance a loan to Zhejiang Wenhua in the sum of RMB30,000,000 under a loan agreement (the "Second Zhejiang Wenhua Agreement"), which constituted a major transaction for the Company under the Listing Rules;

(vi) an agreement dated 25th August, 2015 between Shanghai Yongsheng and Sanya Luhuitou Tourist Area Development Co. Ltd. ("Sanya Luhuitou"), pursuant to which ShanghaiYongsheng agreed to advance a loan to Sanya Luhuitou in the sum of RMB50,000,000 under a loan agreement (the "Sanya Luhuitou Agreement"), which constituted a major transaction for the Company under the Listing Rules;

(vii) an agreement dated 26th August, 2015 between Shanghai Yongsheng and Liyang Qingfeng Solar Energy Technology Co., Ltd. ("Liyang Qingfeng"), pursuant to which ShanghaiYongsheng agreed to advance a loan to Liyang Qingfeng in the sum of RMB100,000,000 under a loan agreement (the "Liyang Qingfeng Agreement"), which constituted a major transaction for the Company under the Listing Rules.

(viii) an agreement dated 10th September, 2015 between Shanghai Yongsheng and Shanghai Shihao Commercial Development Company Limited ("Shanghai Shihao"), pursuant to which ShanghaiYongsheng agreed to advance a loan to Shanghai Shihao in the sum of RMB213,000,000 under a loan agreement (the "Shanghai Shihao Agreement"), which constituted a major transaction for the Company under the Listing Rules and an advance to an entity which exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

(ix) an agreement dated 16th July, 2015 between Shanghai Yongsheng and Shanghai Wealth, pursuant to which ShanghaiYongsheng agreed to advance a loan to Shanghai Wealth in the sum of RMB24,000,000 under a loan agreement (the "Second Shanghai Wealth Agreement"), which constituted a major and connected transaction for the Company under the Listing Rules;

(x) an agreement dated 17th September, 2015 between Shanghai Yongsheng and Shanghai Wealth, pursuant to which ShanghaiYongsheng agreed to advance a loan to Shanghai Wealth in the sum of RMB250,000,000 under a loan agreement (the "Third Shanghai Wealth Agreement"), which constituted a major and connected transaction for the Company under the Listing Rules; and

(xi) an agreement dated 6th September, 2015 between Shanghai Yongsheng and Shanghai Renhe Investment Management Company Limited ("Shanghai Renhe Investment"), pursuant to which ShanghaiYongsheng agreed to advance a loan to Shanghai Renhe Investment in the sum of RMB350,000,000 under a loan agreement (the "Shanghai Renhe Investment Agreement"), which constituted a major and connected transaction for the Company under the Listing Rules and an advance to an entity which exceeded 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

The Listing Rules have not been complied with as the above agreements were only announced by the Company on 3rd March, 2016 rather than the day on which such agreements were entered into. Shareholders' approval in respect of the Second Zhejiang Wenhua Agreement, the Sanya Luhuitou Agreement, the Liyang Qingfeng Agreement, the Shanghai Renhe Investment Agreement, the Second Shanghai Wealth Agreement, the Third Shanghai Wealth Agreement, the First Shanghai Renhe Ocean Agreement, the Second Shanghai Renhe Ocean Agreement and the Shanghai Shihao Agreement was obtained at the special general meeting of the Company on 17th May, 2016.

Reference is also made to the announcements published by the Company on 8th July, 2016 and 14th July, 2016, during the period from 30th June, 2016 to 14th July, 2016 the appointment of Mr. Lo Wan Sing Vincent as the chairman of the Remuneration Committee effective on 30th June, 2016 resulted in requirement under Rule 3.25 of the Listing Rules had not been complied with and the failure of inclusion of disclosure in the announcement on 30th June, 2016 by the Company for the noncompliance with Rule 3.25 of the Listing Rules together with the relevant details and reasons resulted in a non-compliance with Rule 3.27 of the Listing Rules. Further, Code provision B.1.1 of the CG Code provides that a majority of the members of the remuneration committee should be independent non-executive directors. Following the appointment of Mr. Zhang Ning on 14th July, 2016 as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Nomination Committee, the Company fully complies with the requirements under Rules 3.10 and 3.25 of the Listing Rules and Code B.1.1 has been conformed with.

Code provision A.2.1 of the CG Code provides that the responsibilities between the chairman and chief executive officer (also referred to as managing director of the Company) should be divided. Mr. Lu Sheng, the chairman of the Company (the "Chairman"), during the transitional period from the resignation of the previous chairman on 12th May, 2016 up to 30th June, 2016 performed the Chief Executive Officer (the "CEO") role. Upon re-designation of Mr. Chen Chuanjin ("Mr. Chen") from Non-executive Director to Executive Director on 30th June, 2016 the CEO role is taken up by Mr. Chen and Code A.2.1 has been conformed with.

## ADVANCES TO ENTITIES AND CONNECTED TRANSACTIONS

Pursuant to Rule 13.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), a general disclosure obligation arises where an advance to an entity from the Group exceeds 8% of the total assets of the Group. Pursuant to Rule 13.13 of the Listing Rules, details of advances as defined under Rule 13.15 of the Listing Rules which remained outstanding as at 30th June, 2016 were as follow:

### Shanghai Renhe Ocean Agreement

On 15th July, 2015, Shanghai Yongsheng, an indirectly wholly-owned subsidiary of the Company, entered into the First Shanghai Renhe Ocean Agreement with Shanghai Renhe Ocean, pursuant to which Shanghai Yongsheng agreed to advance a loan in the sum of RMB5,000,000 for a term of 36 months under a finance lease arrangement of certain assets owned by Shanghai Renhe Ocean.

On 25th August, 2015, Shanghai Yongsheng entered into the Second Shanghai Renhe Ocean Agreement with Shanghai Renhe Ocean, pursuant to which Shanghai Yongsheng agreed to advance a loan in the sum of RMB5,000,000 for a term of 36 months under a finance lease arrangement of certain assets owned by Shanghai Renhe Ocean.

As at 30th June, 2016, the principal and the accrued interest of the First Shanghai Renhe Ocean Loan and the Second Shanghai Renhe Ocean Loan which remains outstanding is RMB5,476,000 and RMB5,428,000, respectively.

### The First Shanghai Renhe Ocean Agreement

| | |
|---|---|
| **Date:** | 15th July, 2015 |
| **Parties:** | Shanghai Yongsheng, as the lender |
| | Shanghai Renhe Ocean, as the borrower |
| | To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, the ultimate beneficial owner of Shanghai Renhe Ocean is Ms. Zheng Yan, who is an associate of Mr. Cheng, the controlling shareholder of the Company. Ms. Zheng Yan is thus a connected person of the Company |
| **Principal amount:** | RMB5,000,000 |
| **Term:** | 36 months, effective from 1st August, 2015 |

| | |
|---|---|
| **Interest:** | 10% per annum, payable yearly |
| **Security:** | Certain marine products owned by Shanghai Renhe Ocean as detailed in the First Shanghai Renhe Ocean Agreement. The value of the security was determined by Shanghai Yongsheng based on the then market price of the same species of marine products, taking into account of the size and condition of the marine products in question. |

**The Second Shanghai Renhe Ocean Agreement**

| | |
|---|---|
| **Date:** | 25th August, 2015 |
| **Parties:** | Shanghai Yongsheng, as the lender<br><br>Shanghai Renhe Ocean, as the borrower<br><br>To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, the ultimate beneficial owner of Shanghai Renhe Ocean is Ms. Zheng Yan, who is an associate of Mr. Cheng, the controlling shareholder of the Company. Ms. Zheng Yan is thus a connected person of the Company |
| **Principal amount:** | RMB5,000,000 |
| **Term:** | 36 months, effective from 1st September, 2015 |
| **Interest:** | 10% per annum, payable yearly |
| **Security:** | Certain marine products owned by Shanghai Renhe Ocean as detailed in the Second Shanghai Renhe Ocean Agreement. The value of the security was determined by Shanghai Yongsheng based on the then market price of the same species of marine products, taking into account of the size and condition of the marine products in question. |

**The Shanghai Wealth Agreements**

On 16th July, 2015, Shanghai Yongsheng entered into the Second Shanghai Wealth Agreement with Shanghai Wealth, pursuant to which Shanghai Yongsheng agreed to advance a loan to Shanghai Wealth in the sum of RMB24,000,000 for a term of 12 months.

On 17th September, 2015, Shanghai Yongsheng entered into the Third Shanghai Wealth Agreement with Shanghai Wealth, pursuant to which Shanghai Yongsheng agreed to advance a loan to Shanghai Wealth in the sum of RMB250,000,000 for a term of 12 months.

As at 30th June, 2016, the principal and the accrued interest of the Second Shanghai Wealth Loan and the Third Shanghai Wealth Loan which remains outstanding is RMB26,333,000 and RMB269,931,000, respectively.

**The Second Shanghai Wealth Agreement**

| | |
|---|---|
| **Date:** | 16th July, 2015 |
| **Parties:** | Shanghai Yongsheng, as the lender<br><br>Shanghai Wealth, as the borrower<br><br>To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, the ultimate beneficial owner of Shanghai Wealth is Ms. Zheng Yan, who is a connected person of the Company |
| **Principal amount:** | RMB24,000,000 |
| **Term:** | 12 months, effective from 16th July, 2015 |
| **Interest:** | 10% per annum, payable upon the end of the term |
| **Security:** | The First Shanghai Wealth Loan is secured by certain real estate properties owned by Shanghai Wealth (the "Shanghai Wealth Properties") |

**The Third Shanghai Wealth Agreement**

| | |
|---|---|
| **Date:** | 17th September, 2015 |
| **Parties:** | Shanghai Yongsheng, as the lender<br><br>Shanghai Wealth, as the borrower<br><br>To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, the ultimate beneficial owner of Shanghai Wealth is Ms. Zheng Yan, who is a connected person of the Company |

| | |
|---|---|
| **Principal amount:** | RMB250,000,000 |
| **Term:** | 12 months, effective from 17th September, 2015 |
| **Interest:** | 10% per annum, payable upon the end of the term |
| **Security:** | The Second Shanghai Wealth Loan is secured by the Shanghai Wealth Properties |

**The Shanghai Renhe Investment Agreement**

On 6th September, 2015, Shanghai Yongsheng entered into the Shanghai Renhe Investment Agreement with Shanghai Renhe Investment, pursuant to which Shanghai Yongsheng agreed to advance a loan to Shanghai Renhe Investment in the sum of RMB350,000,000 for a term of 12 months. As at 30th June, 2016, the principal and the accrued interest of the Shanghai Renhe Investment Loan which remains outstanding is RMB378,681,000.

**The Shanghai Renhe Investment Agreement**

| | |
|---|---|
| **Date:** | 6th September, 2015 |
| **Parties:** | Shanghai Yongsheng, as the lender |
| | Shanghai Renhe Investment, as the borrower |
| | To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, the ultimate beneficial owner of Shanghai Renhe Investment is Ms. Zheng Yan, who is a connected person of the Company |
| **Principal amount:** | RMB350,000,000 |
| **Term:** | 12 months, effective from 7th September, 2015 |
| **Interest:** | 10% per annum, payable upon the end of the term |
| **Security:** | The Shanghai Renhe Investment Loan is unsecured |

As the ultimate beneficial owner of each of Shanghai Renhe Ocean, Shanghai Wealth and Shanghai Renhe Investment is Ms. Zheng Yan, who is an associate of Mr. Cheng, the controlling shareholder of the Company, each of the Connected Transaction Agreements constitutes a connected transaction for the Company at the time the transaction was entered into.

In accordance with Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements including publication of an announcement and annual reporting in respect of loan agreements and to comply with all connected transactions requirements when loan agreements are renewed or their terms are varied.

**The Zhenjiang Rongde Agreement**

On 1st June, 2015, Shanghai Yongsheng entered into the Zhenjiang Rongde Agreement with Zhenjiang Rongde, pursuant to which Shanghai Yongsheng agreed to advance a loan to Zhenjiang Rongde in the sum of RMB800,000,000 for an initial term of 24 months under a finance lease arrangement of certain assets owned by Zhenjiang Rongde.

As at 30th June, 2016, the principal and the accrued interest of the Zhenjiang Rongde Loan which remains outstanding is RMB207,750,000.

**The Zhenjiang Rongde Agreement**

| | |
|---|---|
| **Date:** | 1st June, 2015 |
| **Parties:** | Shanghai Yongsheng, as the lender<br><br>Zhenjiang Rongde, as the borrower<br><br>To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Zhenjiang Rongde and its ultimate beneficial owners (namely, Liu Wei (劉偉), Zhang Ying (張穎) and Chen Yu (陳郁), who respectively holds 40%, 30% and 30% of the equity interest in Zhenjiang Rongde) are not connected persons of the Company. |
| **Amount of the Zhenjiang Rongde Loan:** | RMB800,000,000 |
| **Term:** | 24 months, effective from 1 July 2015 |
| **Interest:** | 10% per annum, payable on an annual basis |

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|---|---|
| **Security for the Zhenjiang Rongde Loan:** | Certain assets owned by Zhenjiang Rongde as detailed in the Zhenjiang Rongde Agreement valued at RMB1,356,272,914.42 (the "Zhenjiang Rongde Assets") being the subject of the finance lease arrangement. The value of the assets was determined by Shanghai Yongsheng without relying on any third-party valuation based on the then market price of the equipment of similar model having also considered the usage and depreciation of the equipment in question. The Zhenjiang Rongde Assets mainly comprise machinery and equipment for Zhenjiang Rongde's business and operations. |

**The Shanghai Shihao Agreement**

On 10th September, 2015, Shanghai Yongsheng entered into the Shanghai Shihao Agreement with Shanghai Shihao, pursuant to which Shanghai Yongsheng agreed to advance a loan to Shanghai Shihao in the sum of RMB220,000,000 for a term of 12 months.

As at 30th June, 2016, the principal and the accrued interest of the Shanghai Shihao Loan which remains outstanding is RMB229,820,000.

**The Shanghai Shihao Agreement**

| | |
|---|---|
| **Date:** | 10th September, 2015 |
| **Parties:** | Shanghai Yongsheng, as the lender<br><br>Shanghai Shihao, as the borrower<br><br>To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Shanghai Shihao and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company |
| **Principal amount:** | RMB220,000,000 |
| **Term:** | 12 months, effective from 7 September 2015 |
| **Interest:** | 10% per annum, payable upon the end of the term |
| **Security:** | The Shanghai Shihao Loan is unsecured |

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules 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, 2016.

## AUDIT COMMITTEE

The Company has appointed one non-executive director and two independent non-executive directors of the Company as members of the Audit Committee to assist the board of directors in fulfilling its duties by providing review and supervision of the Company's financial reporting process and internal controls. The audit committee has reviewed the Group's annual results for the year ended 30th June, 2016.

## PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published at the website of the Stock Exchange at www.hkex.com.hk under "Latest Listed Companies Information" and at the website of the Company at www.hkex109.hk. The 2016 Annual Report will be dispatched to shareholders and available at the above websites in due course.

On behalf of the Board, I would like to thank all of our customers, shareholders, suppliers and employees for their continued support.

*As at the date of this announcement, (i) the executive directors of the Company are Mr. Lu Sheng and Mr. Chen Chuanjin; (ii) the non-executive directors of the Company are Mr. Liu Hai and Mr. Lo Wan Sing, Vincent; and (iii) the independent non-executive directors of the Company are Mr. Chau On Ta Yuen, Mr. Zhang Ning and Ms. Kwan Shan.*

On behalf of the Board
**Good Resources Holdings Limited**
**Lu Sheng**
*Chairman*

Hong Kong, 29th September, 2016