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

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

GOOD RESOURCES

2018 ANNUAL REPORT

* for identification purposes only

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Mr. Lu Sheng *(Chairman)*
Mr. Chen Chuanjin *(Chief Executive Officer)*

Non-executive Director:

Mr. Lo Wan Sing, Vincent

Independent Non-executive Directors:

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

COMPANY SECRETARY

Ms. Kwan Shan

AUTHORIZED REPRESENTATIVES

Mr. Lu Sheng
Ms. Kwan Shan

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

REGISTERED OFFICE OF THE COMPANY

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke, HM 08 Bermuda

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

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

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

Corporate Information

AUDITOR

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

PRINCIPAL BANKERS

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

STOCK CODE

SEHK 00109

WEBSITE

www.hkex109.hk

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Good Resources Holdings Limited ("Good Resources" or the "Company"), I am pleased to report the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2018.

A YEAR IN REVIEW

During the year of 2018, the Group continued to consolidate its core business segments, and achieved steady performance. Revenue of the Group is mainly generated from loan financing segment which delivered positive contribution for the year. In current unstabilized economic environment, selection of loan customers become very crucial. Thus, we continue focus on a strict and cautious approach on terms of loan and risk measurement for loan applications during the year.

For investment segment, the group has negotiated with Airspan Network Inc ("Airspan") and revised some terms of convertible notes during the year. It mainly includes decreased the notes principal to US$9 million and the interest of convertible notes would be received quarterly. We expect it would minimize default risk and save unnecessary administrative costs.

Another investment in Myanmar, sub-group of Golden 11 Investment International PTE Ltd. ("Golden 11") which has been building up its business infrastructure for provision of telecommunication services. After repeated negotiations with local potential customers, suppliers and local governments during the year, it is further improved. It enables us to move forward and can takes another step forward in creating economic value for the Group in near future. Apart from existing business, our focus continues to be on explore business diversification aims to maximize the existing resources.

In light of shares prices of the Company not reflecting the net asset value per share recently, the Company has conducted a series of repurchases of shares of the Company from July 2017 to August 2018 in aggregate to 116,470,000 shares of the Company (the "Share Repurchases") which were cancelled by the end of August 2018, it costs to approximately HK$45.1 million. The cost of Share Repurchases was fully funded by available cash of the Company. The Company keeps a high liquidity level after the settlement of the Share Repurchase. Management believes that repurchases of shares would benefit the Company and its shareholders as a whole.

OUTLOOK

Due to economic negative factors like trade war escalation, currency instabilities, growing corporate debt bubble and collapse of Chinese peer to peer lenders etc., adherence to the conservative and pragmatic way on loan granting or investment of the Group is a must.

Despite facing challenging economic conditions, we still focus on the existing financial and investment segments as our core businesses, as well as continuing explore investment opportunities to expand our business portfolio and create long-term value to our shareholders and stakeholders. Furthermore, we are committed to good corporate governance and ethical business practices, promoting the long-term interests of shareholders.

Chairman's Statement

APPRECIATION

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

LU Sheng
Chairman

Hong Kong, 28 September 2018

Management Discussion and Analysis

BUSINESS REVIEW

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

Provision of financial services

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

The financial services segment has continued to generate interest incomes from loan financing during the year and has accounted for majority of the Group's turnover for the year ended 30 June 2018 (the "Year"). The segment becomes the core sources for the Group's profit and also as one the main business of the Group in the long run.

Investment holding

The Group's investment portfolio segment comprised of (i) sub-group of Golden 11 Investment International PTE Ltd. ("Golden 11"); and (ii) financial instrument investments.

(i) Golden 11 has invested in business infrastructure for optical fibre network, base stations and network at Myanmar along the railway line in Yangon. Golden 11 has not generated income yet but the local team of Golden 11 has been negotiating with the suppliers, potential customers and local government to facilitate its business strategy and generate income for the Group in near future.

(ii) The Group held investment in convertible note issued by Airspan Network Inc. ("Airspan") with fair value of approximately HK$67,183,000, representing approximately 2.2% of the Group total assets as at 30 June 2018. The Group has entered into an amendment agreement with Airspan during the Year to reduce the principal amount of the convertible note from US$10,000,000 to US$9,000,000 and extended the maturity date to 30 June 2020.

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

Management Discussion and Analysis

FINANCIAL REVIEW

For the year ended 30 June 2018, the turnover of the Group decreased by approximately HK$27,161,000 to approximately HK$110,523,000 (2017: approximately HK$137,684,000). Despite the decline in turnover, there was no significant decrease in the Group's profit before taxation and net profit amount for the Year. For the Year, the Group has recorded a profit before taxation of approximately HK$91,236,000 (2017: approximately HK$92,115,000) and a net profit of approximately HK$63,885,000 (2017: approximately HK$66,893,000).

The financial result for the year was mainly driven by the combined impacts of:

(i) The turnover of the Group decreased by approximately HK$27,161,000 to approximately HK$110,523,000 (2017: approximately HK$137,684,000), representing a decrease of approximately 19.7%. The decline was mainly due to the change in average interest rate of the Group's finance lease and loan portfolio after extension of certain loan agreements in 2017. The Group's finance lease and loan portfolio average interest rate was approximately 8.1% (2017: approximately 10.3%);

(ii) As at 30 June 2018, loans receivable of approximately HK$1,127,684,000 (2017: approximately HK$1,367,552,000) of the Group were outstanding. The outstanding loans receivable, comprising approximately HK$1,123,299,000 neither past due nor impaired and approximately HK$4,385,000 past due but not impaired as at 30 June 2018. The Group had recognised impairment losses of approximately HK$28,496,000 in the year ended 30 June 2017 and no such impairment loss was recorded for the Year;

(iii) Recognition of an one-off gain on disposal of 90% of the issued share capital of Metro Leader Limited and a remeasurement gain in the retained 10% issued share capital of Metro Leader Limited, which in total of approximately HK$49,749,000 was recorded in the year ended 30 June 2017. No such disposal gain was recorded for the Year;

(iv) An impairment loss on goodwill of approximately HK$12,386,000 was recognised for the year ended 30 June 2017 and no such impairment loss was recorded for the Year;

(v) The Group has recognized a fair value gain on financial assets at fair value through profit or loss of approximately HK$4,565,000 (2017: a loss of approximately HK$9,057,000). Further, there was a modification gain recognised upon entering the amendment agreement of the Airspan convertible notes of approximately HK$3,917,000 (2017: Nil); and

(vi) The general and administrative expenses of approximately HK$52,405,000 for the Year represented an approximately 10% or approximately HK$5,991,000 decrease as compared with last year of approximately HK$58,396,000. The decrease in general and administrative expense was mainly due to the decrease in total staff cost of approximately HK$13,911,000 to approximately HK$17,937,000 for the Year (2017: approximately HK$31,848,000) and net off with an increase in depreciation expenses of approximately HK$4,378,000 to approximately HK$4,522,000 for the Year (2017: approximately HK$144,000) and increase in repair and maintenance expenses of approximately HK$2,033,000 to approximately HK$2,208,000 for the Year (2017: approximately HK$175,000).

The financial performance for the year ended 30 June 2018 is the result of the Group's disciplined cost control and success in capturing the opportunity to deliver a long-term stable return for the shareholders.

PROSPECT

Loan financing remains as the Group's core operations. Trade war escalation, growing debt bubble and collapse of Chinese P2P lenders, etc., all these market factors increase the demand from corporates for long term money lending. The Group has implemented a strict and cautious approach for selection of loan financing customers to minimize the potential default risk. It is expected that there still has a stable revenue generated from loan financing services in the coming year. With Mainland China initiating the "One Belt, One Road" economic development strategy, we expect the investment of the Company in Myanmar can create positive value to the shareholders and the stakeholders of the Company as soon as possible in the near future.

We proactively exploring further potential investment opportunities in other industries in order to broaden the source of revenue and diversify business risk in the best interest of shareholders of the Company.

USE OF PROCEEDS AND UPDATES

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

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

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

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

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

The actual use of the net proceeds from the subscription agreement up to 30 June 2018 has been utilized in the following manner:

(a) used as intended;

(b) used as intended;

(c) used as intended;

(d) approximately HK$47 million was used for fulfilling the capital contribution commitment of Golden 11 sub-group and working capital needs up to 30 June 2017; an additional working capital of approximately HK$12 million has been provided to Golden 11 for business development for the year ended 30 June 2018; and the remaining balance yet to be utilised and is placed in licensed banks.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains its strong financial position with cash and cash equivalents of approximately HK$1,469,659,000 (2017: approximately HK$1,347,820,000).

As at 30 June 2018, the Group had net current assets of approximately HK$1,630,531,000 (2017: approximately HK$1,595,824,000). The total equity was approximately HK$2,939,857,000 (2017: approximately HK$2,854,507,000). The Group had no borrowings (30 June 2017: no borrowings) and gearing ratio was zero as at 30 June 2018 and 2017. Gearing ratio is calculated as net debt divided by total capital.

CAPITAL STRUCTURE

The capital of the Company only comprises ordinary shares. During the year ended 30 June 2018, there has been no change in the capital structure of the Group.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any significant contingent liabilities.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 30 June 2018 (2017: nil).

EMPLOYMENT AND REMUNERATION POLICIES

As at 30 June 2018, the Group employed approximately 33 employees. The remuneration committee of the board of Directors and the Directors reviewed remuneration policies regularly. The structure of the remuneration packages would take into account the level and composition of pay and the general market conditions in the respective countries and businesses.

SHARE OPTION SCHEME

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

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

There were no share options outstanding at 30 June 2018, and no share options were granted during the year ended 30 June 2018.

ADVANCES TO ENTITIES AND CONNECTED TRANSACTIONS

All definition of the Agreement(s) under this heading follow the same definitions as in the "Corporate Governance Report" in annual report 2017.

Pursuant to Rule 13.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), a general disclosure obligation arises where an advance to an entity from the Group exceeds 8% of the total assets of the Group. Pursuant to Rule 13.13 of the Listing Rules, details of advances as defined under Rule 13.15 of the Listing Rules which remained outstanding as at 30 June 2018 were as follow:

The Shanghai Wealth Supplemental Agreements

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

As at 30 June 2018, the principal and the accrued interest of the First Shanghai Wealth Loan and the Second Shanghai Wealth Loan which remains outstanding is RMB24,385,000 and RMB253,944,000, respectively.

The First Shanghai Wealth Supplemental Agreement

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

ADVANCES TO ENTITIES AND CONNECTED TRANSACTIONS (continued)

The Second Shanghai Wealth Supplemental Agreement

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

The Shanghai Renhe Investment Supplemental Agreement

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

As at 30 June 2018, the principal and the accrued interest of the Shanghai Renhe Investment Loan which remains outstanding is RMB355,522,000.

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

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

Management Discussion and Analysis

ADVANCES TO ENTITIES AND CONNECTED TRANSACTIONS (continued)

The Shanghai Shihao Supplemental Agreement

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

As at 30 June 2018, the principal and the accrued interest of the Shanghai Shihao Loan which remains outstanding is RMB216,361,000.

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

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not make any material acquisition and disposal of subsidiaries and affiliated companies for the year ended 30 June 2018.

CHARGE ON ASSETS

As at 30 June 2018, the Group did not have any charge on its assets (2017: Nil).

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2018, the Group does not have any other plan for material investments or capital assets.

EVENT AFTER THE REPORTING PERIOD

(a) From 4 July 2018 to 15 August 2018, the Group repurchased a total of 10,550,000 ordinary shares of the Company on the Stock Exchange through Jet United Investment Limited, a wholly owned subsidiary of the Company, at an aggregate purchase consideration (excluding expenses) of approximately HK$2,089,330 and had been deducted from share capital and share premium. All repurchased shares were cancelled on 27 August 2018.

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

(b) On 24 August 2018, Jet United Investments Limited, a wholly-owned subsidiary of the Company, placed an order to subscribe for senior notes in the principal amount of US$20,000,000 issued by Redco Properties Group Limited. The order was fulfilled in full on 29 August 2018. Details of which are set out in the Company's announcement dated 24 August 2018.

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 (2017: Nil).

Directors and Senior Management's Profiles

HONORARY CHAIRMAN

Mr. NG Leung Ho GBS, JP (吳良好) ("**Mr. Ng**"), aged 67, is a Honorary Chairman of the Company. He was previously an Executive Director and Chairman of the Company. On 29 June 2015, Mr. Ng was re-designated to Honorary Chairman and Non-executive Director and member of Nomination Committee of the Company. Mr. Ng resigned from Non-executive Director and member of Nomination Committee of the Company since 1 April 2016. The duties of Mr. Ng with the Company were on honorary basis and there were no executive functions in nature. Mr. Ng helps to promote the interest of the Group with Chairman and CEO of the Company.

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

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

EXECUTIVE DIRECTORS

Mr. LU Sheng (盧晟) ("**Mr. Lu**"), aged 45, is a Chairman and an Executive Director of the Company. He was appointed as the Executive Director of the Company and the Chairman of the Company on 29 June 2015 and 11 May 2016 respectively.

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 18 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.

Mr. CHEN Chuan Jin (陳傳進) ("**Mr. Chen**"), aged 53, is a Chief Executive Officer and an Executive Director of the Company. He was appointed as the Non-executive Director and the member of Audit Committee of the Company on 29 June 2015 and was re-designated/appointed as the Executive Director and the Chief Executive Officer of the Company on 30 June 2016. Mr. Chen ceased to be the member of Audit Committee on 30 June 2016.

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

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".

Directors and Senior Management's Profiles

NON-EXECUTIVE DIRECTOR

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHAU On Ta Yuen SBS, BBS (周安達源) ("**Mr. Chau**"), aged 70, is an Independent Non-executive Director of the Company. He was appointed as an Independent Non-executive Director of the Company on 3 July 2007. He was also appointed a chairman of the Nomination Committee, the member of each of the Audit Committee and Remuneration Committee of the Company on 3 July 2007. On 29 June 2015, Mr. Chau was re-designated to the chairman of Audit Committee of the Company.

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

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Mr. ZHANG Ning (張寧) ("**Mr. Zhang**"), aged 60, is an Independent Non-executive Director of the Company. He was appointed as an Independent Non-executive Director of the Company, the chairman of the Remuneration Committee and a member of Nomination Committee of the Company on 14 July 2016.

Mr. Zhang graduated from the Xi'an University of Technology (西安理工大學) in the PRC with a degree in engineering in 1982. In 1990, he graduated from the PBC School of Finance, Tsinghua University (清華大學五道口金融學院) in the PRC with a Master degree in Economics. Mr. Zhang has over 26 years of management experience in finance and pharmaceutical industries. Mr. Zhang has been the chairman of the board of directors of Beijing Concham Global Finance Leasing Co., Ltd. (北京中盛國際融資租賃有限公司) in the People's Republic of China (the "PRC") since January 2014. From November 2003 to December 2013, he had been the general manager of Beijing Bontop Mall Assets Management Co., Ltd. (北京邦泰摩爾資產管理有限公司) in the PRC.

Mr. WONG Hok Bun, Mario (**黃學斌**) ("**Mr. Wong**"), aged 39, is an Independent Non-executive Director of the Company. He was appointed as the Independent Non-executive Director of the Company, a member of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee of the Company on 31 May 2017.

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

Report of the Directors

The Directors present their annual report and the audited consolidated financial statements of the Company for the year ended 30 June 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in Note 30 to the financial statements.

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

RELATIONSHIP WITH KEY STAKEHOLDERS

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

(i) Employees

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

(ii) Customers

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

(iii) Community

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

DONATION

The Group has not made any donation during the year (2017:Nil).

Report of the Directors

ENVIRONMENTAL POLICIES

The Group is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimise our environmental impact by saving electricity and encouraging recycle of office supplies and other materials. As a responsible corporation, the Group is committed to maintain the highest environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole. The Group maintains strong relationships with its employees and has provided high quality services to its customers so as to ensure sustainable development. Information on the environmental policies of the Company is set out in the "Environmental, Social and Governance Report" on pages 34 to 44 of this Annual Report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in the HKSAR/PRC/Singapore/Myanmar while the Company itself is listed on the Stock Exchange. The Group's establishment and operations accordingly shall comply with all HKSAR/PRC/Singapore/Myanmar laws and applicable laws in the jurisdictions where it has operations. During the year ended 30 June 2018, and up to the date of this annual report, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

RESULTS

The results of the Group for the year ended 30 June 2018 are set out in the consolidated statement of comprehensive income on page 50.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 30 June 2018.

FINANCIAL SUMMARY

The financial summary of the consolidated results and net assets of the Group for the last five financial years are set out on page 108.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in Note 24 to the financial statements.

Report of the Directors

EQUITY LINKED AGREEMENTS

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

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 53 and in Note 32 to the financial statements respectively.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution amounted to approximately HK$1,786,963,000 as at 30 June 2018. Under the Companies Act 1981 of Bermuda (as amended), the balances in a company's contributed surplus and share premium accounts are available for distribution. However, the company cannot declare or pay a dividend, or make a distribution out of contributed surplus and share premium if: (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the assets of the company would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

DIRECTORS

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

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

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

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

Pursuant to the Bye-laws 87(1) of the Bye-laws of the Company, Mr. Lo Wan Sing, Vincent and Mr. Chau On Ta Yuen will retire from office by rotation and, being eligible, all of them will offer themselves for re-election at the forthcoming Annual General Meeting.

Pursuant to the code provision of A.4.3 ("Code A.4.3") of the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules, if an independent non-executive director ("INED") serves more than nine (9) years, his further appointment should be subject to a separate resolution to be approved by shareholders. Mr. Chau On Ta Yuen, who has served as INED for more than nine years up to the date of this report, will retire and be eligible for re-election at the forthcoming annual general meeting of the Company, and such re-election will be subject to Shareholders' approval at the same meeting. The Company has received from Mr. Chau On Ta Yuen an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and he does not have any management role in the Group nor any relationship with any Director, senior management, substantial or controlling shareholder of the Company. The Board is of the opinion that Mr. Chau maintains an independent view of the Company's affairs and is able to carry out his duties as an INED in an impartial manner. He has given much valuable advice to the Company during past years of services with his extensive business experiences. The Board therefore recommends the re-election of Mr. Chau On Ta Yuen as an INED notwithstanding the fact that he has served the Company for more than nine (9) years.

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

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

DIRECTORS OF SUBSIDIARIES

During the financial year and up to the date of this annual report, Mr. Lu Sheung held directorships in some of the Company's subsidiaries. Other directors of the Company's subsidiaries include Chen Chuanjin, Lo Wan Sing, Vincent, Chen Shi, Chen Songlin Michael, Chau Sze Yue, Clinton and Kwan Shan.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

At 30 June 2018, 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:

Long position in shares of the Company

Directors	Capacity	Number of issued ordinary shares held	Approximate percentage of issued share capital of the Company
Lu Sheng	Interest of controlled corporation *(Note 1)*	600,000,000	8.45%
Chen Chuanjin	Beneficial owner	10,000,000	0.14%
Lo Wan Sing, Vincent	Beneficial owner	9,500,000	0.13%
Chau On Ta Yuen	Beneficial owner	2,500,000	0.04%

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 30 June 2018, none of the Directors and the Chief Executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading of "Directors and Chief Executives' Interest in Shares" above and the "Share Option Scheme" on page 9, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouses or children under the age of eighteen had any right to subscribe for the securities of the Company, or had exercised any such right during the Year.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES

At 30 June 2018, the shareholder who had an interest or short position in the shares and underlying shares of the Company which have been disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO was as follows:

Long position in the shares of the Company

Name of shareholder	Capacity	Number of issued ordinary share capital	Approximate percentage of the issued shares held of the Company *(Note 7)*
Cheng Kin Ming *(Note 1)*	Beneficial owner	2,341,100,000	32.95%
Tiancheng International Holdings Investment Limited *(Note 1)*	Beneficial owner	2,341,100,000	32.95%
Chu Yuet Wah *(Note 2)*	Beneficial owner and person having a security interest	1,810,146,190	25.48%
Kingston Finance Limited *(Note 2)*	Person having a security interest	1,800,000,000	25.33%
Ng Leung Ho *(Note 3)*	Beneficial owner	1,012,061,882	14.25%
Golden Prince Group Limited *(Note 3)*	Beneficial owner	600,000,000	8.45%
Rich Capital Global Enterprises Limited *(Note 3)*	Beneficial owner	406,741,882	5.73%
Zhang Yi *(Note 4)*	Beneficial owner and interest of controlled corporation	812,520,000	11.44%
Wan Ten Lap *(Note 5)*	Interest of controlled corporation	500,000,000	7.04%
Promising Sun Limited *(Notes 4 and 5)*	Beneficial owner	500,000,000	7.04%
Power Fine Global Investment Limited *(Note 6)*	Beneficial owner	600,000,000	8.45%

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

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

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES (continued)

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

Note 4: 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 5: Mr. Wan Ten Lap has indirect interest of 51% in Promising Sun Limited which held 500,000,000 shares of the Company.

Note 6: The entire issued capital of Power Fine Global Investment Limited is owned by Mr. Lu Sheng, Executive Director of the Company.

Note 7: The approximate percentages were calculated based on 7,104,503,998 shares in issue as at 30 June 2018 (rounded down to two decimal places).

Save as disclosed herein, no other person had any interests or short positions in the shares or underlying shares of the Company as at 30 June 2018, 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.

INDEMNITY PROVISION

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

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

During the financial year and up to the date of this annual report, the changes in Directors' information which is required to be disclosed and has been disclosed by Directors pursuant to Rule 13.51B of the Listing Rules are set out below:

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

MAJOR CUSTOMERS AND SUPPLIERS

The Group has four external customers, which had accounted for 88% of the Group's turnover from financial services and turnover from the largest customer included therein amounted to approximately 29%.

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

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

During the Year, a wholly-owned subsidiary of the Company, Jet United Investments Limited ("Jet United") repurchased a total of 105,920,000 shares of the Company on the Stock Exchange at an aggregate consideration (excluding expenses) of approximately HK$43,028,020. Further details are set out as follows:

Month of repurchased	Number of ordinary shares repurchased	Highest purchase price per share *HK$*	Lowest purchase price per share *HK$*	Purchase consideration (excluding expenses) *HK$*
July 2017	11,030,000	0.410	0.345	4,336,000
August 2017	77,440,000	0.475	0.410	34,689,400
April 2018	790,000	0.233	0.233	184,070
May 2018	10,190,000	0.265	0.194	2,367,620
June 2018	6,470,000	0.232	0.200	1,450,930
	105,920,000			43,028,020

All the shares repurchased were cancelled on 30 August 2017, 26 June 2018 and 27 August 2018 respectively. Shares repurchased by Jet United in the year under review were carried out pursuant to the general mandate to repurchase shares granted by the shareholders of the Company at the annual general meeting held on 28 November 2017 and were made in the interest of the Company and the shareholders of the Company as a whole. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of Company's listed securities during the year ended 30 June 2018.

CORPORATE GOVERNANCE

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

INDEPENDENCE CONFIRMATION

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

DIRECTOR'S INTERESTS IN COMPETING BUSINESSES

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

AUDIT COMMITTEE

The Company has appointed one Non-executive Director and two Independent Non-executive Directors of the Company as members of the Audit Committee to assist the board of Directors in fulfilling its duties by providing review and supervision of the Company's financial reporting process and internal controls. The audit committee has reviewed the Group's annual results for the year ended 30 June 2018.

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 30 June 2018.

AUDITOR

The financial statements for the year ended 30 June 2017 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

LU Sheng
Chairman

Hong Kong, 28 September 2018

Corporate Governance Report

CODE ON CORPORATE GOVERNANCE PRACTICE

The Board is committed to establish and maintain high standards of corporate governance to enhance shareholders' interest and promote sustainable development. The Company has applied the principles and complied with all the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the year ended 30 June 2018.

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

THE BOARD OF DIRECTORS

Composition of the Board

The Board now comprises six Directors, including two Executive Directors and one Non-executive Director and three Independent Non-executive Directors. The Directors' biographical information is set out on pages 14 to 16 under the heading "Directors and Senior Management's Profiles". The Board members up to the date of this report are:

Executive Directors:

Mr. Lu Sheng *(Chairman)*
Mr. Chen Chuanjin *(Chief Executive Officer)*

Non-executive Director:

Mr. Lo Wan Sing, Vincent

Independent Non-executive Directors:

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

THE BOARD OF DIRECTORS (continued)

Responsibilities of the Board

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

- Formulating the strategy and policy for the operation and development of the businesses of the Group and monitoring the implementation thereof;
- Recommending dividends;
- Reviewing and approving the annual and interim reports;
- Establishing and maintaining good corporate governance standards and practices; and
- Ensuring and monitoring other continuing obligations and compliance of the Company under the Listing Rules.

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

Appointment and Re-election of Directors

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

Directors' Service Contracts

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

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

Director's Insurance

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

THE BOARD OF DIRECTORS (continued)

Directors' Training and Professional Development

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

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

NON-EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTORS

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

The roles of the INEDs include the following:

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

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

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

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

COMPANY SECRETARY

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

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

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

During the year ended 30 June 2018, Ms. Kwan Shan, the Company Secretary, has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

AUDIT COMMITTEE

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

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

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

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

Summary of Works

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

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

REMUNERATION COMMITTEE

The Remuneration Committee comprises one NED and three INEDs:

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

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

Summary of Works

During the year, the Remuneration Committee held one meeting and reviewed the remuneration packages of the all the Directors and the senior management and made recommendations to the Board on the remuneration of the newly appointed Executive Director in accordance with the Remuneration Committee's terms of reference. Pursuant to code provision B1.5 of the CG Code, the details of the annual remuneration of the members of the senior management by band for the year ended 30 June 2018 is as follows:

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

Details of the remuneration of each Director for the year ended 30 June 2018 are set out in Note 12 to the consolidated financial statements.

NOMINATION COMMITTEE

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

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

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

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

NOMINATION COMMITTEE (continued)

Summary of Works

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

Board Diversity Policy

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

Summary of the Board Diversity Policy

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

Measurable Objectives

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

Implementation and Monitoring

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

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

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

ATTENDANCE RECORD AT BOARD AND BOARD COMMITTEE MEETINGS

The Board and the Board committees meet regularly every fiscal year and additional meetings would be arranged if and when necessary. Seven meetings were held by the Board during the year ended 30 June 2018. Attendance of the meetings of the Board and those of the committees are set out as follows:

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions By Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") during the Year under review. The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the year ended 30 June 2018.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

The statement of the external Auditor of the Company, Messrs. BDO Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report from pages 45 to 49.

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

AUDITOR'S REMUNERATION

The remuneration in respect of audit and non-audit services provided by the external auditors for the year ended 30 June 2018 are HK$1,210,000 and HK$165,000 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.

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

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

COMMUNICATION WITH SHAREHOLDERS

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

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

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

SHAREHOLDERS' RIGHT

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

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

INVESTOR RELATIONS

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

Environmental, Social and Governance Report

ABOUT THIS REPORT

Reporting Objective

Global warming has become an undisputed fact about our current livelihoods and is a serious issue in the world, the goals of Good Resources Holding Limited (the "Company") are not only profit maximization but also are protect the environment against the climate changes in the best interest of stakeholders. This report is the second Environmental, Social and Governance ("ESG Report") issued by Good Resources Holdings Limited (the "Company") to give insight into the approach adopted and actions taken by the Company. The Company strives continuously to incorporate sustainability initiatives into our daily operations and management. While sharing the vision of becoming the preferred choice of our stakeholders, the Company is committed to improving our Environmental, Social and Governance (ESG) performance by upholding good corporate governance standards, protecting our environment, engaging the community and promoting social integration.

Reporting Scope and Period

This ESG Report aims to share our key sustainability performances and outline our milestones on our sustainability journey during the reporting period from 1 July 2017 to 30 June 2018. The reporting timeframe is consistent with the Company's financial year ended 30 June 2018. Our reporting boundary is limited to Hong Kong and Mainland China unless other specified.

Reporting Guideline

This ESG Report has complied with the "comply or explain" provisions set out in the "Environmental, Social and Governance Reporting Guide" under Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The disclosure contents of this Report have been confirmed by the Board.

Feedback

We value your feedback regarding the review and our overall sustainability practices. Please provide your comments by email to <admin@hkex109.hk>.

STAKEHOLDER ENGAGEMENT

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

The practitioners in stakeholder engagement are:

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

Environmental, Social and Governance Report

ENVIRONMENTAL

Environmental protection is embedded in our culture, communities and values. We recognise and accept our responsibility to the community and environment both now and in the future. We are committed to maintaining and improving upon our environmental performance, and ensuring that environmental considerations are an integral part of our decision-making, management and culture. To our best knowledge, we have complied with all relevant laws and regulations regarding environmental issues in the regions where it has business operations during the reporting year.

Emission Policy

We are committed to managing and continually improving our energy performance. And we also promote it to our stakeholders by achieving our common energy objectives and targets and minimizing energy costs at work environment.

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

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

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

- ***Waste Management***

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

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

- ***Natural Resources***

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

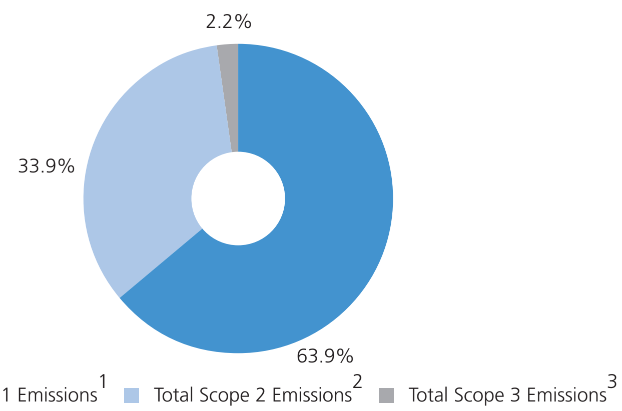
ENVIRONMENTAL (continued)

Environmental Performance

In accordance with the ESG Reporting Guide set out by the Stock Exchange, the data of the "Emissions" and "Use of Resources" of the Group during the reporting period of 2017/2018 are tabulated below.

Energy use and emissions	Unit	1 July 2017 to 30 June 2018
Electricity	kWh	20,748.67
Petrol	L	10,118.84
Greenhouse gas emissions	$tCO2e$	42.87
NOx	g	3,253.78
SOx	g	162.91
PM	g	239.57

Total Greenhouse Gas Emissions



Resources Consumption	Unit	1 July 2017 to 30 June 2018
Paper consumption	tonnes	0.2
General waste generation	tonnes	2.31

Waste collected for recycling	Unit	1 July 2017 to 30 June 2018
Paper recycling	tonnes	0.14
Plastic recycling	tonnes	0.04

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

SOCIETY

Health and Safety

To ensure the well-being of our employees, contractors, tenants and visitors to our premises, we are committed to maintaining a healthy and safe work environment and minimising any adverse health and safety impacts arising from our operations.

✓ Provide adequate and appropriate resources
✓ Educate and train employees regarding safety and health best practices
✓ Comply with applicable laws and regulations
✓ Implement measures to monitor performance and to achieve significant and continuous improvement
✓ Review the status, planning, organization and implementation of the policy at least annually

Labour Standard

We strictly comply with the requirements of the Labour Law of Hong Kong and the Labour Law of the PRC. The Company prohibits the use of child labour and forced or compulsory labour at all its units and suppliers. No employee is made to work against his/her will or work as forced labour, or subject to corporal punishment or coercion of any type related to work. The Group is not aware of any non-compliance with relevant rules and regulations on preventing child or forced labour.

Equal Employment

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

- ***Non-Discrimination***

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

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

- ***Harassment***

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

Development and Training

The Company aims at encouraging staff to pursue professional development, which enables them to acquire knowledge and skills in line with business needs. Staff training and development is considered as investment to our future, that training sponsorship should not be viewed as staff welfare.

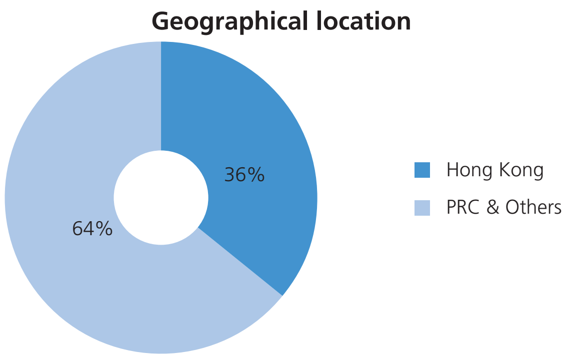
SOCIETY (continued)

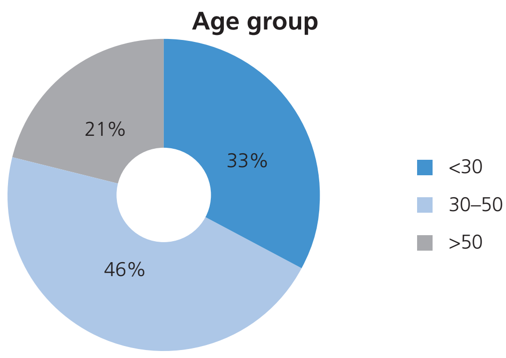
Social Performance

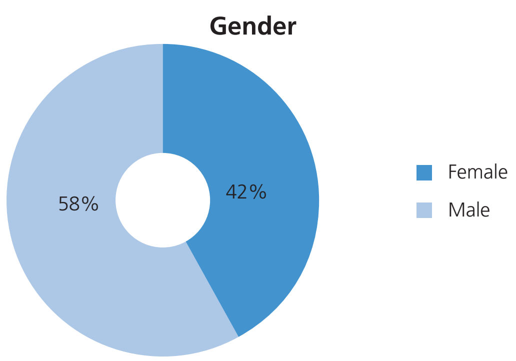
Good Resources Holdings Limited employs over 33 staff in total.

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

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







COMMUNITY

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

During the reporting year, we successfully organized 3 charity programs to provide meals to poor patients in 3 Government Hospitals in Myanmar. We have 12 staff members committed over 90 hours for the voluntary program.

OPERATING PRACTICES

Supply Chain Management

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

Protect Client

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

Anti-corruption

The Company maintains a high standard of business integrity throughout its operations and tolerates no corruption or bribery in any form. The Company strictly complies with relevant laws and regulations relating to anti-corruption, bribery, extortion, fraudulent behavior and money-laundering.

The Company is committed to adhering to the highest ethical standards. The Company has established Code of Conduct that employees are required to adhere. Such code explicitly prohibits employees from soliciting, accepting or offering bribes or any form of advantage. The Code of Conduct also outlines the Company's expectations on staff with regard to conflicts of interest.

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

ESG GUIDE CONTENT INDEX

Disclosure, Aspects, General Disclosure and KPIs	Description	Page/Statement
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	36
KPI A1.1	The types of emissions and respective emissions data.	37
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	37
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	We do not report on this issue as the Group does not produce significant amount of hazardous waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	37
KPI A1.5	Description of measures to mitigate emissions and results achieved.	36
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	36
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	36
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	37
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	We did not collect such information as it is not material to our business
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	36–37
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	We do not report on this issue as the disclosure is not material to our business

ESG GUIDE CONTENT INDEX (continued)

Disclosure, Aspects, General Disclosure and KPIs	Description	Page/Statement
KPI A2.5	Total packaging material used for finished products.	We do not report on this issue as the disclosure is not material to our business. Our business does not manufacture or sell any physical product
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	36
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	36
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	38
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	39
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	38
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	38

OPERATING PRACTICES (continued)

Disclosure, Aspects, General Disclosure and KPIs	Description	Page/Statement
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	38
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	38
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	41
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	41
KPI B6.1	Description of consumer data protection and privacy policies, how they are implemented and monitored.	41
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	41
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	41
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	40
KPI B8.1	Focus area of contribution (e.g. education, environment concerns, labour needs, health, culture, sport).	40
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	40

Independent Auditor's Report

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TO THE SHAREHOLDERS OF GOOD RESOURCES HOLDINGS LIMITED
天成國際集團控股有限公司
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Good Resources Holdings Limited (the "Company") and its subsidiaries (together as the "Group") set out on pages 50 to 107, which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Impairment assessment of goodwill

The Group had goodwill of HK$15,646,000 as at 30 June 2018. Management have performed an impairment review under Hong Kong Accounting Standard 36 "Impairment of Assets". Recoverable amount of cash generating unit is determined based on value in use calculations, which include significant assumptions and judgements made by management concerning the estimated future cash flows. Based on the value in use calculations, no impairment loss has been recognised for goodwill for the year then ended (2017: HK$12,386,000).

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

The accounting policy, significant accounting judgements and estimates, key assumptions used in the impairment model and disclosures are included in Notes 3, 4 and 17 to the consolidated financial statements.

Our response:

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

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

Impairment assessment of loans receivable

The Group had loans receivable of HK$1,127,684,000 as at 30 June 2018. The Group's methodology and assumptions used for estimating both the amount and timing of future cash flows for loans receivable normally encompass the nature and value of collateral held and anticipated receipts. The Group carried out an impairment assessment for each individual balance, considering the ageing of the receivable balances, debtors' creditworthiness, past repayment history and other specific circumstances and market conditions. No impairment loss has been recognised for loans receivable for the year then ended (2017: HK$28,496,000).

We identified the impairment assessment of loans receivable as a key audit matter because of its significance to the consolidated financial statements and the assessment of impairment for loans receivable involved significant management judgements and estimations used on the expected future cash flows based on the creditability of the counterparties, nature and value of collateral held and anticipated receipts.

The accounting policy, significant accounting judgements and estimates and disclosures for the recognition of impairment of loans receivable are included in Notes 3, 4 and 21 to the consolidated financial statements.

Our response:

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

- Obtain an understanding of the Group's methodology and assumptions used for estimating the impairment allowance on loans receivable;
- Select samples based on the significance of the outstanding loan amounts and examine their financial performance by reviewing the credit assessment performed by the Group, including recoverable cash flows, repayment history and compare the current market value of collateral;
- Obtain direct confirmation of selected accounts; and
- Examine the ageing analysis, check subsequent settlement and consider the credit standing and historical repayment pattern of the counterparties.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BDO Limited
Certified Public Accountants

Choi Man On
Practising Certificate number P02410

Hong Kong, 28 September 2018

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2018

	Notes	2018 HK$'000	2017 HK$'000
Turnover	7	**110,523**	137,684
Other revenue	9	**23,994**	19,646
Other net gains/(losses)	9	**11,964**	(53,559)
Gain on disposal of subsidiaries	10	**–**	49,749
Administrative expenses		**(52,405)**	(58,396)
Share of loss of a joint venture	18	**(2,840)**	(3,009)
Profit before taxation	11	**91,236**	92,115
Taxation	13	**(27,351)**	(25,222)
Profit for the year		**63,885**	66,893
Other comprehensive income/(loss) that maybe subsequently reclassified to profit or loss			
Fair value adjustment on available-for-sale financial assets		**(3,493)**	–
Exchange differences arising on translation of foreign operations		**67,986**	(29,899)
Other comprehensive income/(loss) for the year		**64,493**	(29,899)
Total comprehensive income for the year		**128,378**	36,994
Profit for the year attributable to:			
— Owners of the Company		**74,365**	75,178
— Non-controlling interests		**(10,480)**	(8,285)
		63,885	66,893
Total comprehensive income for the year attributable to:			
— Owners of the Company		**138,316**	45,333
— Non-controlling interests		**(9,938)**	(8,339)
		128,378	36,994
		HK Cents	*HK Cents*
Earnings per share attributable to owners of the Company	14		
— Basic		**1.04**	1.04
— Diluted		**1.04**	1.04

Consolidated Statement of Financial Position

At 30 June 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**68,215**	70,945
Intangible assets	16	**65,354**	70,489
Goodwill	17	**15,646**	15,447
Loans receivable	21	**1,072,231**	1,080,153
Interest in a joint venture	18	**32,544**	34,966
Available-for-sale financial asset	19	**71,489**	4,306
		1,325,479	1,276,306
Current assets			
Loans receivable	21	**55,453**	287,399
Other receivables, deposits and prepayments		**10,819**	21,706
Financial assets at fair value through profit or loss	19	**–**	69,045
Bank balances and cash	22	**1,469,659**	1,347,820
		1,535,931	1,725,970
Non-current assets held-for-sale	20	**228,312**	–
		1,764,243	1,725,970
Total assets		**3,089,722**	3,002,276
Current liabilities			
Other payables, accruals and deposits received		**49,073**	49,993
Provision for taxation		**84,639**	80,153
		133,712	130,146
Total assets less current liabilities		**2,956,010**	2,872,130
Non-current liabilities			
Deferred tax liabilities	23	**16,153**	17,623
NET ASSETS		**2,939,857**	2,854,507

Consolidated Statement of Financial Position

At 30 June 2018

	Notes	2018 HK$'000	2017 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	24	**709,877**	720,469
Reserves		**2,186,845**	2,080,965
		2,896,722	2,801,434
Non-controlling interests	25	**43,135**	53,073
TOTAL EQUITY		**2,939,857**	2,854,507

The financial statements on pages 50 to 107 were approved by the Board of Directors on 28 September 2018 and were signed on its behalf by:

Lu Sheng
DIRECTOR

Chen Chuanjin
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30 June 2018

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium[(a)] HK$'000	Contribution surplus[(a)] HK$'000	Special reserve[(b)] HK$'000	Other reserves[(c)] HK$'000	Translation reserves[(d)] HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2016	720,469	1,985,773	170,789	847	49,912	(155,631)	(16,058)	2,756,101	62,468	2,818,569
Transactions with owners										
— Equity settled share-based payments of a subsidiary (Note 11)	–	–	–	–	–	–	–	–	676	676
— Disposal of subsidiaries (Note 10)	–	–	–	–	–	–	–	–	(1,732)	(1,732)
	–	–	–	–	–	–	–	–	(1,056)	(1,056)
Profit/(loss) for the year	–	–	–	–	–	–	75,178	75,178	(8,285)	66,893
Other comprehensive loss for the year	–	–	–	–	–	(29,845)	–	(29,845)	(54)	(29,899)
Total comprehensive income/(loss) for the year	–	–	–	–	–	(29,845)	75,178	45,333	(8,339)	36,994
Transfer to statutory reserve	–	–	–	–	8,051	–	(8,051)	–	–	–
At 30 June 2017	720,469	1,985,773	170,789	847	57,963	(185,476)	51,069	2,801,434	53,073	2,854,507
Profit/(loss) for the year	–	–	–	–	–	–	74,365	74,365	(10,480)	63,885
Other comprehensive income/(loss) for the year	–	–	–	–	(3,493)	67,444	–	63,951	542	64,493
Total comprehensive income/(loss) for the year	–	–	–	–	(3,493)	67,444	74,365	138,316	(9,938)	128,378
Transfer to statutory reserve	–	–	–	–	8,615	–	(8,615)	–	–	–
Shares repurchase	(10,592)	(32,436)	–	–	–	–	–	(43,028)	–	(43,028)
At 30 June 2018	**709,877**	**1,953,337**	**170,789**	**847**	**63,085**	**(118,032)**	**116,819**	**2,896,722**	**43,135**	**2,939,857**

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

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

(c) Other reserves of the Group as at 30 June 2018 comprise the aggregate of the credit arising from the reduction of nominal value of the Company's share capital in March 1999 and March 2001 less the amount utilised for a bonus issue of shares in September 2000 amounting to HK$39,387,000, the statutory reserve of a subsidiary established in the People's Republic of China of HK$27,191,000 set aside in accordance with the relevant laws and regulations, and the investment revaluation reserve of unlisted convertible promissory note set out in Note 19 amounting to a loss of HK$3,493,000.

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	Notes	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		**91,236**	92,115
Adjustments for:			
Bank interest income	9	**(16,764)**	(11,636)
Gain on disposal of subsidiaries	10	**–**	(49,749)
Impairment of loans receivable	9	**–**	28,496
Share-based payments	11	**–**	676
Depreciation of property, plant and equipment	15	**4,522**	144
Impairment of goodwill	17	**–**	12,386
Amortisation of intangible assets	16	**5,881**	5,876
Share of loss of a joint venture		**2,840**	3,009
Gain on disposal of financial assets at fair value through profit or loss	9	**(3,917)**	–
Loss on disposal of loans receivable	9	**127**	–
Write off of property, plant and equipment		**–**	529
Loss on disposal of property, plant and equipment		**–**	96
Operating cash flows before movements in working capital		**83,925**	81,942
Decrease in loans receivable		**54,836**	209,396
Decrease in other receivables, deposits and prepayments		**11,069**	15,745
(Increase)/decrease in financial assets at fair value through profit or loss		**(4,565)**	10,989
Decrease in assets of disposal group classified as held-for-sale		**–**	14,388
(Decrease)/increase in other payables, accruals and deposits received		**(1,699)**	6,639
Decrease in liabilities of disposal group classified as held-for-sale		**–**	(6,146)
Cash generated from operations		**143,566**	332,953
Income taxes paid		**(25,789)**	(10,949)
NET CASH FROM OPERATING ACTIVITIES		**117,777**	322,004
INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through profit or loss		**7,750**	–
Proceeds on disposal of subsidiaries	10	**–**	24,147
Interest received on bank balances		**16,764**	11,636
Purchase of property, plant and equipment	15	**(933)**	(20,413)
Investment in a joint venture		**–**	(16,755)
Decrease in bank deposits with maturity over three months		**–**	52,477
Proceeds from disposal of property, plant and equipment		**–**	164
NET CASH FROM INVESTING ACTIVITIES		**23,581**	51,256

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	Notes	2018 HK$'000	2017 HK$'000
FINANCING ACTIVITIES			
Payment for share repurchase		**(43,028)**	–
NET INCREASE IN CASH AND CASH EQUIVALENTS		**98,330**	373,260
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**23,509**	(5,443)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**1,347,820**	980,003
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
represented by bank balances and cash		**1,469,659**	1,347,820

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

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

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

(a) Adoption of new/revised HKFRSs — effective 1 July 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has no material impact on the Group's financial statements as the Group has no liability arising from financing activities.

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

2. ADOPTION OF NEW/REVISED 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.

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2018

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

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

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

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

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.

Based on the assessment so far, the Group considers that the initial application of HKFRS 15 will not have a significant impact on the Group's results of operations and financial position.

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

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

Based on the assessment so far, the Group considers that the initial application of Amendments to HKFRS 15 will not have a significant impact on the Group's results of operations and financial position.

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

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

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.

Based on the Group's financial instruments and risk management policies as at 30 June 2018, the directors of the Company anticipated the following potential impact on initial adoption of HKFRS 9:

Classification and measurement

— Unlisted convertible promissory note with fixed interest in note 19, are currently measured at FVTOCI. It will subsequently be measured at FVTPL under HKFRS 9 since its contractual terms do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

— Unlisted equity securities in note 19, are currently measured at cost less impairment, which are held for trading and therefore would be subsequently measured at FVTOCI under HKFRS 9.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

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

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

HKFRS 16 — Leases (continued)

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for a number of properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As at 30 June 2018, the Group's future minimum lease payments under non-cancellable operating leases amount to HK$65,771,000 for properties under operating leases, the majority of which is payable either between 2 and 5 years or over five years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HK(IFRIC)-Int 22 — Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

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

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

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

Except as described above, the Directors anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of measurement

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

Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("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 30 June each year. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries

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

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

Joint arrangements

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

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or

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

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

- The structure of the joint arrangement;

- The legal form of joint arrangements structured through a separate vehicle;

- The contractual terms of the joint arrangement agreement; and

- Any other facts and circumstances (including any other contractual arrangements).

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

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

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

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

3. 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:

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

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

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

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

Intangible assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

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

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

Financial assets

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

Financial assets at fair value through profit or loss

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

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.

Available-for-sale financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

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

Objective evidence of impairment could include:

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For Available-for-sale financial assets

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

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

Convertible notes

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

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

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

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

Effective interest method

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

Derecognition of financial assets and liabilities

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

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

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

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

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

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

Leases

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

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

The Group as lessor

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

The Group as lessee

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

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

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

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

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

Employee benefits

(i) Short term benefits

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

(ii) Pension obligations

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision and contingent liabilities

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

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

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

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

Share-based payments

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Impairment of other receivables and loans receivable

The Group makes provision for impairment of 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.

Impairment of goodwill and intangible assets

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

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

Fair value of measurement

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

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

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

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

A more detailed information in relation to the fair value measurement of these assets is disclosed in Note 29.

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 30 June 2018, the Group's strategy, which was unchanged from 2017, was to maintain a zero or minimal gearing ratio.

5. CAPITAL RISK MANAGEMENT (continued)

The gearing ratio as at 30 June 2017 and 2018 were as follows:

	2018 *HK$'000*	2017 *HK$'000*
Total borrowings	**–**	–
Less: Bank balances and cash	**(1,469,659)**	(1,347,820)
Net debt	**(1,469,659)**	(1,347,820)
Total capital	**2,896,722**	2,801,434
Gearing ratio	**N/A**	N/A

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

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, other receivables, deposits and prepayments, regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. For loans receivable, the Group will consider, but not limited to, the business prospect, the financial performance and position of borrowers through business due diligence works performed by in-house staff. For loans receivable under sale and leaseback arrangements, the Group holds collaterals from the borrowers/lessees. In this regard, management considers that the Group's credit risk is significantly reduced. As at 30 June 2018, loans receivable and loans receivable under sale and leaseback arrangements are principally due from seven (2017: ten) borrowers or counterparties and the other receivables, deposits and prepayments are also due from a limited numbers of counterparties as at 30 June 2017 and 2018. The Group therefore has certain concentration of credit risk to a number of counterparties.

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

Equity price risk

The Group has no significant equity price risk as at 30 June 2018.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

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

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

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

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. The Group maintains its financial position with adequate cash and cash equivalents of HK$1,469,659,000 at 30 June 2018 (2017: HK$1,347,820,000).

The following table details the remaining contractual maturities at the end of reporting period of the Group'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 can be required to pay.

The contractual maturities of financial liabilities are shown as below:

2018	**Carrying amount** *HK$'000*	**Total contractual undiscounted cash flows** *HK$'000*	**Within 1 year or on demand** *HK$'000*	**More than 1 year but less than 2 years** *HK$'000*	**Between 2 and 5 years** *HK$'000*
Other payables, accruals and deposits received	**49,073**	**49,073**	**49,073**	**–**	**–**

2017	Carrying amount *HK$'000*	Total contractual undiscounted cash flows *HK$'000*	Within 1 year or on demand *HK$'000*	More than 1 year but less than 2 years *HK$'000*	Between 2 and 5 years *HK$'000*
Other payables, accruals and deposits received	49,993	49,993	49,993	–	–

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

Majority of the entities' transactions are denominated and settled in their respective functional currencies. Accordingly, there is no significant exposure to foreign currency risk except that the entities operating in Hong Kong have bank deposits of approximately HK$7,777,000 (2017: HK$7,543,000) denominated in Renminbi included in bank balances and cash as at 30 June 2018. Had the exchange rate of Renminbi against Hong Kong dollar increased/decreased by 5%, the profit for the year ended 30 June 2018 and equity as at 30 June 2018 would increase/decrease by approximately HK$389,000 (2017: loss would decrease/increase and equity would increase/decrease by approximately HK$377,000). 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:

	2018	2017
	HK$'000	*HK$'000*
Loan interest income	**110,523**	137,614
Dividend income from investments held for trading	**–**	70
	110,523	137,684

8. SEGMENT REPORTING

Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker has been identified as the Executive Directors of the Company.

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

The Executive Directors have determined that the Group had two reportable segments — "Financial Services" and "Investment Portfolio". The financial services segment, mainly the money lending business in Hong Kong and the loan financing business in the PRC, continues to generate interest incomes from those business. Riding the One Belt, One Road initiative, the investment portfolio segment has been expanding and it includes but not limited to equity investments and acquisition of companies.

Segment information about these reportable segments is presented below:

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

8. SEGMENT REPORTING (continued)

Reportable segments (continued)

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

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

8. SEGMENT REPORTING (continued)

Reportable segments (continued)

For the year ended 30 June 2017	Financial services HK$'000	Investment portfolio HK$'000	Consolidated HK$'000
Turnover — external	137,614	70	137,684
Segment results	78,317	8,077	86,394
Other revenue			2,819
Other net losses			(4,509)
Other corporate expenses			(17,811)
Profit for the year			66,893

At 30 June 2017	Financial services HK$'000	Investment portfolio HK$'000	Unallocated HK$'000	Consolidated HK$'000
ASSETS				
Property, plant and equipment	1,443	69,409	93	70,945
Intangible assets	8,291	62,198	–	70,489
Goodwill	–	15,447	–	15,447
Loans receivable	1,367,552	–	–	1,367,552
Interest in a joint venture	–	34,966	–	34,966
Available-for-sale financial asset	–	4,306	–	4,306
Other receivables, deposits and prepayments	10,629	10,616	461	21,706
Financial assets at fair value through profit or loss	–	69,045	–	69,045
Bank balances and cash	1,204,287	3,432	140,101	1,347,820
Consolidated total assets	2,592,202	269,419	140,655	3,002,276
LIABILITIES				
Other payables, accruals and deposits received	13,373	33,961	2,659	49,993
Provision for taxation	50,859	–	29,294	80,153
Deferred tax liabilities	2,072	15,551	–	17,623
Consolidated total liabilities	66,304	49,512	31,953	147,769

8. SEGMENT REPORTING (continued)

Reportable segments (continued)

Other information For the year ended 30 June 2017	Financial services *HK$'000*	Investment portfolio *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Depreciation of property, plant and equipment	(91)	(3)	(50)	(144)
Amortisation of intangible assets	(1,107)	(4,769)	–	(5,876)
Impairment of goodwill	–	(12,386)	–	(12,386)
Impairment of loans receivable	(28,496)	–	–	(28,496)
Net realised and unrealised gains on investment held for trading	–	108	–	108
Net loss on convertible notes at fair value through profit or loss	–	(9,057)	–	(9,057)
Write off of property, plant and equipment	–	–	(529)	(529)
Additions of non-current assets (other than financial assets)	1,525	18,449	439	20,413

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):

	2018 ***HK$'000***	2017 *HK$'000*
Revenue from external customers		
Hong Kong	**3,888**	3,958
The PRC	**106,635**	133,726
	110,523	137,684

	2018 ***HK$'000***	2017 *HK$'000*
Non-current assets (other than financial instruments)		
Hong Kong	**1,258**	1,427
The PRC	**7,273**	8,400
Myanmar	**173,228**	182,020
	181,759	191,847

8. SEGMENT REPORTING (continued)

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:

	2018 HK$'000	2017 HK$'000
Customer A	32,264	33,964
Customer B	25,258	26,425
Customer C	20,165	19,096
Customer D	19,635	20,662
Customer E	–	13,915
	97,322	114,062

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

	2018 HK$'000	2017 HK$'000
Other revenue		
Interest income from convertible notes	2,323	6,199
Rental and management fee income from sub-lease of office premises	–	1,161
Bank interest income	16,764	11,636
Government subsidies	4,807	468
Others	100	182
	23,994	19,646
Other net gains/(losses)		
Net realised gain on sales of investments held for trading	–	108
Net gains/(losses) on convertible notes at fair value through profit or loss	4,565	(9,057)
Net gains/(losses) on financial assets at fair value through profit or loss	4,565	(8,949)
Gain on disposal of financial assets at fair value through profit or loss	3,917	–
Loss on disposal of loans receivable	(127)	–
Impairment of goodwill	–	(12,386)
Impairment of loans receivable	–	(28,496)
Write off of property, plant and equipment	–	(529)
Loss on disposal of property, plant and equipment	–	(96)
Net foreign exchange gains/(losses)	3,609	(3,103)
	11,964	(53,559)
Other revenue and other net gains/(losses)	35,958	(33,913)

10. DISPOSAL OF SUBSIDIARIES

On 17 November 2016, the Company disposed of the majority equity interest in Metro Leader Limited ("Metro Leader") and the entire equity interest in Prominent Wise Limited ("Prominent Wise") (the "Disposal") to GSR Capital Limited ("GSR Capital") at a cash consideration of US$5,000,000 (equivalent to approximately HK$38,770,000).

The Company held the remaining 10% equity interest in Metro Leader and both Metro Leader and Prominent Wise ceased to be the subsidiaries of the Company.

Assets and liabilities disposed of at the date of Disposal are as follows:

	HK$'000
Other receivables	129
Bank balances and cash	10,728
Other payables	(15,798)
Net liabilities disposed of	(4,941)

The gain arising from the Disposal shown in the consolidated statement of other comprehensive income is calculated as follows:

	HK$'000
Consideration received	38,770
Fair value of interest in Metro Leader retained	4,306
Non-controlling interests derecognised on disposal	1,732
Net liabilities disposed of	4,941
Gain on disposal of subsidiaries	49,749

Cash inflows arising from disposal of subsidiaries:

	HK$'000
Total cash consideration	38,770
Deposit received in 2016	(3,895)
Bank balances and cash disposed of	(10,728)
	24,147

Notes to the Financial Statements

For the year ended 30 June 2018

11. PROFIT BEFORE TAXATION

	2018 ***HK$'000***	2017 *HK$'000*
Profit before taxation has been arrived at after charging:		
Directors' emoluments *(Note 12)*	**3,400**	4,223
Staff costs (excluding Directors' emoluments):		
Salaries and allowances	**14,309**	26,530
Share-based payments*	**–**	676
Retirement benefits scheme contributions	**228**	419
Total staff costs	**17,937**	31,848
Auditor's remuneration		
— Provision for current year	**1,155**	1,100
— Under-provision in prior year	**110**	68
Depreciation of property, plant and equipment *(Note 15)*	**4,522**	144
Amortisation of intangible assets (included in administrative expenses) *(Note 16)*	**5,881**	5,876
Consultancy fees	**1,132**	1,678
Legal and professional fees	**1,617**	2,366

* Metro Leader Limited, a subsidiary disposed of by the Company on 17 November 2016, had issued shares to certain of its employees which would vest monthly over a thirty-five month period from 1 January 2016. The fair value of these share-based payments was determined by reference to the initial capital of US$5 million obliged to be contributed by the Company. There was no share-based payments recognised in profit or loss for the year ended 30 June 2018 (2017: HK$676,000).

12. DIRECTORS' EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

The emoluments paid or payable to each of the six (2017: eight) directors were as follows:

For the year ended 30 June 2018	**Fees** *HK$'000*	**Basic salaries and allowances** *HK$'000*	**Retirement benefits scheme contributions** *HK$'000*	**Share-based payments** *HK$'000*	**Total** *HK$'000*
Mr. Lo Wan Sing, Vincent	**300**	**–**	**–**	**–**	**300**
Mr. Chau On Ta Yuen	**300**	**–**	**–**	**–**	**300**
Mr. Lu Sheng	**–**	**1,200**	**–**	**–**	**1,200**
Mr. Chen Chuanjin	**–**	**1,000**	**–**	**–**	**1,000**
Mr. Zhang Ning[3]	**300**	**–**	**–**	**–**	**300**
Mr. Wong Hok Bun, Mario[4]	**300**	**–**	**–**	**–**	**300**
	1,200	**2,200**	**–**	**–**	**3,400**

For the year ended 30 June 2017	Fees *HK$'000*	Basic salaries and allowances *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Share-based payments *HK$'000*	Total *HK$'000*
Mr. Lo Wan Sing, Vincent	417	–	–	–	417
Mr. Chau On Ta Yuen	417	–	–	–	417
Mr. Liu Hai[1]	190	–	–	–	190
Mr. Lu Sheng	–	1,300	–	–	1,300
Mr. Chen Chuanjin	–	1,083	–	–	1,083
Ms. Kwan Shan[2]	392	–	–	–	392
Mr. Zhang Ning[3]	399	–	–	–	399
Mr. Wong Hok Bun, Mario[4]	25	–	–	–	25
	1,840	2,383	–	–	4,223

1 Mr. Liu Hai resigned on 28 November 2016.
2 Ms. Kwan Shan resigned on 31 May 2017.
3 Mr. Zhang Ning was appointed on 14 July 2016.
4 Mr. Wong Hok Bun, Mario was appointed on 31 May 2017.

During the year ended 30 June 2018 and 2017, 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.

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

Highest paid individuals

Of the five highest paid individuals in the Group, one (2017: one) is a director of the Company whose emoluments are set out above. The emoluments of the remaining four (2017: four) individuals are as follows:

	2018 *HK$'000*	2017 *HK$'000*
Basic salaries and allowances	**5,197**	9,211
Retirement benefits scheme contributions	**136**	–
Share-based payments	**–**	609
	5,333	9,820

The emoluments were within the following bands:

	2018 *Number of individuals*	2017 *Number of individuals*
HK$1,000,001 to HK$1,500,000	**2**	1
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**1**	1
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,000,001 to HK$3,500,000	**–**	1

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

	2018 *Number of individuals*	2017 *Number of individuals*
Below HK$1,000,000	**–**	2
HK$1,000,001 to HK$1,500,000	**3**	3
HK$1,500,001 to HK$2,000,000	**1**	–

13. TAXATION

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

	2018 HK$'000	2017 HK$'000
Current tax		
Hong Kong Profits Tax for the year	–	–
PRC Income Tax for the year	28,821	26,639
Overseas Income Tax for the year	–	52
	28,821	26,691
Deferred tax credit *(Note 23)*	(1,470)	(1,469)
Income tax expense	27,351	25,222

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

	2018 HK$'000	2017 HK$'000
Profit before taxation	91,236	92,115
Tax charge calculated at Hong Kong Profits Tax rate of 16.5% (2017: 16.5%)	15,054	15,199
Effect of different tax rate in foreign jurisdictions	7,833	7,716
Tax effect of expenses not deductible for tax purpose	5,083	8,681
Tax effect of income not taxable for tax purpose	(1,940)	(8,807)
Utilisation of previously unrecognised tax losses	(486)	–
Tax effect of estimated tax losses not recognised	1,807	2,433
Income tax expense for the year	27,351	25,222

14. EARNINGS PER SHARE

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

Profit for the year	**2018** **HK$'000**	2017 HK$'000
Profit for the purpose of basic and diluted earnings per share	**74,365**	75,178

Number of shares	**2018** **'000**	2017 '000
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**7,124,160**	7,204,694

	2018 **HK Cents**	2017 HK Cents
Earnings per share		
— Basic	**1.04**	1.04
— Diluted	**1.04**	1.04

Dilutive earnings per share is the same as the basic earnings per share because the Group had no dilutive potential ordinary shares during the years ended 30 June 2018 and 2017.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicle HK$'000	Tele-communications infrastructure and network equipment HK$'000	Construction in progress HK$'000	Total HK$'000
COST						
At 1 July 2016	1,185	845	–	–	72,506	74,536
Additions	440	114	1,410	–	18,449	20,413
Disposals	–	–	–	–	(260)	(260)
Transferred to interest in a joint venture (note 18)	–	–	–	–	(21,220)	(21,220)
Transfer from construction in progress	–	–	–	69,390	(69,390)	–
Written off	(440)	(130)	–	–	–	(570)
Exchange adjustment	–	–	–	–	(85)	(85)
At 30 June 2017	1,185	829	1,410	69,390	–	72,814
Additions	–	111	–	822	–	933
Exchange adjustment	–	5	–	905	–	910
At 30 June 2018	**1,185**	**945**	**1,410**	**71,117**	**–**	**74,657**
ACCUMULATED DEPRECIATION						
At 1 July 2016	1,185	581	–	–	–	1,766
Provided for the year	–	68	76	–	–	144
Written off	–	(41)	–	–	–	(41)
At 30 June 2017	1,185	608	76	–	–	1,869
Provided for the year	–	55	141	4,326	–	4,522
Exchange adjustment	–	–	–	51	–	51
At 30 June 2018	**1,185**	**663**	**217**	**4,377**	**–**	**6,442**
CARRYING AMOUNT						
At 30 June 2018	**–**	**282**	**1,193**	**66,740**	**–**	**68,215**
At 30 June 2017	–	221	1,334	69,390	–	70,945

16. INTANGIBLE ASSETS

	Licence HK$'000	Operating lease HK$'000	Total HK$'000
COST			
At 1 July 2016	70,029	10,640	80,669
Exchange adjustment	(81)	–	(81)
At 30 June 2017	69,948	10,640	80,588
Exchange adjustment	903	–	903
At 30 June 2018	**70,851**	**10,640**	**81,491**
ACCUMULATED AMORTISATION			
At 1 July 2016	2,980	1,243	4,223
Amortisation during the year	4,769	1,107	5,876
At 30 June 2017	7,749	2,350	10,099
Amortisation during the year	4,775	1,106	5,881
Exchange adjustment	157	–	157
At 30 June 2018	**12,681**	**3,456**	**16,137**
CARRYING AMOUNT			
At 30 June 2018	**58,170**	**7,184**	**65,354**
At 30 June 2017	62,199	8,290	70,489

17. GOODWILL

	HK$'000
COST	
At 1 July 2016	27,862
Exchange adjustment	(29)
At 30 June 2017	27,833
Exchange adjustment	359
At 30 June 2018	**28,192**
ACCUMULATED IMPAIRMENT LOSS	
At 1 July 2016	–
Provision for impairment	12,386
At 30 June 2017	12,386
Exchange adjustment	160
At 30 June 2018	**12,546**
CARRYING AMOUNT	
At 30 June 2018	**15,646**
At 30 June 2017	15,447

For the purpose of impairment testing, cost of goodwill is allocated to the cash generating unit ("CGU") in relation to the investment in Golden 11 Investment International PTE Ltd. ("Golden 11") under the investment portfolio operating segment. There is no quoted market price in an active market and the fair values of the CGU cannot be reliably measured. The recoverable amount of the CGU has been determined from value-in-use calculations, with references to the valuation performed by an independent firm of professionally qualified valuers, based on cash flow projections from formally approved budgets covering a four-year period. Cash flow beyond the forecast period is extrapolated using an estimated average growth rate of 3% (2017: 3%), which the management considers to be reasonable as a long-term average growth rate for the network facilities service industry in countries considered to be comparable to Myanmar. Cash flows for the first four financial periods are based on expected sales orders estimated by management. The discount rate of 44.76% (2017: 43.85%) used is pre-tax and reflects specific risks relating to the CGU.

According to the latest valuation, the recoverable amount of the CGU is higher than the carrying amount and no impairment loss on goodwill has been recognised in 2018 (2017: HK$12,386,000).

18. INTEREST IN A JOINT VENTURE

	2018 *HK$'000*	2017 *HK$'000*
Share of net assets	**32,544**	34,966

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

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

On 16 May 2016, Myanmar Golden 11 Investment International Co. Ltd. ("MG11"), a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "Agreement") with a third party, Golden TMH Telecom Co. Ltd. ("GTMH"). Pursuant to the Agreement, a joint venture company, Golden Myanmar Business Exchange Co. Ltd. ("GMBX") was established in Myanmar to carry out the construction and operation of a co-location hosting date centre on 16 August 2016. The initial authorised capital of GMBX was US$7 million, of which MG11 and GTMH contributed US$4.9 million and US$2.1 million, respectively. The capital contributed by MG11 was made in form of injection of property, plant and equipment of US$2,738,000 (equivalent to HK$21,220,000) and cash of US$2,162,000 (equivalent to HK$16,755,000).

Pursuant to the Agreement, MG11 and GTMH undertake the economic activities of GMBX which are subject to joint control and none of the participating has unilateral control over the economic activities.

18. INTEREST IN A JOINT VENTURE (continued)

Summarised financial information in relation to GMBX is presented below:

	2018	2017
	HK$'000	*HK$'000*
As at 30 June		
Included in the above amounts are:		
Bank balances and cash	**1,352**	8,149
Current financial liabilities (excluding trade and other payables)	**–**	–
Non-current financial liabilities (excluding other payables and provisions)	**–**	–
Year ended 30 June		
Revenue	**–**	–
Loss for the year	**4,105**	4,298
Total comprehensive loss	**4,105**	4,298

19. OTHER FINANCIAL ASSETS

	2018	2017
	HK$'000	*HK$'000*
Non-current portion		
Available-for-sale financial assets		
Unlisted convertible promissory note with fixed interest (denominated in USD) *(Note (a))*	**67,183**	–
Unlisted equity securities outside Hong Kong *(Note (b))*	**4,306**	4,306
	71,489	4,306
Current portion		
Financial assets at fair value through profit or loss		
Unlisted convertible promissory note with fixed interest (denominated in USD) *(Note (a))*	**–**	69,045

(a) On 6 August 2015, the Group entered into an agreement with Airspan Network Inc. ("Airspan") to subscribe for a convertible promissory note with a principal amount of US$10,000,000 and carrying interest at 8% per annum (the "Original Note"). The Original Note matured on 30 June 2017. The Original Note entitled the Group to convert the principal amount and accrued interest into shares of the issuer (the "Option") at different conversion prices according to the circumstances upon the conditions of conversion having been fulfilled at the next equity financing date as defined in the terms and conditions of the Original Note. The Original Note was subordinated to the right of payment to a bank of the issuer and it would rank pari passu with the most senior existing debts of the issuer not related to borrowings from the bank. The Original Note was classified as financial assets at fair value through profit or loss in the consolidated statement of financial position. During the year, change in fair values of HK$4,565,000 (2017: (HK$9,057,000)) was recorded in "Other net gains/(losses)" in the consolidated statement of comprehensive income.

On 28 November 2017, the Group entered into an agreement (the "Amendment Agreement") with Airspan for an amended and restated convertible promissory note (the "New Note") with principal amount of US$9,000,000 carrying interest at 5% per annum, together with the repayment of principal of US$1,000,000 and all outstanding accrued interest (under the Original Note) to replace the Original Note. Upon the signing of the Amendment Agreement, a gain on disposal of other financial assets of HK$3,917,000, representing the difference between the fair value of the New Note and the Original Note as at 28 November 2017, was recognised in "Other net gains/(losses)" in the consolidated statement of comprehensive income.

The maturity date of the New Note is 30 June 2020. The New Note entitles the Group to convert the principal and accrued interest into either:

(i) preferences shares of the issuer at any time prior to the maturity date.

(ii) equity of the issuer at certain conversion prices depending on various circumstances upon the conditions of conversion have been fulfilled (i) at the next equity financing date as defined in the terms and conditions of the New Note, or (ii) at the option of the Group prior to 30 June 2020.

The Group has no intention to convert the principal amount and accrued interest of the New Note into preference shares or equity of Airspan. The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities.

The New Note is classified as available-for-sale financial asset in the consolidated statement of financial position and carried at fair value with changes in fair value recognised in the other comprehensive income.

As at 30 June 2018, there was a fair value loss of HK$3,493,000 which was recognised in the other comprehensive income.

The fair values of the Original Note as at 28 November 2017 and 30 June 2017 and the fair values of the New Note as at 28 November 2017 and 30 June 2018 were determined by the directors of the Company with reference to the valuations performed by an independent firm of professionally qualified valuers.

(b) The Company holds less than 10% equity interest of Metro Leader as at 30 June 2018. The investment is classified as available-for-sale financial asset as the Group does not have the power to control or significant influence on the investee. It is stated at cost as there has no active market for determining its fair value as at year end.

20. NON-CURRENT ASSETS HELD FOR SALE

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

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

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

21. LOANS RECEIVABLE

	2018 ***HK$'000***	2017 *HK$'000*
Loans receivable	**1,093,020**	1,126,541
Loans receivable under sale and leaseback agreements	**34,664**	241,011
	1,127,684	1,367,552

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

The analysis of the carrying amount of loans receivable (net of impairment losses) is as follows:

	2018 ***HK$'000***	2017 *HK$'000*
Current	**55,453**	287,399
Non-current	**1,072,231**	1,080,153
	1,127,684	1,367,552

21. LOANS RECEIVABLE (continued)

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:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**1,123,299**	1,309,992
Past due but not impaired:		
— Over 6 months but no more than 12 months past due	**4,385**	–
— More than 12 months past due	**–**	57,560
	4,385	57,560
	1,127,684	1,367,552

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. As at 30 June 2018, the balance which was past due but not impaired related to a borrower in respect of which management have assessed its financial positions and performance and the value of the collaterals, and considered the balance is fully receivable and no impairment loss is necessary. As at 30 June 2017, the balance which was past due but not impaired related to a borrower who had subsequently settled the balance in full.

As at 30 June 2018, loans receivable of approximately HK$646,248,000 (2017: approximately HK$845,130,000) were secured by 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 receivables as at 30 June 2018.

22. BANK BALANCES AND CASH

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are 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. DEFERRED TAX LIABILITIES

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

	Fair value adjustment ***HK$'000***
At 1 July 2016	19,092
Credited to profit or loss during the year (Note 13)	(1,469)
At 30 June 2017	17,623
Credited to profit or loss during the year (Note 13)	(1,470)
At 30 June 2018	**16,153**

At 30 June 2018, the Group had estimated unutilised tax losses of approximately HK$177,938,600 (2017: HK$175,420,000) 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.

24. SHARE CAPITAL

	2018 ***HK$'000***	2017 *HK$'000*
Ordinary shares of HK$0.1 each		
Authorised:		
30,000,000,000 ordinary shares	**3,000,000**	3,000,000
Issued and fully paid:		
7,204,694,000 (30 June 2017: 7,204,694,000) ordinary shares at beginning of year	**720,469**	720,469
105,920,000 (30 June 2017: Nil) ordinary shares repurchased	**(10,592)**	–
7,098,774,000 (30 June 2017: 7,204,694,000) ordinary shares at end of year	**709,877**	720,469

25. NON-CONTROLLING INTERESTS

Following the disposal of the majority equity interest in Metro Leader and entire equity interest in Prominent Wise as disclosed in Note 10, the Group has one subsidiary with material non-controlling interests ("NCI"), namely, Golden 11 Investment International PTE Ltd. ("Golden 11") which was acquired during the year ended 30 June 2016.

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

For the period ended 30 June	**2018** ***HK$'000***	2017 *HK$'000*
Revenue	**–**	–
Loss for the year	**21,388**	16,195
Total comprehensive loss	**21,388**	16,195
Loss allocated to NCI	**10,480**	7,936
Dividend paid to NCI	**–**	–
For the period ended 30 June		
Cash flows used in operating activities	**(10,539)**	(7,598)
Cash flows used in investing activities	**(362)**	(27,289)
Cash flows from financing activities	**11,638**	23,250
Effect of foreign exchange rate change	**(892)**	–
Net cash outflows	**(155)**	(11,637)
As at 30 June		
Non-current assets	**157,814**	167,026
Current assets	**11,248**	14,048
Non-current liabilities	**(14,357)**	(15,551)
Current liabilities	**(66,676)**	(57,211)
Net assets	**88,029**	108,312
Attributable to non-controlling interests	**43,135**	53,073

26. COMMITMENTS

(a) Operating lease commitments — The Group as lessor

	2018 HK$'000	2017 HK$'000
Minimum lease payments received during the year under operating leases	–	1,161

At 30 June 2018 and 2017, the Group has no outstanding minimum lease payments receivable under non-cancellable operating leases.

(b) Operating lease commitments — the Group as lessee

	2018 HK$'000	2017 HK$'000
Minimum lease payments paid during the year under operating leases	10,048	6,763

At 30 June 2018, the Group had outstanding minimum commitments under non-cancellable operating leases which fall due as follows:

	2018 HK$'000	2017 HK$'000
Within one year	6,100	2,376
In the second to fifth years inclusive	23,238	22,821
Over five years	36,433	41,307
	65,771	66,504

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

27. RETIREMENT BENEFITS SCHEME

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

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

28. RELATED PARTY DISCLOSURES

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

(a) Three loans were made to the minority shareholder of a subsidiary amounting to HK$60,070,000 as at 30 June 2018 (2017: HK$55,585,000). The loans carry interest at 8% per annum and are secured on shares of that subsidiary held by the minority shareholder.

(b) Included in other receivables, deposits and prepayments as at 30 June 2018, was an amount of HK$6,684,000 (2017: HK$6,598,000) due from the minority shareholder of a subsidiary. It was unsecured, interest-free and repayable on demand.

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

	2018 ***HK$'000***	2017 *HK$'000*
Short-term benefits	**7,031**	8,478
Post-employment benefits	**54**	53
	7,085	8,531

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.

29. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

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

	2018 *HK$'000*	2017 *HK$'000*
Financial assets		
Fair value through profit or loss		
— Convertible promissory note	–	69,045
	–	69,045
Available-for-sale financial asset	71,489	4,306
Loans and receivables at amortised costs (including bank balances and cash)	2,607,692	2,732,630
	2,679,181	2,805,981
Financial liabilities		
Financial liabilities at amortised cost	49,073	49,993

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.

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

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

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
At 30 June 2018				
Available-for-sale financial assets				
Unlisted investment in convertible promissory note	**–**	**–**	**67,183**	**67,183**
At 30 June 2017				
Financial assets at fair value through profit or loss				
Unlisted investment in convertible promissory note	–	–	69,045	69,045

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

Significant unobservable inputs

Credit spread	4.98%
Liquidity risk premium	1.50%

Had the credit spread and liquidity risk premium increased by 10%, it would decrease the fair value of the unlisted investment in convertible promissory note by HK$705,000 (2017: HK$791,000). Had the credit spread and liquidity risk premium decreased by 10%, it would increase the fair value of the unlisted investment in convertible promissory note by HK$717,000 (2017: HK$805,000).

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

	2018 ***HK$'000***	2017 *HK$'000*
At 1 July	**69,045**	78,102
Disposal	**(73,610)**	–
Purchase	**70,676**	–
Change in fair value (included in other net gains/(losses))	**4,565**	(9,057)
Change in fair value (included in other comprehensive income)	**(3,493)**	–
At 30 June	**67,183**	69,045

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.

30. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at 30 June 2018 were as follows:

Name of subsidiary	Form of business	Place of incorporation and operations	Issued and fully paid share capital/ registered capital	Percentage held by the Company Directly %	Percentage held by the Company Indirectly %	Principal activities
Jet United Investment Limited	Corporation	Hong Kong	HK$1	100	–	Investment holding
Gold Rising Limited	Corporation	Hong Kong	HK$1	100	–	Investment holding
Golden Wayford Limited	Corporation	Hong Kong	HK$1	100	–	Finance and investment and provision of management service
Up Precious Global Investment Limited	Corporation	The British Virgin Islands	US$1	100	–	Inactive
Vincent International Holdings Limited	Corporation	Hong Kong	HK$10,000	100	–	Investment holding
上海永盛融資租賃有限公司 (Shanghai Yongsheng Capital Lease Company Limited*)	Corporation	The PRC	US$299,000,000	–	100	Financial leasing, loan financing and commercial factoring
Forever Excellence Limited	Corporation	Cayman Islands	US$1	100	–	Investment holding
Golden 11 Investment International PTE Ltd.	Corporation	Singapore	US$12,800,000 SGD5,000,000	–	51	Investment holding
Myanmar Golden 11 Investment International Company Ltd.	Corporation	Myanmar	US$9,791,200	–	51	Provision of telecommunication service

* *for identification purpose only*

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

31. EVENT AFTER THE END OF REPORTING PERIOD

(a) From 4 July 2018 to 15 August 2018, the Group repurchased a total of 10,550,000 ordinary shares of the Company on the Stock Exchange through Jet United Investment Limited, a wholly owned subsidiary of the Company, at an aggregate purchase consideration (excluding expenses) of approximately HK$2,089,330 and had been deducted from share capital and share premium. All repurchased shares were cancelled on 27 August 2018.

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

(b) On 24 August 2018, Jet United Investment Limited, a wholly-owned subsidiary of the Company, placed an order to subscribe for senior notes in the principal amount of US$20,000,000 issued by Redco Properties Group Limited. The order was fulfilled in full on 29 August 2018. Details of which are set out in the Company's announcement dated 24 August 2018.

For the year ended 30 June 2018

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

(a) Statement of financial position of the Company

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		65	93
Investments in subsidiaries		106,764	106,764
Available-for-sale financial asset		4,306	4,306
		111,135	111,163
Current assets			
Amounts due from subsidiaries		2,386,207	2,401,482
Other receivables, deposits and prepayments		63	137
Bank balances and cash		69,873	100,483
		2,456,143	2,502,102
Current liabilities			
Other payables, accruals and deposits received		1,757	1,463
Provision for taxation		29,294	29,294
		31,051	30,757
NET ASSETS		2,536,227	2,582,508
Equity attributable to owners of the Company			
Share capital	24	709,877	720,469
Reserves	32(b)	1,826,350	1,862,039
TOTAL EQUITY		2,536,227	2,582,508

The statement of financial position of the Company was approved by the Board of Director on 28 September 2018 and was signed on its behalf by:

Lu Sheng	**Chen Chuanjin**
DIRECTOR	*DIRECTOR*

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

(b) Reserves movement of the Company

	Share premium *HK$'000*	Contribution surplus *HK$'000*	Other reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 July 2016	1,985,773	232,738	39,387	(362,637)	1,895,261
Loss and total comprehensive loss for the year	–	–	–	(33,222)	(33,222)
At 30 June 2017	1,985,773	232,738	39,387	(395,859)	1,862,039
Loss and total comprehensive loss for the year	–	–	–	(3,253)	(3,253)
Shares repurchased	(32,436)	–	–	–	(32,436)
At 30 June 2018	**1,953,337**	**232,738**	**39,387**	**(399,112)**	**1,826,350**

No dividend was paid or proposed during the year, nor has any dividend been proposed since 30 June 2017 and 2018.

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28 September 2018.

Financial Summary

RESULTS

	For the year ended 30 June				
	2014 *HK$'000*	2015 *HK$'000*	2016 *HK$'000*	2017 *HK$'000*	**2018** ***HK$'000***
Turnover	40,732	51,190	145,147	137,684	**110,253**
Profit/(loss) for the year	19,924	13,167	(24,202)	66,893	**63,885**
Profit/(loss) attributable to:					
Owners of the Company	19,924	13,167	(16,161)	75,178	**74,365**

NET ASSETS

	As at 30 June				
	2014 *HK$'000*	2015 *HK$'000*	2016 *HK$'000*	2017 *HK$'000*	**2018** ***HK$'000***
Total assets	439,849	3,008,281	2,971,776	3,002,276	**3,089,722**
Total liabilities	(38,914)	(495,855)	(153,207)	(147,769)	**(149,865)**
	400,935	2,512,426	2,818,569	2,854,507	**2,939,857**
Equity attributable to:					
Owners of the Company	400,935	2,512,426	2,756,101	2,801,434	**2,896,722**