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)

2018/19
INTERIM 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

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Bermuda

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

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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
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Pembroke, HM 08 Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
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18 Chater Road, Central
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Hong Kong

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No. 8 Connaught Place, Central
Hong Kong

AUDITOR

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

PRINCIPAL BANKERS

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

STOCK CODE

SEHK 00109

WEBSITE

www.hkex109.hk

UNAUDITED CONSOLIDATED INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Good Resources Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2018 (the "Period") together with the comparative figures. The consolidated interim financial statements have not been audited, but have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 31 December	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Turnover	3	**42,618**	54,802
Other revenue	4	**16,035**	7,798
Other net (losses)/gains	4	**(476)**	9,576
Administrative expenses		**(14,346)**	(23,800)
Share of loss of a joint venture		**(1,125)**	(1,775)
Profit before taxation	5	**42,706**	46,601
Taxation	6	**(9,779)**	(13,078)
Profit for the Period		**32,927**	33,523

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Notes	For the six months ended 31 December **2018** **(Unaudited)** **HK$'000**	2017 (Unaudited) HK$'000
Other comprehensive (loss)/income that may be subsequently reclassified to profit or loss			
— Fair value adjustment on financial assets at fair value through other comprehensive income		**(13,994)**	–
— Exchange differences arising on translation of foreign operations		**(124,078)**	100,529
Other comprehensive (loss)/income for the Period		**(138,072)**	100,529
Total comprehensive (loss)/income for the Period		**(105,145)**	134,052
Profit/(loss) for the Period attributable to:			
— Owners of the Company		**36,990**	38,156
— Non-controlling interests		**(4,063)**	(4,633)
		32,927	33,523

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

		For the six months ended 31 December	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Total comprehensive (loss)/income for the Period attributable to:			
— Owners of the Company		**(101,082)**	138,685
— Non-controlling interests		**(4,063)**	(4,633)
		(105,145)	134,052
Earnings per share attributable to owners of the Company		**HK Cents**	HK Cents
— Basic	7	**0.52**	0.53
— Diluted	7	**0.52**	0.53

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 31 December 2018 (Unaudited) HK$'000**	At 30 June 2018 (Audited) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	**65,936**	68,215
Intangible assets		**62,381**	65,354
Goodwill		**15,646**	15,646
Loans receivable	9	**57,666**	1,072,231
Interest in a joint venture	10	**31,418**	32,544
Financial assets at fair value through other comprehensive income	11	**214,495**	71,489
		447,542	1,325,479
Current assets			
Loans receivable	9	**1,011,016**	55,453
Other receivables, deposits and prepayments		**18,519**	10,819
Bank balances and cash		**1,238,414**	1,469,659
		2,267,949	1,535,931
Non-current assets held-for-sale	12	**216,581**	228,312
		2,484,530	1,764,243
Total assets		**2,932,072**	3,089,722
Current liabilities			
Other payables, accruals and deposits received		**51,227**	49,073
Provision for taxation		**90,369**	84,639
		141,596	133,712

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	At 31 December 2018 (Unaudited) HK$'000	At 30 June 2018 (Audited) HK$'000
Total assets less current liabilities		**2,790,476**	2,956,010
Non-current liabilities			
Deferred tax liabilities		**15,410**	16,153
NET ASSETS		**2,775,066**	2,939,857
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	**708,822**	709,877
Reserves		**2,027,172**	2,186,845
		2,735,994	2,896,722
Non-controlling interests		**39,072**	43,135
TOTAL EQUITY		**2,775,066**	2,939,857

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 December 2018 (unaudited)

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Contribution surplus HK$'000	Special reserve HK$'000	Other reserves HK$'000	Translation reserves HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2018										
As previously reported	709,877	1,953,337	170,789	847	63,085	(118,032)	116,819	2,896,722	43,135	2,939,857
Initial application of HKFRS 9 (Note 2)	–	–	–	–	–	–	(57,556)	(57,556)	–	(57,556)
As restated	709,877	1,953,337	170,789	847	63,085	(118,032)	59,263	2,839,166	43,135	2,882,301
Profit/(loss) for the period	–	–	–	–	–	–	36,990	36,990	(4,063)	32,927
Other comprehensive loss for the period	–	–	–	–	(13,994)	(124,078)	–	(138,072)	–	(138,072)
Total comprehensive (loss)/ income for the period					(13,994)	(124,078)	36,990	(101,082)	(4,063)	(105,145)
Transfer to statutory reserve	–	–	–	–	4,262	–	(4,262)	–	–	–
Shares repurchased and cancelled	(1,055)	(1,035)	–	–	–	–	–	(2,090)	–	(2,090)
At 31 December 2018	708,822	1,952,302	170,789	847	53,353	(242,110)	91,991	2,735,994	39,072	2,775,066

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 31 December 2017 (unaudited)

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Special reserve HK$'000	Other reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 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 period	–	–	–	–	–	–	38,156	38,156	(4,633)	33,523
Other comprehensive income for the period	–	–	–	–	–	100,529	–	100,529	–	100,529
Total comprehensive income/(loss) for the period	–	–	–	–	–	100,529	38,156	138,685	(4,633)	134,052
Transfer to statutory reserve	–	–	–	–	4,144	–	(4,144)	–	–	–
Shares repurchased and cancelled	(8,847)	(30,178)	–	–	–	–	–	(39,025)	–	(39,025)
At 31 December 2017	711,622	1,955,595	170,789	847	62,107	(84,947)	85,081	2,901,094	48,440	2,949,534

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash (used in)/from operating activities	**(16,037)**	75,392
Net cash (used in)/from investing activities	**(138,035)**	6,199
Net cash used in financing activities	**(2,090)**	(39,025)
Net (decrease)/increase in cash and cash equivalents	**(156,162)**	42,566
Effect of foreign exchange rate changes	**(75,083)**	47,738
Cash and cash equivalents at beginning of the Period	**1,469,659**	1,347,820
Cash and cash equivalents at end of the Period, represented by bank balances and cash	**1,238,414**	1,438,124

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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.

This condensed consolidated interim financial statements are presented in Hong Kong dollar ("HK$"), unless otherwise stated.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2018 (the "Interim Financial Report") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Interim Financial Report should be read in conjunction with the Group's annual financial statement as at 30 June 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS") issued by the HKICPA.

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the Group's annual financial statement as at 30 June 2018 which have been prepared in accordance with HKFRSs. Statutory financial statements for the year ended 30 June 2018 are available from the Company's registered office and the Company's website.

The Interim Financial Report has been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair values, and in accordance with accounting principles generally accepted in Hong Kong, and accounting standards issued by the HKICPA.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Except as described below, the accounting policies applied are consistent with those of preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018, as described therein.

The following new or amended HKFRSs have been adopted by the Group for the financial year beginning on or after 1 January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 1	First-time Adoption of Hong Kong Financial Reporting Standards
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	Investments in Associates and Joint Ventures
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Considerations

The impact of the adoption of HKFRS 9 Financial Instruments has been summarised in below. The other new or amended HKFRSs that are effective from 1 July 2018 did not have any material impact on the Group's accounting policies.

HKFRS 9: Financial Instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 July 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the condensed consolidated interim financial statements.

(i) Classification and measurement of financial instruments

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
FVOCI (debt instruments)	Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
FVOCI (equity instruments)	Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.
Amortised costs	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 July 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Balance as at 1 July 2018 under HKAS 39**	**Balance as at 1 July 2018 under HKFRS 9**
			HK$'000	HK$'000
Loans receivable	Loans and receivables	Amortised cost	1,127,684	1,071,359
Unlisted equity investments	Available-for-sale (note a)	FVOCI	4,306	4,306
Unlisted debt investments	Available-for-sale (at fair value)	FVOCI	67,183	67,183
Other receivables	Loans and receivables	Amortised cost	10,304	9,073
Cash and cash equivalent	Loans and receivables	Amortised cost	1,469,659	1,469,659

(a) As of 1 July 2018, an unquoted equity investments were reclassified from available-for-sale financial assets at cost to FVOCI. These unquoted equity instrument has no quoted price in an active market. The Group intends to hold these unquoted equity investment for long term strategic purposes. In addition, the Group has designated such unquoted equity instrument at the date of initial application as measured at FVOCI.

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECLs for trade receivables, financial assets at amortised costs, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for loans receivables and other receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The Group has reviewed the impact of HKFRS 9 and applied the HKFRS 9 simplified approach to measure ECLs of its financial assets on 1 July 2018. The expected credit loss rate as at 1 July 2018 was determined for loans receivable and other receivables as follows:

1 July 2018	**Group A**	**Group B**	**Group C**	**Group D**	**Group E**
Expected credit loss rate	4.9%	0.13%	7.19%	0.72%	15.48%
Gross carrying amount (HK$'000)	329,876	256,431	421,365	59,941	66,755
Loss allowance (HK$'000)	16,175	333	30,285	431	10,332

The increase in loss allowance for loans receivable and other receivables upon the transition to HKFRS 9 as of 1 July 2018 were HK$57,556,000. The loss allowances decreased by HK$11,727,000 for loan receivables during the period ended 31 December 2018.

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 30 June 2018, but are recognised in the statement of financial position on 1 July 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 July 2018. Accordingly, the information presented for 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held;
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL; and
- The designation of certain investments in equity investments not held for trading as at FVOCI.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

HKFRS 15: Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 July 2018). As a result, the consolidated financial information presented for 2018 has not been restated.

The Group has applied the following accounting policy for revenue recognition in the preparation of these condensed consolidated interim financial statements:

The Group recognises revenue from contracts with customers based on a five-step model as set out in HKFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group has reviewed the impact of HKFRS 15 and considered that HKFRS 15 has no significant financial effect on the timing and amounts of revenue recognised in the condensed consolidated interim financial information.

3. TURNOVER AND SEGMENT INFORMATION

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

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Loan interest income	**42,605**	54,802
Rental income	**13**	–
	42,618	54,802

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 loan financing business in the People's Republic of China ("PRC"), continues to generate interest income 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.

(a) Business segments

Segment information about these reportable segments is presented below:

For the six months ended 31 December 2018 (unaudited)

	Financial services HK$'000	**Investment portfolio HK$'000**	**Consolidated HK$'000**
Turnover — external	**42,605**	**13**	**42,618**
Segment results	**43,298**	**(6,540)**	**36,758**
Other revenue			**6,339**
Other net losses			**(447)**
Other corporate expenses			**(9,723)**
Profit for the Period			**32,927**

For the six months ended 31 December 2017 (unaudited)

	Financial services HK$'000	Investment portfolio HK$'000	Consolidated HK$'000
Turnover — external	54,802	–	54,802
Segment results	43,065	(382)	42,683
Other revenue			422
Other net gains			329
Other corporate expenses			(9,911)
Profit for the period			33,523

(b) Disaggregation of revenue

In the following table, revenue is disaggregated by timing of recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Financial services HK$'000	Investment portfolio HK$'000	Consolidated HK$'000
Timing of revenue recognition			
Revenue from other sources	**42,605**	**–**	**42,605**
Transferred over time	**–**	**13**	**13**
Segment revenue	**42,605**	**13**	**42,618**

(c) Geographical information

The geographical location of non-current assets (other than financial instruments) and revenue are determined 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):

	For the six months ended 31 December	
	2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Revenue from external customers		
Hong Kong	**1,992**	1,944
The PRC	**40,613**	52,858
Myanmar	**13**	–
	42,618	54,802

	At 31 December 2018 (Unaudited) HK$'000	At 30 June 2018 (Audited) HK$'000
Non-current assets (other than financial instruments)		
Hong Kong	**1,174**	1,258
The PRC	**6,700**	7,273
Myanmar	**167,507**	173,228
	175,381	181,759

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:

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Customer A	**15,382**	15,934
Customer B	**12,042**	12,474
Customer C	**9,361**	9,697
Customer D	**–**	9,959
	36,785	48,064

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

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Other revenue		
Interest income from convertible notes	**1,781**	593
Interest income from Senior Notes	**5,914**	–
Bank interest income	**5,906**	7,205
Government subsidy	**1,989**	–
Others	**445**	–
	16,035	7,798
Other net gains/(losses)		
Gain on convertible notes at fair value through profit or loss	**–**	4,565
Gain on modification of other financial assets	**–**	3,916
Net foreign exchange (losses)/gains	**(476)**	329
Government subsidy	**–**	766
	(476)	9,576
Other revenue and other net gains	**15,559**	17,374

5. PROFIT BEFORE TAXATION

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Directors' emoluments	**1,700**	1,700
Staff costs (excluding directors' emoluments):		
Salaries and allowances	**6,907**	6,339
Retirement benefits scheme contributions	**142**	153
Total staff costs	**8,749**	8,192
Depreciation of property, plant and equipment	**2,279**	2,260
Amortisation of intangible assets (included in administrative expenses)	**2,973**	2,942
Reversal of provision for impairment loss on loan receivables	**(11,727)**	–
Rent and rates	**2,662**	4,692
Legal and professional fees	**1,631**	1,187

6. TAXATION

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

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current tax		
— PRC Income Tax	**10,522**	13,814
— Others	**–**	–
	10,522	13,814
Deferred tax credit	**(743)**	(736)
Total income tax expense	**9,779**	13,078

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. Provision for Hong Kong and overseas Profits Tax has been made at 16.5% (2017: 16.5%) and at the rate of taxation prevailing in the countries in which the Group operates respectively of the Group's estimated assessable profits for the Period.

7. EARNINGS PER SHARE

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

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
Profit for the Period	**HK$'000**	HK$'000
Profit for the purpose of basic and diluted earnings per share	**36,990**	38,156

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**7,089,926**	7,134,300

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK Cents	HK Cents
Earnings per share		
— Basic	**0.52**	0.53
— Diluted	**0.52**	0.53

Dilutive earnings per share is the same as the basic earnings per share because the Group had no dilutive potential ordinary shares during the six months ended 31 December 2018 and 2017.

8. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group has no addition of property, plant and equipment (2017: HK$1,006,000) and depreciation expense of HK$2,279,000 (2017: HK$2,260,000) is recognised.

9. LOANS RECEIVABLE

	At 31 December 2018 (Unaudited) HK$'000	At 30 June 2018 (Audited) HK$'000
Loans receivable	**1,045,010**	1,093,020
Loans receivable under sale and leaseback agreements	**23,672**	34,664
	1,068,682	1,127,684

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 amounts of loans receivable (net of impairment losses) is as follows:

	At 31 December 2018 (Unaudited) HK$'000	At 30 June 2018 (Audited) HK$'000
Current	**1,011,016**	55,453
Non-current	**57,666**	1,072,231
	1,068,682	1,127,684

The analysis of loans receivable which are not past due, and past due as at the end of reporting Period, based on the respective maturity dates of the loans, is as follows:

	At 31 December 2018 (Unaudited) HK$'000	At 30 June 2018 (Audited) HK$'000
Not past due	**1,061,662**	1,123,299
Past due:		
— No more than 3 month past due	**542**	–
— Over 3 months but no more than 6 months past due	**48,838**	–
— Over 6 months but no more than 12 months past due	**–**	4,385
	1,111,042	1,127,684
Less: impairment loss on loan receivables	**(42,360)**	–
	1,068,682	1,127,684

The Group has recognised impairment loss based on the accounting policy stated in Note 2.

As at 31 December 2018, loans receivables of approximately HK$635,192,000 (30 June 2018: approximately HK$646,248,000) 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 receivable as at 31 December 2018.

10. INTEREST IN A JOINT VENTURE

	At 31 December 2018 (Unaudited) HK$'000	At 30 June 2018 (Audited) HK$'000
Share of net assets	**31,418**	32,544

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 operation of a co-location hosting date centre on 16 August 2016. The initial authorised capital of GMBX was USD7,000,000, of which MG11 and GTMH contributed USD4,900,000 and USD2,100,000, respectively. The capital contributed by MG11 was made in form of injection of property, plant and equipment of USD2,738,000 (equivalent to approximately HK$21,220,000) and cash of USD2,162,000 (equivalent to approximately 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 party has unilateral control over the economic activities.

Summarised financial information

	For the six months ended 31 December	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Revenue	**1,351**	–
Loss for the Period	**1,607**	2,535
Total comprehensive loss	**1,607**	2,535

11. OTHER FINANCIAL ASSETS

	At 31 December 2018 (Unaudited) HK$'000	At 30 June 2018 (Audited) HK$'000
Non-current portion		
Financial assets at fair value through other comprehensive income		
Unlisted convertible promissory note with fixed interest (denominated in USD) (Note (a))	**59,574**	67,183
Unlisted equity securities outside Hong Kong (Note (b))	**4,306**	4,306
Quoted debt investments (denominated in USD) (Note (c))	**150,615**	–
	214,495	71,489

Note:

(a) The Group has entered into an agreement of an amended and restated convertible promissory note (the "Note") with Airspan Network Inc. ("Airspan") on 28 November 2017. The principal amount of the Note is USD9,000,000 with a maturity date of 30 June 2020. The Note entitles the Group to convert the principal and accrued interest into shares of the issuer (the "Option") 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 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 Note into equity of Airspan.

(b) The Company holds 10% of Metro Leader after the completion of disposal on 17 November 2016. It is classified as available-for-sale investments as the Group does not have the power to control or significant influence on the investee. It is stated at fair value with changes in fair value recognised in other comprehensive income.

(c) As further detailed in the announcement dated 24 August 2018, a wholly-owned subsidiary of the Company, placed an order to subscribe for the 11% Senior Notes in the principal amount of USD20,000,000 issued by Redco Properties Group Limited (力高地產集團有限公司) ("11% Senior Notes" or "Senior Notes"). The 11% Senior Notes will bear interest from and including the date of issue on 23 August 2018 at the rate of 11.0% per annum, payable semi-annually in arrears, and will mature on 29 August 2020. It is classified as financial assets at fair value through other comprehensive income as the management has no intention to sell the 11% Senior Notes before its maturity.

12. NON-CURRENT ASSETS HELD FOR SALE

Pursuant to a sales and lease back 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 million to Zhenjiang Rongde in respect of certain assets owned by Zhenjiang Rongde. The remaining principal and accrued interest of approximately RMB193 million have been overdue for 12 months as at 29 June 2018. The directors 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$216,581,000) 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.

13. SHARE CAPITAL

	At 31 December 2018 (Unaudited) HK$'000	At 30 June 2018 (Audited) HK$'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:		
7,098,774,000 (30 June 2018: 7,204,694,000) ordinary shares at beginning of Period	**709,877**	720,469
Ordinary shares repurchased and cancelled during the Period	**(1,055)**	(10,592)
7,088,223,998 (30 June 2018: 7,098,774,000) ordinary shares at end of Period	**708,822**	709,877

14. COMMITMENTS

Operating lease commitments — the Group as lessor

The minimum rent receivables under non-cancellable operating leases are as follows:

	At 31 December 2018 (Unaudited) HK$'000	At 30 June 2018 (Audited) HK$'000
Within one year	**35**	–
In the second to fifth years inclusive	**129**	–
	164	–

Operating lease commitments — the Group as lessee

At 31 December 2018, the Group had outstanding minimum commitments under non-cancellable operating leases which fall due as follows:

	At 31 December 2018 (Unaudited) HK$'000	At 30 June 2018 (Audited) HK$'000
Within one year	**6,408**	6,100
In the second to fifth years inclusive	**17,717**	23,238
Over five years	**38,817**	36,433
	62,942	65,771

Capital commitments

The Group had no capital expenditure contracted for but not yet accounted for at the end of the reporting Period.

15. KEY MANAGEMENT COMPENSATION

Key management compensation amounted to HK$3,150,000 for the six months ended 31 December 2018 (2017: HK$2,821,000).

	For the six months ended 31 December	
	2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Salaries and allowances	**3,123**	2,736
Retirement benefits scheme contributions	**27**	85
	3,150	2,821

16. EVENT AFTER THE REPORTING PERIOD

On 31 January 2019, Mr. Chen Shimin ("CSM") and Golden Wayford Limited ("GWL") entered into a deed ("Deed of Settlement"), pursuant to the Deed of Settlement, in consideration of the full and final settlement of the CSM Loan in an aggregate sum of principle USD6,272,000 and interest USD1,634,153 indebted to GWL by CSM, CSM, amongst others, agreed to: (i) transfer SGD2,000,000 ordinary shares and USD872,224 ordinary shares (the "Transfer Shares") of Golden 11 Investment International PTE Ltd ("G11", and its subsidiaries collectively known as "G11 Sub-group") to GWL, as the full and final settlement of the outstanding sum (the "Outstanding Sum"), being principle USD6,272,000 and interest USD1,634,153, under the CSM Loan. The Transfer Shares had been charged to GWL since the inception of the CSM Loan; and (ii) CSM shall be removed from any titles or positions of the G11 Sub-group. The difference between the value of the Transfer Shares and the Outstanding Sum has been provided for as a provision at end of the current Period. The settlement completed on 22 February 2019 (shares transfer took place), the equity interest of the Group in G11 Sub-group had increased from 51% to 91%.

17. APPROVAL OF THE INTERIM FINANCIAL REPORT

The Interim Financial Report was approved and authorized for issue by the Board on 26 February 2019.

MANAGEMENT DISCUSSION AND ANALYSIS
FINANCIAL REVIEW

For the six months ended 31 December 2018 (the "Period") due to the decline in loan interest income of the Group of approximately HK$12,197,000, the turnover of the Group decreased by approximately HK$12,184,000 to approximately HK$42,618,000 (2017: approximately HK$54,802,000), the Group recorded a profit before taxation of approximately HK$42,706,000 (2017: approximately HK$46,601,000) and a net profit of approximately HK$32,927,000 (2017: approximately HK$33,523,000).

The decrease in net profit was mainly due to the combined impact of:

(i) The turnover of the Group decreased by approximately HK$12,184,000 to approximately HK$42,618,000 (2017: approximately HK$54,802,000). Decrease in turnover was primarily caused by change of interest rate upon the extension of certain finance leases and loans in 2017 carried over into 2018 and decrease in outstanding loan principal during the Period since certain loans have been repaid by the debtors. The average interest rate of the Group finance lease and loan portfolio is approximately 7.9% as at 31 December 2018 (2017: approximately 8.5%);

(ii) Decrease in other revenue and other net gains/(losses) by approximately HK$1,815,000 to approximately HK$15,559,000 (2017: approximately HK$17,374,000) mainly due to the combined impact of interest income earned from Senior Notes of approximately HK$5,914,000 (2017: nil); net gain on financial asset at fair value through profit or loss of nil (2017: Net gains of approximately HK$4,565,000) and the gain on modification of other financial assets of nil (2017: gain of approximately HK$3,916,000);

FINANCIAL REVIEW (CONTINUED)

(iii) The general and administrative expenses for the Period of approximately HK$14,346,000 represents an approximately 40% or approximately HK$9,454,000 decrease as compared with same period of last year of approximately HK$23,800,000. The decrease in general and administrative expense was mainly due to the decrease in receivables leading to reversal of provision for receivables recognised pursuant to new accounting standards coming into effect during the Period of approximately HK$11,727,000;

(iv) The recognition of share of loss of a joint venture decreased by approximately HK$650,000 to approximately HK$1,125,000 (2017: approximately HK$1,775,000); and

(v) Decrease in total tax expenses by approximately HK$3,299,000 to approximately HK$9,779,000 (2017: approximately HK$13,078,000) mainly because less corporate income tax charged for the loan financing profit generated in the PRC.

The financial performance in the six months ended 31 December 2018 is the result of the Group disciplined cost control and success in capturing the opportunity to deliver a long-term stable return for our shareholders.

BUSINESS REVIEW

The Group's financial services segment has continued to generate interest income from the loan financing activities in Hong Kong and the PRC, which contributed most of the Group's turnover and gross profit for the Period under review. The loan financing has been the core drive for the Group's turnover and our main business during the Period.

The Group's investment portfolio segment comprised (i) sub-group of Golden 11 Investment International PTE Ltd. ("Golden 11") which has been building up its business infrastructure for provision of services to telecommunication sector in Myanmar; 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 from Yangon city region to Mandalay. Golden 11 has started generation of income of approximately HK$13,000 during the six months ended 31 December 2018 (2017: nil) and the local team of Golden 11 has been formulating the business strategy carefully and negotiating with the suppliers, potential customers and local government to facilitate further business rollout.

(ii) The Group held investment in convertible note issued by Airspan Network Inc. ("Airspan") with fair value of approximately HK$59,574,000, representing approximately 2.1% of the Group's total assets as at 31 December 2018. The Group also held investment in 11% Senior Notes of Redco Properties Group Limited with fair value of approximately HK$150,615,000, representing approximately 5.1% of the Group's total assets as at 31 December 2018. Please refer to Note 11 to the condensed financial statements for details. In total, these investments represent approximately 7.2% of the Group's total assets as at 31 December 2018.

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 sources of the Group and deliver sustainable return to our shareholders.

PROSPECTS

Ongoing trade tensions between China and US have created downside risks for the Chinese economies, the fund of the capital market becomes tighten. The loan financing services still drives core sources of income for the Company, adherence to the conservative and pragmatic way in the selection of customer is in the best interest of the Company under the unstable economic market. 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 hope the investment of the Company in Myanmar which started its generation of income during the Period can create positive value to the shareholders and the stakeholders of the Company as soon as possible in the near future.

The Group will maintain its stable financial profile to keep its sustainability. The Group keeps 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 as 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;

USE OF PROCEEDS AND UPDATES (CONTINUED)

(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 31 December 2018 has been utilized in the following manner:

(a) used as intended;

(b) used as intended;

(c) used as intended;

(d) approximately HK$59 million was used for fulfilling the capital contribution commitment of Golden 11 sub-group and working capital needs up to 30 June 2018; no additional working capital has been provided to Golden 11 for business development for the six months ended 31 December 2018; and the remaining balance yet to be utilised and is placed in licensed banks.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, the Group maintains its strong financial position with cash and cash equivalents of approximately HK$1,238,414,000 (30 June 2018: approximately HK$1,469,659,000).

As at 31 December 2018, the Group had net current assets of approximately HK$2,342,934,000 (30 June 2018: approximately HK$1,630,531,000). The total equity was approximately HK$2,775,066,000 (30 June 2018: approximately HK$2,939,857,000) and there was no borrowing and gearing ratio was zero (30 June 2018: zero).

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any significant contingent liabilities.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2018 (2017: nil).

CAPITAL STRUCTURE

The capital of the Company only comprises ordinary shares. During July and August 2018, the Company purchased and cancelled total 16,280,000 ordinary shares of the Company on-market. The buy-back payment was paid wholly out of the company's retained profit. Consequently, HK$1,055,000 share capital and HK$1,035,000 share premium was deducted for the ordinary shares bought back and cancelled. The number of ordinary shares decreased from 7,104,503,998 to 7,098,773,998 shares upon cancellation of shares re-purchased in the prior period, then from 7,098,773,998 as at 30 June 2018 to 7,088,223,998 as at 31 December 2018.

The shares were acquired at an average price of HK$0.198 per share, with prices ranging from HK$0.185 to HK$0.220. The total amount of approximately HK$2,090,000 paid to acquire the shares has been deducted from shareholders' equity.

OTHER INFORMATION

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" of the Company's 2016 Annual Report.

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 31 December 2018 were as follow:

The Shanghai Wealth 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 the parties agreed to amend the First Shanghai Wealth Agreement and Second Shanghai Wealth Agreement as follows:

ADVANCES TO ENTITIES AND CONNECTED TRANSACTIONS (CONTINUED)

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, 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
Principal amount:	RMB250,000,000
Term:	The repayment date is extended by 39 months to 16 December 2019
Interest:	8% per annum, payable on a quarterly basis
Security:	The Second Shanghai Wealth Loan is secured by the Shanghai Wealth Properties

As at 31 December 2018, the net principal and the accrued interest of the First Shanghai Wealth Loan and the Second Shanghai Wealth Loan which remains outstanding is RMB23,622,000 and RMB246,032,000, respectively.

ADVANCES TO ENTITIES AND CONNECTED TRANSACTIONS (CONTINUED)

The Shanghai Renhe Investment Agreement

On 30 December 2016, Shanghai Yongsheng entered into the Shanghai Renhe Investment Supplemental Agreement with Shanghai Renhe Investment, pursuant to which the parties agreed to amend the Shanghai Renhe Investment Agreement as follows:

The Shanghai Renhe Investment Supplemental Agreement

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, 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.

As at 31 December 2018, the net principal and the accrued interest of the Shanghai Renhe Investment Loan which remains outstanding is RMB337,648,000.

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 31 December 2018, the net principal and the accrued interest of the Shanghai Shihao Loan which remains outstanding is RMB216,253,000.

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 enter into any material acquisition and disposal of subsidiaries and affiliated companies during the six months ended 31 December 2018.

CHARGE ON ASSETS

As at 31 December 2018, the Group did not have any charge on its assets (30 June 2018: Nil).

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Up to current moment, other than the formation of joint venture to invest into Golden Myanmar Business Exchange Co., Ltd. as detailed in Note 10 to the condensed financial statements, the Group does not have any other plan for material investments or capital assets.

SUBSEQUENT EVENT

Please refer to Note 16 to the condensed financial statements for event after the reporting period.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

During the Period 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 (30 June 2018: Nil).

DISCLOSURE OF INTERESTS

(i) Directors' and Chief Executives' Interest in Shares

At 31 December 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") to be notified to the Company and the Stock Exchange were as follows:

Ordinary shares of the Company

Directors	Capacity	Number of issued ordinary share(s)	Approximate percentage of the issued shares held of the Company
Lu Sheng	Interest of controlled corporation (Note 1)	600,000,000	8.46%
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.

DISCLOSURE OF INTERESTS (CONTINUED)

(i) Directors' and Chief Executives' Interest in Shares (Continued)

Save as disclosed above, as at 31 December 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.

(ii) Substantial Shareholders' Interests and Short Positions in the Share Capital of the Company

At 31 December 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:

Name of shareholder	Capacity	Number of issued ordinary share(s)	Approximate percentage of the issued shares held of the Company (Note 5)
Cheng Kin Ming (Note 1)	Beneficial owner	2,341,100,000	33.03%
Tiancheng International Holdings Investment Limited (Note 1)	Beneficial owner	2,341,100,000	33.03%
Chu Yuet Wah (Note 2)	Beneficial owner and person having a security interest	1,810,146,190	25.54%
Kingston Finance Limited (Note 2)	Person having a security interest	1,800,000,000	25.39%
Ng Leung Ho (Note 3)	Beneficial owner	1,012,061,882	14.28%

DISCLOSURE OF INTERESTS (CONTINUED)

(ii) Substantial Shareholders' Interests and Short Positions in the Share Capital of the Company (Continued)

Name of shareholder	Capacity	Number of issued ordinary share(s)	Approximate percentage of the issued shares held of the Company (Note 5)
Golden Prince Group Limited (Note 3)	Beneficial owner	600,000,000	8.46%
Rich Capital Global Enterprises Limited (Note 3)	Beneficial owner	406,741,882	5.74%
Power Fine Global Investment Limited (Note 4)	Beneficial owner	600,000,000	8.46%

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.

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

Note 5: The approximate percentages were calculated based on 7,088,223,998 shares in issue as at 31 December 2018 (rounded 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 31 December 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.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 December 2018, the Group employed approximately 32 employees. The Remuneration Committee and the Directors of the Company reviewed remuneration policies regularly. The structure of the remuneration packages would take into account the level and composition of pay and the general market conditions in the respective countries and businesses.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading of "Directors' and Chief Executives' Interest in Shares" above and "Share Option Scheme" below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

Pursuant to the ordinary resolutions passed at the annual general meeting of the Company held on 28 November 2017, the Company adopted New Share Option Scheme and terminated the Existing Share Option Scheme. Capitalised terms used herein shall have the same meanings as those defined in the circular dated 19 October 2017.

During the Period, no share option was granted or exercised under the New Share Option Scheme.

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

During the Period, a wholly-owned subsidiary of the Company, Jet United Investments Limited ("Jet United") repurchased a total of 10,550,000 shares of the Company on the Stock Exchange at an aggregate consideration (excluding expenses) of approximately HK$2,089,330. Further details are set out as follows:

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

All the shares repurchased were cancelled on 27 August 2018. Shares repurchased by Jet United in the Period 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 period ended 31 December 2018.

AUDIT COMMITTEE

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

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

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 ("Listing Rules") throughout the period ended 31 December 2018.

DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the year ended 30 June 2018 of the Company are set out below:

Name of Director	**Details of change**
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 chief financial officer on 30 November 2018 and a joint company secretary on 5 September 2018 of Jinchuan Group International Resources Co., Ltd (Stock Code: 2362).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules (the "Model Code") during the Period under review. The Company has made specific enquiry with all the Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the Period.

APPRECIATION

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

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

Hong Kong, 26 February 2019

* *For identification purposes only*