匯銀控股集團有限公司

Huiyin Holdings Group Limited

(香港股份代號：1178)

(HK STOCK CODE: 1178)

年報 2019
ANNUAL REPORT

於開曼群島註冊成立之有限公司

Incorporated in the Cayman Islands with limited liability

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Kam Kit *(Chairman and Chief Executive Officer)*
(appointed on 27 December 2018)
Liu Jianping (appointed on 27 December 2018)
Chan Christina
(resigned as Chief Financial Officer on 18 October 2018)
Shi Yanxin (appointed with effect on 7 September 2018 and re-designated as Non-Executive Director on 27 December 2018)
Chen Jin (appointed as Chairman, Chief Executive Officer and Executive Director on 18 October 2018 and resigned on 13 November 2018)
Wong Kui Shing, Danny (resigned on 10 April 2019)
Miao Xiaoxing
(appointed as Executive Director and Chief Financial Officer on 18 October 2018 and resigned on 13 November 2018)
Meng Zhaoyi (resigned on 1 August 2018)
Jin Zhongkao (appointed as Chief Executive Officer and Executive Director on 12 July 2018 and resigned on 31 August 2018)

Non-Executive Directors

Shi Yanxin (re-designated as Non-Executive Director on 27 December 2018)
Liang Bing (appointed on 18 October 2018 and retired on 21 December 2018)
Xiao Liang (appointed on 21 May 2018 and resigned on 18 October 2018)
Li Wenjun (appointed on 16 January 2018 and resigned on 12 July 2018)

Independent Non-Executive Directors

Wong Chi Yan (appointed on 23 October 2017)
Yang Yuchuan (appointed on 27 December 2018)
Lu Zhuo (appointed on 27 December 2018)
Lu Jianzhi (appointed on 18 October 2018 and resigned on 17 December 2018)
Wang Zhifeng (appointed on 18 October 2018 and retired on 21 December 2018)
Chan Wai Kit (resigned on 18 October 2018)
Chen Zhihua (resigned on 19 July 2018)

AUDIT COMMITTEE

Wong Chi Yan *(Chairman)*
Yang Yuchuan (appointed on 27 December 2018)
Lu Zhuo (appointed on 27 December 2018)
Lu Jianzhi (appointed on 18 October 2018 and resigned on 17 December 2018)
Wang Zhifeng (appointed on 18 October 2018 and retired on 21 December 2018)
Chan Wai Kit (resigned on 18 October 2018)
Chen Zhihua (resigned on 19 July 2018)

REMUNERATION COMMITTEE

Wong Chi Yan *(Chairman)*
Yang Yuchuan (appointed on 27 December 2018)
Lu Zhuo (appointed on 27 December 2018)
Lu Jianzhi (appointed on 18 October 2018 and retired on 17 December 2018)
Wang Zhifeng (appointed on 18 October 2018 and retired on 21 December 2018)
Chan Wai Kit (resigned on 18 October 2018)
Chen Zhihua (resigned on 19 July 2018)

NOMINATION COMMITTEE

Wong Chi Yan *(Chairman)*
Yang Yuchuan (appointed on 27 December 2018)
Lu Zhuo (appointed on 27 December 2018)
Lu Jianzhi (appointed on 18 October 2018 and resigned on 17 December 2018)
Wang Zhifeng (appointed on 18 October 2018 and retired on 21 December 2018)
Chan Wai Kit (resigned on 18 October 2018)
Chen Zhihua (resigned on 19 July 2018)

STRATEGIC DEVELOPMENT COMMITTEE

Kam Kit *(Chairman)* (appointed on 10 April 2019)
Chan Christina
Wong Kui Shing, Danny (resigned on 10 April 2019)
Liang Bing (appointed on 18 October 2018 and retired on 21 December 2018)
Zhou Guohua (resigned on 19 July 2018)
Meng Xiaoqian (resigned on 6 June 2018)
Meng Zhaoyi (resigned on 1 August 2018)
Jin Zhongkao (appointed on 12 July 2018 and resigned on 31 August 2018)

CORPORATE INFORMATION

COMPANY SECRETARY

Wong Hei Pui Andy (appointed on 5 March 2019)
Yam Wan Fung (appointed on 24 July 2018 and resigned on 5 March 2019)
Wong Siu Fan (appointed on 30 September 2017 and resigned on 24 July 2018)

AUTHORISED REPRESENTATIVES

Kam Kit (appointed on 27 December 2018)
Wong Hei Pui Andy (appointed on 5 March 2019)
Shi Yanxin (appointed on 13 November 2018 and resigned on 27 December 2018)
Chen Jin (appointed on 18 October 2018 and resigned on 13 November 2018)
Yam Wan Fung (appointed on 24 July 2018 and resigned on 5 March 2019)
Chan Christina (appointed on 1 August 2018 and resigned on 18 October 2018)
Wong Siu Fan (appointed on 30 September 2017 and resigned on 24 July 2018)
Meng Zhaoyi (appointed on 13 December 2017 and resigned on 1 August 2018)

AUDITOR

Elite Partners CPA Limited
Certified Public Accountants

10/F, 8 Observatory Road, Tsim Sha Tsui
Kowloon, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
China Minsheng Banking Corporation Limited

REGISTERED OFFICE

Cricket Square Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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HEAD OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA

Floor 8, Convention and Exhibition Centre
No. 1, Software Road, Zhuhai, Guangdong
The People's Republic of China

SHARE REGISTRARS AND TRANSFER OFFICES

Cayman Islands

SMP Partners (Cayman) Limited
Royal Bank House — 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

Hong Kong

Union Registrars Limited
Suites 3301–04, 33/F, Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

STOCK CODE

1178

WEBSITE ADDRESS

http://www.irasia.com/listco/hk/huiyin/

BUSINESS REVIEW

During the financial year ended 30 June 2019 (the "Year"), Huiyin Holdings Group Limited (the "Company") has been adjusting its business development plan in response to the changing economic environment.

The economies of The People's Republic of China (the "PRC") and Hong Kong have inevitably been impacted by the intensifying trade frictions between the United States and the PRC. The overall business segments of the Company and its subsidiaries (the "Group") have continued to face the tough business environments due to the fierce market competition in both Hong Kong and the PRC. Accordingly, the Group has been actively restructuring all underperforming business to enhance the financial performance of the Group.

The Group's loss for the Year was approximately HK$36,192,000 (30 June 2018: approximately HK$167,602,000), representing a decrease of approximately HK$131,410,000 or approximately 78.4% as compared with the corresponding period of last year.

FINANCIAL REVIEW

Revenue

The Group's consolidated revenue for the Year was approximately HK$35,337,000 (30 June 2018: approximately HK$46,824,000), while the gross profit was approximately HK$12,794,000 (30 June 2018: approximately HK$11,052,000), representing an increase of approximately HK$1,742,000 or approximately 15.8% as compared with the corresponding period of last year. The increase in gross profit was mainly due to the restructuring of the underperforming business.

Other Income

The Group's other income for the Year was approximately HK$13,439,000 (30 June 2018: approximately HK$6,877,000), representing an increase of approximately HK$6,562,000 or approximately 95.4% as compared with the corresponding period of last year. The increase in other income was mainly due to the fair value gain on investment properties.

Selling and distribution costs

Selling and distribution costs for the Year was approximately HK$1,936,000 (30 June 2018: approximately HK$3,842,000), representing a decrease of approximately HK$1,906,000 or approximately 49.6% as compared with the corresponding period of last year. The decrease in selling and distribution costs was mainly due to the proactive implementation of cost control initiatives.

Administrative expenses

Administrative expenses for the Year was approximately HK$44,437,000 (30 June 2018: approximately HK$50,850,000), representing a decrease of approximately HK$6,413,000 or approximately 12.6% as compared with the corresponding period of last year. The decrease in adiministrative expenses was mainly due to the proactive implementation of cost control initiatives.

Other operating expenses

Other operating expenses for the Year was approximately HK$13,987,000 (30 June 2018: approximately HK$125,376,000), representing a decrease of approximately HK$111,389,000 or approximately 88.8% as compared with the corresponding period of last year.

The other operating expenses for the corresponding period of last year included the loss on written off in the amount of approximately HK$110,039,000 in respect of 100% equity interest in ECrent (Hong Kong) Limited and 0.45% equity interests in YSK1860 Investment Company Limited during the year ended 30 June 2018.

Finance costs

No finance costs was incurred during the Year (30 June 2018: approximately HK$278,000).

Impairment loss of financial assets at amortised cost, net of reversal

With the adoption of an expected credit loss model under HKFRS 9, the net credit loss expenses for the Year was approximately HK$3,624,000 (30 June 2018: approximately HK$5,893,000), representing a decrease of approximately HK$2,269,000 or approximately 38.5% as compared with the corresponding period of last year.

Loss for the Year

The Group's loss for the Year was approximately HK$36,192,000, as compared with the loss of approximately HK$167,602,000 for the year ended 30 June 2018, which included the loss on written off in the amount of approximately HK$110,039,000 in respect of 100% equity interest in ECrent (Hong Kong) Limited and 0.45% equity interests in YSK1860 Investment Company Limited during the year ended 30 June 2018. The decrease in the loss for the Year was amounted to approximately HK$131,410,000 or approximately 78.4% as compared with the corresponding period of last year.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group employed a total of 83 (30 June 2018: 79) employees, of which 56 (30 June 2018: 53) were working in Mainland China and 27 (30 June 2018: 26) were stationed in Hong Kong. The total salaries (excluding directors' emoluments) for the Year was approximately HK$14,323,000 (30 June 2018: approximately HK$17,471,000). Remuneration packages comprises salary, mandatory provident fund, bonus, statutory contributions and medical allowance.

FOREIGN EXCHANGE RISK AND MANAGEMENT

The majority of the Group's operations are located in the PRC, and the main operational currencies are Hong Kong Dollars, Renminbi and United States Dollars. The Company is paying regular and active attention to Renminbi exchange rate fluctuations and consistently assessing exchange risks.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's net current assets as at 30 June 2019 was approximately HK$92,535,000 (30 June 2018: approximately HK$133,947,000) while the Group's cash and bank balance as at 30 June 2019 was approximately HK$8,834,000 (30 June 2018: approximately HK$31,178,000), which was mainly denominated in Hong Kong dollars, Renminbi and United States Dollars. At the end of the Year, the Group had no bank borrowings (30 June 2018: Nil).

As at 30 June 2019, the Group's current ratio and quick ratio were approximately 4.4 (30 June 2018: 4.2) and approximately 4.1 (30 June 2018: approximately 3.5) respectively.

As at 30 June 2019, the total bank debt to total assets ratio, calculated as total bank debt divided by total assets, was nil (30 June 2018: Nil).

The Group continued to have no structured investment products, foreign exchange contracts and investments in listed shares, bonds and debentures.

It is the Group's policy to adopt a prudent financial management strategy and maintain a suitable level of liquidity to meet operation requirements and to capture acquisition requirements.

CAPITAL COMMITMENT

During the Year, the Group had no material capital commitments or investment commitments.

The operating lease commitment for the Group as at 30 June 2019 was approximately HK$6,492,000 (30 June 2018: approximately HK$3,391,000).

FINAL DIVIDEND

The board (the "Board") of the directors (the "Directors") of the Company has resolved not to declare any final dividend for the Year (2018: Nil).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at the end of the Year.

PLEDGE OF ASSETS

No assets of the Group was pledged as securities to any third parties as at 30 June 2019 (30 June 2018: Nil).

PROSPECTS

The Group believes that it will continue to face strong head winds in the foreseeable future.

With the increasing tension of Sino-US trade and the rapid downturn in market conditions after June 2019, the economy has slowed down in short term. The market conditions may continue to remain challenging in the near future. However, the Group believes that the economy will gradually recover with a steady and healthy economic growth in the long run.

Under these circumstances, the Group adopts a prudent finance management approach with proactive implementation of cost control initiatives for improving our operating performances. The Group will also continue to adopt measures that are beneficial to the growth of its business, constantly enriching the products categories of the Company, expanding its marketing channels and customer bases, while studying the feasibility of promoting new business.

The Directors present their report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in manufacturing and trading of BIOenergy products, healthcare food products, edible bird's nest, electronic and scandium oxide products, honey products and properties investments in the People's Republic of China (the "PRC") and Hong Kong.

BUSINESS REVIEW

A business review of the Group and an indication of likely future development in the Group's business are provided in the "Management Discussion and Analysis" of this annual report.

During the Year, the Group was facing the following major risks and uncertainties in our operation:

— The Group was exposed to our customers' credit risks. The Group liquidity position may then be affected if our customers fail to make payment on time or in full;

— The Group's performance depends on the market conditions, general economic and political conditions in Hong Kong;

— The Group's capital risk management objectives and policies are set out in Note 32 to the consolidated financial statements.

The above is not a comprehensive list. Investors are advised to make their own judgement or consult their own investment advisors before making any investment in the Shares.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of affairs of the Group as at 30 June 2019 are set out in the audited consolidated financial statements on pages 42 to 111.

The Directors do not recommend the payment of any dividends to shareholders of the Company (the "Shareholders") for the Year.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and the assets, liabilities and minority interests of the Group for the last five financial years is set out on page 112. This summary does not form part of the audited consolidated financial statements.

DONATION

No donation has been made by the Group during the Year (2018: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the Group's property, plant and equipment during the Year are set out in Note 14 to the audited consolidated financial statements.

INTANGIBLE ASSETS

Details of the movement in the Group's intangible assets during the Year is set out in Note 16 to the audited consolidated financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the Year, together with the reasons therefore, are set out in Note 28 to the audited consolidated financial statements.

SHARE OPTION SCHEME

The Company has adopted a share option scheme on 2 December 2014 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Company to grant options the ("Options") to the directors (including executive director(s), non-executive director(s) and independent non-executive director(s)) and employees of the Group and any advisors, consultants, business partners, joint venture business partners, promoters, service providers whom the Board considers, in its sole discretion, have contributed or will contribute to the Group ("Participant(s)") as well as to provide incentives and help the Group in retaining its existing employees and recruiting new employees and to provide them with a direct economics interest in attaining the long term business objectives of the Group.

Under the Share Option Scheme, the Board has the authority to set terms and conditions in the grant of the Options, in particular, the terms in relation to the minimum period of the Options to be held, the performance targets to be achieved before such Options can be exercised and the subscription price (the "Subscription Price"). With such authority and flexibility, the Board may assess the circumstance of each Participant and impose different terms and conditions in the grant of the Options to the Participants as they consider appropriate with a view to achieving the purpose of the Share Option Scheme.

The principal terms of the Share Option Scheme are as follows:

(i) The maximum number of shares of the Company (the "Shares") which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10 per cent. in nominal amount of the aggregate of the Shares in issue (the "Scheme Mandate Limit") on the annual general meeting held on 2 December 2014 (the "Adoption Date"). Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) such other share option schemes of the Company will not be counted for the purpose of calculating the scheme mandate limit.

(ii) The Scheme Mandate Limit referred to in paragraph (i) above may be renewed at any time subject to prior Shareholders' approval but in any event the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10 per cent. of the Shares in issue as at the date of the Shareholders' approval of the renewal of the Scheme Mandate Limit. Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised) will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.

(iii) At any time, the maximum number of the Shares which may be issued upon exercise of all Options which then has been granted and have yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30 per cent. (or such higher percentage as may be allowed under the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange")) of the Shares in issue from time to time.

(iv) Subject to (v) below, the maximum number of the Shares issued and to be issued upon exercise of the Options granted to each grantee (the "Grantee") under the Share Option Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1 per cent. of the Shares in issue for the time being.

(v) Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent. of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information required under the Listing Rules. The number and terms (including the Subscription Price) of Options to be granted to such proposed Grantee must be fixed before the Shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant (the "Date of Grant") for the purpose of calculating the Subscription Price.

(vi) The Subscription Price shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of:

(a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant which must be a business day;

(b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the Date of Grant; and

(c) the nominal value of the Shares.

(vii) On and subject to the terms of the Share Option Scheme and the Listing Rules, the Board shall be entitled at any time within 10 years after the Adoption Date to make an Offer to any Participant as the Board may in its absolute discretion select to take up an Option pursuant to which such Participant may, during the option period (the "Option Period"), subscribe for such number of the Shares as the Board may determine at the Subscription Price. The Offer shall specify the terms on which the Option is to be granted. Such terms may at the discretion of the Board, include, among other things, (i) the minimum period for which an Option must be held before it can be exercised; and/or (ii) a performance target that must be reached before the Option can be exercised in whole or in part; and (iii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

(viii) An offer (the "Offer") shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the Participant concerned for a period of 7 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after the Share Option Scheme has been terminated in accordance with the terms hereof or after the Participant for whom the Offer is made has ceased to be a Participant.

(ix) An Offer is deemed to be accepted when the Company receives from the Grantee the Offer letter signed by the Grantee specifying the number of the Shares in respect of which the Offer is accepted and a remittance to the Company of HK$1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances.

(x) The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options shall be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. Options granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the 10 year period.

The existing Scheme Mandate Limit was refreshed at the annual general meeting of the Company on 21 December 2018. On 4 April 2019, 29,765,000 Options (after taking into account the adjustments to the Options as a result of the share consolidation of the Company with effect from 29 April 2019) were granted to various employees under the Share Option Scheme. Options previously granted under the Share Option Scheme (including those outstanding, cancelled or lapsed in accordance with the relevant scheme rules or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

The number of share options outstanding and their exercise prices are as follows:

Name of category/ participant		Number of share options	Date of Grant	Exercise period	Exercise price (HK$)
Employees/consultants					
In aggregate	At 1 July 2019	242,000,000	21 March 2016	21/3/2016– 20/3/2026	0.145
Lapsed	31 March 2019	(242,000,000)			
		0			
Granted	4 April 2019	29,765,000	4 April 2019	4/4/2019– 3/4/2029	0.500
	At 30 June 2019	29,765,000			

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision is in force for the benefit of all Directors during the Year and at the date of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association (the "Articles") or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Year, there were no purchase, sale or redemption by the Company, or any its subsidiaries, of the Company's listed securities.

RESERVES

Details of the movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity and note 30 to the audited financial statements, respectively.

DISTRIBUTABLE RESERVES

The Company did not have reserves available for distribution to the shareholders as at 30 June 2019. Under the Companies Law of the Cayman Islands, the share premium of the Company amounted to approximately HK$553.6 million at 30 June 2019 is distributable to the Shareholders subject to the provisions of the Company's memorandum and the Articles and provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the percentage of sales to the Group's five largest customers accounted for 57.04% of the Group's total sales for the Year and sales to the largest customer included therein amounted to 21.33%. Purchases from the Group's five largest suppliers accounted for 68.07% of the total purchases for the Year and purchases from the largest supplier included therein amounted to 25.42%.

At no time during the Year had the Directors, their associates or any Shareholder (which, to the knowledge of Directors, owns more than 5% of the Company's share capital) have any interest in these major customers and suppliers.

DIRECTORS

The Directors during the Year and as at the date of publication of this report were as follows:

Executive Directors

Kam Kit *(Chairman and Chief Executive Officer)* (appointed on 27 December 2018)
Liu Jianping (appointed on 27 December 2018)
Chan Christina (resigned as Chief Financial Officer on 18 October 2018)
Chen Jin (appointed as Chairman, Chief Executive Officer and Executive Director on 18 October 2018 and resigned on 13 November 2018)
Wong Kui Shing, Danny (resigned on 10 April 2019)
Shi Yanxin (appointed with effect on 7 September 2018 and re-designated as Non-Executive Director on 27 December 2018)
Miao Xiaoxing (appointed as Executive Director and Chief Financial Officer on 18 October 2018 and resigned on 13 November 2018)
Meng Zhaoyi (resigned on 1 August 2018)
Jin Zhongkao (appointed as Chief Executive Officer and Executive Director on 12 July 2018 and resigned on 31 August 2018)

Non-Executive Directors

Shi Yanxin (re-designated as Non-Executive Director on 27 December 2018)
Liang Bing (appointed on 18 October 2018 and retired on 21 December 2018)
Xiao Liang (appointed on 21 May 2018 and resigned on 18 October 2018)
Li Wenjun (appointed on 16 January 2018 and resigned on 12 July 2018)

Independent Non-Executive Directors

Wong Chi Yan (appointed on 23 October 2017)
Yang Yuchuan (appointed on 27 December 2018)
Lu Zhuo (appointed on 27 December 2018)
Lu Jianzhi (appointed on 18 October 2018 and resigned on 17 December 2018)
Wang Zhifeng (appointed on 18 October 2018 and retired on 21 December 2018)
Chan Wai Kit (resigned on 18 October 2018)
Chen Zhihua (resigned on 19 July 2018)

In accordance with article 84(1) of the Articles, Ms. Chan Christina, Ms. Shi Yanxin and Ms. Wong Chi Yan shall retire by rotation at the forthcoming general meeting of the Company and, being eligible, offer themselves for re-election at the forthcoming general meeting in accordance with article 84(1) of the Articles.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group are set out on pages 18 to 20 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Ms. Chan Christina did not enter into a director's service agreement with the Company. She is not appointed for a specific term but are subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the Articles.

Each of Mr. Kam Kit and Mr. Liu Jianping had entered into service agreement with the Company for a term of three years, pursuant to which their directorship in the Company is subject to retirement and re-election at general meetings of the Company in accordance with the Articles. Ms. Shi Yanxin has entered into a service contract with the Company for a term of one year pursuant to which her directorship in the Company is subject to retirement and re-election at general meetings of the Company in accordance with the Articles. Each of Ms. Wong Chi Yan, Mr. Yang Yuchuan and Ms. Lu Zhuo has entered into a letter of appointment with the Company for a term of one year pursuant which their directorship in the Company is subject to retirement and re-election at general meetings of the Company in accordance with the Articles.

Save as disclosed above, no Director proposed for re-election at the forthcoming 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).

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its current independent non-executive Directors the annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company based on such confirmation, considers such independent non-executive Directors are independent as at the date of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There was no contract 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 interests, whether directly or indirectly subsisted at the end of the Year or at any time during the Year.

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

As at 30 June 2019, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Appendix 10 of Listing Rules were as follows:

Long position in the Shares and underlying Shares as at 30 June 2019

Name of Director	Capacity	Number of Shares held	Approximate percentage of interest
Kam Kit	Interest in controlled corporation (Note)	84,075,000	28.25%

Note: Leen Investment Group Limited is beneficially owned as to 70% of its issued share capital by Mr. Kam Kit. Under the SFO, Mr. Kam Kit is deemed to be interested in all the Shares held by Leen Investment Group Limited.

Save as disclosed above, as at 30 June 2019, as far as the Directors are aware, none of the Directors had any other interests, long positions or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REMUNERATION

The Directors' fee is subject to Shareholders' approval at general meeting. Other emoluments are determined by the Board and its remuneration committee (the "Remuneration Committee") with reference to the Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed herein, at no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate and none of the Directors or their spouses or children under the age of 18 had any right to subscribe for securities of the Company, or had exercised any such right during the Year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to any Director, as at 30 June 2019, other than the interests of the Directors and Chief Executives as disclosed above, the following persons had interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions 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.

Long positions in the Shares and underlying Shares as at 30 June 2019

Name of Substantial Shareholders	Capacity	Number of Shares held	Approximate percentage of interest
Eight International Group Limited (Note 2)	Beneficial interest	85,578,500	28.75%
Leen Investment Group Limited (Note 3)	Beneficial interest	84,075,000	28.25%
Zhang Vincent W S	Beneficial interest	49,006,000	16.46%
Huiyin Holdings (HK) Limited (Note 4)	Beneficial interest	22,548,000	7.58%
So Standford	Beneficial interest	18,148,500	6.10%

Notes:

1. The approximate percentage of interest is calculated based on 297,656,701 Shares in issue as at 30 June 2019.

2. Eight International Group Limited is beneficially wholly-owned by Ms. Zong Aolei. Under the SFO, Ms. Zong Aolei is deemed to be interested in all the Shares held by Eight International Group Limited.

3. Leen Investment Group Limited is beneficially owned as to 70% of its issued share capital by Mr. Kam Kit. Under the SFO, Mr. Kam Kit is deemed to be interested in all the Shares held by Leen Investment Group Limited.

4. Huiyin Holdings (HK) Limited is beneficially owned as to 51% and 49% of its issued share capital by Ms. Chan Lai Hung and Mr. Chen Chunhui respectively. Under the SFO, Ms. Chan Lai Hung and Mr. Chen Chunhui are deemed to be interested in all the Shares held by Huiyin Holdings (HK) Limited.

Save as disclosed above, as at 30 June 2019, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and the associated corporations" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

EMPLOYEES AND REMUNERATION POLICIES

The remuneration policy of the employees of the Group is set up by the Remuneration Committee on the basis of the merits, qualifications and competence of employees. The emoluments of the Directors are decided by the Remuneration Committee with regard to the Group's operating results, individual performance and comparable market statistics. None of the Directors or any of their associates, and executive is involved in deciding his own remuneration. As at 30 June 2019, the Group had 83 employees (2018: 79 employees). The Group remunerates its employees based on their individual performance, job nature and responsibilities. Moreover, the Group provides its employees with training and various benefits including medical care, provident funds, bonuses and other incentives.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which the Company may declare and distribute dividends to the Shareholders to allow the Shareholders to share the Company's profits and for the Company to retain adequate reserves for further growth.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's financial results, the general financial condition of the Group, the Group's current and future operations, the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants, liquidity position and capital requirement of the Group and any other factors that the Board deem appropriate.

The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or no way obligate the Company to declare a dividend at any time or from time to time.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report of this annual report.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year and up to the date of this report, the Directors had an interest in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business that need to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

Director	Name of company	Nature of business	Nature of interests
Wong Chi Yan	Elegance Optical International Holdings Limited ("Elegance Optical")	Money Lending Business	Executive director of Elegance Optical (Note 1)
Wong Kui Shing Danny (Note 2)	China Information Technology Development Limited ("China Information")	Money Lending Business	Executive director of China Information
	TFG International Group Limited ("TFG")	Money Lending Business	Executive director of TFG (Note 3)
Chan Wai Kit (Note 4)	Aurum Pacific (China) Group Limited ("Aurum Pacific")	Money Lending Business	Executive director of Aurum Pacific
	Evershine Group Holdings Limited ("Evershine Group")	Money Lending Business	Non-executive director of Evershine Group

Notes:

1. Ms. Wong Chi Yan has resigned as an executive director of Elegance Optical on 22 October 2018.

2. Mr. Wong Kui Shing Danny has resigned as an executive Director on 10 April 2019.

3. Mr, Wong Kui Shing Danny has resigned as an executive director of TFG on 1 February 2019.

4. Mr. Chan Wai Kit has resigned as an independent non-executive Director on 18 October 2018.

As the Board is independent to the boards of the above mentioned companies, the Group is capable of carrying on its business independently of, and at arm's length, from the business of those companies.

Save as disclosed above, none of the Directors was interested in any business (apart from the Group's business) which competed or was likely to compete, either directly or indirectly, with the business of the Group during the Year.

PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place after the Year to the date of this report.

INDEPENDENT AUDITOR

Elite Partners CPA Limited has been appointed as the auditor of the Company since 18 February 2013.

The Company's auditor, Elite Partners CPA Limited, who retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of Elite Partners CPA Limited as the Company's auditor will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Kam Kit
Chairman

Hong Kong, 30 September 2019

Biographies of Directors and Senior Management as at the date of publication of this report are set out below:

EXECUTIVE DIRECTORS

Mr. Kam Kit (金洁), aged 40, is the chairman of the Board, the chief executive officer, an executive director and the authorised representative of the Company since 27 December 2018. Mr. Kam obtained a Bachelor's Degree in Commerce and a Graduated Diploma in Business Administration from The University of Sydney in 2002 and 2004 respectively. From 2009 to 2015, he was the investment director at Kingwell Group Limited (stock code: 1195), which shares are listed on the Main Board of the Stock Exchange, and was mainly responsible for project investments and the management of market development of the company. In 2015, Mr. Kam has established 深圳前海小金桔控股(集團)有限公司 (Shenzhen Qianhai Xiaojinji Holdings (Group) Co., Ltd.*) ("Shenzhen Qianhai") and has been the general manager and the executive director of Shenzhen Qianhai since then. Mr. Kam has extensive experience in the investments, management and operations of listed companies. Mr. Kam is interested in 84,075,000 Shares representing approximately 28.25% of the issued share capital of the Company as at the date of this report.

Ms. Chan Christina (陳雅文), aged 26, is an executive director and a member of the strategic development committee of the Company. She is also director of certain subsidiaries of the Company. Ms. Chan completed a master of science in china business studies from The Hong Kong Polytechnic University in 2017 and graduated from The University of Manchester with a bachelor's degree in international management in 2015. Ms. Chan has worked as the vice president in Shenzhen Nanyin Investment Holdings Ltd, which mainly deals with real estate and financial equity investment, and was in charge of corporate finance. Before that, she has interned in China Cinda (HK) Asset Management Company Limited, where she mainly focused on loan and special type of investments. Moreover, Ms. Chan is the cousin of Ms. Shi Yanxin, a non-executive director and a daughter of Mr. Chen Chunhui, who is interested in 22,548,000 Shares, representing approximately 7.58% of the issued share capital of the Company as at the date of this report.

Mr. Liu Jianping (劉建平), aged 54, obtained a Master's Degree in Human Resources from Renmin University of China in 1996. Mr. Liu also obtained a Master's Degree in Electronic Commerce from Queen Margaret University in 2001 and a Doctor's Degree in Industrial Economics from Renmin Business School at Renmin University of China in 2005. In 2007, he further obtained a Postdoctoral Degree in Environmental Science and Engineering at the Research Center for Eco-Environmental Sciences, Chinese Academy of Sciences. From September 2003 to July 2006, Mr. Liu was the secretary of the General Office Secretariat of the State Administration for Industry and Commerce (the "SAIC"), and was subsequently the responsible officer for the marketing division of the SAIC. From July 2006 to June 2013, Mr. Liu worked as the director of the Office for Electricity Restructuring of the State Electricity Regulatory Commission. From June 2013 to September 2017, he was the director of the development planning division of the National Energy Administration. Since September 2017, Mr. Liu has been serving as a professor at the School of Materials and Energy at Guangdong University of Technology.

NON-EXECUTIVE DIRECTOR

Ms. Shi Yanxin (施雁欣), aged 29, is a non-executive director of the Company. She was appointed as an executive Director with effect on 7 September 2018 and was re-designated as a non-executive Director on 27 December 2018. She obtained a Bachelor Degree in International Business Communication from the University of Portsmouth in 2015. She has been the director of marketing of 深圳市匯銀投資發展有限公司 (Shenzhen Huiyin Investment Development Co., Ltd.*) since August 2015 and is mainly responsible for sales and marketing, including but not limited to formulating the company's marketing strategy and marketing plan as well as organizing marketing events. Ms. Shi is the cousin of Ms. Chan Christina, an executive Director, and the niece of Mr. Chen Chunhui, who is interested in 22,548,000 Shares, representing approximately 7.58% of the issued share capital of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wong Chi Yan (黃志恩), aged 38, is as an independent non-executive director and the chairman of each of the audit committee, the remuneration committee and the nomination committee of the Company. Ms. Wong holds a bachelor of business administration degree in accounting from Hong Kong Baptist University and a master of laws in international corporate and financial law from The University of Wolverhampton, UK. She is an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Ms. Wong has extensive experiences in auditing, accounting and financing as well as merger and acquisition.

Ms. Wong is currently an independent non-executive director of Munsun Capital Group Limited (stock code: 1194), Asia Television Holdings Limited (stock code: 707), Success Dragon International Holdings Limited (stock code: 1182), and the company secretary and authorised representative of Flyke International Holdings Ltd. (stock code: 1998) and China Properties Investment Holdings Limited (stock code: 736), all of which are companies listed on the Main Board of the Stock Exchange.

Ms. Wong was an independent non-executive director of Tech Pro Technology Development Limited (stock code: 3823), a company listed on the Main Board of the Stock Exchange, from March 2017 to February 2019. She was an executive director and authorised representative of Elegance Optical International Holdings Limited (stock code: 907), a company listed on the Main Board of the Stock Exchange, from February 2017 to October 2018. She was also an executive director of Century Group International Holdings Limited (stock code: 2113), a company listed on the Main Board of the Stock Exchange, from October 2017 to June 2018. She was also an executive director and authorised representative of Aurum Pacific (China) Group Limited (stock code: 8148) from May 2015 to October 2017 and an executive director, company secretary and authorized representative of PPS International (Holdings) Limited (stock code: 8201) from June 2015 to July 2016, both of which are companies listed on the GEM of the Stock Exchange. She was an independent non-executive director of Ding He Mining Holdings Limited (stock code: 705), a company listed on the Main Board of the Stock Exchange, from January 2018 to July 2018. She was also the company secretary of Goldway Education Group Limited (stock code: 8160), a company listed on GEM of the Stock Exchange, from October 2018 to May 2019.

Mr. Yang Yuchuan (楊玉川), aged 55, Mr. Yang graduated from Shanghai Jiao Tong University in the People's Republic of China with a Bachelor's Degree in engineering in 1985. In 1993, Mr. Yang obtained a Master's Degree of business administration from McLaren School of Business, University of San Francisco in the United States of America. Mr. Yang worked at Partners Capital Securities Limited as a director and responsible officer and was responsible for the operation of the company from April 2006 to March 2007 and from June 2008 to May 2013. From April 2007 to May 2013, he was the chief operating officer and responsible officer of Sunshine Asset Management (HK) Limited and was responsible for the operation and investments of the company. From November 2012 to May 2013, Mr. Yang was the executive director and responsible officer of Partners Capital International Limited. He served as an executive director of Century Sunshine Group Holdings Limited (stock code: 509), which shares are listed on the Main Board of the Stock Exchange. Mr. Yang is currently an independent non-executive director of China Resources Gas Group Limited (stock code: 1193), a company listed on the Main Board of the Stock Exchange. He also currently serves as the chief executive officer and the chief macroeconomist of Prime China Securities Limited and is responsible for daily management and operation of the company since September 2016. Mr. Yang has extensive experience in investments and operation management.

Ms. Lu Zhuo (吕卓), aged 36, Ms. Lu holds a Master's Degree in Interpreting from University of Newcastle in the United Kingdom. She served as the chief executive officer of Rui Feng Group Holdings Company Limited ("Rui Feng") (formerly known as China Hanya Group Holdings Limited), a company listed on GEM of the Stock Exchange (stock code: 8312), from 16 January 2017 to 4 January 2019 and an executive director and chairman of the board of Rui Feng from 27 March 2017 to 4 January 2019. Ms. Lu served as an independent non-executive director of Neo Telemedia Limited, a company listed on GEM of the Stock Exchange (stock code: 8167), from March 2014 to May 2014. She has previously worked at Goldman Sachs in London and has significant experience in investment banking, financial advisory and corporate financing.

SENIOR MANAGEMENT

Mr. Wong Hei Pui Andy (黃希培), Mr. Wong is the chief financial officer of the Company (the "Chief Financial Officer"), the company secretary and the authorised representative of the Company. Mr. Wong holds a Bachelor of Commerce Degree in Accounting from The University of Western Sydney. He is a qualified accountant and a member of both the Hong Kong Institute of Certified Public Accountants and the Certified Practising Accountant Australia. Prior to joining the Company, Mr. Wong was a chief financial officer in a number of listed and private companies with sizeable operations in Hong Kong, Mainland China and South East Asia. Mr. Wong has extensive experience in audit, assurance and working with international accounting firms. In addition, Mr. Wong has extensive professional and senior managerial experience in financial management, corporate finance, investor and bank relations, company secretarial and compliance, supply chain and operation management as well as information system management.

* *For identification only*

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code for securities transactions by directors. All members of the Board as at 30 September 2019 have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code during the Year.

BOARD OF DIRECTORS

The Directors during the Year and as at the date of publication of this report were as allows:

Executive Directors

Kam Kit *(Chairman and Chief Executive Officer)* (appointed on 27 December 2018)
Liu Jianping (appointed on 27 December 2018)
Chan Christina (resigned as Chief Financial Officer on 18 October 2018)
Shi Yanxin (appointed with effect on 7 September 2018 and re-designated as Non-Executive Director on 27 December 2018)
Chen Jin (appointed as Chairman, Chief Executive Officer and Executive Director on 18 October 2018 and resigned on 13 November 2018)
Wong Kui Shing, Danny (resigned on 10 April 2019)
Miao Xiaoxing (appointed as Executive Director and Chief Financial Officer on 18 October 2018 and resigned on 13 November 2018)
Meng Zhaoyi (resigned on 1 August 2018)
Jin Zhongkao (appointed as Chief Executive Officer and Executive Director on 12 July 2018 and resigned on 31 August 2018)

Non-Executive Directors

Shi Yanxin (re-designated as Non-Executive Director on 27 December 2018)
Liang Bing (appointed on 18 October 2018 and retired on 21 December 2018)
Xiao Liang (appointed on 21 May 2018 and resigned on 18 October 2018)
Li Wenjun (appointed on 16 January 2018 and resigned on 12 July 2018)

Independent Non-Executive Directors

Wong Chi Yan (appointed on 23 October 2017)
Yang Yuchuan (appointed on 27 December 2018)
Lu Zhuo (appointed on 27 December 2018)
Lu Jianzhi (appointed on 18 October 2018 and resigned on 17 December 2018)
Wang Zhifeng (appointed on 18 October 2018 and retired on 21 December 2018)
Chan Wai Kit (resigned on 18 October 2018)
Chen Zhihua (resigned on 19 July 2018)

CORPORATE GOVERNANCE PRACTICES

The Company is committed to establish and maintain high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests.

During the Year, the Company has applied the principles and complied with the code provisions set out in the Code on Corporate Governance practices (the "Code") contained in Appendix 14 to the Listing Rules except for the deviations from Code provisions A.2.1, A.2.7, A.4.1 and C.1.2 as stated and explained below.

The Board assumes responsibility for leadership and control of the Company and shall be collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. The Board formulates overall strategies and policies of the Group and monitors the performance and activities of the management. With delegating authorities from the Board, the management of the Company is responsible for the day-to-day operations of the Group.

To the best knowledge of the Company, there is no financial, business, family or other material or relevant relationships among members of the Board as at 30 September 2019.

Code Provision A.2.1 — Roles of chairman and chief executive to be separate

Under Code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Following the resignation of Dr. Meng Zhaoyi as the chairman of the Company with effect from 1 August 2018, and during part of the Year, the Company did not appoint any individual to be the chairman of the Company as the Board was still in the process of identifying a suitable candidate. As a result, the functions of the chairman had been performed collectively by the Board for the period from 1 August 2018 to 17 October 2018.

Following the appointment of Mr. Chen Jin as the chairman and chief executive officer of the Company with effect from 18 October 2018, and during part of the Year, the roles of chairman and chief executive were performed by the same individual. This deviates from code provision A.2.1 of the Code which requires that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. After evaluation of the then situation of the Company and taking into account of the experience of Mr. Chen, the Board was of the opinion that it was appropriate and in the best interests of the Company at that stage for Mr. Chen to hold both positions as the Chairman and the Chief Executive Officer of the Company as it helps to maintain the continuity of the policies and the stability of the operations of the Company.

Mr. Chen Jin resigned as the chairman and chief executive officer of the Company with effect from 13 November 2018, and during part of the year, the Company did not appoint any individual to be the chairman and chief executive officer of the Company as the Board was still in the process of identifying a suitable candidate. As a result, the functions of the chairman had been performed collectively by the Board for the period from 13 November 2018 to 26 December 2018.

Mr. Kam Kit was appointed as the chairman and chief executive officer of the Company with effect from 27 December 2018. This constitutes a deviation from Code Provision A.2.1 since the appointment. The Board believes that Mr. Kam's extensive experience and knowledge, together with the support of the management, shall strengthen the solid and consistent leadership of the Company and Mr. Kam, by assuming the roles of both Chairman and Chief Executive Officer, would allow efficient business planning and decision, which the Board believes is in the best interest of the business development of the Group.

Code Provision A.2.7 — Annual meetings between chairman and non-executive directors

Under Code Provision A.2.7, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. During the Year, a formal meeting could not be arranged between the chairman of the Board and the non-executive Directors (including Independent non-executive Directors) without the executive Directors present due to their tight schedules. Although such meeting was not held during the Year, the chairman of the Board could be contacted by email or phone to discuss any potential concerns and/or questions that the non-executive Director and the independent non-executive Directors might have and would arrange to set up follow-up meetings, whenever necessary.

Code Provision A.4.1 — Non-Executive Directors to be appointed for a specific term

Under Code provision A.4.1, non-executive directors should be appointed for a specific term and be subject to re-election. During the Year, Mr. Chen Zhihua, an independent non-executive Director, was not appointed for a specific term. However, under the articles of association of the Company, one-third of the Directors for the time being shall retire from office by rotation every year at the annual general meeting of the Company provided that every Director shall retire by rotation at least once every three years. Since Mr. Chen is subject to such retirement provision under the Articles, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

Code Provision C.1.2 — Monthly updates of the Company from management

Code provision C.1.2 provides that management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. Although the management of the Company did not provide a regular monthly update to the members of the Board, the management keeps providing information and updates to the members of the Board as and when appropriate.

Save as aforesaid and the opinion of the Directors, the Company has met all the code provisions as set out in the code during the Year.

BOARD MEETINGS

For a regular board meeting, notice of at least fourteen days is given to all Directors, who are given an opportunity to include matters in the agenda for discussion, and an agenda and accompanying board papers are sent to all Directors at least three days before the intended date of a regular board meeting.

Minutes of board meetings and meetings of board committees are kept by the secretary of the Company and are open for inspection at any reasonable time on reasonable notice by any Director. Draft and final versions of minutes of board meetings are sent to all Directors for their comment and records respectively, in both cases within a reasonable time after the board meeting is held.

The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

During the year ended 30 June 2019, 23 full board meetings were held and the individual attendance of each Director at the board meetings was as follows:

Directors	Board meeting Attendance	General meeting Attendance
Executive Directors		
Kam Kit *(Chairman and Chief Executive Officer)* (appointed on 27 December 2018)	7/7	1/1
Liu Jianping (appointed on 27 December 2018)	5/7	0/1
Chan Christina (resigned as Chief Financial Officer on 18 October 2018)	23/23	0/2
Shi Yanxin (appointed with effect on 7 September 2018 and re-designated as Non-Executive Director on 27 December 2018)	7/9	1/2
Chen Jin (appointed as Chairman, Chief Executive Officer and Executive Director on 18 October 2018 and resigned on 13 November 2018)	1/2	N/A
Wong Kui Shing, Danny (resigned on 10 April 2019)	18/23	0/1
Miao Xiaoxing (appointed as Executive Director and Chief Financial Officer on 18 October 2018 and resigned on 13 November 2018)	1/2	N/A
Meng Zhaoyi (appointed as Chairman and Executive Director on 13 December 2017 and resigned on 1 August 2018)	1/1	N/A
Jin Zhongkao (appointed as Chief Executive Officer and Executive Director on 12 July 2018 and resigned on 31 August 2018)	0/5	N/A
Non-Executive Directors		
Shi Yanxin (re-designated as Non-Executive Director on 27 December 2018)	2/7	N/A
Liang Bing (appointed on 18 October 2018 and retired on 21 December 2018)	2/4	N/A
Xiao Liang (appointed on 21 May 2018 and resigned on 18 October 2018)	9/11	N/A
Li Wenjun (appointed on 16 January 2018 and resigned on 12 July 2018)	N/A	N/A
Independent Non-Executive Directors		
Wong Chi Yan (appointed on 23 October 2017)	20/23	2/2
Yang Yuchuan (appointed on 27 December 2018)	7/7	1/1
Lu Zhuo (appointed on 27 December 2018)	5/7	0/1
Lu Jianzhi (appointed on 18 October 2018 and resigned on 17 December 2018)	2/2	N/A
Wang Zhifeng (appointed on 18 October 2018 and retired on 21 December 2018)	3/4	N/A
Chan Wai Kit (resigned on 18 October 2018)	10/11	N/A
Chen Zhihua (resigned on 19 July 2018)	N/A	N/A

Listing Rules 3.10(1), 3.10A and 3.21

On 19 July 2018, Mr. Chen Zhihua resigned as an independent non-executive Director, member of each of the audit committee of the Company (the "Audit Committee"), the remuneration committee of the Company (the "Remuneration Committee") and the nomination committee of the Company (the "Nomination Committee"). On 1 August 2018, Dr. Meng Zhaoyi resigned as executive director and chairman of the Board. On 17 December 2018, Mr. Lu Jianzhi resigned as an independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. On 21 December 2018, Mr. Liang Bing had retired as non-executive director and member of the strategic development committee of the Company and Mr. Wang Zhifeng had retired as independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Rule 3.10(1) of the Listing Rules requires the Company to maintain the Board which includes at least three independent non-executive directors, Rule 3.10A of the Listing Rules requires the Company to appoint independent non-executive directors representing at least one-third of the Board, and Rule 3.21 of the Listing Rules requires the Audit Committee must comprise a minimum of three members.

Following the resignation of Directors as set out above, during the periods from 19 July 2018 to 17 October 2018 and 17 December 2018 to 26 December 2018, the number of independent non-executive Directors fell below the minimum number requirement under Rule 3.10(1) of the Listing Rules.

During the period from 19 July 2018 to 17 October 2018, the then number of independent non-executive Directors fell below the minimum number as required under Rule 3.10A of the Listing Rules.

During the periods from 19 July 2018 to 17 October 2018 and 17 December 2018 to 20 December 2018, there were two Audit Committee members. During the period from 21 December 2018 to 26 December 2018, there was one Audit Committee member. Therefore, in such periods, the number of Audit Committee members fell below the minimum number as required under Rule 3.21 of the Listing Rules.

Saved as disclosed above, the Company has complied with Rules 3.10(1), 3.10A and 3.21 of the Listing Rules during the Year and up to the date of this report.

Independent Non-executive Directors

The Board has been in compliance with Rule 3.10(2) of the Listing Rules, which requires one of those independent non-executive directors to be specialised in accounting or relevant financial management. The Company has received the confirmation from each of the Independent Non-Executive Directors confirming that they were in compliance with Rule 3.13 of the Listing Rules in respect of their independence for the Year. The Company is of the opinion that all of the Independent Non-Executive Directors were independent for the Year.

AUDIT COMMITTEE

The Audit Committee currently comprises of three Independent Non-Executive Directors, namely Ms. Wong Chi Yan (chairman of the committee), Mr. Yang Yuchuan and Ms. Lu Zhuo. Ms. Wong Chi Yan possesses appropriate professional accounting qualifications and related financial management expertise as required under rule 3.10 (2) of the Listing Rules.

The Audit Committee meets at least twice a year. The terms of reference of Audit Committee are available on the Company's website and the website of the Stock Exchange.

The primary duties of the Audit Committee include the review and supervision of the financial reporting process, risk management and internal control system, review and monitor the effectiveness of the internal audit function and the review of the interim and annual results and reports of the Group.

During the Year, 2 meetings were held by the Audit Committee to review the annual report of the Group for the year ended 30 June 2019 and the interim report of the Group for the six months ended 31 December 2018 before submission to the Board for approval, and to provide advice and comments thereon to the Board. The individual attendance of each member at the Audit Committee meetings was as follows:

Members	Attendance
Wong Chi Yan *(Chairman)* (appointed on 23 October 2017)	1/2
Yang Yuchuan (appointed on 27 December 2018)	1/1
Lu Zhuo (appointed on 27 December 2018)	1/1
Lu Jianzhi (appointed on 18 October 2018 and resigned on 17 December 2018)	0/1
Wang Zhifeng (appointed on 18 October 2018 and retired on 21 December 2018)	0/0
Chan Wai Kit (resigned on 18 October 2018)	1/1
Chen Zhihua (resigned on 19 July 2018)	0/0

For the Year, the work performed by the Audit Committee included:

- reviewing the annual report which comprised the audited consolidated financial statements for the Year;
- reviewing the final results announcement;
- reviewing the interim report and interim results announcement;
- reviewing the significant accounting issues raised by the management;
- reviewing the Company's compliance with regulatory and statutory requirements;
- reviewing the Group's risk management and internal control system; and
- reviewing the effectiveness of the Group's internal audit function.

The Audit Committee of the Company has reviewed the Group's financial results for the Year.

NOMINATION COMMITTEE

The Nomination Committee was established on 7 June 2017. It currently comprises of three Independent Non-Executive Directors, namely Ms. Wong Chi Yan (chairman of the committee), Mr. Yang Yuchuan and Ms. Lu Zhuo.

The Nomination Committee meets at least once a year. The terms of reference of Nomination Committee are available on the Company's website and the website of the Stock Exchange.

The primary duties of the Nomination Committee are, among others, to (i) review the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) assess the independence of the independent non-executive Directors; and (iv) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors. The Nomination Committee is regulated by the terms of reference which follow closely the requirements of the CG Code and shall be modified and approved by the Board from time to time.

During the Year, the Nomination Committee has reviewed the structure, size and composition of the Board, the retirement and re-election of the Directors at the forthcoming annual general meeting and considered the appointments of new Directors. All of the newly appointed Directors were appointed by going through the selection process stated as above. The Nomination Committee held 2 meetings and the individual attendance of each member at the Nomination Committee meetings was as follows:

Members	Attendance
Wong Chi Yan *(Chairman)* (appointed on 23 October 2017)	2/2
Yang Yuchuan (appointed on 27 December 2018)	1/1
Lu Zhuo (appointed on 27 December 2018)	1/1
Lu Jianzhi (appointed on 18 October 2018 and resigned on 17 December 2018)	0/0
Wang Zhifeng (appointed on 18 October 2018 and retired on 21 December 2018)	0/0
Chan Wai Kit (resigned on 18 October 2018)	1/1
Chen Zhihua (resigned on 19 July 2018)	0/0

BOARD DIVERSITY POLICY

The Nomination Committee is responsible for monitoring the achievement of the measureable objectives set out in the Board Diversity Policy which sets out the approach to achieve diversity on the Board.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, selection of candidates of the Board members will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Nomination Committee is responsible for monitoring the achievement of the measureable objectives set out in the Board.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises of three Independent Non-executive Directors, namely Ms. Wong Chi Yan (chairman of the committee) , Mr. Yang Yuchuan and Ms. Lu Zhuo.

The Remuneration Committee meets at least once a year. The terms of reference of Remuneration Committee are available on the Company's website and the website of the Stock Exchange.

The roles and functions of the Remuneration Committee primarily include reviewing, considering and approving proposals as well as making recommendations to the Board on the Company's policy and structure relating to the remuneration of directors and senior management. During the Year, the Remuneration Committee held 2 meetings.

The individual attendance of each member at the Remuneration Committee meetings was as follows:

Members	Attendance
Wong Chi Yan *(Chairman)* (appointed on 23 October 2017)	2/2
Yang Yuchuan (appointed on 27 December 2018)	1/1
Lu Zhuo (appointed on 27 December 2018)	0/1
Lu Jianzhi (appointed on 18 October 2018 and resigned on 17 December 2018)	0/1
Wang Zhifeng (appointed on 18 October 2018 and retired on 21 December 2018)	0/0
Chan Wai Kit (resigned on 18 October 2018)	1/1
Chen Zhihua (resigned on 19 July 2018)	0/0

During the meetings, the Remuneration Committee reviewed and recommended to the Board the remuneration packages for all Directors, the employee's salary increment proposal and relevant reports.

Details of remuneration paid to member of senior management for the year ended 30 June 2019 fell within the following band:

	Number of individual
HK$1,500,000–HK$2,000,000	2
HK$2,000,001–HK$2,500,000	1

STRATEGIC DEVELOPMENT COMMITTEE

The Strategic Development Committee was established on 29 August 2017. The Strategic Development Committee should comprise a minimum of three members from the Board. It currently comprises of two Directors, namely Mr. Kam Kit and Ms. Chan Christina.

The Strategic Development Committee meets at least once a year. The terms of reference of Strategic Development Committee are available on the Company's website and the website of the Stock Exchange.

The primary duties of the Strategic Development Committee are to (i) review and advise on the mid to long term strategic positioning, business plans, brand strategies, investment decisions and mergers and acquisitions of the Group; (ii) monitor, review and advise on the implementations of strategic plans of the Group; and (iii) make recommendations to the Board.

During the Year, the Strategic Development Committee did not hold any meeting.

AUDITOR'S REMUNERATION

During the Year, the remuneration paid/payable to the Company's auditor, Elite Partners CPA Limited, is set out as follows:

Nature of Services	Fee paid/payable HK$'000
Audit services	966
Non-audit services	110
Total:	1,076

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES ON THE ACCOUNTS

The Directors as at 30 September 2019 acknowledge their responsibility for preparing the accounts of the Group for the Year.

The statement by Messrs. Elite Partners CPA Limited, the existing external auditor of the Company, with regard to its reporting responsibilities on the accounts of the Group is set out in the Independent Auditor's Report on pages 35 to 41.

As at 30 June 2019, the Directors as at 30 September 2019 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. Accordingly, the Directors as at 30 September 2019 have prepared the accounts of the Group on a going concern basis.

CONTINUOUS PROFESSIONAL DEVELOPMENT

During the Year, each newly appointed Director received induction on the first occasion of his/her appointment, so as to ensure that he/she has an appropriate understanding of the business and operations of the Company.

To assist directors' continuing professional development ("CPD"), the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. All Directors also participate in continuous professional development programmes to develop and refresh their knowledge and skills in relation to their contribution to the Board. A record of the training received by the respective directors are kept and updated by the company secretary of the Company (the "Company Secretary").

During the Year, all Directors as at 30 September 2019 have participated in continuous professional development to develop and refresh their knowledge and skills.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has in place appropriate insurance coverage on directors' and officers' liabilities in respect of any legal actions taken against directors and officers of the Group arising out of corporate activities.

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board as a whole is responsible for performing the corporate governance duties including:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements; and

(d) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles. 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.

According to article 84(1) of the Articles, one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every annual general meeting of the Company provided that every Director shall be subject to retirement by rotation at least once every three years. Those retiring Directors shall be eligible for re-election. Ms. Chan Christina, Ms. Shi Yanxin and Ms. Wong Chi Yan shall retire from office at the forthcoming annual general meeting of the Company and shall offer themselves for re-election.

The Board has set measurable objectives based on four focus areas: gender, age, working experience and ethnicity to implement the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Board will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

COMPANY SECRETARY

During the Year, Ms. Wong Siu Fan was the Company Secretary from 1 July 2018 to 23 July 2018, Mr. Yam Wan Fung was the Company Secretary from 24 July 2018 to 4 March 2019 and Mr. Wong Hei Pui Andy has been the Company Secretary since 5 March 2019.

Both Mr. Yam Wan Fung and Mr. Wong Hei Pui Andy confirmed that they have taken no less than 15 hours of relevant professional training during the Year to comply with Rule 3.29 of the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is overall responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group established and maintained appropriate and effective risk management and internal control systems.

The Audit Committee annually reviews the risk management and internal controls that are significant to the Group on an on-going basis. The Audit Committee would consider the adequacy of resource, qualifications and experience and training of staff and external advisor of the Group's accounting, internal audit and financial reporting function.

The Board oversee the management of the Group in designing, maintaining, implementing and monitoring of the risk management and internal control system to ensure adequate control in place to safeguard the Group's assets and stakeholder's interest.

The management has maintained certain procedures to identify the business risk and developed risk handling strategy as well as the internal control procedures to reduce the adverse impact and the occurrence opportunity of risks associated with the business.

The internal control systems are designed and implemented to reduce the risks associated with the business accepted by the Group and minimise the adverse impact results from the risks. The risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

For the Year, the Group has also engaged an external advisory firm to undertake the internal audit function to perform the internal audit procedures on the corporate governance, financial reporting and information system functions and another specific internal control review report in relation to investment policy and procedure to address the effectiveness and efficiency of the risk management and internal control system of the Group. The Group is considering the recommendations on the deficiencies identified by the external advisory firm and expects to complete the implementation of the aforesaid recommendations within 3 to 6 months.

The Board will oversee the Group's risk management and internal control systems on an ongoing basis to ensure the effectiveness and adequacy of the risk management and internal control system are properly in place. The Board will identify the risks associate with the business of the Group by considering both internal and external factors and events which include political, economic, technology, environment, social and staff. Each of risks will be assessed and prioritized based on their relevant impact and occurrence opportunity. Relevant risk management strategy will be applied to each type of risks according to the assessment results.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an Extraordinary General Meeting ("EGM").

— Right to convene Extraordinary General Meeting

Any one or more members holding at the date of the 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 sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the Company Secretary at the Company's principal place of business at Room 1101, 11/F, Wing On Plaza, No. 62 Mody Road, Tsim Sha Tsui, Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified is not in order, the shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s), may convene a meeting in the same manner within two months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

— At least 14 clear days' notice in writing (and not less than 10 business days) if the proposal constitutes an ordinary resolution of the Company;

— At least 21 clear days' notice in writing (and not less than 10 business days) if the proposal constitutes a special resolution of the Company in EGM.

— Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary.

— Right to put forward proposals at general meetings

There are no provisions allowing shareholders to purpose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 58 of the Articles for including a resolution at an EGM. The requirements and procedures are set out above. Pursuant to Article 85 of the Articles, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Company Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and notice in writing signed by the person to be proposed of his willingness to be elected. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website.

CONSTITUTIONAL DOCUMENTS

During the Year and up to the publication of this report, the Company's constitutional documents have not been amended.

INDEPENDENT AUDITOR'S REPORT

To the members of
Huiyin Holdings Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Huiyin Holdings Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 42 to 111, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other 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 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in accordance 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 for the year ended 30 June 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Fair value measurement of investment properties	
The Group's investment properties were measured at fair value of approximately HK$34.0 million as at 30 June 2019. The fair value was determined by the management with reference to the valuations performed by an independent valuer (the "Valuer") engaged by the Group. The fair value measurement of investment properties involved significant judgements and estimates, which mainly include the determination of valuation techniques and the selection of different inputs in the models. Considering the above mentioned significance of judgement and estimates of the valuations, we considered the fair value measurement of investment properties as a key audit matters.	Our major audit procedures in relation to the fair value measurement of investment properties included the following: • We assessed the competence, capabilities and objectivity of the Valuer. • We communicated with the management about the valuation techniques adopted by the Valuer, and assessed the relevance and reasonableness of valuation techniques used by the Valuer. • We evaluated the appropriateness of judgements and assumptions made by the Valuer, in particular the comparable properties and adjustment rate.

Key audit matter	How the matter was addressed in our audit
Impairment assessment of goodwill and intangible assets	
During the year ended 30 June 2019, the Group had recognised impairment loss of goodwill and intangible assets of approximately HK$3,703,000 and HK$5,470,000 respectively. As at 30 June 2019, goodwill and intangible assets of the Group were fully impaired. For the purpose of impairment assessment, the Group engaged the Valuer to assist the management in determining the recoverable amount of the cash generating unit ("CGU"). We have identified the impairment assessment goodwill and intangible assets as a key audit matter because significant management judgements were required to develop key assumptions.	Our major audit procedures in relation to the management's impairment assessment of goodwill and intangible asset included the following: • We discussed with the management as to whether there was any indicator of impairment. • We obtained cash flow forecasts relating to the CGU prepared by the management and approved by the directors of the Group. • We discussed with the management and the Valuer engaged by the Group in relation to the methodology, basis and assumptions used in deriving the forecasts (e.g. estimated sales growth rate and discount rate etc.) to assess whether the methodology and assumptions adopted were reasonable. • We checked, on a sample basis, the accuracy and reliance of the input data used. • We evaluated the competency of the Valuer taking into account its experience and qualifications.

Key audit matter	How the matter was addressed in our audit
Impairment assessment of trade and other receivables	
As at 30 June 2019, the Group had trade receivables and other receivables (before impairment) of approximately HK$39.2 million and HK$125.3 million respectively. Management judgment is required in assessing and determining the recoverability of trade and other receivables and adequacy of allowance made using the expected credit losses ("ECL") model under HKFRS 9 "Financial Instruments". We had identified impairment assessment of trade and other receivables as a key audit matter because the assessment of the recoverability of trade and other receivables and recognition of loss allowance are inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.	Our audit procedures in relation to the impairment of trade and other receivables included the following: • We tested the design and implementation of the relevant key controls over the assessment and monitoring of credit risks, and determination of allowance for expected credit losses. • We discussed with management and evaluated the ECL model used in determining the allowance for expected credit losses. We challenged and evaluated management's assessment on both the quantitative and qualitative information considered by them that is reasonable and supportable, including historical experience and forward-looking information such as credit ratings, accounts receivables ageing analysis, collections subsequent to the end of the reporting period, local economic conditions, past collection history and trend analysis and knowledge of the businesses. • We tested subsequent settlement of trade and other receivables balances on a sample basis. • We assessed whether the time value of money was considered in the expected credit loss impairment model and checked the mathematical accuracy of the calculations. • We assessed the adequacy of the Group's disclosures in relation to trade and other receivables included in the consolidated financial statements.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, 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 of the Company.

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the 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.

The engagement director on the audit resulting in this independent auditor's report is Mr. Yip Kai Yin with practising certificate number P05131.

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong, 30 September 2019

10/F., 8 Observatory Road,
Tsimshatsui, Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	6(a)	**35,337**	46,824
Cost of sales		**(22,543)**	(35,772)
Gross profit		**12,794**	11,052
Other income	6(b)	**13,439**	6,877
Impairment loss of financial assets at amortised cost, net of reversal	7	**(3,624)**	(5,893)
Selling and distribution costs		**(1,936)**	(3,842)
Administrative expenses		**(44,437)**	(50,850)
Other operating expenses		**(13,987)**	(125,376)
Loss from operations	8	**(37,751)**	(168,032)
Finance costs	9	**–**	(278)
Loss before income tax		**(37,751)**	(168,310)
Income tax credit	10	**1,559**	708
Loss for the year		**(36,192)**	(167,602)
Other comprehensive (expense)/income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(4,358)**	6,670
Exchange reserve realised on deregistration of a subsidiary		**(49)**	–
Total comprehensive expense for the year		**(40,599)**	(160,932)
Loss for the year attributable to:			
Owners of the Company		**(35,835)**	(167,059)
Non-controlling interests		**(357)**	(543)
		(36,192)	(167,602)
Total comprehensive expense attributable to:			
Owners of the Company		**(39,531)**	(160,392)
Non-controlling interests		**(1,068)**	(540)
		(40,599)	(160,932)
			(Restated)
Loss per share attributable to owners of the Company			
Basic and diluted	12	**HK$(12.04) cents**	HK$(56.98) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	14	**2,752**	3,608
Investment properties	15	**34,032**	30,059
Intangible assets	16	**–**	9,697
Goodwill	17	**–**	3,703
Other receivables	23	**17,062**	24,852
Other assets	18	**–**	–
		53,846	71,919
Current assets			
Inventories	20	**3,998**	9,200
Trade receivables	21	**6,714**	47,009
Loan receivable	22	**–**	10,000
Deposits, prepayments and other receivables	23	**100,410**	78,278
Cash and bank balances	24	**8,834**	31,178
		119,956	175,665
Current liabilities			
Trade payables	25	**4,823**	9,039
Trade deposits received		**7,746**	8,524
Accrued liabilities and other payables	26	**10,373**	23,515
Amounts due to directors	33	**4,479**	452
Tax payables		**–**	188
		27,421	41,718
Net current assets		**92,535**	133,947
Total assets less current liabilities		**146,381**	205,866
Non-current liabilities			
Deferred tax liabilities	27	**–**	1,594
Net assets		**146,381**	204,272
Capital and reserves			
Share capital	28	**148,828**	148,828
Reserves	30	**(2,999)**	55,204
		145,829	204,032
Non-controlling interests		**552**	240
Total equity		**146,381**	204,272

The consolidated financial statements on pages 42 to 111 were approved and authorised for the issue by the Board of Directors on 30 September 2019 and are signed on its behalf by:

Kam Kit
Director

Chan Christina
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Attributable to equity shareholders										
	Share capital HK$'000	**Share premium** HK$'000	**Statutory reserves** HK$'000	**Capital redemption reserves** HK$'000	**Share options reserves** HK$'000	**Capital reserves** HK$'000	**Translation reserves** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 1 July 2017	124,107	491,124	8,789	29	12,584	28,764	6,398	(374,610)	297,185	780	297,965
Loss for the year	–	–	–	–	–	–	–	(167,059)	(167,059)	(543)	(167,602)
Other comprehensive income for the year	–	–	–	–	–	–	6,667	–	6,667	3	6,670
Total comprehensive expense for the year	–	–	–	–	–	–	6,667	(167,059)	(160,392)	(540)	(160,932)
Placing of shares	24,721	42,518	–	–	–	–	–	–	67,239	–	67,239
At 30 June 2018	**148,828**	**533,642**	**8,789**	**29**	**12,584**	**28,764**	**13,065**	**(541,669)**	**204,032**	**240**	**204,272**
Impact on initial application of HKFRS 9	–	–	–	–	–	–	–	(22,721)	(22,721)	–	(22,721)
Adjusted balance at 1 July 2018	148,828	533,642	8,789	29	12,584	28,764	13,065	(564,390)	181,311	240	181,551
Loss for the year	–	–	–	–	–	–	–	(35,835)	(35,835)	(357)	(36,192)
Other comprehensive expense for the year:											
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(3,647)	–	(3,647)	(711)	(4,358)
Exchange reserve realised on deregistration of a subsidiary	–	–	–	–	–	–	(49)	–	(49)	–	(49)
Total comprehensive expense for the year	–	–	–	–	–	–	(3,696)	(35,835)	(39,531)	(1,068)	(40,599)
Grant of share options	–	–	–	–	4,049	–	–	–	4,049	–	4,049
Lapse of share options	–	–	–	–	(12,584)	–	–	12,584	–	–	–
Capital contribution by non-controlling interest	–	–	–	–	–	–	–	–	–	573	573
Deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	807	807
At 30 June 2019	**148,828**	**533,642**	**8,789**	**29**	**4,049**	**28,764**	**9,369**	**(587,641)**	**145,829**	**552**	**146,381**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	2019 HK$'000	2018 HK$'000
Cash flows from operating activities		
Loss before income tax	**(37,751)**	(168,310)
Adjustments for:		
Depreciation of property, plant and equipment	**575**	645
Interest income	**(4,170)**	(5,287)
Amortisation of intangible assets	**4,227**	4,240
Loss on disposal of property, plant and equipment, net	**4**	83
Impairment loss of other assets	**–**	110,039
Impairment loss of goodwill	**3,703**	–
(Reversal)/Provision of impairment loss of deposits, prepayments and other receivables	**(11,768)**	4,773
Impairment loss of intangible assets	**5,470**	85
Impairment loss of trade receivables	**15,392**	1,120
Finance costs	**–**	278
Provision for obsolete and slow moving inventories	**23**	9,247
Reversal of provision for obsolete and slow moving inventories	**(68)**	(445)
Fair value (gain)/loss of investment properties	**(5,193)**	1,082
Gain on deregistration of a subsidiary	**(2,494)**	–
Share-based payment expenses	**4,049**	–
Operating loss before working capital changes	**(28,001)**	(42,450)
Decrease in inventories	**4,957**	1,433
Decrease/(Increase) in trade receivables	**18,458**	(10,727)
Decrease/(Increase) in loan receivable	**10,000**	(10,000)
(Increase)/Decrease in deposits, prepayments and other receivables	**(19,842)**	13,254
Decrease in trade payables	**(8,116)**	(4,403)
(Decrease)/Increase in accrued liabilities and other payables	**(12,726)**	17,594
Increase/(Decrease) in amounts due to directors	**4,027**	(4,276)
Decrease in deposits received	**(1,394)**	(74)
Tax paid	**(223)**	–
Net cash used in operating activities	**(32,860)**	(39,649)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	2019 HK$'000	2018 HK$'000
Cash flows from investing activities		
Interest received	**14**	163
Purchase of property, plant and equipment	**(48)**	(1,801)
Proceeds from disposal of property, plant and equipment	**11**	237
Net cash used in investing activities	**(23)**	(1,401)
Cash flows from financing activities		
Interest paid	**–**	(278)
Net proceed from placing of shares	**–**	67,239
Repayment of borrowings	**–**	(16,000)
Capital contribution by non-controlling interest	**573**	–
Net cash generated from financing activities	**573**	50,961
Net (decrease)/increase in cash and cash equivalents	**(32,310)**	9,911
Cash and cash equivalents at 1 July	**31,178**	18,069
Effect of foreign exchange rate changes, net	**9,966**	3,198
Cash and cash equivalents at 30 June	**8,834**	31,178
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**8,834**	31,178

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 15 February 2001 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company withdrew the listing of its shares on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 February 2003, and on the same date, by way of introduction, listed its entire issued share capital on the Main Board of the Stock Exchange.

The Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is Room 1101, 11/F, Wing On Plaza, No. 62 Mody Road, Tsim Sha Tsui, KLN.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are manufacturing and trading of BIOenergy products, healthcare food products, edible bird's nest, electronic and scandium oxide products and honey products and properties investments in the People's Republic of China (the "PRC").

The consolidated financial statements are prepared in Hong Kong dollars, which is the same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

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

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
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	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except for the application of HKFRS 9, the application of the above new and amendments to HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

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

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the followings major sources:

- Trading of healthcare food products
- Trading of edible bird's nest products and general trading
- Trading of electronic and scandium oxide products
- Trading of honey products
- Provision of loan financing in Hong Kong and others

The Group has applied HKFRS 15 retrospective with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 July 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 July 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

2.1.1 Key Changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognised revenue:

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

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

2.1.1 Key Changes in accounting policies resulting from application of HKFRS 15 (Continued)

A performance obligation represents a good and services (or a bundle of good or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the alternative use to the Group and the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognised at a point in time when the customer obtain control of the distinct good or service.

Considering the nature of the Group's principal activities, the adoption of HKFRS 15 does not impact the Group's revenue recognition. Accordingly, HKFRS 15 had no impact on amounts and/or disclosures reported in the consolidated financial statements.

2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments

In the current year, the Group has applied HKFRS 9 Financial instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial instruments: Recognition and Measurement.

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

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments *(Continued)*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivable arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or fair value through other comprehensive income ("FVTOCI") criteria as measured at fair value through profit or loss ("FVTPL") if doing so eliminates or significantly reduces an accounting mismatch.

Equity instruments designated as at FVTOCI

At the date of initial application/initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investment in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income ("OCI") and accumulated in the FVTOCI reserve; and are not subject to impairment assessment.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance HKFRS 9, unless the dividends clearly represent a recovery of part of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets at FVTPL

Financial assets the do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividends or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detail in Note 2.2.2.

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

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments *(Continued)*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, loan receivable and other receivables and deposits). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the excepted life of the relevant instrument. In contrast, 12-months ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as forecast of future condition.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instruments as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the debtor's ability to meet its debt obligations.

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

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments *(Continued)*

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Classification and measurement of financial liabilities

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

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

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

2.2 Impact and changes in accounting policies of application on HKFRS 9 Financial instruments *(Continued)*

2.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 July 2018.

	At 30 June 2018 HK$'000	**Impact on initial application of HKFRS 9** HK$'000	**At 1 July 2018** HK$'000
Trade receivables	47,009	(6,273)	40,736
Deposits, prepayments and other receivables	78,278	(16,448)	61,830
Total current assets	175,665	(22,721)	152,944
Net assets	204,272	(22,721)	181,551
Reserves	55,204	(22,721)	32,483
Total equity	204,272	(22,721)	181,551

Impairment under ECL model

Impairment under ECL model The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivable. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

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

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and amended HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted

2 Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted

3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

4 Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted

5 Effective for annual periods beginning on or after a date to be determined

The Group anticipates that the application of the above new or amended standards have no material impact on the results and the financial position of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which is collective term including all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). The measurement base adopted is the historical cost convention except for the revaluation of certain assets and liabilities.

Basis of consolidation

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

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

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

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

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

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

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

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

Business combination

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

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

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

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

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

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

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

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination.

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

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rate applicable.

For the Group's revenue from sales of goods recognised under HKFRS 15, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specific location. Performance obligations are satisfied at a point in time once control of the goods has been transferred to the customers and the customers have obtained control on the goods through their ability to direct other use of and obtain substantially all the benefits from the goods. The normal credit term is 60 days upon delivery.

For the Group's revenue from rental income from operating lease outside the scope of HKFRS 15, Rental income under operating leases is recognised in profit or loss on a straight line basis over the periods covered by the lease term, except when the alternative basis is more appropriate to reflect the patterns to be derived from the use of the leased asset. Lease incentives are recognised in profit or loss as an integral part of the aggregate net lease payment receivable. Contingent rental income is recognised in profit or loss when it is earned.

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

Property, plant and equipment

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

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight line method, at the following rates:

Leasehold improvement	5 years or over the lease terms, whichever is shorter
Machinery and equipment	8 to 12 years
Furniture and office equipment	3 to 8 years
Motor vehicle	8 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the sales proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Investment properties

A property that is held for long-term rental yields or for capital appreciation or both, is classified as an investment property.

An investment property is measured initially at its cost, including related transaction costs.

After initial recognition, an investment property is carried at fair value, representing open market value determined at each reporting date. The carrying value of the investment property is reviewed every six months and is independently valued by external valuers at least annually.

Changes in fair values of the investment properties are recognised in the consolidated statement of profit or loss and other comprehensive income.

Subsequent expenditure is capitalised to the asset's carrying amount 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. All other repair and maintenance costs are expensed in the consolidated statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average method and, in the case of work in progress and finished goods, comprise direct materials, where applicable, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

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

Intangible assets and research and development costs

Intangible assets

Intangible assets acquired in a business combination separately are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives.

Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses. Intangible assets are tested for impairment as described below. Amortisation commences when the intangible assets are available for use. Patents and technical know-how are recognised as intangible assets and amortised on a straight line basis over their useful lives.

Research and development costs

Costs associated with research activities are expensed in the profit or loss as they occur.

Costs that are directly attributable to the development phase are recognised as intangible assets provided they meet the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) there is intention to complete the intangible asset and use or sell it;

(iii) the Group's ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development along with an appropriate portion of relevant overheads. The costs of internally generated product developments are recognised as intangible assets. They are subject to the same subsequent measurement method as externally acquired intangible assets. Development costs recognised as intangible assets are amortised on a straight-line basis over their useful lives. All other development costs are expensed as incurred.

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

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

Employee benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Retirement Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the Retirement Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit or loss as they become payable in accordance with the rules of the Retirement Scheme. The assets of the Retirement Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Retirement Scheme except for the Group's employer voluntary contributions, which are refunded to the Group when an employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the Retirement Scheme.

Pursuant to the relevant regulations of the government of the PRC, subsidiaries of the Group operating in the PRC are required to participate in an employee pension scheme operated by the relevant local government authorities in the PRC and to make contributions for employees who are registered as permanent residents in the PRC. Such contributions are charged to profit or loss as they become payable.

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

Foreign currency

The consolidated financial statements are presented in Hong Kong dollars (HK$), which is also the functional currency of the Company.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Other financial assets

Classification of financial assets

<u>Accounting policy prior to 1 July 2018</u>

All financial assets are initially measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets held for trading and those designated at fair value through profit or loss) (FVTPL) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of held for trading and FVTPL investments are recognised in profit or loss immediately.

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

Other financial assets *(Continued)*

Classification of financial assets (Continued)

Accounting policy prior to 1 July 2018 *(Continued)*

Financial assets that are classified as "loans and receivables" or "held-to-maturity investments" are subsequently measured at amortised cost using an effective interest rate, less impairment.

Available-for-sale (AFS) equity investments are subsequently measured at fair value with changes in fair value being recognised in other comprehensive income accumulated under "AFS investment revaluation reserve". Amounts previously recognised in "AFS investment revaluation reserve" are reclassified to profit or loss upon impairment or disposal.

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 investments are subsequently measured at cost less impairment.

Dividends from AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Available-for-debt investments are subsequently measured at fair value with changes in fair value being recognised in other comprehensive income accumulated under "AFS investment revaluation reserve" except for (a) interest income measured using the effective interest method and (b) foreign exchange gains or losses determined based on the amortised cost of debt investments are recognised in profit or loss.

Held-for-trading investments and FVTPL assets are subsequently measured at fair value, with changes in fair value being recognised in profit or loss.

Accounting policy from 1 July 2018

Investments in equity securities (other than investments in subsidiaries, associates and joint ventures)

An investment in equity securities is measured fair value on initial recognition. An investment in equity securities is subsequently measured at FVTPL unless the investment is designated as at fair value through other comprehensive income (FVTOCI) on initial recognition of the investment. Under HKFRS 9, an investment in equity securities can be designated as at FVTOCI on an instrument-by-instrument basis provided that the investment is neither held-for-trading nor contingent consideration recognised by the Group in a business combination to which HKFRS 3 applies.

For investments in equity securities designated as at FVTOCI (as described above), fair value changes are recognised in other comprehensive income and accumulated in the "FVTOCI (equity investment) reserve". Such fair value changes will not be reclassified to profit or loss when the investments are derecognised. However, they will be transferred to the Group's retained earnings when the investments are derecognised.

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

Other financial assets *(Continued)*

Classification of financial assets (Continued)

Accounting policy from 1 July 2018 *(Continued)*

For investments in equity securities that are held-for-trading or not designated as at FVTOCI (as described above), they are subsequently measured at fair value through profit or loss (FVTPL) such that changes in fair value are recognised in profit or loss.

An investment in equity securities is derecognised when the Group sells the investment.

Investments in debt securities

An investment in debt securities is classified as follows depending on the instruments' contractual cash flow characteristics and the Group's business model for managing the investment:

- Amortised cost when (a) the contractual terms of the asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding and (b) the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows.

- FVTOCI when (a) the contractual terms of the asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding and (b) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset.

- FVTPL when either (a) the contractual terms of the asset give rise on specified dates to cash flows that are not solely payment of principal and interest on the principal amount outstanding or (b) the financial asset is held within a business whose objective is neither (i) collecting contractual cash flows nor (ii) collecting contractual cash flows and selling the financial asset.

For investments in debt securities subsequently measured at FVTOCI, fair value changes are recognised in other comprehensive income and accumulated in the "FVTOCI (debt investment) reserve" except for impairment loss (see below) and foreign exchange gains or losses. Interest income is calculated using the effective interest method and is recognised in profit or loss. When an investment in debt securities is derecognised, the fair value changes previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

An investment in debt securities is derecognised when the Group sells the investment or when the contractual rights to the cash flows from the asset expire.

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

Other financial assets *(Continued)*

Classification of financial assets (Continued)

Accounting policy from 1 July 2018 *(Continued)*

Transaction costs

Transaction costs directly attributable for the acquisition of financial assets (other than those classified or designated as at FVTPL) are included in the initial measurement of the financial assets. For financial assets subsequently measured at amortised cost, such transaction costs are included in the calculation of amortised cost using the effective interest method (i.e. in effect amortised through profit or loss over the lives of the financial assets). For investments in equity securities at FVTOCI, such transaction costs are recognised in other comprehensive income as part of change in fair value at the next remeasurement. For investments in debt securities classified as FVTOCI, such transaction costs are amortised to profit or loss using the effective interest method (i.e. in effect amortised through profit or loss over the lives of the financial assets).

Impairment on financial assets

Accounting policy prior to 1 July 2018

Prior to 1 July 2018, the Group had adopted "incurred loss model" in assessing and measuring impairment losses on financial assets. Under the "incurred loss model", an impairment loss was recognised when there was objective indicators of impairment which included:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technology, market, economic or legal environment that have an adverse effect on the debtor.

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

Impairment on financial assets *(Continued)*

Accounting policy from 1 July 2018

The Group has applied the expected credit loss model under HKFRS 9 to the following types of financial assets:

- financial assets that are subsequently measured at amortised cost (including cash and cash equivalents and accounts receivables);
- contract assets as defined in HKFRS 15; and
- investments in debt securities that are subsequently measured at FVTOCI;

Expected credit loss (ECL) of a financial asset is measured based on an unbiased and probability-weighted amount. It also reflects the time value of money and reasonable and supportable information that is available to the Group without undue cost or effect at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL is measured on either of the following bases:

- 12-month expected credit loss when, at the reporting date, the credit risk on a financial asset has not increased significantly since initial recognition; and
- Lifetime expected credit loss when (a) at the reporting date, the credit risk on a financial asset has increased significantly since initial recognition; or (b) at the reporting date, the financial asset has become credit-impaired.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers quantitative and qualitative reasonable and supportable information that is available to the Group without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Specifically, the following information has been taken into account in assessing whether the credit risk on a financial asset has significantly increased since initial recognition:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception.
- Significant changes in terms of existing financial assets if the asset was newly originated or issued at the reporting date.

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

Impairment on financial assets *(Continued)*

Accounting policy from 1 July 2018 (Continued)

- Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life.
- An actual or expected significant change in the financial instrument's external credit rating.
- An actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations (e.g. actual or expected increase in interest rates or an actual or expected significant increase in unemployment rates).
- Actual or expected significant change in the operating results of the borrower.
- Significant change in the quality of guarantee provided.
- Contractual cash flows are more than 30s past due.

In making the abovementioned assessment, the Group considers that a default occurs when (a) it is unlikely that the borrower will be able to settle his/her debts in full and (b) the financial asset is more than 90 days past due.

ECL is remeasured at the end of each reporting period to reflect changes in financial asset's credit risk since initial recognition. Changes in ECL are recognised in profit or loss with the corresponding adjustment to the carrying amount of the asset through a loss allowance account, except for investments in debt securities that are subsequently measured at FVTOCI for which the corresponding adjustment is recognised in other comprehensive income and accumulated in "FVTOCI (debt investment) reserve".

For accounts receivables and contract assets without significant financing component, ECL is always measured at an amount equal to lifetime expected credit losses.

At the end of each of the reporting period, the Group assesses whether its financial assets have become credit impaired.

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the time when the Group assesses and concludes that the debtor is unable to settle the debts in full or part of the.

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

Accounts and other receivables

Accounting policy prior to 1 July 2018

A provision for impairment of accounts and other receivables is established when there is objective evidence that the Group will not be able to collect the amounts due.

Accounting policy from 1 July 2018

Accounts receivables are recognised when the Group has an unconditional right to receive consideration. The Group has an unconditional right to receive consideration when only the passage of time is required before payment of the consideration is due.

For the Group's accounts receivables, ECL is always measured at an amount equal to lifetime expected credit losses. In particular, ECL is estimated using a provision of matrix based on the Group's historical credit loss experience, adjusted for (a) information that is specific to particular debtors and (b) forward-looking information based on the current and forecast general economic conditions available to the Group without undue cost or effort at the reporting date. ECL is recognised in profit or loss with the corresponding adjustment to the carrying amount of the accounts receivables through a loss allowance account.

The Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the time when the Group assesses and concludes that the debtor is unable to settle the debts in full or part of the debts (e.g future for a debt to make contractual payments of more than 90 days).

Financial liabilities

Accounting policy prior to 1 July 2018

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings, certain preference shares and the debt element of convertible loan note issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

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

Financial liabilities *(Continued)*

Accounting policy prior to 1 July 2018 (Continued)

Effective interest method

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

Equity instruments

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

Derecognition

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

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

Accounting policy from 1 July 2018

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

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

Financial liabilities *(Continued)*

Accounting policy from 1 July 2018 (Continued)

Financial liabilities at fair value through profit or loss (continued)

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings, certain preference shares and the debt element of convertible loan note issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

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.

Equity instruments

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

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

Financial liabilities *(Continued)*

Accounting policy from 1 July 2018 (Continued)

Derecognition

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

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary difference associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

Taxation *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the reporting period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Related parties

For the purposes of these consolidated financial statements, related parties include a person and an entity as defined below:

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

- (a) has control or joint control over the Group;
- (b) has significant influence over the Group; or
- (c) is a member of the key management personnel of the Group or a parent of the Group.

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

- (a) 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);
- (b) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member);
- (c) both entities are joint ventures of the same third entity;
- (d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (e) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the Group;
- (f) the entity is controlled or jointly controlled by a person identified in (i);

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

Related parties *(Continued)*

(ii) (Continued)

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

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

Share-based payment transaction

The Company issues equity-settled share-based payments to eligible employees including directors of the Company and its subsidiaries, and other persons including consultants, advisors, agents, customers, suppliers etc. to subscribe for shares in the Company. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effort of non market-based vesting conditions.

For share options that are vested immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

Leasing

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefits) to the extent they are incremental costs directly attributable to the equity transaction.

Provisions

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 of the amount of the 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. When 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 (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a 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.

Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. For the purpose of the consolidated statement of cash flows, bank overdrafts and bank loans, if any, which are repayable on demand and form an integral part of an enterprise's cash managements are also included as component of cash and cash equivalents.

Borrowing costs

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that any entity incurs in connection with the borrowing of funds.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations as discussed below, which have the most significant effect on the amounts recognised in the consolidated financial statements. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the management has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

(ii) Income taxes

Deferred tax is provided using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for unused tax losses carried forward to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that is probable that some portion or all of the deferred tax assets will ultimately be realised, such as existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of each reporting period and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carry forward tax losses, the asset balance will be reduced and charged to the consolidated statement of profit or loss and other comprehensive income.

(iii) Depreciation and amortisation

The Group depreciates the property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight line method. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

(iv) Impairment on trade receivables and other receivables

The Group's trade receivables and other receivables are assessed for impairment based on the expected loss model required by HKFRS 9. The assessment made by management has taken into account relevant historical information adjusted for forward looking information available to management at the date of assessment. Additional impairment losses have been recognised as at 1 July 2018 on the Group's trade receivables and other receivables to reflect the adoption of the expected loss model (see Notes 21 and 23). Impairment losses are also recognised for the current year (see Notes 21 and 23). Management has exercised judgment in estimating the amount of expected credit loss. If the actual outcome is different from management's estimate, an additional impairment loss or reversal of impairment loss may arise.

(v) Fair value measurement of investment properties

The Group's investment properties are measured at fair value. In estimating the fair value of investment property, the Group engaged third party qualified valuer to perform the valuation. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of investment properties. Note 15 provide detailed information about the valuation technique, input and key assumptions used in the determination of fair value of investment properties.

5. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the chief operating decision maker for the purposes of resource allocation and performance assessment.

(a) Segment revenue, results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Head office and corporate expenses are not allocated to individual segments.

Segment assets and liabilities principally comprise all tangible assets, intangible assets, current assets and current liabilities directly attributable to each segment.

The chief operating decision maker have re-organised the business activities of the Group into seven reportable segments are listed as follows:

(i) BIOenergy products: manufacturing and trading of bedding products, underclothing and body protection accessories containing the BIOenergy compound and multi-functional water generators;

5. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue, results, assets and liabilities *(Continued)*

(ii) Healthcare food products: trading of healthcare food products;

(iii) Edible bird's nest products and general trading: trading of edible bird's nest products and other trading;

(iv) Electronic and Scandium Oxide products: trading of electronic and scandium oxide products;

(v) Honey products: trading of honey products;

(vi) Property investment: rental income; and

(vii) Others: provision of loan financing in Hong Kong and others.

Business segments

The following tables present revenue, results and certain assets, liabilities and other segment information for the Group's business segments:

	BIOenergy products		Healthcare food products		Edible bird's nest products and general trading		Electronic and scandium oxide products		Honey products		Property investment		Others		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue:																
Sales to external customers	**13,485**	13,462	**5,635**	5,470	**14,973**	2,606	**–**	21,503	**–**	2,965	**566**	144	**678**	674	**35,337**	46,824
Segment result	**5,809**	(402)	**(13,377)**	(1,375)	**165**	1,228	**(8,824)**	694	**(12,027)**	(8,754)	**8,047**	(1,082)	**589**	574	**(19,618)**	(9,117)
Unallocated other income															**2,420**	6,877
Unallocated expenses															**(20,553)**	(165,792)
Loss from operations															**(37,751)**	(168,032)
Finance costs															**–**	(278)
Loss before income tax															**(37,751)**	(168,310)
Income tax credit															**1,559**	708
Loss for the year															**(36,192)**	(167,602)

5. SEGMENT INFORMATION *(Continued)*

(a) Segment revenue, results, assets and liabilities *(Continued)*

Business segments (Continued)

	BIOenergy products		Healthcare food products		Edible bird's nest products and general trading		Electronic and scandium oxide products		Honey products		Property investment		Others		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**17,527**	24,074	**4,066**	2,393	**55,310**	48,591	**674**	15,523	**50**	37,443	**74,642**	69,107	**80**	10,884	**152,349**	208,015
Unallocated assets															**21,453**	39,569
Total assets															**173,802**	247,584
Segment liabilities	**17,731**	14,820	**334**	493	**2,794**	93	**–**	–	**293**	5,827	**127**	132	**–**	–	**21,279**	21,365
Unallocated liabilities															**6,142**	21,947
Total liabilities															**27,421**	43,312
Other segment information																
Depreciation	**247**	290	**12**	21	**–**	–	**91**	84	**69**	72	**–**	–	**–**	2	**419**	469
Unallocated amount of depreciation															**156**	176
															575	645
Amortisation of intangible assets	**38**	36	**4,189**	4,189	**–**	–	**–**	–	**–**	–	**–**	–	**–**	15	**4,227**	4,240
Provision for obsolete and slow moving inventories	**–**	–	**23**	22	**–**	–	**–**	–	**–**	9,225	**–**	–	**–**	–	**23**	9,247
Capital expenditure*	**15**	25	**–**	–	**–**	–	**–**	729	**–**	144	**–**	–	**–**	–	**15**	898
Unallocated amounts of capital expenditure															**33**	903
															48	1,801

* Capital expenditure consists of additions to property, plant and equipment.

(b) Geographical segments

The Group's revenue from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	Revenue		Non-current assets	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**6,313**	30,612	**1,267**	15,185
PRC	**29,024**	16,212	**35,517**	31,882
	35,337	46,824	**36,784**	47,067

5. SEGMENT INFORMATION *(Continued)*

(c) Information about major customers

Revenue from customers contributing over 10% of the total sales from trading of products are as follows:

	2019 **HK$'000**	2018 HK$'000
Customer A (Electronic and Scandium Oxide products)	**N/A***	19,571
Customer B (Healthcare food products)	**5,635**	5,470
Customer C (Edible bird's nest products and general trading)	**7,537**	–

* Revenue from Customer A did not contribute over 10% of the current year.

6. REVENUE AND OTHER INCOME

(a) Revenue

	2019 **HK$'000**	2018 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of goods	**34,771**	46,680
Revenue from other sources outside the scope of HKFRS 15:		
Rental income	**566**	144
	35,337	46,824

	2019 **HK$'000**
At a point in time	**34,771**
Over time	**–**
	34,771

Note: The Group has applied HKFRS 15 using the cumulative effect transition method, the comparative information is not restated and was measured and presented in accordance with HKAS 18.

6. REVENUE AND OTHER INCOME *(Continued)*

(b) Other Income

	2019 HK$'000	2018 HK$'000
Interest income	**4,170**	5,287
Gain on disposal of property, plant and equipment	**–**	1
Sales of component materials	**686**	1,042
Gain on deregistration of a subsidiary	**2,494**	–
Fair value gain on investment properties	**5,193**	–
Others	**896**	547
	13,439	6,877

7. IMPAIRMENT LOSS OF FINANCIAL ASSETS AT AMORTISED COST, NET OF REVERSAL

	2019 HK$'000	2018 HK$'000
(Reversal)/Provision of impairment loss recognised in respect of other receivables	**(11,768)**	4,773
Impairment loss recognised in respect of trade receivables	**15,392**	1,120
	3,624	5,893

8. LOSS FROM OPERATIONS

Loss from operations is arrived at after charging:

	2019 **HK$'000**	2018 HK$'000
Auditor's remuneration		
Audit services	**966**	920
Non-audit services	**110**	210
Cost of inventories sold	**22,544**	35,772
Staff costs (including directors' remuneration)		
Wages and salaries	**21,593**	22,990
Pension scheme contributions	**1,065**	1,217
Share-based payment expenses	**4,049**	–
	26,707	24,207
Depreciation of property, plant and equipment	**575**	645
Amortisation of intangible assets*	**4,227**	4,240
Operating lease charges in respect of land and buildings#	**3,284**	5,806
Impairment loss recognised in respect of intangible assets*	**5,470**	85
Impairment loss recognised in respect of goodwill*	**3,703**	–
Loss on written off in respect of other assets*	**–**	110,039
Fair value loss on investment properties*	**–**	1,082
Loss on disposal of property, plant and equipment*	**4**	84
Provision for obsolete and slow moving inventories*	**23**	9,247
Cost of sales of component materials*	**418**	552
Exchange loss, net#	**38**	469

* included in other operating expenses
\# included in administrative expenses

9. FINANCE COSTS

	2019 **HK$'000**	2018 HK$'000
Interest on borrowings	**–**	278

10. INCOME TAX CREDIT

No provision of Hong Kong Profits Tax has been provided as no assessable profits arising in Hong Kong during the year (2018: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group operates, based on existing legislation, interpretations and practices in respect thereof during the year. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2018: 25%).

	2019	2018
	HK$'000	HK$'000
Current tax — Enterprise Income Tax in Mainland China		
Under provision in respect of prior years	**35**	–
Deferred tax credit	**(1,594)**	(708)
	(1,559)	(708)

Reconciliation between income tax credit and accounting loss at applicable tax rate:

	2019	2018
	HK$'000	HK$'000
Loss before income tax	**(37,751)**	(168,310)
Tax at the applicable tax rate (Note)	**(4,089)**	(28,054)
Tax effect of non-deductible expenses	**6,387**	22,290
Tax effect of non-taxable income	**(4,683)**	(1,700)
Tax effect of tax losses not recognised	**888**	6,756
Utilisation of tax losses not previously recognised	**(97)**	–
Underprovision in respect of prior years	**35**	–
Income tax credit	**(1,559)**	(708)

The Group had not recognised deferred tax assets in respect of the tax losses due to unpredictability of the future profit streams.

Note: The applicable rates are the rates prevailing in the jurisdictions in which the Company and its subsidiaries operate.

11. DIVIDENDS

No dividend has been paid or declared by the Company during the year presented in these consolidated financial statements (2018: Nil).

12. LOSS PER SHARE

The calculation of basic loss per share is based on loss attributable to owners of the Company for the year ended 30 June 2019 of approximately HK$35.84 million (2018: loss of approximately HK$167.06 million) and the weighted average number of approximately 297,657,000 (2018: the weighted average number of approximately 293,187,000 (restated)) ordinary shares in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the year ended 30 June 2019 and 2018 in arriving at diluted loss per share in respect of potential dilution impact of share options as these options had an antidilutive effect on the basic loss per share amount presented.

13. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

(a) Directors' remuneration

The directors' remuneration disclosed pursuant to the Listing Rules and Section 383(1) of the Hong Kong Companies Ordinance is as follows:

	2019 **HK$'000**	2018 HK$'000
Fees	**1,190**	1,465
Other emoluments:		
Salaries, allowances and benefits in kind	**6,080**	5,193
Pension scheme contributions	**44**	78
	7,314	6,736

13. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(a) Directors' remuneration *(Continued)*

The emoluments of each director, on a named basis, for the year ended 30 June 2019 and 2018 are set out below:

Year ended 30 June 2019

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Jin Zhongkao	1	–	265	–	265
Chen Jin	2	–	51	–	51
Miao Xiaoxing	3	–	51	–	51
Kam Kit	4	–	493	9	502
Liu Jianping	5	–	123	–	123
Wong Kui Shing	6	–	1,580	15	1,595
Chan Christina		–	2,140	18	2,158
Meng Zhaoyi		–	100	2	102
Shi Yanxin	7	240	1,277	–	1,517
Chen Zhihua		12	–	–	12
Wong Chi Yan		184	–	–	184
Chan Wai Kit	8	64	–	–	64
Li Wenjun		21	–	–	21
Xiao Liang	9	215	–	–	215
Liang Bing	10	137	–	–	137
Wang Zhifeng	11	41	–	–	41
Lu Jianzhi	12	152	–	–	152
Yang Yuchuan	13	62	–	–	62
Lu Zhuo	14	62	–	–	62
		1,190	6,080	44	7,314

13. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(a) Directors' remuneration *(Continued)*

Year ended 30 June 2018

	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total HK$'000
Xu Zhifeng	15	–	288	–	288
Zhou Guohua	16	–	620	8	628
Wong Kui Shing		–	1,265	21	1,286
Meng Xiaoqian	17	–	1,138	19	1,157
Chan Christina		–	1,177	19	1,196
Meng Zhaoyi	18	–	705	11	716
Zhou Jian	19	300	–	–	300
Su Rujia	20	35	–	–	35
Wang Edward Xu	21	35	–	–	35
Ng Kwok Kei Sammy	22	100	–	–	100
Chen Zhihua	23	256	–	–	256
Wong Chi Yan	24	149	–	–	149
Chan Wai Kit	8	119	–	–	119
Chan Shun Yee	25	58	–	–	58
Li Wenjun	26	332	–	–	332
Xiao Liang	9	81	–	–	81
		1,465	5,193	78	6,736

13. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(a) Directors' remuneration *(Continued)*

Notes:

1 Mr. Jin Zhongkao was appointed as an executive director on 12 July 2018 resigned on 31 August 2018.
2 Mr. Chen Jin was appointed as an executive director on 18 October 2018 and resigned on 13 November 2018.
3 Mr. Miao Xiaoxing was appointed as executive director on 18 October 2018 and resigned on 13 November 2018.
4 Mr. Kam Kit was appointed as an executive director on 27 December 2018.
5 Mr. Liu Jianping was appointed as an executive director on 27 December 2018.
6 Mr. Wong Kui Shing was appointed as an executive director on 8 May 2017 and resigned on 10 April 2019.
7 Ms. Shi Yanxin was appointed as an executive director on 7 September 2018, resigned on 27 December 2018 and appointed as a non-executive director on 27 December 2018.
8 Mr. Chan Wai Kit was appointed as an independent non-executive director on 13 December 2017 and resigned on 18 October 2018.
9 Mr. Xiao Liang was appointed as a non-executive director on 21 May 2018 and resigned on 18 October 2018.
10 Mr. Liang Bing was appointed as a non-executive director on 18 October 2018 and resigned on 21 December 2018.
11 Mr. Wang Zhifeng was appointed as an independent non-executive director on 18 October 2018 and resigned on 21 December 2018.
12 Mr. Lu Jianzhi was appointed as an independent non-executive director on 18 October 2018 and resigned on 17 December 2018.
13 Mr. Yang Yuchuan was appointed as an independent non-executive director on 27 December 2018.
14 Ms. Lu Zhuo was appointed as an independent non-executive director on 27 December 2018.
15 Mr. Xu Zhifeng was resigned as an executive director on 27 September 2017.
16 Mr. Zhou Guohua was appointed as an executive director on 8 August 2016 and resigned on 1 December 2017.
17 Ms. Meng Xiaoqian was appointed as executive director on 2 June 2017 and resigned on 6 June 2018.
18 Mr. Meng Zhaoyi was appointed as an executive director on 13 December 2017 and resigned on 1 August 2018.
19 Mr. Zhou Jian was appointed as a non-executive director on 2 June 2017 and resigned on 1 December 2017.
20 Mr. Su Rujia was resigned as an independent non-executive director on 27 September 2017.
21 Mr. Wang Edward Xu was appointed as an independent non-executive director on 14 December 2016 and resigned on 27 September 2017.
22 Mr. Ng Kwok Kei Sammy was appointed as an independent non-executive director on 2 June 2017 and resigned on 1 December 2017.
23 Mr. Chen Zhihua appointed as an independent non-executive director on 7 June 2017 and resigned on 19 July 2018.
24 Ms. Wong Chi Yan was appointed as an independent non-executive director on 23 October 2017.
25 Mr. Chan Shun Yee was resigned as an executive director on 4 November 2016, appointed as a non- executive director on 4 November 2016 and resigned on 27 September 2017.
26 Ms. Li Wenjun was appointed as a non-executive director on 16 January 2018 and resigned on 12 July 2018.
27 Ms. Chan Christina was appointed as an executive director on 7 June 2017.

During the years ended 30 June 2019 and 2018, no director agreed to waive his remuneration.

During the year, no director (2018: Nil) has been granted any share option in respect of their services to the Group. Further details of the share option scheme were set out in note 29 to the consolidated financial statements.

Salaries, allowance and benefits in kind paid to or for the executive directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

13. DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(b) Five highest paid individuals

The five highest paid individuals of the Group during the year included three directors (2018: four), details of whose emoluments have been disclosed in note (a) above. The emoluments paid to the remaining two (2018: one) non-directors, highest paid individuals for the year are as follows:

	2019 HK$'000	2018 HK$'000
Salaries, allowances and benefits in kind	**1,870**	1,135
Pension scheme contributions	**54**	19
	1,924	1,154

The number of the remaining highest paid individuals whose emoluments fell within the following band is as follows:

	2019	2018
Nil to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**–**	–
	2	1

During the years ended 30 June 2019 and 2018, no emoluments were paid by the Group to the directors or any of the five highest paid employees of the Group as an inducement to join the Group or upon joining the Group or as compensation for loss of office.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Machinery and equipment HK$'000	Furniture & office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:					
At 1 July 2017	1,595	903	9,666	2,771	14,935
Addition	–	7	265	1,529	1,801
Disposal and written off	(217)	(150)	(160)	(361)	(888)
Exchange realignment	45	29	304	66	444
At 30 June 2018 and at 1 July 2018	1,423	789	10,075	4,005	16,292
Addition	–	–	48	–	48
Disposal and written off	–	–	–	(300)	(300)
Written back for deregistration of a subsidiary	–	–	(316)	–	(316)
Exchange realignment	(55)	(31)	(366)	(93)	(545)
At 30 June 2019	1,368	758	9,441	3,612	15,179
Accumulated depreciation:					
At 1 July 2017	1,567	571	8,009	2,210	12,357
Provided for the year	16	174	205	250	645
Written back for disposal and written off	(217)	(135)	(2)	(214)	(568)
Exchange realignment	45	17	70	118	250
At 30 June 2018 and at 1 July 2018	1,411	627	8,282	2,364	12,684
Provided for the year	12	154	130	279	575
Written back for disposal and written off	–	–	–	(285)	(285)
Written back for deregistration of a subsidiary	–	–	(66)	–	(66)
Exchange realignment	(55)	(26)	(317)	(83)	(481)
At 30 June 2019	1,368	755	8,029	2,275	12,427
Net carrying value:					
At 30 June 2019	**–**	**3**	**1,412**	**1,337**	**2,752**
At 30 June 2018	12	162	1,793	1,641	3,608

15. INVESTMENT PROPERTIES

	2019 HK$'000	2018 HK$'000
At fair value:		
At 1 July	**30,059**	30,287
Change in fair value recognised in profit or loss	**5,193**	(1,082)
Exchange realignment	**(1,220)**	854
At 30 June	**34,032**	30,059

All of the Group's investment properties held to earn rental are classified and accounted for as investment properties.

All investment properties are located in PRC with medium lease term.

The fair value of the Group's investment properties as at 30 June 2019 has been arrived at on the basis of a valuation carried out by Greater China Appraisal Limited, an independent qualified professional valuer not connected to the Group.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

The entire amount of fair value measurement of the Group's investment properties is categorised as level 3 hierarchy defined in HKFRS 13.

Information about level 3 fair value measurements

	Valuation Technique(s)	Unobservable input(s)	Range
Investment properties	Investment method, more specifically, a term and reversion method	Market rent (per sq.m. and per month)	HK$26 to HK$70
		Term yield	1.5% to 2%
		Reversion yield	3.5% to 4%

Term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing leases with due allowance for the revisionary income potential of the leases, which are then capitalised into the value at appropriate rates.

16. INTANGIBLE ASSETS

	Patents and technical know-how HK$'000	Trade name HK$'000	Total HK$'000
At cost:			
At 1 July 2017	6,553	28,807	35,360
Exchange realignment	181	–	181
At 30 June 2018 and at 1 July 2018	6,734	28,807	35,541
Exchange realignment	(261)	–	(261)
At 30 June 2019	6,473	28,807	35,280
Accumulated amortisation:			
At 1 July 2017	6,479	14,860	21,339
Charge for the year	36	4,204	4,240
Impairment loss	–	85	85
Exchange realignment	180	–	180
At 30 June 2018 and at 1July 2018	6,695	19,149	25,844
Charge for the year	39	4,188	4,227
Impairment loss	–	5,470	5,470
Exchange realignment	(261)	–	(261)
At 30 June 2019	6,473	28,807	35,280
Net carrying amount:			
At 30 June 2019	**–**	**–**	**–**
At 30 June 2018	39	9,658	9,697

Trade name belonged to two individual cash generating units ("CGUs"). The directors of the Company conducted an impairment review of the Group's CGUs as at 30 June 2019. The recoverable amounts of the CGUs have been determined taking into account the valuation performed by an independent professional valuer, based on a value in use calculation which derived from the financial budgets approved by management covering a period of 5 years. Detail of the impairment assessment are set out in Note 17.

As the result of the impairment review, an impairment loss of approximately HK$5,470,000 (2018: HK$85,000) has been recognised for the year ended 30 June 2019.

17. GOODWILL

	HK$'000
Cost:	
At 1 July 2017, at 30 June 2018, at 1 July 2018 and at 30 June 2019	8,602
Accumulated impairment:	
At 1 July 2017	4,899
Impairment loss	3,703
At 30 June 2018, at 1 July 2018 and at 30 June 2019	8,602
Net carrying value:	
At 30 June 2019	–
At 30 June 2018	3,703

For the purpose of impairment testing, goodwill has been allocated into the following CGUs:

	2019 **HK$'000**	2018 HK$'000
Me In Holdings Limited ("Me In")	–	–
Fine Treasure Asia Limited ("Fine Treasure")	–	3,703
	–	3,703

Me In

Goodwill which arose from the acquisition of a subsidiary, Me In, amounting to approximately HK$2,886,000, was fully provided for impairment loss in the consolidated financial statements for the year ended 30 June 2017.

Fine Treasure

The recoverable amount of this CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five year period approved by management.

The discount rate applied to cash flow projections is 17% (2018: 22%) per annum and the growth rate used to extrapolate the cash flows of the group of cash generating units beyond the five year period is 3% (2018: 2%) per annum with reference to the valuation performed by an independent professional valuer.

As the recoverable amount of the CGU was lower than the carrying amount, impairment loss HK$3,703,000 (2018: HK$Nil) has been recognised in the consolidated financial statements for the year ended 30 June 2019.

18. OTHER ASSETS

	2019 **HK$'000**	2018 HK$'000
Other assets	**–**	–

References were made to the announcements (the "Announcements") of the Company dated 25 April 2016, 3 May 2016, 31 May 2016, 20 July 2016, 30 July 2016, 12 August 2016, 27 September 2017, 26 February 2018, and 21 March 2018.

On 3 May 2016, Vitop Bioenergy Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with ECrent Holdings Limited (the "Vendor") pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell 100% of the equity interests in ECrent (Hong Kong) Limited and 0.45% of the equity interests in YSK1860 Investment Company Limited (collectively, the "Investment").

As set out in the Announcements, the Company has previously set up a special investigation committee for conducting a review on the investment process made by the former board members of the Company at the material times in relation to the acquisition of the Investment in 2016. The Company has also engaged Ascenda Cachet CPA Limited, an independent certified public accountant, to prepare an investigation report on this matter. After taking into account the findings of the independent investigation report, there are currently no concrete plans for the Group to recover the Investment. As such, the Investment is written off during the year ended 30 June 2018.

19. PARTICULARS OF THE SUBSIDIARIES

Particulars of the principal subsidiaries as at 30 June 2019 are as follows:

Name	Place of incorporation/ establishment and operations	Particulars of issued capital/ registered capital	Percentage of equity attributable to the Group Direct	Indirect	Principal activities
Vitop Bioenergy Limited	British Virgin Islands	1 ordinary share of US$1	100%	–	Investment holding
Vitop Bioenergy (China) Limited* ("Vitop China")	the PRC	Registered capital of HK$95,000,000	–	100%	Manufacturing and trading of BIOenergy® products, and trading of multi-functional water generators, healthcare food products and other healthcare products
Hefei Tianmei Environmental Protection Technology Co., Ltd. (formerly known as "Hefei Vitop Meiling Technology Limited")**	the PRC	Registered capital of RMB5,840,000	–	80%	Manufacturing and trading of multi-functional water generators
Zhuhai Detox Bioenergy Technology Limited*	the PRC	Registered capital of RMB1,000,000	–	100%	Trading of healthcare product
Topgold Industrial Limited	Hong Kong	1 ordinary share of HK$1	100%	–	Investment holding
Zhuhai Wei Tuo Po Technology Limited*	the PRC	Registered capital of RMB5,000,000	–	100%	Manufacturing and trading of multi-functional water generators and ionisers
Guangzhou Zhan'ao Trade Commerce Company Limited*	the PRC	Registered capital of RMB1,000,000	–	100%	Properties investments
Tianniangaoying (Shenzhen) Commerce Co., Ltd*	the PRC	Registered capital of RMB10,000,000	–	100%	Trading of edible bird's nest product
Cosmic Global Holdings Limited	British Virgin Islands	1 ordinary share of US$1	100%	–	Investment Holding
Smart Key Holdings Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment Holding
Fine Treasure Asia Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment Holding

19. PARTICULARS OF THE SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ establishment and operations	Particulars of issued capital/ registered capital	Percentage of equity attributable to the Group Direct	Percentage of equity attributable to the Group Indirect	Principal activities
Red Health Products Company Limited	Hong Kong	1 ordinary share of HK$1	–	100%	Trading of healthcare product
Me In Holdings Limited	British Virgin Islands	1 ordinary share of US$1	–	100%	Investment Holding
Me In Limited	Hong Kong	4,000,000 ordinary shares of HK$4,000,000	–	100%	Trading of healthcare product
Vitop Manuka Resources Limited	Hong Kong	1 ordinary share of HK$1	100%	–	Trading of honey product
Hummingbird Trading Corporation Limited	Hong Kong	10,000 ordinary shares of HK$10,000	–	100%	Trading of electronic and scandium oxide product
Wise Harvest Capital Investment Limited	Hong Kong	10,000 ordinary shares of HK$10,000	–	100%	Provision of loan financing

* Registered as wholly-foreign owned enterprise ("WFOE") under the PRC law.

** Registered as Sino-foreign joint venture under the PRC law.

The above table lists the subsidiaries of the Company which have, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, results in particulars of excessive length.

20. INVENTORIES

	2019 HK$'000	2018 HK$'000
Raw materials	**4,672**	5,270
Work in progress	**3,496**	5,081
Finished goods	**59,103**	63,612
	67,271	73,963
Less: Provision for obsolete and slow-moving inventories	**(63,273)**	(64,763)
	3,998	9,200

21. TRADE RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	**39,199**	58,581
Less: Impairment loss	**(32,485)**	(11,572)
	6,714	47,009

An aging analysis of trade receivables based on the invoice date, is as follows:

	2019 HK$'000	2018 HK$'000
0–30 days	**6,690**	11,691
31–60 days	**–**	5
61–180 days	**–**	34
Over 180 days	**24**	35,279
	6,714	47,009

Included in the balances are trade receivables with an aggregate carrying amount of HK$24,000 (2018: HK$35.31 million) which are past due at the reporting date for which the Group has not provided impairment loss as there has no significant change in credit quality and the amounts are still considered fully recoverable. The Group does not hold any collateral over these balances. No interest is charged on the trade receivables.

Aging of trade receivables which are past due but not impaired:

	2019 HK$'000	2018 HK$'000
0–30 days	**–**	32
31–180 days	**–**	143
Over 180 days	**24**	35,138
	24	35,313

21. TRADE RECEIVABLES *(Continued)*

Movement in the allowance for doubtful debts

	2019 **HK$'000**	2018 HK$'000
At 1 July (1 July 2018 amount has been restated)	**17,845**	10,305
Impairment loss recognised	**15,392**	1,120
Exchange realignment	**(752)**	147
At 30 June	**32,485**	11,572

22. LOAN RECEIVABLE

	2019 **HK$'000**	2018 HK$'000
Fixed-rate unsecured loan receivable denominated in functional currency of Hong Kong dollars	**–**	10,000
Carrying amount analysed for reporting purposes:		
Current assets (receivable within 12 months from the end of the reporting period)	**–**	10,000

During the year ended 30 June 2018, the effective interest rates (which are equal to contractual interest rates) on the Group's loan receivable is 15%. Interest rate term is fixed at the time when entering into loan agreement. The period of the loan is 6 months.

In determining recoverability of the loan receivable, the Group considers any change in credit quality of the borrowers from the date credit was initially granted up to the end of the reporting period. As at 30 June 2018, loan receivable with a carrying amount of approximately HK$10,000,000 are neither past due nor impaired at the end of the reporting period for which the Group believes that there has no significant change in credit quality. Therefore, no provision is considered necessary.

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Other receivables (Note)	**56,469**	62,050
Less: Impairment loss of other receivables	**(6,875)**	(2,157)
	49,594	59,893
Deposits for rental and utilities	**2,526**	2,766
Refundable investment deposits	**17,000**	21,691
Prepayments	**1,464**	3,990
Deposits for purchases of inventories	**47,837**	24,295
Less: Impairment loss of deposits and prepayments	**(949)**	(9,505)
	67,878	43,237
Deposits, prepayments and other receivables	**117,472**	103,130
Less: Non-current portion — other receivables	**(17,062)**	(24,852)
Current portion	**100,410**	78,278

Note:

During the year ended 30 June 2018, the Group entered into repayment agreements with debtors of other receivables for the settlement of outstanding balances. Pursuant to the repayment agreements and schedules, other receivables would be carrying interest at 10% per annum, payable on semiannually basis and the latest matures in 3.5 years. As at 30 June 2019, other receivables of approximately HK$17,062,000 (2018: HK$:24,852,000) were classified as non-current assets according to the repayment terms. Subsequent to the reporting period, the remaining balance of other receivables were fully settled.

The movement in impairment of deposits, prepayments and other receivables are as follows:

	2019 HK$'000	2018 HK$'000
At 1 July (1 July 2018 amount has been restated)	**28,110**	6,915
Written off during the year	**(8,408)**	—
(Reversal)/Provision of impairment loss recognised	**(11,768)**	4,773
Exchange realignment	**(110)**	(26)
At 30 June	**7,824**	11,662

24. CASH AND BANK BALANCES

	2019 **HK$'000**	2018 HK$'000
Cash and bank balances	**8,834**	31,178

As at the end of the reporting period, cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK$6.23 million (2018: approximately HK$23.14 million). RMB is not freely convertible into other currencies.

25. TRADE PAYABLES

The credit terms of trade payables varies according to the terms agreed with different suppliers. The aging analysis of the Group's trade payables as at the end of the reporting period, based on the due date, is as follows:

	2019 **HK$'000**	2018 HK$'000
0–30 days	**107**	792
31–60 days	**312**	371
61–180 days	**1,365**	247
Over 180 days	**3,039**	7,629
	4,823	9,039

26. ACCRUED LIABILITIES AND OTHER PAYABLES

	2019 **HK$'000**	2018 HK$'000
Deposit received for the disposal of a subsidiary	**–**	15,000
Accrued liabilities and other payables	**10,373**	8,515
	10,373	23,515

27. DEFERRED TAXATION

Deferred tax liabilities:

	Fair value of intangible assets HK$'000
At 1 July 2017	2,302
Deferred tax credit to the consolidated statement of profit or loss and other comprehensive income	(708)
At 30 June 2018 and at 1 July 2018	1,594
Deferred tax credit to the consolidated statement of profit or loss and other comprehensive income	(1,594)
At 30 June 2019	–

At the end of the reporting period, the Group has unrecognised deferred tax assets arising from unused tax losses of HK$73.11 million (2018: HK$80.39 million) available for offsetting against future taxable profits of the companies which incurred taxation losses. Deferred tax assets have not been recognised in respect of these losses due to the unpredictability of future profit streams.

28. SHARE CAPITAL

	Number of ordinary shares of HK$0.025	**Number of ordinary shares of HK$0.5**	**Amount** HK$'000
Authorised:			
At 1 July 2017, at 30 June 2018 and at 1 July 2018	20,000,000,000	–	500,000
Share consolidation (note b)	(20,000,000,000)	1,000,000,000	–
At 30 June 2019	**–**	**1,000,000,000**	**500,000**
Issued and fully paid:			
At 1 July 2017	4,964,284,033	–	124,107
Placing of new shares (note a)	988,850,000	–	24,721
At 30 June 2018 and at 1 July 2018	5,953,134,033	–	148,828
Share consolidation (note b)	(5,953,134,033)	297,656,701	–
At 30 June 2019	**–**	**297,656,701**	**148,828**

Notes:

(a) On 12 July 2017, the Company entered into placing agreement with a placing agent for placing an aggregate of 988,850,000 new shares to ultimate beneficial owners at a price of HK$0.07 per placing share. The placing was subsequently completed on 3 August 2017.

(b) On 26 April 2019, the Company approved the share consolidation at the extraordinary general meeting, the share consolidation become effective on 29 April 2019, whereby every twenty issued and unissued ordinary shares of HK$0.025 each into one consolidated ordinary share of HK$0.5.

29. SHARE OPTION SCHEME

In connection with the listing of the Company's shares on the Main Board of the Stock Exchange, the Company conditionally adopted a share option scheme (the "Scheme") pursuant to an ordinary resolution passed by the shareholders of the Company on 2 December 2014. The Scheme became effective on 2 December 2014 upon the listing of the Company's shares on the Main Board of the Stock Exchange by way of introduction and, unless otherwise cancelled or amended, the Scheme remains in force for ten years from that date.

The purpose of this Scheme is to reward Participants who have contributed to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

The participants of the Scheme include: directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group and any advisors, consultants, business partners, joint venture business partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

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

The total number of shares of the Company in respect of which options may be granted under the Scheme must not exceed 494,428,403 shares, being 10% of the total number of shares of the Company in issue on the date when the 10% Scheme limit has been refreshed.

The total number of shares of the Company issued and to be issued upon exercise of the options granted and to be granted to each participant (including exercised and outstanding options) in any twelve-month period up to the date of grant shall not exceed 1% of the total number of shares of the Company in issue as at the date of grant (the "Individual Limit"). Any further grant of options in excess of the Individual Limit must be subject to shareholders' approval in general meeting with such participant and his or her associates abstaining from voting.

An option may be exercised at any time during a period as the Board of the Company may determine which shall not be more than ten years from the date of grant of the option.

Save as determined by the Board, there is no minimum period for which an option must be held before it can be exercised.

The acceptance of an offer of the grant of an option must be made within 7 days from the date upon which such offer is made with a non-refundable payment of HK$1.00 from the grantee to the Company by way of consideration for the grant thereof.

The subscription price of a share of the Company in respect of any option shall be such price as the Board in its absolute discretion shall determine, save that such price will not be lower than the highest of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a trading day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the option; and (c) the nominal value of the share.

29. SHARE OPTION SCHEME *(Continued)*

Subject to earlier termination of the Company by resolution in general meeting, the Scheme shall be valid and effective till 2 December 2024. After the expiry of such valid period, no further options will be offered but in all other respects the provisions of the Scheme shall remain in full force and effect.

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

The fair value of equity-settled share options granted was estimated as at the date of grant, using the Binominal option price model, taking into account the terms and conditions upon which the share options were granted. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessary be the actual outcome. No other feature of the share options granted was incorporated into the measurement of fair value.

Details of the specific categories of options are as follows:

Grantee	**Date of Grant**	**Exercise period**	**Exercise price** HK$
Employees and consultants	21 March 2016	21/3/2016–20/3/2026	0.145
	4 April 2019	4/4/2019–3/4/2029	0.500*

Details of the share option outstanding during the year are as follows:

	2019		2018	
	Number of share options	**Weighted average exercise price (HK$)**	Number of share options	Weighted average exercise price (HK$)
Outstanding at the beginning of the year	**242,000,000**	**0.145**	242,000,000	0.145
Granted during the year	**595,300,000**	**0.025**	–	–
Lapsed during the year	**(242,000,000)**	**0.145**	–	–
Adjustment upon share consolidation	**(565,535,000)**	**–**	–	–
Outstanding at the end of the year	**29,765,000**	**0.500**	242,000,000	0.145
Exercisable at the end of the year	**29,765,000**	**0.500**	242,000,000	0.145

The options outstanding at 30 June 2019 had an exercise price at HK$0.5 (2018: HK$0.145) per share and a weighted average remaining contractual life of 9.7 years (2018: 7.7 years).

* The exercise price per share option was adjusted upon the completion of the share consolidation on 26 April 2019.

29. SHARE OPTION SCHEME *(Continued)*

The fair value of share options is determined at the date of grant using Binominal Option Pricing Model by an independent valuer and the following assumptions were used to calculate the fair value of share options:

	4 April 2019	21 March 2016
Fair value at grant date	**HK$0.0068**	HK$0.0520
Share price	**HK$0.0210**	HK$0.1380
Exercise price	**HK$0.0250**	HK$0.1450
Expected Volatility of Underlying Share (expressed as weighted average Volatility used in the modeling under the Binominal Option Price Model)	**102.16%**	109.74%
Option life (expressed as weighted average life used in the modeling under the Binominal Option Price Model)	**10 years**	10 years
Expected dividends	**0%**	0%
Risk free rate	**1.635%**	1.228%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

There were HK$4,049,000 (2018: HK$Nil) equity-settled share-based payments charge to the profit or loss during the year ended 30 June 2019.

At the end of the reporting period, the Company has 29,765,000 (2018: 242,000,000) share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 29,765,000 (2018: 242,000,000) additional ordinary shares of the Company and additional share capital of approximately HK$14,883,000 (2018: HK$6,050,000).

During the years ended 30 June 2019 and 2018, no share options have been exercised.

30. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

The share premium account of the Group mainly includes: (i) shares issued at a premium; and (ii) the difference between the nominal value of the share capital of the subsidiaries acquired pursuant to the reorganisation scheme (the "Group Reorganisation") in preparation for the public listing of the Company's shares on the GEM of the Stock Exchange over the nominal value of the share capital of the Company issued in exchange therefore.

In accordance with the relevant the PRC regulations applicable to WOFE, all the PRC subsidiaries of the Company, are required to transfer 10% of their profit after tax, if any, to the statutory reserve until the balance of the fund reach 50% of their respective registered capital. Subject to certain restrictions as set out in the relevant the PRC regulations, the statutory reserve may be used to offset against their respective accumulated losses.

31. COMMITMENTS

(a) Operating lease commitment

(i) The Group as lessee

The Group leases certain of its offices and warehouses under non-cancellable operating lease arrangements with lease terms ranging from one to four years. As at 30 June 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2019 **HK$'000**	2018 HK$'000
Within one year	**3,255**	1,774
In the second to fifth years, inclusive	**3,237**	1,617
	6,492	3,391

(ii) The Group as lessor

Property rental income earned during the year was approximately HK$566,000 (2018: approximately HK$144,000).

At the end of the reporting period, the Group had contracted with tenants for the following minimum lease payment:

	2019 **HK$'000**	2018 HK$'000
Within one year	**560**	–
In the second to fifth years, inclusive	**–**	–
After fifth years	**–**	–
	560	–

(b) Capital commitment

The Group did not have any significant capital commitment as at the end of the reporting period (2018: Nil).

32. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

Gearing ratio

The directors review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. During the year ended 30 June 2019, the Group's strategy, which was unchanged from previous years, was to reduce the gearing ratio. The ratio is calculated based on total debt and shareholders equity.

The gearing ratio at the year end was as follows:

	2019 **HK$'000**	2018 HK$'000
Total debt	**27,421**	41,718
Shareholders' equity	**145,829**	204,032
Gearing ratio	**18.8%**	20.45%

33. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions and balances with certain related parties:

(a) Related party balances

	2019 **HK$'000**	2018 HK$'000
Amounts due to directors (Note)	**4,479**	452

Note:

The amount of HK$3,000,000 is unsecured, interest bearing at fixed interest rate at 8% per year, which will be repayable within one year. The remaining balance is unsecured, interest free and repayable on demand.

(b) Transaction with related party

During the year ended 30 June 2019, Mr. Kam Kit, a director of the Company, advanced HK$3,000,000 to the Group.

(c) Compensation of key management personnel of the Group

The Directors are of the opinion that the key management personnel of the Group comprised of the directors of the Company, details of whose emoluments are set out in Note 13(a) and certain highest paid employees whose remunerations are set out in Note 13(b).

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets		
Financial assets at amortised cost	**83,719**	–
Loans and receivables (including bank balances and cash)	**–**	163,032
	83,719	163,032
Financial liabilities		
Financial liabilities at amortised cost	**27,421**	41,530

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, loan receivable, deposits and other receivables (Including non-current other receivables), bank balances and cash, trade payables, accrued liabilities and other payables, amounts due to directors and trade deposits received. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no material change to the Group's exposure to financial risk or the manner in which it manages and measures the risk.

The main risks arising from the Group's financial instruments are market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

Market risk exposures are measured by sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

34. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Interest rate risk management

Except as disclosed below, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's cash flow interest-rate risk mainly arises from bank balances. The Group regularly seeks out the most favourable interest rates available for its bank balances. Bank balances issued at variable rates expose the Group to cash flow interest rate risk. Information relating to the interest rates and terms of the Group's bank balances are disclosed in Note 24. As at 30 June 2019, if the market interest rates had been 50 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been approximately HK$38,944 (2018: approximately HK$147,000) lower/higher.

The Group's financial assets and financial liabilities bore at fixed interest rate which comprise with loan receivable, other receivables and amounts due to directors. Accordingly, management considers the Group has no significant fair value interest rate risk from financial assets and no sensitivity analysis has been presented.

The Group has not entered into any interest rate swaps to hedge its exposure to interest rate risks.

Foreign exchange risk management

Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group's sales and purchases are denominated primarily in Renminbi, which expose the Group to foreign currency risk. The Group does not have any formal hedging policy.

As Hong Kong dollar is pegged to United States dollar within a narrow range, it is considered that the amount had no significant exposure to foreign exchange.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	2019 **HK$'000**	2018 HK$'000
Assets		
RMB	**61,284**	77,526
NZD	**20**	1,929
	61,304	79,455
Liabilities		
RMB	**13,730**	19,112
NZD	**–**	5,578
	13,730	24,690

34. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Sensitivity analysis on foreign currency risk management

The following table details the Group's sensitivity to a 5% increase and decrease in the Hong Kong dollars against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A negative number below indicates a decrease in profit where the Hong Kong dollars strengthen 5% against the relevant currency. For a 5% weakening of the Hong Kong dollars against the relevant currency, there would be an equal and opposite impact on the profit and the balances below would be positive.

	2019 **HK$'000**	2018 HK$'000
Impact of RMB		
Profit and loss#	**2,378**	2,921
Impact of NZD		
Profit and loss#	**1**	(182)
	2,379	2,739

This is mainly attributable to the exposure outstanding on receivables and payables denominated in RMB and NZD.

Credit risk

As at 30 June 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group has put in place policies to ensure that sales of products are made to customers with an appropriate credit history and the Group performs period credit evaluations of its customers. In addition, the Group reviews the recoverable amount of each individual trade debt and debt investments at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

The Group has concentration of credit risk as 23% (2018: 75%) and 83% (2018: 98%) of the total receivables was due from the Group's largest customer and five largest customers respectively.

34. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

The Group applied the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 30 June 2019:

	Expected loss (Note 1 below) %	Trade receivables Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	14.24	7,801	1,111
0-30 days past due	–	–	–
31-180 days past due	–	–	–
Over 180 days past due	99.92	31,398	31,374
		39,199	32,485

Expected loss rates are based on actual loss experience over the past 3 years. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Comparative information under HKAS 39

Prior to 1 July 2018, an impairment loss was recognised only when there was objective evidence of impairment. At 30 June 2018, trade receivables of approximately HK$11,572,000 was determined to be impaired. The aging analysis of trade debtors that were not considered to be impaired was as follows:

	2018 HK$'000
Neither past due nor impaired	11,696
0-30 days past due	32
31-180 days past due	143
Over 180 days past due	35,138
	47,009

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

34. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

Comparative information under HKAS 39 *(Continued)*

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

The following table shows reconciliation of loss allowance for other receivables under HKFRS 9, with allowance HK$7,824,000.

	Credit impaired HK$'000
As at 1 July 2018 — As restated	28,110
Written off during the year	(8,408)
Reversal of impairment loss recognised	(11,768)
Exchange realignment	(110)
As at 30 June 2019	7,824

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

The Group measures and monitors its liquidity through the maintenance of prudent ratio regarding its liquidity structure of the overall assets, liabilities, loans and commitments. The Group also monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operation and mitigate the effects of fluctuations in cash flows.

34. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

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

	Weighted average effective interest rate	Within 1 year or repayable on demand	2 to 5 year	Total undiscounted cash flows	Carrying value
	%	HK$'000	HK$'000	HK$'000	HK$'000
At 30 June 2019					
Non-interest bearing	**–**	**24,421**	**–**	**24,421**	**24,421**
Interest bearing	**8.00%**	**3,240**	**–**	**3,240**	**3,000**
		27,611	**–**	**27,661**	**27,421**
At 30 June 2018					
Non-interest bearing	–	41,530	–	41,530	41,530
		41,530	–	41,530	41,530

Fair value of financial instruments

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

(i) Financial instruments carried at fair value

The Group does not have financial instruments recorded at fair value as at 30 June 2019 and 2018.

(ii) Financial instruments carried at other than fair value

All significant financial assets and liabilities are carried at amounts not materially different from their fair values as at 30 June 2019 and 2018, except for the balances due to directors and accrued liabilities and other payables, which are interest-free and have no fixed repayment terms. Given these terms, it is not meaningful to disclose their fair values.

35. STATEMENT OF FINANCIAL POSITION FOR THE COMPANY

	2019 HK$'000	2018 HK$'000
Non-current assets		
Property, plant and equipment	–	5
Interests in subsidiaries	–	–
Other assets	–	–
	–	5
Current assets		
Amounts due from subsidiaries	100,521	28,840
Dividend receivable from subsidiary	4,199	4,199
Deposits, prepayments and other receivables	1,010	5,082
Cash and bank balances	228	530
	105,958	38,651
Current liabilities		
Amounts due to subsidiaries	1,000	1,000
Accrued liabilities and other payables	7,320	19,717
Amounts due to directors	3,000	452
	11,320	21,169
Net current assets	94,638	17,482
Total assets less current liabilities	94,638	17,487
Net assets	94,638	17,487
Capital and reserves		
Share capital	148,828	148,828
Reserves (Note)	(54,190)	(131,341)
Total equity	94,638	17,487

The Company's statement of financial position was approval by the Board of Directors on 30 September 2019 and was signed on its behalf.

Kam Kit	**Chan Christina**
Director	*Director*

35. STATEMENT OF FINANCIAL POSITION FOR THE COMPANY *(Continued)*

Note:

A summary of the Company's reserve is as follows:

	Share premium HK$'000	Capital redemption reserves HK$'000	Share options reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2017	510,075	29	12,584	(468,552)	54,136
Placing of shares	42,518	–	–	–	42,518
Loss for the year	–	–	–	(227,995)	(227,995)
At 30 June 2018 and at 1 July 2018	552,593	29	12,584	(696,547)	(131,341)
Grant of share options	–	–	4,049	–	4,049
Lapse of share options	–	–	(12,584)	12,584	–
Profit for the year	–	–	–	73,102	73,102
At 30 June 2019	552,593	29	4,049	(610,861)	(54,190)

36. EVENTS AFTER THE REPORTING PERIOD

There is no significant event after the end of the reporting period of the Group.

37. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issued by the Board on 30 September 2019.

SUMMARY OF FINANCIAL INFORMATION

	Year ended 30 June				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**35,337**	46,824	53,524	105,893	27,739
Loss before income tax	**(37,751)**	(168,310)	(72,888)	(113,264)	(30,431)
Income tax credit/(expense)	**1,559**	708	1,925	458	(14)
Loss for the year	**(36,192)**	(167,602)	(70,963)	(112,806)	(30,445)
Attributable to:					
Owners of the Company	**(35,835)**	(167,059)	(70,505)	(112,641)	(30,386)
Non-controlling interests	**(357)**	(543)	(458)	(165)	(59)
	(36,192)	(167,602)	(70,963)	(112,806)	(30,445)

	At 30 June				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**173,802**	247,584	348,312	306,359	235,712
Total liabilities	**(27,421)**	(43,312)	(50,347)	(35,600)	(70,070)
Non-controlling interests	**(552)**	(240)	(780)	(1,251)	(1,460)
Equity attributable to owners of the Company	**145,829**	204,032	297,185	269,508	164,182

匯銀控股集團有限公司
Huiyin Holdings Group Limited
(香港股份代號：1178)
(HK STOCK CODE: 1178)