Da Yu Financial Holdings Limited

(Formerly known as China Agrotech Holdings Limited)

大禹金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1073)

Annual Report 2018/19

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Lee Wa Lun, Warren *(Managing Director)*	(appointed on 25 July 2019)
Mr. Lam Chi Shing	(appointed on 25 July 2019)
Ms. Li Ming	(appointed on 25 July 2019)
Ms. Chen Xiao Fang	(retired on 12 June 2019)
Mr. Zhang Liang	(retired on 12 June 2019)
Mr. Xu Jiangtao	(retired on 12 June 2019)

Non-Executive Director:

Mr. Li Chi Kong *(Chairman)*	(appointed on 25 July 2019)

Independent Non-Executive Directors:

Mr. Chan Sze Chung	(appointed on 26 July 2019)
Mr. Suen Chi Wai	(appointed on 26 July 2019)
Mr. Sum Wai Kei, Wilfred	(appointed on 26 July 2019)
Ms. Zhao Jianhua	(retired on 12 June 2019)

COMPANY SECRETARY

Mr. Lee Hon Sang	(appointed on 26 July 2019)

MEMBERS OF THE AUDIT COMMITTEE

Mr. Chan Sze Chung *(Chairman)*	(appointed on 26 July 2019)
Mr. Suen Chi Wai	(appointed on 26 July 2019)
Mr. Sum Wai Kei, Wilfred	(appointed on 26 July 2019)
Ms. Zhao Jianhua	(retired on 12 June 2019)

MEMBERS OF THE NOMINATION COMMITTEE

Mr. Li Chi Kong *(Chairman)*	(appointed on 26 July 2019)
Mr. Chan Sze Chung	(appointed on 26 July 2019)
Mr. Suen Chi Wai	(appointed on 26 July 2019)
Mr. Sum Wai Kei, Wilfred	(appointed on 26 July 2019)
Ms. Zhao Jianhua	(retired on 12 June 2019)

MEMBERS OF THE REMUNERATION COMMITTEE

Mr. Sum Wai Kei, Wilfred *(Chairman)*	(appointed on 26 July 2019)
Mr. Chan Sze Chung	(appointed on 26 July 2019)
Mr. Li Chi Kong	(appointed on 26 July 2019)
Mr. Suen Chi Wai	(appointed on 26 July 2019)
Ms. Zhao Jianhua	(retired on 12 June 2019)

INDEPENDENT AUDITOR

ZHONGHUI ANDA CPA Limited

CORPORATE INFORMATION

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) Limited
OCBC Wing Hang Bank Limited
BNP Paribas Hong Kong Branch

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1801, 18th Floor
Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

1073 (listed on the Main Board of The Stock Exchange of Hong Kong Limited)

WEBSITE

www.irasia.com/listco/hk/chinaagrotech/

CHAIRMAN'S STATEMENT

I am pleased to present to shareholders of Da Yu Financial Holdings Limited ("Company") the annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2019. The present management took over from the liquidators on 25 July 2019, followed by the resumption of listing on The Stock Exchange of Hong Kong Limited on 26 July 2019. The 2019 results of the Group basically reflect its status prior to resumption.

FINANCIAL RESULTS

For the year ended 30 June 2019, the Group's revenue was Nil (2018: Nil). Loss attributable to the owners of the Company was HK$13,916,000 in 2019 (2018: HK$4,887,000). Loss per share amounted to HK1.39 cents, as compared to HK0.49 cent in 2018.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2019 (2018: Nil per share).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company ("AGM")

The forthcoming AGM of the Company is scheduled to be held on Monday, 25 November 2019. The register of members of the Company will be closed from Wednesday, 20 November 2019 to Monday, 25 November 2019, during which period no transfer of shares of the Company will be registered. To be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Hong Kong Registrars Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 19 November 2019.

FUTURE PROSPECTS

The "Business and Financial Review" by the Managing Director, which immediately follows this statement, incorporates the Group's business outlook for the future.

APPRECIATION

The Group expects there will be various challenges arising from the protracted trade war between China and USA, as well as the ongoing protests and unrests in Hong Kong. We believe that with our competitive strengths, and the dedication and professionalism of its staff, the Group is well prepared to meet these challenges.

I would like to express the Group's appreciation for the efforts of our staff and look forward to their continued support. This year was particularly challenging in view of the additional workload generated by the final pursuit of the Company's listing resumption after a few attempts in the past few years. I would also like to thank my fellow Directors, our professional advisers and our Shareholders for their support.

Li Chi Kong
Chairman

Hong Kong, 30 September 2019

CHANGE OF COMPANY NAME

On 14 June 2019, the English name of the Company was changed from "China Agrotech Holdings Limited" to "Da Yu Financial Holdings Limited" and the Chinese name "大禹金融控股有限公司" was adopted and registered as dual foreign name of the Company to replace the Chinese name "浩倫農業科技集團有限公司" (for identification purpose only) and both the new English and Chinese names of the Company were registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 28 June 2019.

The English and Chinese stock short names of the Company for trading in the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") were changed from "CHINA AGROTECH" to "DA YU FIN" in English and from "浩倫農科" to "大禹金融" in Chinese with effect from 9:00 a.m. on 17 July 2019.

APPOINTMENT OF THE JOINT AND SEVERAL LIQUIDATORS AND WINDING-UP OF THE COMPANY

On 9 February 2015, the Company was ordered to be wound up and the Official Receiver was appointed as the provisional liquidator of the Company. On 17 August 2015, Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai of Ernst & Young Transactions Limited were appointed as joint and several liquidators (the "Former Liquidators") pursuant to an Order of the High Court. Pursuant to an order of the Grand Court granted on 19 September 2017, the Former Liquidators were recognised by the Grand Court to act for and on behalf of the Company for the petition of the capital reduction and the creditors' scheme in the Grand Court.

GRANT OF PERMANENT STAY OF THE WINDING-UP ORDER OF THE COMPANY BY THE HIGH COURT AND RELEASE OF THE JOINT AND SEVERAL LIQUIDATORS OF THE COMPANY

At the High Court hearing held on 22 July 2019, the High Court granted a permanent stay of the winding-up order against the Company issued on 9 February 2015. The Former Liquidators has been discharged on 25 July 2019.

LISTING STATUS OF THE COMPANY

Suspension of trading in shares of the Company

At the request of the Company, the trading in the shares of the Company on the Main Board of the Stock Exchange was suspended since 18 September 2014.

Delisting stage

On 17 February 2015, the Stock Exchange placed the Company in the first delisting stage under Practice Note 17 of the rules governing the listing of securities on the Stock Exchange (the "Listing Rules") as the Stock Exchange which considered the Company unable to maintain a sufficient level of operations or assets required under Rule 13.24 of the Listing Rules to support a continued listing.

On 19 August 2015, the Company was placed in the second delisting stage by the Stock Exchange. As no resumption proposal was submitted before the expiry dates of the first and second delisting stages, the Stock Exchange placed the Company into the third delisting stage commencing on 9 March 2016 and expiring on 8 September 2016.

BUSINESS AND FINANCIAL REVIEW

The Company is required to submit a viable resumption proposal to the Stock Exchange to address the following issues:

(i) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules;

(ii) publish all outstanding financial results and address any audit qualifications; and

(iii) have the winding up petition against the Company withdrawn or dismissed and the provisional liquidators discharged.

Resumption of trading in shares of the Company

The trading in the shares of the Company on the Main Board of the Stock Exchange resumed at 9:00 a.m. on 26 July 2019.

RESTRUCTURING OF THE COMPANY

References are made to the circular dated 27 April 2019 (the "Circular") and announcements of the Company dated 17 May 2017 and 28 December 2018 (the "Announcements") respectively. Unless otherwise stated, capitalised terms used in this annual report shall have the same meanings as those defined in the Circular and the Announcements.

Resumption Proposal of the Company

On 24 August 2016, the Company submitted the Resumption Proposal to the Stock Exchange and entered into the Acquisition Agreement regarding the Acquisition in support of the submission of the Resumption Proposal.

On 15 September 2016, the Stock Exchange had agreed to grant an extension of time to 31 March 2017 for the Company to submit the new listing application relating to the Resumption Proposal (but not any other proposal) under the Listing Rules. As additional time was required for the submission of the new listing application, the Company had made an application to the Stock Exchange and the Stock Exchange had granted a further extension of time for the submission of the new listing application to 30 April 2017. On 28 April 2017, the Company filed the New Listing Application with the Stock Exchange and submitted the second and the third New Listing Applications to Stock Exchange on 6 November 2017 and 11 October 2018 respectively. Since six months or more had elapsed, the New Listing Application and the third New Listing Application had subsequently lapsed. The Company submitted the fourth New Listing Application to the Stock Exchange on 11 April 2019 to reactivate the listing application pursuant to Rule 9.03(1) of the Listing Rules.

The Proposed Restructuring included, among others, the (i) Capital Reorganisation; (ii) the Subscriptions (if the Ms. Chong's Subscription lapses, the YM Subscription and the New Placing); (iii) the Creditors' Scheme; (iv) the Acquisition; and (v) the Public Offer.

On 14 June 2019, the Company and Ms. Chong entered into a deed of termination to terminate the Ms. Chong's Subscription Agreement so as to expedite the completion of the transactions contemplated under the Proposed Restructuring. With the termination of the Ms. Chong Subscription Agreement, the Proposed Restructuring would be carried on with the New Placing and the YM Subscription.

The Capital Reorganisation becoming effective was one of the conditions precedent under the Acquisition, the Subscriptions and the Public Offer. The Acquisition, the New Placing, the YM Subscription and the Public Offer were inter-conditional under the Proposed Restructuring and were also subject to the Creditors' Scheme being approved by the Creditors and having obtained the final sanctions from the relevant courts. Further, the obtaining of the consent from the Executive in relation to the Special Deal was one of the conditions precedent to the Creditors' Scheme.

Details of the Proposed Restructuring of the Group are set out in note 2 to the consolidated financial statements.

Extraordinary General Meeting ("EGM")

References are made to the circular dated 27 April 2019 and announcement of the Company dated 29 May 2019 respectively.

The Company had convened an EGM and proposed the resolutions in relation to the Capital Reorganisation, the adoption of the Memorandum and the Articles of Association, the Change of Company Name, the Creditors' Scheme, the Acquisition, the Subscriptions, the New Placing, the Whitewash Waiver, the Public Offer, the appointment of the Proposed Directors and the adoption of the New Share Option Scheme for the approval of the Company's shareholders.

At the EGM held on 22 May 2019, an objection was raised by a Shareholder regarding some impropriety of 230,000,000 Shares which were identified as having casted votes against all resolutions to be proposed and resolved at the EGM. Following due consideration and pursuant to Article 77 of the Articles of Association, any objection or error should be referred to the chairman of the meeting and should only vitiate the decision of the meeting on any resolution if the chairman decided that the same may had affected the decision of the meeting, the chairman of the EGM declared that the vote of 230,000,000 Shares should not be counted (the "Chairman's Decision").

Following the Chairman's Decision, all the ordinary resolutions and special resolutions as set out in the Notice were duly passed unanimously by the Shareholders or the Independent Shareholders by way of poll.

The Creditors' Scheme Meeting

At the direction of the Grand Court and the High Court, the Company held a meeting of the creditors on 5 July 2019 for the purpose of considering and approving the Creditors' Scheme. The Creditors' Scheme would be implemented as follows:

(i) a cash payment of HK$80.0 million, being partial proceeds from the YM Subscriptions and the New Placing, would be transferred to the scheme of arrangement to be entered into between the Company and the creditors (subject to the approval by the Grand Court and the High Court, which would be implemented in the Cayman Islands and Hong Kong) and held by a new company to be incorporated in Hong Kong with limited liability, being a special purpose vehicle held or nominated by the Scheme Administrators, for distribution to the Creditors subject to adjudication; and

(ii) the Company would transfer its claims, rights to claim, rights to any assets and the entire equity interests of all the existing subsidiaries held by the Company as at a specify last practicable date to a new company to be incorporated in Hong Kong with limited liability, being a special purpose vehicle held or nominated by the Scheme Administrators, at a cash consideration of HK$1. After such transfer, dividend distributed by the Excluded Companies or recovery from the Excluded Companies, if any, would be distributed to the Creditors subject to adjudication.

The Creditors' Scheme should become effective and legally binding on the Company and all the creditors, including those voting against the Creditors' Scheme and those not voting, if the requisite majority (representing more than 50% in number and not less than 75% in value of the claims of Creditors who, either in person or by proxy, attend the Scheme Meetings convened with the leave of the relevant courts) voted in favour of the Creditors' Scheme and the relevant courts thereafter sanction and a copy of each of the relevant court orders sanctioning the Creditors' Scheme were filed with the relevant Registrars of Companies in Hong Kong and the Cayman Islands respectively.

At the Scheme Meeting held on 5 July 2019, the Creditors' Scheme was approved by the requisite statutory majorities of the Creditors. The Company had subsequently submitted the results of the Scheme Meeting to the Grand Court and the High Court respectively for the sanctioning of the Creditors' Scheme.

BUSINESS AND FINANCIAL REVIEW

CONFIRMATION OF THE CAPITAL REDUCTION AND SANCTION OF THE CREDITORS' SCHEME BY THE HIGH COURT AND THE GRAND COURT

At the Grand Court hearing held on 16 July 2019, the Grand Court (i) confirmed the reduction of the nominal value of each issued share of the Company from HK$0.1 to HK$0.01 each by cancelling the paid-up capital to the extent of HK$0.09 on each of the issued shares; and (ii) sanctioned the Cayman Creditors' Scheme on the condition that the Hong Kong Creditors' Scheme is sanctioned by the High Court by 16 August 2019.

At the High Court hearing held on 22 July 2019, the High Court has sanctioned the Hong Kong Creditors' Scheme and the order of the High Court sanctioning the Hong Kong Creditors' Scheme has been delivered to the Registrar of Companies in Hong Kong.

Given that the High Court hearing had sanctioned the Hong Kong Creditors' Scheme, the condition for the order of the Grand Court sanctioning the Cayman Creditors' Scheme had been satisfied. The Company has also filed the order with the Cayman Islands Registrar of Companies. Accordingly, the Creditors' Scheme became effective on 25 July 2019.

FINANCIAL REVIEW

Overall Results

Since the winding up of the Company, the Official Receiver and Former Liquidators were unable to contact, or obtain relevant information from, any of the legal representatives, directors and management of the subsidiaries of the Company. Due to absence of information and the non-cooperation of the directors and management of the subsidiaries of the Company, both the Official Receiver and the Former Liquidators were unable to obtain and access to the books and records of the subsidiaries of the Company despite the fact that they had taken all reasonable steps and had used their best endeavors to resolve the matter.

As a result, the Company no longer has the power to govern the financial and operating activities of those subsidiaries.

Lost of Control in Subsidiaries and Deconsolidation

Before the Former Liquidators are appointed, the last financial results published by the Company were the interim report for the six-month ended 31 December 2013. Since the books and records of most of the Company's subsidiaries were not available to the Former Liquidators after their appointment, the Former Liquidators could not ascertain the financial position of those subsidiaries after 31 December 2013. Together with the fact that the Company had lost control over those subsidiaries, the Former Liquidators were of the view that those subsidiaries should be deconsolidated from the Group with effect from 1 January 2014.

Revenue and Financial Resources

Given the liquidation and restructuring of the Company during this financial period, deconsolidation of subsidiaries as mentioned above and based on the books and records available, for the year ended 30 June 2019, the Group had no turnover (2018: nil) and the Group's net loss was HK$13.9 million, representing an increase in loss of about HK$9.0 million as compared to the Group's net loss of approximately HK$4.9 million for the year ended 30 June 2018.

Due to the deconsolidation of the subsidiaries of the Company since 1 January 2014, there were no reportable segment for the year ended 30 June 2019.

As at 30 June 2019, the Group had cash and cash equivalents of approximately HK$3.0 million (2018: HK$1.5 million). As at 30 June 2019, the Group's current ratio (current assets to current liabilities) was approximately 0.3% (2018: 0.2%).

Indebtedness and Banking Facilities

As at 30 June 2019, the Group had bank and other borrowings of approximately HK$84.3 million (2018: approximately HK$69.6 million).

As at 30 June 2019, the Group had eight (2018: eight) unlisted straight bonds to eight (2018: eight) independent investors in an aggregate principal amount of HK$45.0 million (2018: HK$45.0 million) (the "Bonds"). The Bonds are unsecured, arranged at fixed interest rates of 6% to 7% per annum and were immediately due because of the liquidation of the Company.

As at 30 June 2019, the Group's gearing ratio could not be determined because there was a deficit of equity attributable to owners of the Company (2018: N/A). The gearing ratio was calculated based on the division of the total amount of bank borrowings and other loans and convertible bonds (liability components) by total equity attributable to owners of the Company.

Assets and Liabilities

As at 30 June 2019, the Group had total assets of approximately HK$3.2 million (2018: approximately HK$1.7 million) and total liabilities of HK$963.9 million (2018: approximately HK$948.5 million). The net liabilities of the Group as at 30 June 2019 were approximately HK$960.8 million (2018: approximately HK$946.8 million).

Capital Structure

As at 30 June 2019, there were 1,001,765,216 ordinary shares in issue. There was no movement in the issued share capital of the Company during the year ended 30 June 2019.

Commitments

As at 30 June 2019, the Group had no significant outstanding contracted capital commitments (2018: nil).

Charges on Group Assets

There is insufficient information available to the Company to ascertain whether there were any charged assets at a Group level as at 30 June 2019.

Significant Investments and Acquisition

On 24 August 2016, the Vendor, the Company and the Former Liquidators entered into the Acquisition Agreement in relation to the Acquisition. Pursuant to the Acquisition Agreement, the Company will acquire the entire issued share capital of Yu Ming Investment Management Limited ("Yu Ming"), free from all encumbrances, at the Acquisition Consideration of HK$400.0 million. On 7 February 2017, the Vendor, the Purchaser and the Former Liquidators entered into the Supplemental Acquisition Agreement to amend certain terms and conditions of the Acquisition Agreement, including (i) the extension of the long stop date to the Acquisition Agreement; (ii) the amendments to certain conditions precedent to the completion of the Acquisition Agreement; (iii) the provision of the Cash Advance from the Vendor.

All the conditions to the Acquisition Agreement have been either fulfilled or waived and the Acquisition Completion took place on 25 July 2019.

Reserves

There is insufficient information for the Company to ascertain whether there were any reserves available for distribution as at 30 June 2019. Details of movements in the reserves of the Company during the year are set out in note 16 to the consolidated financial statements.

BUSINESS AND FINANCIAL REVIEW

Contingent Liabilities

There is insufficient information available to the Company to ascertain whether the Group and the Company had any significant contingent liabilities as at 30 June 2019.

As at the date of these financial statements and based on the proofs of debts, the Former Liquidators received a total of 45 proofs of debts claiming an aggregate amount of approximately HK$1,678.0 million against the Company. Out of which, two proofs of debts related to the share registrar fees owed to Hong Kong Registrars Limited and the Company's website subscription fee due to IRASIA. In order to carry out the restructuring, the Former Liquidators had settled these two proofs of debts in the sum of HK$111,019.50 which are considered as necessary costs for the restructuring. After settling the outstanding fees of Hong Kong Registrars Limited and IRASIA, there remain now 43 proofs of debts claiming an aggregate amount of approximately HK$1,677.9 million.

Upon the completion of the resumption proposal and the scheme of arrangement taking effect on 25 July 2019, all the creditors' claims against the Company as at the date on which the Creditors' Scheme becomes effective have been discharged and compromised in full, which were assigned and transferred to a special vehicle held and controlled by the Scheme administrators.

Remuneration Policies and Share Option Scheme

The Group had no salaries and other remunerations incurred for the year ended 30 June 2019.

Remuneration packages comprise salary, mandatory provident fund and year-end bonus based on individual merits. During the year ended 30 June 2019, no share option was granted (2018: nil).

EVENTS AFTER THE REPORTING PERIOD

As disclosed above, the Company has held a meeting of the creditors on 5 July 2019 for the purpose of considering and approving the Creditors' Scheme. On 5 July 2019, the Creditors' Scheme was approved by the requisite statutory majorities of the Creditors.

On 22 July 2019, the High Court has sanctioned the Hong Kong Creditors' Scheme and the condition for the order of the Grand Court sanctioning the Cayman Creditors' Scheme has been satisfied.

A copy of the order of the Grand Court sanctioning the Cayman Creditors' Scheme has been filed with the Cayman Islands Registrar of Companies as required under applicable Cayman Islands law on 23 July 2019; and a copy of the order of the High Court sanctioning the Hong Kong Creditors' Scheme has been delivered to the Registrar of Companies in Hong Kong on 24 July 2019. Accordingly, the Creditors' Scheme become effective on 25 July 2019.

A copy of the order of the High Court granting a permanent stay of the winding-up order against the Company has been delivered to the Registrar of Companies in Hong Kong and the Official Receiver's Office in Hong Kong on 25 July 2019, and the Former Liquidators have been discharged on 25 July 2019.

All the conditions to the YM Subscription Agreement have been either fulfilled or waived and the completion of the YM Subscription took place on 25 July 2019. The aggregate of 284,750,000 subscription shares have been successfully allotted and issued to Mr. Warren Lee and the Yu Ming Team in accordance with the terms of the YM Subscription Agreement.

All the conditions to the New Placing Agreement have been fulfilled and the completion of the New Placing took place on 25 July 2019. A total of 512,698,586 new placing shares have been allotted and issued to ten Independent Placees in accordance with the terms of the New Placing Agreement.

All the condition to the Public Offer were either fulfilled or waived on 25 July 2019 and the underwriting agreement has not been terminated by 4:00 p.m. on 25 July 2019. Accordingly, completion of the Public Offer with Preferential Offering took place on 25 July 2019.

All the conditions to the Acquisition have been either fulfilled or waived and the Acquisition Completion took place on 25 July 2019. Upon Acquisition Completion, Yu Ming has become a wholly-owned subsidiary of the Company and the financial results of Yu Ming will be consolidated into the financial statements of the Company.

As all the resumption conditions have been fulfilled, an application has been made to the Stock Exchange for the resumption of trading in the new shares on the Stock Exchange with effect from 9:00 a.m. on 26 July 2019.

The trading in the shares of the Company on the Main Board of the Stock Exchange was resumed at 9:00 a.m. on 26 July 2019.

PROSPECT

Upon Acquisition Completion, Yu Ming has become a wholly-owned subsidiary of the Company and the financial results of Yu Ming will be consolidated into the financial statements of the Company. Business activities of the Group had been ceased since appointment of Former Liquidators. After Acquisition Completion and Resumption, the Group would be principally engaged in the provision of corporate finance advisory services and asset management services as carried out by Yu Ming.

Yu Ming is a limited liability company incorporated in Hong Kong. It is a licensed corporation under the SFO authorised to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities.

Upon Acquisition Completion, the Group currently maintained sufficient level of operation while the implementation of the Creditors' Scheme has substantially improved the financial and liquidity position of the Group.

The Group is adopting the various strategies to maintain the competitive strengths of Yu Ming: (i) strengthening corporate finance teams to maintain high quality corporate finance advisory services to its clients; (ii) expansion of advisory work in relation to resumption of trading of securities of listed issuers on the Stock Exchange; and (iii) focus on performance under the New Management Agreement.

The Directors believe that the historical performance and future prospects of the Group are underpinned by a combination of competitive strengths, including: (i) well-established business; (ii) experienced team of professionals; (iii) close and stable relationships with clients; (iv) well-structured professional services; (v) efficient management structure; and (vi) focused services.

The Directors believe that the Hong Kong equity market will continue to grow as the number of listed companies in Hong Kong rose steadily during the past few years and more business opportunities are expected to emerge in the financial advisory services industry in the long run. The Group will seek to capitalise on the potential growth of the equity market and continue to participate in the financial advisory industry as an active advisory services provider in Hong Kong by continuing to provide services of the highest standards.

Lee Wa Lun, Warren
Managing Director

Hong Kong, 30 September 2019

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Lee Wa Lun, Warren ("Mr. Warren Lee"), aged 55, was appointed on 25 July 2019 and acts as the Managing Director of the Company. He was one of the founding directors of Yu Ming Investment Management Limited ("Yu Ming") in August 1996 and has worked in Yu Ming ever since. Mr. Warren Lee is responsible for overseeing business development of Yu Ming, maintaining client relationship, monitoring industry developments and supervising corporate finance advisory and asset management teams on the provision of services to clients.

Mr. Warren Lee is currently the chairman of the board of directors and an executive director of SHK Hong Kong Industries Limited ("SHK"), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 666). He was appointed as SHK's director in September 2004.

From December 2008 to November 2013, Mr. Warren Lee was a director of First Natural Foods Holdings Limited (now known as Imperial Pacific International Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 1076). From June 2010 to June 2013, Mr. Warren Lee was an executive director of Viva China Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8032).

From December 2006 to May 2007, Mr. Warren Lee was the chief executive officer of Nam Tai Electronics, Inc. (now known as Nam Tai Property Inc.), an electronics manufacturing services provider listed on the New York Stock Exchange (NYSE: NTP). Between March 2004 and February 2006, he was an independent non-executive director of Nam Tai Electronic & Electrical Products Limited ("NTEEP"), a company formerly listed on the Main Board of the Stock Exchange (former stock code: 2633, which was privatised on 13 November 2009). Between February 2006 and April 2007, he was re-designated as a non-executive director of NTEEP. Between January 2007 and April 2007, he was also a non-executive director of J.I.C. Technology Company Limited (now known as China Renewable Energy Investment Limited), a company listed on the Main Board of the Stock Exchange (stock code: 987).

Mr. Warren Lee graduated with a Bachelor of Science degree from The University of East Anglia in England in 1986 and obtained a Master of Science degree from The City University, London in 1988.

Mr. Warren Lee is licensed by the Securities and Futures Commission ("SFC") to act as a Responsible Officer to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance ("SFO").

Mr. Lam Chi Shing ("Mr. Lam"), aged 39, was appointed on 25 July 2019. He is a functional director and the portfolio manager of Yu Ming. He joined Yu Ming in 2005 and is a Responsible Officer for Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. Mr. Lam mainly supervises the asset management business of Yu Ming. He is responsible for formulating investments ideas, identifying different investment opportunities both in listed and unlisted securities and execution of investment decisions. He is also involved in the provision of corporate finance services by Yu Ming.

Mr. Lam has over 13 years of experience in asset management and corporate finance gained in Yu Ming. Prior to joining Yu Ming, Mr. Lam worked in corporate lending and syndication department of the Bank of East Asia, Limited.

Mr. Lam graduated from The Chinese University of Hong Kong in 2002 with a Bachelor of Business Administration degree, and is accredited with Chartered Financial Analyst since September 2009.

Ms. Li Ming ("Ms. Li"), aged 42, was appointed on 25 July 2019. She joined Yu Ming in October 2007 and was appointed as an associate director and a corporate finance director of Yu Ming since January 2010 and January 2014, respectively. She is a Responsible Officer in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as well as a Licensed Representative in Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO and is responsible for supervising and leading execution of corporate finance projects of Yu Ming. She is also involved in the provision of asset management services by Yu Ming.

Ms. Li has over 17 years of experience in corporate finance. Prior to joining Yu Ming, she worked with Asian Capital (Corporate Finance) Limited (whose business was listed under ZZ Capital International Limited (formerly known as Asian Capital Holdings Limited) on the GEM of the Stock Exchange in 2010 with stock code: 8295) from April 2001 to October 2007.

Ms. Li obtained Master of Finance (Investment Management) degree from The Hong Kong Polytechnic University in 2010 and Bachelor of Arts degree in Business Administration awarded by the University of Hertfordshire of the United Kingdom in 2000 (under a programme offered in conjunction with Beijing Inti Management College and INTI International University & Colleges).

BIOGRAPHICAL DETAILS OF DIRECTORS

NON-EXECUTIVE DIRECTOR

Mr. Li Chi Kong ("Mr. Li"), aged 66, was appointed on 25 July 2019. Mr. Li is the chairman of the board of directors of the Company, the chairman and member of nomination committee and member of remuneration committee of the Company. He joined Yu Ming in 2008 as a director. He is responsible for overseeing the corporate strategy and development of Yu Ming. Mr. Li has extensive experience in finance and accounting and was an executive director of Allied Properties (H.K.) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 56), from October 1999 until redesignation as a non-executive director in July 2018. He is also general consultant of Allied Group Limited ("Allied Group"), a company listed on the Main Board of the Stock Exchange (stock code: 373), since July 2018 when he retired from the position of the group financial controller.

From December 2011 to March 2014, Mr. Li was an executive director of Tongfang Kontafarma Holdings Limited (formerly known as Allied Cement Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 1312). Prior to joining Allied Group in 1996 as the group financial controller, Mr. Li worked for Peat, Marwick, Mitchell & Company (now known as KPMG) and Price Waterhouse & Company (now known as PricewaterhouseCoopers) and acted as the group financial controller of Hopewell Holdings Limited (former stock code: 54, which was privatised in May 2019), Century City International Holdings Limited ("Century City", stock code: 355) and Paliburg International Holdings Limited (the listing of which was replaced by Paliburg Holdings Limited, stock code: 617), as well as two other listed companies which were disposed of by Century City, known at the time as Richfield International Holdings Limited and Cathay City International Holdings Limited.

Mr. Li graduated from the University of Edinburgh in Scotland, United Kingdom in 1975 with a Bachelor of Science degree and obtained a Postgraduate Diploma in Accounting from Heriot-Watt University in Edinburgh in 1976. He is a member of the Institute of Chartered Accountants of Scotland and a fellow of the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Sze Chung ("Mr. Chan"), aged 49, was appointed on 26 July 2019. He is the chairman and member of audit committee and member of remuneration committee and nomination committee of the Company. He has over 20 years of experience in finance and accounting. Mr. Chan is currently an independent non-executive director of Tongfang Kontafarma Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1312).

From December 2009 to August 2010, Mr. Chan was the chief financial officer of Coolpoint Energy Limited (now known as Viva China Holdings Limited), a company listed on GEM of the Stock Exchange (stock code: 8032).

Mr. Chan became financial controller of Nam Tai Group Management Limited in April 2001, and was promoted in September 2008 as chief financial officer of NTEEP, a company formerly listed on the Main Board of the Stock Exchange (former stock code: 2633, which was privatised on 13 November 2009) and also as acting chief financial officer of Nam Tai Electronics, Inc. (now known as Nam Tai Property, Inc.), a company listed on the New York Stock Exchange (NYSE: NTP).

Before joining Nam Tai Group Management Limited, Mr. Chan was employed as the financial controller of J.I.C. Enterprises (Hong Kong) Limited, a company engaged in manufacturing and trading of liquid crystal display panels, and was employed by Deloitte Touche Tohmatsu during the period from January 1993 to August 1997 and served as a senior accountant at the time of his resignation.

Mr. Chan graduated from the University of Wales with a Bachelor of Arts degree in Accounting and Finance in 1991 and obtained a Master of Arts degree in Accounting and Finance at the University of Lancaster in December 1992. Mr. Chan is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants, and that he is also recognized as a chartered financial analyst by the CFA Institute of the United States of America.

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Suen Chi Wai ("Mr. Suen"), aged 54, was appointed on 26 July 2019. He is a member of audit committee, nomination committee and remuneration committee of the Company. He is a practising solicitor in Hong Kong and a partner of Withers. Mr. Suen has over seventeen years' experience in corporate finance and with area of practice principally in initial public offerings on the Stock Exchange, mergers and acquisitions, corporate reorganisations and the rules governing the listing of securities on the Stock Exchange compliance. Mr. Suen was appointed as an independent non-executive director of Xin Yuan Enterprises Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1748) on 6 September 2018.

Before joining Withers, Mr. Suen was a partner of DLA Piper Hong Kong and before that, served as a manager in the investment products department of the SFC between 2005 and 2006 responsible for reviewing applications of collective investment schemes and monitoring continuing compliance of authorized schemes. Mr. Suen was an associate at Woo Kwan Lee & Lo from 2000 to 2005.

Mr. Suen graduated from the University of East Anglia in 1987 with a Bachelor of Science degree. Mr. Suen was admitted as a solicitor in Hong Kong in 2000 and in England and Wales in 2003. Mr. Suen is also a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

Mr. Sum Wai Kei, Wilfred ("Mr. Sum"), aged 54, was appointed on 26 July 2019. He is the chairman and member of remuneration committee and member of audit committee and nomination committee of the Company. He is the Head of Corporate Finance, Equity Capital Markets and Debt Capital Markets Department of BOCOM International Holdings Company Limited ("BOCOM"). He had been with BOCOM from September 2008 to September 2016 and re-joined in March 2017. Between 2002 and 2008, Mr. Sum had been with Taiwan Securities (Hong Kong) Company Limited (now known as KGI Capital (Hong Kong) Limited). After leaving BOCOM in September 2016 and before re-joining in March 2017, he worked in CEB International Capital Corporation Limited and Celestial Capital Limited.

Mr. Sum was admitted as Certified Practising Accountant of the Australian Society of Certified Practising Accountants in 1997 until 2008. Mr. Sum obtained a Bachelor of Science degree from The University of East Anglia in England in 1986 and a Master of Commerce degree from The University of New South Wales in Australia in 1992.

REPORT OF THE DIRECTORS

The current board of Directors of the Company (the "Board") and the joint and several liquidators (the "Former Liquidators") were only able to obtain incomplete books and records of the Company despite having taken all reasonable steps. Due to absence of information and the non-cooperation of the former directors of the Company, the Report of the Directors was prepared in accordance to the best knowledge and the limited information available to the current Directors. Accordingly, the Board submitted its report together with the audited financial statements of the Company and its subsidiaries (together referred to as the "Group") for the year ended 30 June 2019.

References are made to the circular dated 27 April 2019 (the "Circular") and announcement of annual results for the year ended 30 June 2019 of the Company dated 30 September 2019 (the "Announcement") respectively. Unless otherwise stated, capitalised terms used in this annual report shall have the same meanings as those defined in the Circular and the Announcement.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiary are investment holding and general trading and export up to the Acquisition Completion and would be changed into provision of corporate finance advisory services and asset management services upon Resumption.

AUDIT COMMITTEE REVIEW

Following to the retirement of all former directors on 12 June 2019, the Company has no director as at 30 June 2019. Accordingly, the audit committee has not been maintained as at 30 June 2019. The current Directors were appointed on 25 July 2019 and 26 July 2019 and the Board has set up an audit committee on 26 July 2019.

The audit committee has reviewed the annual results for the year ended 30 June 2019.

The figures contained in the financial information set out in pages 28 to 53 of this annual report have been audited by the Group's auditor, ZHONGHUI ANDA CPA Limited.

MAJOR CUSTOMERS AND SUPPLIERS

With the effect of the deconsolidation of the subsidiaries of the Company, the Group has no operations, and thus no reportable major customers and suppliers for the year ended 30 June 2019.

DIVIDENDS

No dividend is declared or recommended for the year ended 30 June 2019 (2018: nil).

PROPERTY, PLANT AND EQUIPMENT

With the effect of the deconsolidation of the subsidiaries that the Company has lost control, the Group has no carrying amount of property, plant and equipment as at 30 June 2019.

BORROWINGS

Particulars of borrowings of the Group as at 30 June 2019 are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 15 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 16 to the consolidated financial statements. Due to the limited information available, there is insufficient information to ascertain whether there were any reserves available for distribution as at 30 June 2019.

REPORT OF THE DIRECTORS

BUSINESS REVIEW

A review of the Group's business and financial activities, including a fair review of the business using financial key performance indicators and an indication of likely future development in the Group's business as well as environmental policies and performance, as required by Schedule 5 of the Companies Ordinance (Chapter 622 of Laws of Hong Kong), is shown in the Chairman's Statement on page 4, Business and Financial Review on pages 5 to 11 and the Environmental, Social and Governance note (the "ESG Note") on page 21 of this annual report. The Chairman's Statement, Business and Financial Review and ESG Note also form part of this report.

DIRECTORS

The Directors during the reporting period and as at the date of this report were:

Executive Directors:

Mr. Lee Wa Lun, Warren (appointed on 25 July 2019)
Mr. Lam Chi Shing (appointed on 25 July 2019)
Ms. Li Ming (appointed on 25 July 2019)
Ms. Chen Xiao Fang (retired on 12 June 2019)
Mr. Zhang Liang (retired on 12 June 2019)
Mr. Xu Jiangtao (retired on 12 June 2019)

Non-Executive Director:

Mr. Li Chi Kong (appointed on 25 July 2019)

Independent Non-Executive Directors:

Mr. Chan Sze Chung (appointed on 26 July 2019)
Mr. Suen Chi Wai (appointed on 26 July 2019)
Mr. Sum Wai Kei, Wilfred (appointed on 26 July 2019)
Ms. Zhao Jianhua (retired on 12 June 2019)

Biographical details of Directors of the Company are set out on pages 12 to 14 of the Annual Report.

In accordance with the article 108 of the articles of association of the Company (the "Articles of Association"), Mr. Li Chi Kong, Mr. Lam Chi Shing and Ms. Li Ming will retire by rotation at the forthcoming annual general meeting of the Company (the "AGM"). Each of the retiring Directors, being eligible, will offer himself or herself for re-election at the AGM.

The Company has received confirmations of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from all current independent non-executive directors of the Company, and considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

As at 30 June 2019, so far as is known to the Board, none of the former directors or the current Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which:

(a) (including both continuous and fixed term contracts) had been entered into or amended within the reporting period;

(b) were continuous contracts with a notice period of 12 months or more;

(c) were fixed term contracts with more than 12 months to run irrespective of the notice period; or

(d) were not determinable within 12 months without payment of compensation (other than statutory compensation).

None of the current Directors proposed for re-election at the forthcoming AGM has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

TERMS OF OFFICE FOR THE NON-EXECUTIVE DIRECTORS

As at the current date of this report, all the current non-executive Directors (including the independent non-executive Directors ("INEDs")) were appointed for a specific term of three years which shall continue until 25 July 2022 but subject to the relevant provisions of the Articles of Association or any other applicable laws whereby the Directors shall vacate or retire from their office.

DIRECTORS' REMUNERATION

There was no remuneration paid to the directors of the Company for the year ended 30 June 2019.

DIRECTORS' INTERESTS IN CONTRACTS

During the year ended 30 June 2019, based on the limited information available to the current Board, the Board do not aware of any current Directors or former directors of the Company had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party and in which a current Director or former director of the Company or his/her connected entities had a material interest, either directly or indirectly, subsisted at the year ended 30 June 2019 or as at any time during the year ended 30 June 2019.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 30 June 2019, based on the limited information available to the current Board, the Board do not aware of any current Directors or former directors of the Company being considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2019, so far as is known to the Board, none of the directors, nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which is required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2019, so far as is known to the Board, the following persons (not being former directors or the current Directors or chief executive of the Company) had an interest (or long positions) or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Capacity and nature of interest	Number of shares	Approximate percentage of issued share capital
Perfect Gate Holdings Limited (Note)	Beneficial Owner	230,000,000	22.96%

Note: Based on information as available and the latest disclosure of interests filed by Perfect Gate Holdings Limited ("Perfect Gate"), as at 7 December 2017, Perfect Gate is a company incorporated in the BVI, which is wholly owned by Gokeen Invest Limited, a company incorporated in the BVI and Gokeen Invest Limited is owned as to 25% by Xiong Ling, 25% by Chen Rong, 25% by Ng Wai Huen and 25% by Lee On Wai. On 30 August 2017, the Former Liquidators received a summons from Perfect Gate applying for an order to validate the proposed sale and purchase of the 230,000,000 Shares held by it to (i) Wisdom Link Group Limited as to 46,000,000 Shares; (ii) Treasure Forum Limited as to 46,000,000 Shares; (iii) Perfect Origin Investments Limited as to 46,000,000 Shares; (iv) Classic Sky Global Limited as to 46,000,000 Shares; and (v) True Masters Limited as to 46,000,000 Shares. Pursuant to information provided by Perfect Gate, each of Wisdom Link Group Limited, Treasure Forum Limited, Perfect Origin Investments Limited, Classic Sky Global Limited and True Masters Limited is a company incorporated in the BVI and is wholly-owned by Yu Sau Lai. Such proposed sale and purchase of Shares had been validated by the court on 2 March 2018. Pursuant to the information provided by Perfect Gate, Perfect Gate was still the holder of the 230,000,000 Shares as at 30 June 2019 and the said proposed sale and purchase has not been completed.

Save as disclosed above, the Board are not aware, as at 30 June 2019, of any person (who are not directors and chief executive of the Company) who had an interest (or long position) or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

The information above is based on the public information and the available books and records of the Company. No representation is made by the Company as to the accuracy and completeness of the information.

SHARE OPTION SCHEME

During the year ended 30 June 2019, a new share option scheme (the "New Scheme") was adopted by the Company pursuant to a resolution passed at the extraordinary general meeting ("EGM") of the Company held on 22 May 2019.

The Company adopted a share option scheme ("Old Scheme") pursuant to a resolution passed at the EGM of the Company held on 19 June 2013. The Old Scheme was terminated by passing a resolution at the EGM of the Company held on 22 May 2019.

During the year ended 30 June 2019 and 2018, no share option was granted to the relevant participants under the Old Scheme and the New Scheme.

The New Scheme was adopted for the primary purpose of providing incentives or rewards to eligible persons for their contribution to the Group, which will expire on 21 May 2029. Under the New Scheme, the Company may grant options to any participant ("Participant(s)") which includes (1) any employee (whether full-time or part-time) of the Group and any entity in which the Group holds any equity interest ("Invested Entity"); (2) any director (including executive, non-executive and independent non-executive directors) of the Group or any Invested Entity; (3) any supplier of goods or services to any member of the Group or any Invested Entity; (4) any customer of the Group or any Invested Entity; (5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity; or (6) any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the New Scheme.

The total number of shares in respect of which options may be granted under the New Scheme must not exceed 113,933,019 shares, being 10% of the shares of the Company in issue as at the date of resumption of trading (i.e. 26 July 2019). The total number of shares issued and to be issued upon exercise of the options granted and to be granted to a Participant in any 12-month period must not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of the individual limit must be subject to shareholders' approval.

Options granted must be taken up within 21 business days from the offer date, upon payment of HK$1.00 per option. Option may be exercised after it has vested at any time during the period to be notified by the Board (as defined in the New Scheme) at the time of the grant of the option but shall end in any event not later than 10 years from the offer date, subject to the provisions for early termination of the New Scheme. The Subscription Price shall be determined by the Board (as defined in the New Scheme) and notified to a Participant and shall not be less than the higher of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the offer date, which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the offer date; and (c) the nominal value of the shares.

During the year ended 30 June 2019, no share option was granted, exercised, cancelled, lapsed or outstanding under the Old Scheme and the New Scheme.

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

To the best knowledge of the Board, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the year ended 30 June 2019.

RELATED PARTY TRANSACTIONS

To the best knowledge of the Board, no related party transaction has been made for the year ended 30 June 2019.

CONNECTED TRANSACTIONS

During the year ended 30 June 2019, based on the limited information available to the current Board, the Board do not aware of any connected transactions or continuing connected transactions has been made for the year ended 30 June 2019.

PRE-EMPTIVE RIGHTS

Based on the information available, the Company has no pre-emptive rights existing.

PUBLIC FLOAT

Based on the information available, as at the date of this report, the Company has maintained sufficient public float.

CORPORATE GOVERNANCE

A detailed Corporate Governance Report is set out on pages 21 to 25 of the Annual Report.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are set out in note 22 to the consolidated financial statements.

AUDITOR

The financial statements for the year ended 30 June 2019 were audited by ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA"), which was appointed as the auditors of the Company with effect from 22 February 2017.

REPORT OF THE DIRECTORS

INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

As disclosed in sections headed "Disclaimer of Opinion" in independent auditor's report contained on pages 26 to 27 of this report, the auditor of the Company issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 30 June 2019 in relation to (1) opening balances and corresponding figures; (2) limited accounting books and records of the Group; (3) deconsolidation of the subsidiaries; (4) commitments and contingent liabilities; (5) related party transactions and disclosures; (6) consolidated statement of changes in equity; and (7) other disclosures in the consolidated financial statements (the "Audit Modifications").

THE BOARD'S VIEW ON THE AUDITOR'S OPINION

According to Proposed Restructuring of the Group, all of the former subsidiaries of the Company ("Excluded Companies") had been transferred to the Scheme Company B under the Creditors' Scheme held by the Scheme Administrators in trust for the Creditors in accordance with the Creditors' Scheme for a cash consideration of HK$1. Upon effective of Creditors' Scheme on 25 July 2019, the Excluded Companies will cease to be subsidiaries of the Company and their results had been deconsolidated from the financial statements of the Group.

As advised by ZHONGHUI ANDA, the independent auditor of the Company, following the completion of the Proposed Restructuring, which included the Creditors' Scheme, on 25 July 2019, (i) as to the consolidated financial statements for the next financial year, save for the consolidated profit or loss accounts for the next financial year, comparative information of the consolidated profit or loss accounts for the year ended 30 June 2019 and consolidated statement of financial position as at 30 June 2019, other Audit Modifications will be removed; and (ii) as to the consolidated financial statements for the financial year after next two, all Audit Modifications will be removed.

Based on the above mentioned information, the management of the Company, the audit committee and the Board agree with the view of ZHONGHUI ANDA that the Audit Modifications have no on-going effect on Company's financial statements in future reporting periods after the completion of Proposed Restructuring.

By order of the Board
Da Yu Financial Holdings Limited

Lee Wa Lun, Warren
Managing Director

Hong Kong, 30 September 2019

The joint and several liquidators (the "Former Liquidators") were appointed on 17 August 2015 pursuant to an Order of the High Court of Hong Kong and the current Directors were appointed on 25 July 2019 and 26 July 2019. Since the appointment of the Former Liquidators, certain books and records of the Company and its subsidiaries cannot be obtained and accessed.

During the year ended 30 June 2019, based on the limited information available, the Company appeared to comply with the principles (the "Principles") and code provisions (the "Code Provisions") as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") stipulated by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in Appendix 14 of the rules governing the listing of securities on the Stock Exchange (the "Listing Rules"), except for the following:

- Given the winding up and restructuring of the Company, all former directors retired on 12 June 2019. The current Directors were appointed on 25 July 2019 and 26 July 2019. Accordingly, the Company has no director, thus has no chairman and no chief executive as at 30 June 2019. Since the Company has no director as at 30 June 2019, the audit committee, nomination committee and remuneration committee have not been maintained as at 30 June 2019 and therefore the Company was unable to comply with relevant Code Provisions under Sections A, B, C, D, E and F of the CG Code.

- The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the presence of the executive directors, during the year ended 30 June 2019. The current Directors were appointed on 25 July 2019 and 26 July 2019 and are unable to verify whether there were any meeting held by the former directors during the year.

- An issuer must include at least three independent non-executive directors, with at least one of the independent non-executive directors having appropriate professional qualifications or accounting or related financial management expertise, and the number of independent non-executive directors must represent at least one-third of the Board pursuant to the Rules 3.10(1) and (2), and 3.10A of Listing Rules. Based on the information available, following to the retirement of Ms. Zhao Jianhua on 12 June 2019 and the resignation of Mr. Li Yik Sang on 18 June 2014, Mr. Cheung Ka Yue on 14 November 2014, Mr. Zhang Shaosheng on 19 November 2014 and Mr. Wong Kin Tak on 9 February 2015, there was no independent non-executive director on the Board as at 30 June 2019.

- The audit committee should comprise non-executive directors only pursuant to Rule 3.21 of the Listing Rules. Following to the winding up of the Company, the Company has only one independent non-executive director who retired on 12 June 2019. The Company has no directors as at 30 June 2019 and therefore the audit committee has not been maintained as at 30 June 2019.

- The Board should oversee the Company's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the Company's and its subsidiaries' risk management and internal control systems has been conducted at least annually and report to shareholders that it has done so in its Corporate Governance Report. Since the Company has no director as at 30 June 2019, the Company's risk management and internal control systems have not reviewed by the Board.

- An issuer must present the Environment, Social and Governance Report (the "ESG Report") in its annual report pursuant to Rule 13.91 of the Listing Rules. However, the Company is unable to present the required ESG Report in its annual report due to the limited information available to the current Directors and the Former Liquidators in relation to the financial year ended 30 June 2019.

BOARD OF DIRECTORS

As at 30 June 2019, the Company has no director. All executive directors, Ms. Chen Xiao Fang, Mr. Zhang Liang and Mr. Xu Jiangtao and independence non-executive director Ms. Zhao Jianhua retired on 12 June 2019. After the Resumption of the Company, the current Directors were appointed on 25 July 2019 and 26 July 2019.

During the year ended 30 June 2019, based on the limited information made available to the Board, the roles of the Chairman of the Company and the Chief Executive Officer of the Group are not exercised by the same individual.

CORPORATE GOVERNANCE REPORT

BOARD MEETING AND DIRECTORS' ATTENDANCE

Due to the limitation of incomplete books and records, the Board and the Former Liquidators were unable to ascertain the numbers of Board meetings convened by the former directors during the year ended 30 June 2019.

ANNUAL GENERAL MEETING

An annual general meeting of the Company ("AGM") was held on 12 June 2019 to re-appoint ZHONGHUI ANDA CPA Limited as the auditors of the Company and to consider, receive and adopt the audited financial statements and the reports of the joint and several liquidators of the Company and the Company's auditors for the years ended 30 June 2014, 30 June 2015, 30 June 2016, 30 June 2017 and 30 June 2018.

All the proposed resolutions were duly passed by the shareholders by way of poll at the AGM on 12 June 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the year ended 30 June 2019, based on the limited information available, the Company appeared to adopt the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Due to the non-cooperation of the former Directors of the Company, the Company was unable to confirm whether the former Directors of the Company had complied with the required standard set out in the Model Code during the year ended 30 June 2019.

CORPORATE GOVERNANCE AFTER RESUMPTION

Subsequent to the Resumption of the Company on 26 July 2019, the Company has adopted a system of corporate governance. The Company has observed the CG Code and appointed three independent non-executive directors and a non-executive director constituting not less than one-third of the members of the Board upon Resumption. The composition of the Board is as follows:

Non-Executive Director:

Mr. Li Chi Kong (Chairman) (appointed on 25 July 2019)

Executive Directors:

Mr. Lee Wa Lun, Warren (Managing Director) (appointed on 25 July 2019)
Mr. Lam Chi Shing (appointed on 25 July 2019)
Ms. Li Ming (appointed on 25 July 2019)

Independent Non-Executive Directors:

Mr. Chan Sze Chung (appointed on 26 July 2019)
Mr. Suen Chi Wai (appointed on 26 July 2019)
Mr. Sum Wai Kei, Wilfred (appointed on 26 July 2019)

The independent non-executive directors comprised top-notched professionals (one lawyer, one accountant and one senior investment banker) who are capable of safeguarding the corporate governance of the Company and protecting the interest of all shareholders. Biographical details of the directors of the Company are set out on pages 12 to 14.

There is no relationship (including financial, business, family or other material/relevant relationship) between any members of the Board and in particular, between the Chairman and the Managing Director.

Board Committees

The Board is supported by three sub-committees, namely the audit committee, remuneration committee and nomination committee to assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework. Each committee has its own defined terms of reference which clearly states the corresponding roles and responsibilities.

Audit Committee

As at the date of this report, an audit committee of the Board has been set up with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment, re-appointment and removal of external auditor, review financial statements and oversee financial reporting system and internal control procedures of the Company. The term of reference of the audit committee has been published on the website of the Company and the website of the Stock Exchange on 25 July 2019.

The audit committee consists of Mr. Chan Sze Chung, Mr. Suen Chi Wai and Mr. Sum Wai Kei, Wilfred. Mr. Chan Sze Chung has been appointed as the chairman of the audit committee.

Remuneration Committee

As at the date of this report, a remuneration committee of the Board has been set up with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The primary duties of the remuneration committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all directors and senior management of the Group, review and approve remuneration proposals with reference to the Board's corporate goals and objectives, and ensure none of the directors or any of their associates determines their own remuneration. The term of reference of the remuneration committee has been published on the website of the Company and the website of the Stock Exchange on 25 July 2019.

The remuneration committee consists of Mr. Sum Wai Kei, Wilfred, Mr. Chan Sze Chung, Mr. Li Chi Kong and Mr. Suen Chi Wai. Mr. Sum Wai Kei, Wilfred has been appointed as the chairman of the remuneration committee.

Nomination Committee

As at the date of this report, a nomination committee of the Board has been set up with written terms of reference in compliance with the CG Code. The primary duties of the nomination committee are to review the structure, size and composition of the Board, identify qualified individuals to become members of the Board, assess the independence of the Independent Non-Executive Directors and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors. The term of reference of the nomination committee has been published on the website of the Company and the website of the Stock Exchange on 25 July 2019.

The nomination committee consists of Mr. Li Chi Kong, Mr. Chan Sze Chung, Mr. Suen Chi Wai and Mr. Sum Wai Kei, Wilfred. Mr. Li Chi Kong has been appointed as the chairman of the nomination committee.

ACCOUNTABILITY AND AUDIT

ZHONGHUI ANDA CPA Limited was appointed as the auditor of the Company with effect from 22 February 2017. The responsibility of the external auditors with respect to the financial reporting and their audit opinion are set out in the "Independent Auditor's Report" on pages 26 to 27 of this report.

AUDITOR'S REMUNERATION

During the year ended 30 June 2019, the fees payable to the external auditors are set out as follows:

Audit fees payable	HK$ 450,000
Non-audit services	HK$ 100,000
Total	HK$ 550,000

CORPORATE GOVERNANCE REPORT

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to the CG Code, all current Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains updated and relevant.

The Company would update all current Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance and enhance their awareness of good corporate governance practices.

All responsible officers and licensed representatives of Yu Ming, the wholly-owned subsidiary of the Company, three of which are also Executive Directors of the Company, are also required to undertake a sufficient number of hours of continuous professional training in order to maintain their SFC licences to carry on regulated activities.

COMPANY SECRETARY

The former company secretary, Mr Tong Hing Wah, resigned on 10 February 2015 and no company secretary was appointed since then. Based on the information available, the Board are unable to confirm whether Mr. Tong Hing Wah had performed his duties diligently in accordance with the Listing Rules to assist the operations of the Company and maintain the relationship between the Company and its shareholders or complied with relevant training requirement under Rule 3.29 of the Listing Rules.

The Company appointed Mr. Lee Hon Sang as the company secretary of the Company on 26 July 2019. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants since June 1994 and a fellow of the Association of Chartered Certified Accountants since January 1996.

POLICIES FOR CORPORATE GOVERNANCE MATTERS

Certain policies, including board diversity policy, nomination policy, dividend policy and shareholders communication policy, etc. are in place since the appointment of the current Board and management.

CONVENING AN EXTRAORDINARY GENERAL MEETING ("EGM") OF THE COMPANY BY SHAREHOLDERS

Any one or more Shareholder holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings can convene EGM by depositing or sending a written requisition addressed to the Board or the Company Secretary for the transaction of any business specified in such requisition.

Such meeting shall be held within two months after the deposit of such requisition. If the Board fails to proceed to convene such meeting within 21 days of the deposit of the requisition, then the requisitionist(s) himself/themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board will be reimbursed to the requisitionist(s) by the Company.

SHAREHOLDERS' ENQUIRIES

Enquiries by shareholders and the investment community to be put to the Board can be sent in writing to the principal place of business of the Company in Hong Kong. For share registration related matters, shareholders can contact the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATION

The Company releases all necessary disclosures and corporate communication through the website of Stock Exchange in order to keep shareholders, the public and any other stakeholders informed of all major developments that affect the Company.

The annual general meeting provides a valuable forum for direct communication between the Company and the Shareholders. The annual general meeting circulars are distributed to all Shareholders at least 20 clear business days before the meeting. Separate resolutions are proposed at general meetings on each separate issue and voting of which are taken by poll pursuant to the Listing Rules. Any results of the poll are published on the Stock Exchange's website.

The current Directors will review the Company's corporate governance policies and compliance with the CG Code each financial year and comply with the "comply or explain" principle in the Company's corporate governance report, which will be included in the Company's annual reports subsequent to the completion of the Resumption on 26 July 2019.

CONSTITUTIONAL DOCUMENTS

The old memorandum and articles of association of the Company had not been amended since 2006. In order to bring the constitution of the Company in line with amendments made to the Companies Law (Revised) of the Cayman Islands and the Listing Rules since then and to incorporate certain housekeeping amendments, which are rather extensive, a special resolution was proposed at an EGM of the Company held on 22 May 2019 for the Company to adopt the memorandum and articles of association to replace the old memorandum and articles of association of the Company. Summary of the principal provisions of the memorandum and articles of association was set out in Appendix V to the circular to shareholder of the Company dated 27 April 2019.

The amended and restated memorandum and the articles of association of the Company were adopted by passing special resolution at EGM on 22 May 2019.

The amended and restated memorandum and the articles of association of the Company are available on the websites of the Company and the Stock Exchange.

DIRECTORS' REPONSIBILITY IN PREPARING AND REPORITNG THE FINANCIAL STATEMENTS

The current Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the profit and cash flows of the Group for the year.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Da Yu Financial Holdings Limited
(Formerly known as China Agrotech Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Da Yu Financial Holdings Limited (formerly known as China Agrotech Holdings Limited) (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 53, which comprise the consolidated statement of financial position as at 30 June 2019, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group and whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION

1. Opening balances and corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 30 June 2018, which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and the material uncertainty relating to the going concern basis, details of which are set out in our auditor's report dated 11 April 2019.

There were no satisfactory audit procedures to ascertain the existence, accuracy, presentation and completeness of certain opening balances and corresponding figures (as further detail explained in the following paragraphs) shown in the current year's consolidated financial statements.

2. Limited accounting books and records of the Group

Due to the insufficiency of supporting documentation and explanations for accounting books and records in respect of the Group for the years ended 30 June 2019 and 2018, we were unable to carry out audit procedures to satisfy ourselves as to whether the following liabilities as at 30 June 2019 and 30 June 2018, and the segment information and other related disclosure notes in relation to the Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements:

	2019 **HK$'000**	2018 HK$'000
Liabilities as at 30 June:		
Accruals and other payables	**27,618**	27,618
Borrowings	**7,358**	7,358
Corporate bonds	**45,000**	45,000
Tax payable	**6,678**	6,678
Amounts due to deconsolidated subsidiaries	**136,097**	136,097
Convertible bonds	**701,099**	701,099
	923,850	923,850

3. Deconsolidation of the subsidiaries

As explained in note 2 to the consolidated financial statements, certain subsidiaries of the Company were deconsolidated from the Group since 1 January 2014. No sufficient evidence has been provided to satisfy ourselves as to whether the Company had lost control of those subsidiaries since 1 January 2014.

Accordingly, no sufficient evidence has been provided to satisfy ourselves, in relation to the deconsolidated subsidiaries, as to the completeness of the transactions of the Group for the years ended 30 June 2019 and 2018 and the Group's financial position as at these dates.

4. Commitments and contingent liabilities

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of commitments and contingent liabilities as at 30 June 2019 and 2018.

5. Related party transactions and disclosures

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of the related party transactions for the years ended 30 June 2019 and 2018 and the related party balances as at 30 June 2019 and 2018 as required by Hong Kong Accounting Standard 24 (revised) "Related Party Disclosures".

6. Consolidated statement of changes in equity

No sufficient evidence has been provided to satisfy ourselves as to the balances (other than the share capital of approximately HK$100,177,000 as at 30 June 2019 and 2018 respectively) of reserves as included in the consolidated statement of changes in equity for the two years ended 30 June 2019 and 2018.

7. Other disclosures in the consolidated financial statements

No sufficient evidence has been provided to satisfy ourselves as to the accuracy and completeness of the disclosures in relation to the financial risk management, reserves of the Company, share option scheme and statement of financial position of the Company as disclosed in notes 5, 16, 17 and 21.

Any adjustments to the figures as described from points 1 to 7 above might have a significant consequential effect on the Group's financial performance and cash flows for the two years ended 30 June 2019 and 2018 and the financial position of the Group as at 30 June 2019 and 2018, and the related disclosures thereof in the consolidated financial statements.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Ng Ka Lok
Audit Engagement Director
Practising Certificate Number P06084
Hong Kong, 30 September 2019

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	**–**	–
Administrative expenses		**(12,625)**	(3,920)
Loss from operations		**(12,625)**	(3,920)
Finance costs	7	**(1,291)**	(967)
Loss before tax		**(13,916)**	(4,887)
Income tax	8	**–**	–
Loss and total comprehensive loss for the year attributable to owners of the Company	9	**(13,916)**	(4,887)
Loss per share	10		
– Basic (HK cents per share)		**(1.39)**	(0.49)
– Diluted (HK cents per share)		**(1.39)**	(0.49)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
Current assets			
Prepayment		**174**	176
Cash and cash equivalents		**3,001**	1,510
		3,175	1,686
Current liabilities			
Accruals and other payables	11	**35,764**	35,013
Borrowings	12	**39,288**	24,634
Corporate bonds	12	**45,000**	45,000
Tax payable		**6,678**	6,678
Amounts due to deconsolidated subsidiaries	13	**136,097**	136,097
Convertible bonds	14	**701,099**	701,099
		963,926	948,521
Net current liabilities		**(960,751)**	(946,835)
Net liabilities		**(960,751)**	(946,835)
Capital and reserves			
Share capital	15	**100,177**	100,177
Share premium and reserves		**(1,060,928)**	(1,047,012)
TOTAL DEFICIT		**(960,751)**	(946,835)

The consolidated financial statements on pages 28 to 53 are approved and authorised for issue by the Board of the Directors on 30 September 2019 and signed on its behalf by:

Mr. Lee Wa Lun, Warren
Director

Mr. Lam Chi Shing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	Share capital HK$'000	Share premium account HK$'000	Convertible bond equity reserve HK$'000	Warrant reserve HK$'000	Accumulated losses HK$'000	Total deficit HK$'000
1 July 2017	100,177	453,352	164,169	449	(1,660,095)	(941,948)
Total comprehensive loss for the year	–	–	–	–	(4,887)	(4,887)
At 30 June 2018 and 1 July 2018	100,177	453,352	164,169	449	(1,664,982)	(946,835)
Total comprehensive loss for the year	–	–	–	–	(13,916)	(13,916)
At 30 June 2019	100,177	453,352	164,169	449	(1,678,898)	(960,751)

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 tax and operating loss before working capital changes	(13,916)	(4,887)
Change in prepayment	2	(161)
Change in accruals and other payables	751	(189)
Net cash used in operating activities	(13,163)	(5,237)
Cash flows from financing activities		
Proceeds from borrowings	14,654	2,217
Net cash generated from financing activities	14,654	2,217
Net increase/(decrease) in cash and cash equivalents	1,491	(3,020)
Cash and cash equivalents at beginning of year	1,510	4,530
Cash and cash equivalents at end of year	3,001	1,510
Analysis of cash and cash equivalents		
Cash and cash equivalents	3,001	1,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

1. GENERAL INFORMATION

Da Yu Financial Holdings Limited (formerly known as China Agrotech Holdings Limited) (the "Company") was incorporated in the Cayman Islands with limited liability on 9 September 1999. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of head office and principal place of business of the Company is 22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong during the period from 25 February 2019 to 24 July 2019 and has been changed to Room 1801, 18th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong from 25 July 2019. The Company's shares (the "Shares") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The trading in shares of the Company had been suspended since 18 September 2014 and has been resumed on 26 July 2019.

The Company is an investment holding company. The principal activities of the Company's subsidiary are set out in note 20 to the consolidated financial statements.

Following the passing of respective special resolution(s) on 22 May 2019, the Certificate of Incorporation on Change of Name of the Company issued by the Registry of Companies in the Cayman Islands on 14 June 2019 which certified (i) the change of the English name of the Company from "China Agrotech Holdings Limited" to "Da Yu Financial Holdings Limited" ; and (ii) adoption and registration of the Chinese name "大禹金融控股有限公司" as the dual foreign name of the Company, both of which took effect from 14 June 2019. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 28 June 2019 which confirmed the registration of the Company's new English and Chinese names of "Da Yu Financial Holdings Limited" and "大禹金融控股有限公司" respectively in Hong Kong under Part 16 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

2. BASIS OF PREPARATION

Suspension of trading in shares of the Company

At the request of the Company, trading in shares of the Company (the "Shares") had been suspended since 18 September 2014.

Appointment of the joint and several liquidators (the "Liquidators")

On 8 July 2014, the Company announced that certain of the Group's bank indebtedness in the People's Republic of China (the "PRC") had been continually due, part of which was not yet renewed and a profit warning was issued.

The Shares were suspended from trading on the Stock Exchange with effect from 1:00 p.m. on 18 September 2014 pending release of inside information in relation to the proposed issue of convertible bonds and proposed set off of existing convertible bonds.

On 19 September 2014, at the Company's extraordinary general meeting ("EGM"), resolutions regarding the proposed issue of new convertible bonds and the proposed set off with certain existing convertible bonds (the "Existing Bonds") were not passed, such matter immediately raised great concerns of certain creditors and guarantors of the Group's indebtedness in the PRC regarding the solvency of the Company.

On 13 October 2014, the Company announced that it received a statutory demand dated 8 October 2014 issued by the legal representative of Concept Capital Management Limited ("CCM"), the sole registered holder of the Existing Bonds, claiming for settlement of the indebtedness under the Existing Bonds which was already due but yet to be settled by the Company after the resolutions for the proposed set off of the Existing Bonds were voted down on 19 September 2014.

2. BASIS OF PREPARATION (CONTINUED)

Appointment of the joint and several liquidators (the "Liquidators") (Continued)

On 22 October 2014, the Company received notice from the Hong Kong service agent of the Company's registered office in Cayman Islands that two demand letters from Standard Chartered Bank (China) Limited were addressed to the Company and Mr. Wu Shaoning ("Mr. Wu"), the executive director of the Company, which claimed for the immediate repayment by the Company of an aggregate outstanding principal and interest of approximately Renminbi ("RMB") 63,729,000, as borrowed by three PRC subsidiaries of the Company and guaranteed by the Company.

On 28 October 2014, the Company received a demand letter dated 27 October 2014 from the legal representative of Mr. Kwok Ho ("Mr. Kwok") and Fujian Chaoda Group Co., Ltd. ("Chaoda Group"), a private company owned by Mr. Kwok, addressed to the Company and Mr. Wu which demanded the Company to repay and indemnify Mr. Kwok and Chaoda Group pursuant to counter-guarantee agreements for their fulfilment of obligations as guarantor in respect of loan agreements entered into by three PRC subsidiaries of the Company with banks in the PRC, with an outstanding aggregate amount of guarantee of approximately RMB955 million. In addition, the demand letter demanded the Company to repay Mr. Kwok for another loan of RMB96 million obtained by a PRC subsidiary of the Company from Mr. Kwok pursuant to a loan agreement, under which the Company is a guarantor.

On 12 November 2014, the Company received a winding up petition dated 11 November 2014 filed by CCM to the High Court of Hong Kong against the Company in respect of a claim of approximately RMB82,670,000.

On 21 November 2014, the Company received two litigations from The Intermediate People's Court of Changsha City of Hunan Province addressed to Mr. Wu (in his capacity as the legal representative as PRC subsidiaries of the Company) in respect of trade finance indebtedness owed to two banks in the PRC by a PRC subsidiary of the Company for an aggregate amount of approximately RMB60.0 million.

On 8 December 2014, the Company received a decision letter dated 5 December 2014 issued by Shenzhen Arbitration Commission to Mr. Wu (in his capacity as guarantor) in respect of an arbitration application regarding a trade finance indebtedness lodged by ZTE Supply Chain Co., Ltd. involving certain PRC subsidiaries of the Company. The trade finance indebtedness amounted to approximately RMB50,768,000.

On 15 December 2014, the Company received a report of findings from a legal firm of Shanxi Province which confirmed that a PRC subsidiary of the Company was involved in a litigation in respect of its bank indebtedness which amounted to approximately RMB20.0 million.

On 19 December 2014, a legal firm of Fuzhou Province issued a report of findings and confirmed that a PRC subsidiary of the Company was involved in three litigations in respect of aggregate indebtedness of approximately RMB44,100,000.

On 9 February 2015, the Company was ordered to be wound up and Official Receiver, was appointed as the provisional liquidator of the Company.

On 17 August 2015, Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai of Ernst & Young Transactions Limited were appointed as Liquidators of the Company.

Since their appointment, the Liquidators have controlled the affairs of the Company.

2. BASIS OF PREPARATION (CONTINUED)

Listing status of the Company

On 17 February 2015, the Stock Exchange placed the Company in the first delisting stage under Practice Note 17 of the rules governing the listing of securities on the Stock Exchange (the "Listing Rules") as the Stock Exchange which considered the Company unable to maintain a sufficient level of operations or assets required under Rule 13.24 of the Listing Rules to support a continued listing.

On 19 August 2015, the Company was placed in the second delisting stage by the Stock Exchange. As no resumption proposal was submitted before the expiry date of the first and second delisting stage, the Stock Exchange placed the Company into the third delisting stage commencing on 9 March 2016 and expiring on 8 September 2016.

The Company is required to submit a viable resumption proposal to the Stock Exchange to address the following issues:

i. demonstrate that the Company has sufficient operations or value of assets under Rule 13.24 of the Listing Rules;

ii. publish all outstanding financial results and address any audit qualifications; and

iii. withdraw or dismiss the winding up petition and discharge of the provisional liquidators.

Reference is made to the Company's announcement dated 30 December 2014, certain Company's subsidiaries in the PRC had financial difficulties in urging the repayment of amounts due from a considerable number of debtors. Many PRC lawsuits were scheduled to be put on trial by the relevant courts and the Company was subject to a winding up petition which was scheduled to be heard before The High Court of Hong Kong on 14 January 2015, the consequence of which was critical as to whether the Company was able to continue as a going concern.

Proposed restructuring of the Group

On 24 August 2016, Fine Era Limited (the "Vendor"), the Company and the Liquidators entered into a sale and purchase agreement in relation to the acquisition (the "Acquisition Agreement"). On 7 February 2017, the Vendor, the Company and the Liquidators entered into a supplemental acquisition agreement in relation to the amendment of certain terms of the Acquisition Agreement. On 2 October 2018, the Vendor, the Company and the Liquidators entered into a third supplemental acquisition agreement in relation to the amendment of, among others, the amount and timing of cash advance, the conditions to the acquisition completion. The details of the conditions precedent and the updates on the proposed restructuring were described in the announcements dated 17 May 2017 and 28 December 2018. The restructuring of the Group (collectively the "Proposed Restructuring") consists of:

i. Acquisition

ii. Capital reorganisation

iii. Subscription and new placing

iv. Public offer and preferential offering

v. Creditors' scheme

2. BASIS OF PREPARATION (CONTINUED)

Proposed restructuring of the Group (Continued)

i. Acquisition

Pursuant to the Acquisition Agreement, the Company will acquire the entire issued share capital of Yu Ming Investment Management Limited ("Yu Ming") (the "Acquisition") free from encumbrances, at the total consideration of HK$400.0 million (the "Acquisition Consideration") payable by the Company to the Vendor pursuant to the Acquisition Agreement.

Yu Ming is a company incorporated in Hong Kong with limited liability on 4 July 1996 and a licensed corporation under the SFO authorised to carry out Type 1 (dealing in securities), Type 4 (advising in securities), Type 6 (advising in corporate finance) and Type 9 (asset management) regulated activities upon completion, Yu Ming will become a wholly-owned subsidiary of the Company.

ii. Capital reorganisation

As at the date hereof, the authorised share capital of the Company is HK$300.0 million divided into 3,000,000,000 Shares of HK$0.10 each, and the issued share capital of the Company is HK$100,176,521.60 divided into 1,001,765,216 Shares of HK$0.10 each. In order to facilitate the issue of Subscription and the public offer, the Company proposes to undergo the capital reorganisation (the "Capital Reorganisation") .

The Capital Reorganisation comprises the followings:–

(i) Capital Reduction

The nominal value of each Share in issue will be reduced from HK$0.10 to HK$0.01 by cancelling HK$0.09 from the paid-up capital of each issued Share (the "Capital Reduction"). The total credit of HK$90,158,869.44 arising from the Capital Reduction will be applied to eliminate an equivalent amount of the accumulated losses of the Company in a manner consistent with the Companies Law.

(ii) Share Consolidation

Immediately upon the Capital Reduction becoming effective, every 10 issued Shares of HK$0.01 each will be consolidated into one new share. As a result, 1,001,765,216 shares of HK$0.01 each will be consolidated into 100,176,521 new shares (the "New Shares") of HK$0.10 each ("Share Consolidation").

(iii) Increase in Authorised Share Capital

Immediately upon the Share Consolidation becoming effective, the Company's authorised ordinary share capital will be increased from HK$300.0 million divided into 3,000,000,000 Shares of HK$0.10 each to HK$1,000.0 million divided into 10,000,000,000 new shares of HK$0.10 each.

iii. Subscription and New Placing

On 28 December 2018, the Company entered into a subscription agreement with Ms. Chong ("Ms. Chong's Subscription Agreement"), pursuant to which the Company has conditionally agreed to allot and issue, and Ms. Chong, has conditionally agreed to subscribe for, 512,698,586 New Shares at the HK$0.52 per New Share pursuant to the Ms. Chong's Subscription Agreement.

The Company also entered into a subscription agreement with Mr. Warren Lee and the employees of Yu Ming ("Yu Ming Team") on 28 December 2018 ("YM Subscription Agreement") pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Warren Lee and the Yu Ming Team have conditionally agreed to subscribe for, 227,250,000 New Shares and 57,500,000 New Shares respectively at HK$0.52 per New Share pursuant to the YM Subscription Agreement ("YM Subscription").

2. BASIS OF PREPARATION (CONTINUED)

Proposed restructuring of the Group (Continued)

iii. Subscription and new placing (Continued)

As fall back for the lapse of Ms. Chong's Subscription Agreement, the Company entered into a conditional placing agreement on 28 December 2018 ("New Placing Agreement") with Sun Hung Kai Investment Services Limited for the placing of the 512,698,586 New Shares ("New Placing") not subscribed by Ms. Chong to not less than ten Independent Placees (which may include Ms. Chong) at the price of HK$0.52 per New Share on a best efforts basis where none of the Independent placees will become a substantial shareholder of the Company following completion of the YM Subscription, the public offer and the New Placing.

On 14 June 2019, the Company and Ms. Chong entered into a deed of termination to terminate the Ms. Chong's Subscription Agreement so as to expedite the completion of the transactions contemplated under the Proposed Restructuring. With the termination of the Ms. Chong Subscription Agreement, the Proposed Restructuring will be carried on with the New Placing and the YM Subscription.

The Company will receive net proceeds of approximately HK$414.7 million from the YM Subscription and New Placing. It is expected that the net proceeds will be utilised as to (i) approximately HK$334.7 million for the partial settlement of the Acquisition Consideration; and (ii) HK$80.0 million for the settlement to be made to the creditors of the Company ("the Creditors") who have a claim against the Company under the scheme of arrangement to be entered into between the Company and the Creditors, (which subject to the approval by the Grand Court and the High Court).

iv. Public offer and preferential offering

The Company proposes to raise in aggregate net proceeds of approximately HK$123,173,000 (gross proceeds of HK$125,687,000 deducted from 2% commission of approximately HK$2,514,000 paid to underwriting agent) by way of the public offer of 241,705,083 offer shares (the "Public Offer"), out of which 91,440,303 offer shares are offered to the public and 150,264,780 offer shares are offered as reserved shares to the qualifying shareholders under the preferential offering, representing approximately 37.8% and 62.2% of the total number of offer shares under the Public Offer respectively, at the offer price of HK$0.52 per offer share, being the same unit price of the subscription share.

v. Creditors' scheme

It is proposed that the creditors' scheme will be implemented as follows:

(i) a cash payment of HK$80.0 million, being partial proceeds from the YM Subscriptions and the New Placing, will be transferred to the scheme of arrangement to be entered into between the Company and the creditors (subject to the approval by the Grand Court and the High Court, which will be implemented in the Cayman Islands and Hong Kong) ("Creditors' Scheme") and held by a new company to be incorporated in Hong Kong with limited liability, being a special purpose vehicle held or nominated by the Scheme Administrators, for distribution to the Creditors subject to adjudication; and

(ii) the Company will transfer its claims, rights to claim, rights to any assets and the entire equity interests of all the existing subsidiaries held by the Company as at a specify last practicable date (the "Excluded Companies") to a new company to be incorporated in Hong Kong with limited liability, being a special purpose vehicle held or nominated by the Scheme Administrators, at a cash consideration of HK$1. After such transfer, dividend distributed by the Excluded Companies or recovery from the Excluded Companies, if any, will be distributed to the Creditors subject to adjudication.

2. BASIS OF PREPARATION (CONTINUED)

Deconsolidation of subsidiaries

The consolidated financial statements have been prepared based on the books and records maintained by the Group. However, as a result of the resignation of an experienced finance manager and other accounting personnel and no accounting documents preserved by the Group, the Directors considered that the control over the following subsidiaries had been lost since 1 January 2014. The results, assets, liabilities and cash flows of these subsidiaries were deconsolidated from the consolidated financial statements of the Group since 1 January 2014.

(1) 福建浩倫農業科技集團有限公司Fujian Agrotech Holdings Co., Ltd*

(2) 福州浩倫作物科學有限公司Fuzhou Agrotech Crop Science Co., Ltd.*

(3) 福建浩倫生物工程技術有限公司Fujian Agrotech Bioengineering Co., Ltd.*

(4) 江西浩倫農業科技有限公司Jiangxi Haolun Agrotech Co., Ltd.*

(5) 湖南浩倫農業科技有限公司Hunan Haolun Agrotech Co., Ltd.*

(6) 江蘇浩倫農業科技有限公司Jiangsu Haolun Agrotech Co., Ltd.*

(7) 海南浩倫農業科技有限公司Hainan Haolun Agrotech Co., Ltd.*

(8) 山西天行若木生物工程開發有限公司Shanxi Astrowood Bioengineering Development Co., Ltd.*

(9) 濟南一農化工有限公司Jinan Yinong Chemical Co., Ltd.*

(10) 福建省三明市浩倫園藝植保有限公司Fujian Sanming Agrotech Landscaping and Plant Protection Co., Ltd.*

(11) 福建浩倫東方資源物產有限公司Fujian Agrotech Oriental Import and Export Co., Ltd.*

(12) 山東浩倫農業科技有限公司Shandong Haolun Agrotech Co., Ltd.*

* The English name is for identification purpose only

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 July 2018. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of those new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention. The functional currency of the Company is Hong Kong dollars (HK$). For the purpose of presenting the consolidated financial statements, the Group adopted HK$ as its presentation currency and all values are rounded to the nearest thousand except when otherwise indicated.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (Continued)

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

(iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in consolidated profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in consolidated profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in consolidated profit or loss.

Financial assets of the Group are classified under the following categories:

Financial assets at amortised cost

Financial assets (including other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in consolidated profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Convertible bonds

(i) Convertible bonds that contain an equity component

Convertible loans which entitle the holder to convert the loans into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The fair value of any derivative features embedded in the compound instruments is included in the liability component. The difference between the proceeds of issue of the convertible loans and the fair values assigned to the liability component, representing the embedded option for the holder to convert the loans into equity of the Group, is included in equity as capital reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative components are measured at fair value with gains and losses recognised in profit or loss.

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

(ii) Convertible bonds that contain a derivative component

Convertible loans which entitle the holder to convert the loans into equity instruments, other than into a fixed number of equity instruments at a fixed conversion price, are regarded as combined instruments consist of a liability and derivative components. At the date of issue, the fair values of the derivative components are determined using an option pricing model. The remainder of the proceeds is allocated to the liability component and is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative components are measured at fair value with gains and losses recognised in profit or loss.

Transaction costs are apportioned between the liability and derivative components of the convertible loans based on the allocation of proceeds to the liability and derivative components on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other payables

Other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

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

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Company recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if: i) the customer simultaneously receives and consumes the benefits provided by the Company's performance; ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or iii) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme ("MPF Scheme") in Hong Kong under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to consolidated profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF 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 MPF Scheme.

The Group also participates in a defined contribution retirement scheme organised by the government in the PRC. The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to consolidated profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in consolidated profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such 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 differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in consolidated profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Related parties

A related party is a person or entity that is related to the Group.

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

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

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except receivables, 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 any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) 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 consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amount of the cash and bank balances and other receivables included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(c) Liquidity risk

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

The remaining contractual maturities as at 30 June 2019 and 2018 of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on the contractual maturity date, could not be presented because of insufficient information arising from the loss of books and records of the Group as disclosed in note 2 to the consolidated financial statements.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its own funding sources.

(d) Interest rate risk

The Group's interest rate risk arises primarily from the Group's bank and other borrowings. Borrowings at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not use financial derivatives to hedge against the interest rate risk. Borrowings at fixed rate are insensitive to any change in market rates. The Group's interest rate profile as monitored by management is set out in (i) below.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Interest rate risk (Continued)

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

	2019 Effective interest rate %	**2019** HK$'000	2018 Effective interest rate %	2018 HK$'000
Fixed rate borrowings:				
Corporate bonds	**6.00-7.00**	**45,000**	6.00-7.00	45,000
Other borrowings	**6.00**	**31,930**	6.00	17,276
Variable rate borrowings:				
Bank borrowings	**1.07**	**7,358**	1.07	7,358
Total borrowings		**84,288**		69,634
Fixed rate borrowings as a percentage of total borrowings		**91.3%**		89.4%

(ii) Sensitivity analysis

At 30 June 2019, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease (2018: increase/decrease) the Group's loss after tax and accumulated loss by approximately HK$74,000 (2018: HK$74,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting period. The analysis is performed on the same basis for 2018.

(e) Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	**3,001**	1,510
Financial liabilities:		
Financial liabilities at amortised cost	**957,248**	941,843

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

6. REVENUE

No sales transactions were concluded by the Group during the two years ended 30 June 2019 and 2018.

7. FINANCE COSTS

	2019 **HK$'000**	2018 HK$'000
Interest on other borrowings	**1,291**	967

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group has no assessable profits arising in Hong Kong for each of the years ended 30 June 2019 and 2018.

The reconciliation between the income tax and the loss before tax are as follows:

	2019 **HK$'000**	2018 HK$'000
Loss before tax	**(13,916)**	(4,887)
Notional tax on loss before tax, calculated at the rates applicable to loss in the tax jurisdictions concerned	**(2,296)**	(806)
Tax effect of non-deductible expenses and non-taxable income	**2,296**	806
	–	–

9. LOSS FOR THE YEAR

The Group's loss for the year has been arrived at after charging the following:

	2019 **HK$'000**	2018 HK$'000
Auditor's remuneration	**450**	530
Operating lease charges: minimum lease payments for land and buildings	**–**	–
Staff costs (including directors' remuneration):		
Salaries, bonus and allowances	**–**	–
Retirement benefits scheme contributions	**–**	–
	–	–

10. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2019 HK$'000	2018 HK$'000
Loss for the purpose of basic and diluted loss per share	**13,916**	4,887

Weighted average number of ordinary shares

	Number of shares	
	2019 '000	2018 '000
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	**1,001,765**	1,001,765

Convertible bonds and unlisted warrants had anti-dilutive effects on calculating the diluted loss per share for the years ended 30 June 2019 and 2018.

11. ACCRUALS AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Accrued charges	**25,516**	24,765
Due to a director	**10,248**	10,248
	35,764	35,013

12. BORROWINGS AND CORPORATE BONDS

	Notes	**2019 HK$'000**	2018 HK$'000
Unsecured bank borrowings	(a)	**7,358**	7,358
Corporate bonds	(b)	**45,000**	45,000
Other borrowings repayable within 1 year	(c)	**31,930**	17,276
		84,288	69,634

Notes:

(a) At 30 June 2019, the effective interest rates of the bank borrowings are at 1.07% (2018: 1.07%) per annum.

(b) As at 30 June 2019, the Group has eight (2018: eight) unlisted straight bonds issued to eight (2018: eight) independent investors in an aggregate principal amount of HK$45.0 million (2018: HK$45.0 million) (the "Bonds"). The Bonds are unsecured, arranged at fixed interest rates of 6% to 7% per annum and immediately due because of the liquidation of the Company.

(c) Other borrowings as at 30 June 2019 and 2018 are denominated in HK$, unsecured and bear an interest charge at 6% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2019

13. AMOUNTS DUE TO DECONSOLIDATED SUBSIDIARIES

The amounts due to deconsolidated subsidiaries are unsecured, interest-free and has no fixed term of repayment.

14. CONVERTIBLE BONDS

The carrying value of the liability component of the convertible bonds is as follow:

	2019 **HK$'000**	2018 HK$'000
At 1 July 2017, 30 June 2018, 1 July 2018 and 30 June 2019	**701,099**	701,099

15. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.10 each		
At 30 June 2019 and 2018	3,000,000	300,000

	Number of shares '000	Amount HK$'000
Issued and fully paid:		
At 1 July 2017, 30 June 2018, 1 July 2018 and 30 June 2019	1,001,765	100,177

Capital management

The Group's objectives when managing capital are to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or the redemption of existing debts as it sees fit and appropriate.

16. RESERVES

(a) Group

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

16. RESERVES (CONTINUED)

(b) Company

	Share premium HK$'000	Contributed surplus HK$'000	Convertible bond equity reserve HK$'000	Warrant reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2017	453,352	11,527	164,169	449	(1,519,506)	(890,009)
Loss for the year	–	–	–	–	(4,793)	(4,793)
At 30 June 2018 and 1 July 2018	453,352	11,527	164,169	449	(1,524,299)	(894,802)
Loss for the year	–	–	–	–	(13,911)	(13,911)
At 30 June 2019	453,352	11,527	164,169	449	(1,538,210)	(908,713)

(c) Nature and purpose of reserves of the Group and the Company

(i) Share premium and contributed surplus

Contributed surplus of the Company represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of the subsidiaries acquired through exchange of shares pursuant to the Group reorganisation in 2000.

Under the Companies Law (Revised) of the Cayman Islands, share premium and contributed surplus are distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium and contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital account.

(ii) Convertible bond equity reserve

Convertible bond equity reserve represents the net proceeds received from the issue of convertible bonds of the Company. The reserve will be transferred to share capital and share premium accounts upon the conversion of convertible bonds.

(iii) Warrant reserve

Warrant reserve represents the net proceeds received from the issue of warrants of the Company. The reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants.

17. SHARE OPTION SCHEME

During the year ended 30 June 2019, a new share option scheme (the "New Scheme") was adopted by the Company pursuant to a resolution passed at the EGM of the Company held on 22 May 2019. During the year ended 30 June 2019 and 2018, no share option was granted to the relevant participants under the New Scheme.

18. AMOUNT DUE TO A DIRECTOR

The amount due to a director, Mr. Wu Shaoning, is included in accruals and other payables (note 11). The amount due to a director is unsecured, interest-free and repayable on demand.

19. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Borrowings HK$'000	Total liabilities from financing activities HK$'000
At 1 July 2017	22,417	22,417
Changes in cash flows	2,217	2,217
At 30 June 2018 and 1 July 2018	24,634	24,634
Changes in cash flows	14,654	14,654
At 30 June 2019	39,288	39,288

20. PARTICULARS OF THE PRINCIPAL SUBSIDIARY OF THE COMPANY

Particulars of the Company's principal subsidiary at 30 June 2019 are as follows:

Name	Place of incorporation/registration	Issued and paid-up capital	Percentage of ownership interest Direct	Percentage of ownership interest Indirect	Principal activities
Topmart Limited	Hong Kong	HK$2	–	100%	Investment holding and general trading and export

21. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Current assets		
Prepayment	**177**	177
Cash and cash equivalents	**2,419**	922
	2,596	1,099
Current liabilities		
Accruals and other payables	**33,103**	32,349
Borrowings	**31,930**	17,276
Convertible bonds	**701,099**	701,099
Corporate bonds	**45,000**	45,000
	811,132	795,724
Net current liabilities	**(808,536)**	(794,625)
Net liabilities	**(808,536)**	(794,625)
Capital and reserves		
Share capital	**100,177**	100,177
Share premium and reserves	**(908,713)**	(894,802)
TOTAL DEFICIT	**(808,536)**	(794,625)

22. EVENTS AFTER THE REPORTING PERIOD

(a) Discharge of the Liquidators

A copy of the order of the Grand Court sanctioning the Cayman Creditors' Scheme had been filed with the Cayman Islands Registrar of Companies as required under applicable Cayman Islands law on 23 July 2019; and a copy of the order of the High Court sanctioning the Hong Kong Creditors' Scheme had been delivered to the Registrar of Companies in Hong Kong on 24 July 2019. Accordingly, the Creditors' Scheme of the Company had become effective on 25 July 2019.

A copy of the order of the High Court granting a permanent stay of the winding-up order against the Company had been delivered to the Registrar of Companies in Hong Kong and the Official Receiver's Office in Hong Kong on 25 July 2019, and the Liquidators have been discharged on 25 July 2019.

(b) Completion of Proposed Restructuring

All the conditions to the YM Subscription Agreement have been either fulfilled or waived and the completion of the YM Subscription took place on 25 July 2019. The aggregate of 284,750,000 subscription shares have been successfully allotted and issued to Mr. Lee Wa Lun, Warren and the Yu Ming Team in accordance with the terms of the YM Subscription Agreement.

All the conditions to the New Placing Agreement have been fulfilled and the completion of the New Placing took place on 25 July 2019. A total of 512,698,586 new placing shares have been allotted and issued to ten Independent Placees in accordance with the terms of the New Placing Agreement.

All the condition to the Public Offer were either fulfilled or waived on 25 July 2019 and the underwriting agreement has not been terminated by 4:00 p.m. on 25 July 2019. Accordingly, completion of the Public Offer with preferential offering took place on 25 July 2019.

All the conditions to the Acquisition have been either fulfilled or waived and the Acquisition completion took place on 25 July 2019. Upon Acquisition completion, Yu Ming has become a wholly-owned subsidiary of the Company and the financial results of Yu Ming will be consolidated into the financial statement of the Company.

(c) Appointment of Directors, company secretary and authorised representatives

The appointment of Mr. Lee Wa Lun, Warren, Mr. Lam Chi Shing and Ms. Li Ming as executive directors and Mr. Li Chi Kong as a non-executive director took effect from the date of Acquisition completion on 25 July 2019. The appointment of Mr. Chan Sze Chung, Mr. Suen Chi Wai and Mr. Sum Wai Kei, Wilfred as independent non-executive directors took place on 26 July 2019. The appointments have been approved by the shareholders at the EGM held on 22 May 2019.

The appointment of Mr. Lee Hon Sang as company secretary, Mr. Lee Wa Lun, Warren and Mr. Li Chi Kong as authorised representatives of the Company under Rule 3.05 of the Listing Rules, and Mr. Lee Wa Lun, Warren as authorised representative of the Company for the acceptance of service of process in Hong Kong took place on 26 July 2019.

(d) Fulfillment of resumption conditions and resumption of trade

As all the resumption conditions have been fulfilled, an application has been made to the Stock Exchange for the resumption of trading in the new shares on the Stock Exchange with effect from 9:00 a.m. on Friday, 26 July 2019.

Trading in the shares of the Company resumed at 9:00 a.m. on Friday, 26 July 2019.

23. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board of directors on 30 September 2019.

FIVE YEAR FINANCIAL SUMMARY

	Year ended 30 June				
	2015	2016	2017	2018	**2019**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Results:					
Loss attributable to the owners of the Company	56,467	621	17,391	4,887	**13,916**

	As at 30 June				
	2015	2016	2017	2018	**2019**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Assets and liabilities:					
Current assets and total assets	1,033	1,751	4,545	1,686	**3,175**
Current liabilities and total liabilities	924,969	926,308	946,493	948,521	**963,926**
Total deficit	923,936	924,557	941,948	946,835	**960,751**