



信陽毛尖集團有限公司
XINYANG MAOJIAN GROUP LIMITED

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XINYANG MAOJIAN GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(於開曼群島註冊成立並於百慕達存續之有限公司)

(Stock Code 股份代號: 362)



2019

ANNUAL REPORT 年報

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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Ms. Chan Yuk Foebe
Mr. Law Tze Ping Eric
Mr. Yu Defa
Mr. Chen Lei (*appointed on 24 April 2019*)

Independent Non-executive Directors

Mr. Ma Wing Yun Bryan
Mr. Tam Ching Ho
Mr. Hau Chi Kit

COMPANY SECRETARY

Mr. Ma Kin Ling

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 4007, 40/F.
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

AUTHORISED REPRESENTATIVES

Ms. Chan Yuk Foebe
Mr. Law Tze Ping Eric

AUDITOR

Elite Partners CPA Limited
10/F, 8 Observatory Road
Tsim Sha Tsui
Kowloon
Hong Kong

LEGAL ADVISER TO THE COMPANY

(*as to Hong Kong law*)
CFN Lawyers
27/F, Neich Tower
128 Gloucester Road
Wanchai, Hong Kong

董事會

執行董事

陳昱女士
羅子平先生
于德發先生
陳蕾先生(於二零一九年四月二十四日獲委任)

獨立非執行董事

馬榮欣先生
譚政豪先生
侯志傑先生

公司秘書

馬健凌先生

註冊辦事處

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

總辦事處及香港主要營業地點

香港
灣仔
港灣道26號
華潤大廈
40樓4007室

法定代表

陳昱女士
羅子平先生

核數師

開元信德會計師事務所有限公司
香港
九龍
尖沙咀
天文臺道8號10樓

本公司之法律顧問

(香港法律)
陳馮吳律師事務所
香港灣仔
告士打道128號
祥豐大廈27樓

CORPORATE INFORMATION (CONTINUED)
公司資料(續)

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Central
Hong Kong

Agricultural Bank of China
No. 462 Zhong Yang Road
Heihe City
Heilongjiang Province
PRC

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE**

Estera Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

**HONG KONG BRANCH SHARE REGISTRAR
AND TRANSFER OFFICE**

Tricor Tengis Limited
54/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

FINANCIAL YEAR END DATE

30 June

COMPANY WEBSITE:

www.xinyangmaojian.com.hk

TELEPHONE NUMBER:

2845 3131

FACSIMILE NUMBER:

2845 3535

STOCK CODE

00362

主要往來銀行

中國銀行(香港)有限公司
香港
中環
花園道1號
中銀大廈

中國農業銀行
中國
黑龍江省
黑河市
中央街462號

主要股份過戶登記處

Estera Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

香港股份過戶登記分處

卓佳登捷時有限公司
香港
灣仔
皇后大道東183號
合和中心54樓

財政年度年結日

六月三十日

公司網址：

www.xinyangmaojian.com.hk

電話號碼：

2845 3131

傳真號碼：

2845 3535

股份代號

00362

CHAIRMAN'S STATEMENT

主席報告

To Shareholders,

On behalf of Xinyang Maojian Group Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2019 (the "Year").

FINANCIAL RESULTS

For the Year, the Group was suffering from the outbreak of Sino-US trade war and, thus, recorded a loss of approximately HK\$698 million. The Group recorded a loss attributable to the owners of the Company of approximately HK\$667 million, representing an increase of 235% compared with that of the previous financial year. It was because that a one-off written off of idle assets in Mudanjiang had been provided for the Year. For the Year, the Group recorded a revenue of approximately HK\$323 million, representing a decrease of 12% compared with that of previous financial year. The decrease in revenue was derived from the decrease in heat supply in the industrial sector of the heat and power division and the decrease in the number of construction projects in relation to the construction services division.

BUSINESS REVIEW

Following the Sino-US trade war, the industrial sector of the People Republic of China (the "PRC") was sustained downturn. In light of the current situation, it is believed that the production plants in Mudanjiang could not be resumed. On the other hand, the operation, of Heihe Longjiang Chemical Limited (the "Heihe Longjiang") had been suspended in March 2019 due to the low market selling price of its final products — calcium carbide. Therefore, we are exploring the opportunity to transform the plant and equipment of Heihe into another product — high carbon ferromanganese. Fortunately, the heat and power division and the construction service division is still providing a stable revenue to the Group. Our management will closely monitor the business environment and explore new and value-added businesses from time to time in order to diversify the risk of the Group and provide a stable return to the Group.

PROSPECTS

The uncertainty of the global economy and ongoing Sino-US trade war have created downside risks and increased volatility for the economy in PRC. Among the conservative and pragmatic approach to the existing business, we are actively exploring other business opportunities to broaden the sources of revenue and diversify business risk in the best interest of shareholders of the Company.

各位股東，

本人欣然代表信陽毛尖集團有限公司(「本公司」)呈報本公司及其附屬公司(統稱「本集團」)截至二零一九年六月三十日止年度(「本年度」)之年度報告。

財務業績

於本年度，受到中美貿易戰的影響，本集團錄得虧損約698百萬港元。本集團錄得本公司擁有人應佔虧損約667百萬港元，較上一個財政年度增長235%。此乃由於本年度撥備牡丹江閑置資產一次性撇減所致。於本年度，本集團錄得收益約323百萬港元，較上一個財政年度下降12%。收益下降乃由於熱能及電力部工業板塊的熱能供應減少以及建造服務分部有關建造項目的數量減少。

業務回顧

中美貿易戰爆發後，中華人民共和國(「中國」)工業板塊持續低迷。鑒於目前的情況，我們認為牡丹江的生產廠房無法恢復生產。另一方面，由於黑河龍江化工有限公司(「黑河龍江」)的產品碳化鈣市價走低，其已於二零一九年三月暫停運營。因此，我們嘗試將黑河的廠房及設備改造為生產另一種產品 — 高碳錳鐵。幸運的是，熱能及電力部以及建造服務部依然為本集團提供穩定的收益。我們的管理層將密切監察營商環境，不時物色新的增值業務以期分散本集團的風險，為本集團提供穩定回報。

展望

全球經濟起伏不定及持續的中美貿易戰給中國經濟帶來下行風險以及波動性增加。在保守務實經營現有業務同時，我們積極物色符合本公司股東最佳利益的其他業務機會，拓寬收益渠道及分散本集團業務風險。

CHAIRMAN'S STATEMENT (CONTINUED)
主席報告(續)

GRATITUDE

On behalf of the Company, I would like to express my sincere gratitude to our shareholders, the business partners and the management and staff for their unreserved support and continuing trust to the Group.

By order of the Board

Chan Yuk, Foebé

Chairman and Chief Executive Officer

Hong Kong, 30 September 2019

致謝

本人謹代表本公司對各股東、業務夥伴、管理人員及員工對本集團毫無保留之支持及一直以來之信任致以衷心感謝。

承董事會命

主席兼行政總裁

陳昱

香港，二零一九年九月三十日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

During the Year, following the outbreak of the Sino-US trade war and the devaluation of RMB, the economy of the PRC had been negatively impacted. The Group suffered from this and as a result, recorded a loss of approximately HK\$698 million. The loss was mainly derived from the one-off written-off of idle production lines in Mudanjiang, which have been suspended for a few years already.

During the Year, revenue of the Group amounted to approximately HK\$323 million (2018: approximately HK\$368 million), representing a decrease of approximately 12% compared with that of the last financial year. Loss attributable to the owners of the Company amounted to approximately HK\$667 million (2018: approximately HK\$199 million), representing an increase of 235% compared with that of the last financial year.

The decrease in the Group's revenue was mainly derived from the decrease in heat supply in the industrial sector of the heat and power division and the decrease in the number of construction projects in relation to the construction services division.

The Group's selling and distribution costs for the Year was approximately HK\$20 million (2018: approximately HK\$18 million), representing an increase of approximately 11% compared with that of the last financial year. The increase in selling and distribution costs was mainly due to the expenditure on the newly set up fee collection station for the residential heat supplying area during the Year.

The Group's administrative expenses for the Year was approximately HK\$163 million (2018: approximately HK\$192 million), representing a decrease of approximately 15% compared with that of the last financial year. In the last financial year, the amortisation on construction contract of approximately HK\$26 million derived from the acquisition of Mudanjiang Jinyang Municipal Engineering Company Limited ("Jinyang Engineering") was included under administrative expenses. Since the amortisation was a one-off item and did not recur during the Year, the Group's administrative expenses significantly decreased during the Year.

The Group's other operating expenses for the Year was approximately HK\$75 million (2018: approximately HK\$60 million), representing an increase of approximately 25% compared with that of the last financial year. The increase in other operating expenses resulted from the suspension of Heihe Longjiang HLCCL since March 2019.

業務回顧

於本年度，中美貿易戰爆發及人民幣貶值後，中國的經濟已受到負面影響。本集團亦遭受負面影響並因此錄得虧損約698百萬港元。該虧損乃由於牡丹江閑置生產線的一次性撇銷，該閑置生產線已暫停生產幾年。

於本年度，本集團的收益約為323百萬港元（二零一八年：約368百萬港元），較上一財政年度減少約12%。本公司擁有人應佔虧損約為667百萬港元（二零一八年：約199百萬港元），較上一財政年度增加235%。

本集團收益減少乃主要由於工業部門熱能及電力部的熱能供應減少以及建造服務分部有關建造項目的數量減少。

本集團於本年度之銷售及分銷成本約為20百萬港元（二零一八年：約18百萬港元），較上一財政年度增加約11%。銷售及分銷成本的增加乃主要由於本年度新建住宅熱能供應區域收費站的費用所致。

本集團於本年度之行政開支約為163百萬港元（二零一八年：約192百萬港元），較上一財政年度減少約15%。於上一財政年度，建築合約因收購牡丹江金陽市政工程有限公司（「金陽市政」）而攤銷的約26百萬港元歸入行政開支項下。由於攤銷為一次性項目且本年度內未再產生攤銷，本集團於本年度之行政開支大幅下降。

本集團於本年度之其他經營開支約為75百萬港元（二零一八年：約60百萬港元），較上一財政年度增加約25%。自二零一九年三月起，黑龍江暫停營運導致其他經營開支增加。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

BUSINESS REVIEW (Continued)

The Group has recognised a written-off of approximately HK\$410 million during the Year (2018: impairment of approximately HK\$4 million) on the property, plant and equipment of the idle production plants in Mudanjiang. In light of the global economic environment and industrial policy in the PRC, the management considers that the coal-related business in Mudanjiang will not resume in the foreseeable future. Thus, a written-off was made on the idle production plants.

Heat and power division

During the Year, the heat and power segment recorded a revenue of approximately HK\$173 million (2018: approximately HK\$185 million) from external customers, representing a decrease of approximately 6% compared with that of the last financial year. Income from residential supply of heat for the Year was approximately HK\$160 million (2018: approximately HK\$166 million), representing a decrease of approximately 4% when compared with that of the last financial year. The decrease was mainly due to the devaluation of RMB. Segment profit of approximately HK\$20 million was attained compared with a segment profit of approximately HK\$31 million for the last financial year.

Apart from the expansion of the residential heat supplying area, the management of the Group had also closely monitored the operation to reduce coal and energy consumption and avoid wastage so as to increase the profit from our heat and power generating facilities.

Coal-related chemical production division

Coal related chemical production division included the calcium carbide segment (the "CC segment"), the polyvinyl-chloride segment (the "PVC segment") and the vinyl acetate segment (the "VA segment").

During the Year, the CC segment recorded a revenue of approximately HK\$76 million (2018: approximately HK\$75 million) from external customers, representing an increase of approximately 1% compared with that of the last financial year. The segment loss of the CC segment was approximately HK\$398 million (2018: approximately HK\$107 million), representing an increase of approximately 272% compared with that of the last financial year. The increase in segment loss for the CC segment was mainly due to the one-off written-off on the idle production line.

The segment losses of the PVC segment and the VA segment were approximately HK\$129 million (2018: approximately HK\$22 million) and approximately HK\$58 million (2018: approximately HK\$31 million), representing an increase of approximately 486% and approximately 87%, respectively, compared with that of the last financial year. The increase in segment losses were mainly due to the one-off written-off on the idle production lines.

業務回顧(續)

本集團於本年度確認有關牡丹江閒置生產廠房之物業、廠房及設備的撇銷約410百萬港元(二零一八年:減值約4百萬港元)。鑒於全球經濟環境及中國工業政策,管理層認為牡丹江之煤炭相關業務於可預見未來不會恢復。因此,對閒置生產廠房進行撇銷。

熱能及電力部

於本年度內,熱能及電力分部錄得來自外部客戶的收益約173百萬港元(二零一八年:約185百萬港元),較上一財政年度減少約6%。於本年度,來自住宅熱能供應的收入約為160百萬港元(二零一八年:約166百萬港元),較上一財政年度減少約4%。該減少乃主要由於人民幣貶值所致。分部溢利約為20百萬港元,而上一財政年度的分部溢利約為31百萬港元。

除擴大住宅熱能供應區域外,本集團管理層亦已密切監察業務,以降低煤炭及能源消耗及避免浪費資源,從而增加來自熱能及電力生產設施之溢利。

煤相關化工產品部

煤相關化工產品部包括碳化鈣分部(「碳化鈣分部」)、聚氯乙烯分部(「聚氯乙烯分部」)及醋酸乙烯分部(「醋酸乙烯分部」)。

於本年度,碳化鈣分部錄得來自外界客戶收益約76百萬港元(二零一八年:約75百萬港元),較上一財政年度增加約1%。碳化鈣分部之分部虧損約為398百萬港元(二零一八年:約107百萬港元),較上一財政年度增加約272%。碳化鈣分部虧損增加乃主要由於閒置生產線的一次性撇銷所致。

聚氯乙烯分部及醋酸乙烯分部的分部虧損分別為約129百萬港元(二零一八年:約22百萬港元)及約58百萬港元(二零一八年:約31百萬港元),較上一財政年度分別增加約486%及約87%。分部虧損增加乃主要由於閒置生產線的一次性撇銷所致。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

BUSINESS REVIEW (Continued)

Coal-related chemical production division (Continued)

Due to the current market environment, the management is not optimistic to resume the idle production lines in Mudanjiang for the foreseeable future. Thus, a one-off written-off was recognised for each of the CC segment, the PVC segment and the VA segment during the Year.

Construction services division

During the Year, the construction services division recorded a revenue and a segment profit of approximately HK\$74 million (2018: approximately HK\$108 million) and approximately HK\$3 million (2018: approximately HK\$16 million), respectively. Due to the downturn of the PRC economy, the demand for infrastructure construction was slowing down which caused a significant drop in both revenue and segment profit.

PROSPECT

During the Year, following the outbreak of the Sino-US trade war and the devaluation of RMB, the industrial sector of the PRC had been significantly affected. The Group was facing the challenge of the continuous low market pricing of final products in the industrial market.

Heat and Power division

During the Year, the residential heat supplying area maintained as 4,000,000 square meters. After the reporting period for the Year, the Group had entered into several residential heat supplying contracts. The Group expects that the residential heat supplying area will be increased by 500,000 square meters by the end of the next financial year. The management also targets to expand the residential heat supplying area to approximately 10 million square meters over the next 3 years. Although the coal price remained at its peak during the Year, the residential heat supplying area contributed a stable return to the Group. The management strongly believes that the heat and power division will continue to be the growth driver of the Group.

Coal-related chemical production division

Heihe

HLCCCL had suspended the production of calcium carbide since March 2019, due to the continuous low pricing in the final products of calcium carbide resulting in a gross loss in production. To avoid the further deterioration of the financial performance of the Group, the management had suspended its operations. The management is also exploring the opportunity to transform the plant and equipment into another product — high carbon ferromanganese. The transformation is still in the preliminary stage and the cost of transformation will be minimal. The Group believes that the transformation of the plant and equipment would benefit the Group and its shareholders as a whole.

業務回顧(續)

煤相關化工產品部(續)

由於當前市場環境，管理層對於可預見未來恢復牡丹江的閒置生產線持不樂觀態度。因此，於本年度內，分別就碳化鈣分部、聚氯乙烯分部及醋酸乙烯分部確認一次性撇銷。

建造服務分部

於本年度內，建造服務分部分別錄得收益及分部溢利約74百萬港元(二零一八年：約108百萬港元)及約3百萬港元(二零一八年：約16百萬港元)。由於中國經濟不景氣，基礎設施建設的需求減緩導致收益及分部溢利大幅下降。

展望

於本年度內，中美貿易戰爆發及人民幣貶值後，中國工業行業受到了重大影響。本集團面臨著工業市場終端產品市價持續走低的挑戰。

熱能及電力部

於本年度內，住宅熱能供應區域維持在4,000,000平方米。於本年度報告期後，本集團已訂立若干住宅熱能供應合約。本集團預計住宅熱能供應區域將於下一財政年度末增加500,000平方米。管理層亦擬於未來3年內將住宅熱能供應區域擴大至約10百萬平方米。儘管煤價於本年度保持高位，住宅熱能供應區域仍為本集團貢獻穩定回報。管理層堅信，熱能及電力部將仍為本集團之增長動力。

煤相關化工產品部

黑河

黑河龍江化工自二零一九年三月起暫停生產碳化鈣，乃由於碳化鈣終端產品價格持續走低導致生產的毛損。為避免本集團財務表現進一步惡化，管理層暫停其運營。管理層亦探索將廠房及設備改造為另一種產品—高碳錳鐵的機會。該改造目前仍處於初步階段且改造成本將極低。本集團認為，對廠房及設備進行改造將令本集團及其股東整體受益。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

PROSPECT (Continued)

Coal-related chemical production division (Continued)

Mudanjiang

Due to the current market environment, the management is not optimistic to resume the plant and equipment in Mudanjiang for the foreseeable future. Thus, a one-off written-off was recognised for the plant and equipment for each of the CC segment, the PVC segment and the VA segment for the Year.

Construction services division

In the last financial year, the acquisition of Jinyang Engineering had contributed a remarkable result for the Group due to its external construction contracts. However, due to the weakening of the economic environment in relation to the infrastructure industry in the PRC, the revenue of this segment significantly decreased. Despite this, Jinyang Engineering will continue providing support to the Group to help expand its heat supply network, including the construction of heat exchange stations and facilities and pipeline networks.

Tea division

Following the outbreak of the Sino-US trade war, commodity products had been greatly impacted, which caused the tea division to suffer a loss during the Year.

Nonetheless, on 20 January 2019, the Company entered into a cooperation framework agreement (the "Framework Agreement") with Xinyang Maojian Investment Development Company Limited* (信陽毛尖投資發展有限公司), an independent third party. The management considers that the entering into of the Framework Agreement would enable both parties to leverage on their respective strengths, resources and know-how to build a stable and mutually beneficial strategic relationship for the development of tea industry related projects. For details, please refer to the announcement of the Company dated 26 March 2019.

Appointment as window company of Mudanjiang City Government

On 25 August 2015, the Mudanjiang City Government appointed the Company as its Hong Kong based agent and foreign window company representing it in the negotiation of matters concerning the city government's listing of domestic enterprises and projects, fund raising exercise and transfer of equity interest. The Company was honored the appointment due to its contribution to the local economy and good relationship with the Mudanjiang City Government. The appointment has no fixed term and is intended to be a high level initiative for the promotion of commercial and capital market activities. The duty of the Company was not set out in the appointment letter, nor has the Company performed any particular task, function or role as the local government's agent and window company since being appointed.

展望(續)

煤相關化工產品部(續)

牡丹江

由於當前市場環境，管理層對於可預見未來恢復牡丹江的廠房及設備持不樂觀態度。因此，於本年度內，分別就碳化鈣分部、聚氯乙烯分部及醋酸乙烯分部的廠房及設備確認一次性撇銷。

建造服務分部

於上一財政年度，收購金陽市政因其外部建造合約而為本集團貢獻靚麗業績。然而，由於中國基礎設施產業相關經濟環境較弱，此分部的收益大幅下降。儘管如此，金陽市政將繼續為本集團提供援助，以幫助擴大其熱供應網絡，包括建設熱交換站及設施以及管道網絡。

茶葉分部

中美貿易戰爆發後，商品產品受到極大影響，導致本年度內茶葉分部遭受損失。

儘管如此，於二零一九年一月二十日，本公司與信陽毛尖投資發展有限公司(獨立第三方)訂立合作框架協議(「框架協議」)。管理層認為，訂立框架協議將使訂約雙方利用其各自的優勢、資源及專業技能，為茶葉產業相關目的發展建立穩定互利的戰略關係。有關詳情，請參閱本公司日期為二零一九年三月二十六日之公告。

獲牡丹江市政府委任為窗口公司

於二零一五年八月二十五日，牡丹江市政府委任本公司作為其香港代理兼對外窗口公司，以代表其就涉及市政府國內企業及項目上市、集資活動及轉讓股本權益之事宜進行磋商。本公司由於對當地經濟的貢獻及與牡丹江市政府的良好關係而獲委任。該委任並無固定任期，且旨在為積極推廣商業及資本市場活動。本公司職責並無載於委任書，而本公司自獲委任起亦無作為地方政府的代理兼窗口公司履行任何特定的任務、功能或角色。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

PROSPECT (Continued)

Capital Structure, Liquidity and Financial Resources

Capital structure

The Group financed its operations and business development with internally generated resources and equity and non-equity funding.

Liquidity and Financial Ratios

As at 30 June 2019, the Group had total assets of approximately HK\$2,266.8 million (2018: approximately HK\$3,176.8 million), which were financed by current liabilities of approximately HK\$276.5 million (2018: approximately HK\$386.3 million), non-current liabilities of approximately HK\$1,125.4 million (2018: approximately HK\$1,113.6 million), non-controlling interests of approximately HK\$63.8 million (2018: approximately HK\$93.1 million) and shareholders' equity of approximately HK\$801.1 million (2018: approximately HK\$1,583.8 million).

As at 30 June 2019, the current assets of the Group amounted to approximately HK\$252.3 million (2018: approximately HK\$357.7 million), comprising inventories of approximately HK\$40.5 million (2018: approximately HK\$28.2 million), trade receivables of approximately HK\$42.9 million (2018: approximately HK\$6.8 million), prepayments, deposits and other receivables of approximately HK\$161.0 million (2018: approximately HK\$258.6 million), financial assets at fair value through profit or loss of approximately HK\$0.7 million (2018: approximately HK\$1.9 million), cash and cash equivalents of approximately HK\$7.2 million (2018: approximately HK\$62.2 million). As at 30 June 2019, the Group's current ratio (current assets/current liabilities), quick ratio ((current assets – inventory)/current liabilities), gearing ratio (total debts/total assets) and debts to equity ratio (total debts/shareholders' equity) of the Group were approximately 0.9 (2018: approximately 0.9), approximately 0.8 (2018: approximately 0.9), approximately 61.8% (2018: approximately 47.2%) and approximately 175.0% (2018: approximately 94.7%), respectively. The higher gearing ratio was mainly attributable to the one-off written-off on the idle production lines in Mudanjiang, whilst the total debts of the Group remained stable. Throughout the Year, the management had taken several measures to improve the liquidity position and financial position of the Group.

Although the Group was in net current liabilities position as at 30 June 2019, the management has closely monitored the Group's liquidity position and has taken appropriate measures to ensure it had sufficient resources to meet its financial obligations.

展望(續)

資本結構、流動資金及財務資源

資本結構

本集團透過內部產生資源以及股本及非股本集資撥付營運及業務發展所需資金。

流動資金及財務比率

於二零一九年六月三十日，本集團之總資產約為2,266.8百萬港元(二零一八年：約3,176.8百萬港元)，乃由流動負債約276.5百萬港元(二零一八年：約386.3百萬港元)、非流動負債約1,125.4百萬港元(二零一八年：約1,113.6百萬港元)、非控股權益約63.8百萬港元(二零一八年：約93.1百萬港元)及股東資金約801.1百萬港元(二零一八年：約1,583.8百萬港元)撥付。

於二零一九年六月三十日，本集團之流動資產約為252.3百萬港元(二零一八年：約357.7百萬港元)，包括存貨約40.5百萬港元(二零一八年：約28.2百萬港元)、應收貿易賬項約42.9百萬港元(二零一八年：約6.8百萬港元)、預付款項、訂金及其他應收款項約161.0百萬港元(二零一八年：約258.6百萬港元)、按公平值計入損益之金融資產約0.7百萬港元(二零一八年：約1.9百萬港元)以及現金及現金等值項目約7.2百萬港元(二零一八年：約62.2百萬港元)。於二零一九年六月三十日，本集團之流動比率(流動資產/流動負債)、速動比率(流動資產-存貨)/流動負債、資產負債比率(總債務/總資產)及債務與權益比率(總債務/股東資金)分別為約0.9(二零一八年：約0.9)、約0.8(二零一八年：約0.9)、約61.8%(二零一八年：約47.2%)及約175.0%(二零一八年：約94.7%)。資產負債比率較高乃主要歸因於牡丹江閒置生產線的一次性撇銷，而本集團的總債務維持穩定。於整個本年度內，管理層已採取多項措施以改善本集團之流動資金狀況及財務狀況。

儘管本集團於二零一九年六月三十日處於流動負債淨額狀況，惟管理層已密切監察本集團的流動資金狀況，並採取合適措施以確保本集團擁有足夠資源以履行其財務責任。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
管理層討論及分析(續)

PROSPECT (Continued)

Capital Structure, Liquidity and Financial Resources
(Continued)

Equity funding

On 5 October 2018, the Company and Mr. Sha Tao (“Mr. Sha”), entered into a subscription agreement for the subscription of 220,000,000 new shares of the Company (“Shares”) of HK\$0.1 each, at the subscription price of HK\$0.315 per Share (the “Subscription”). The Subscription was completed on 10 December 2018. The gross proceeds and net proceeds were approximately HK\$69.3 million and approximately HK\$68.8 million, respectively. Details of the Subscription were disclosed in the circular of the Company dated 15 November 2018 and the announcements of the Company dated 5 October 2018, 30 November 2018 and 10 December 2018, respectively.

The intended and actual use of proceeds from the Subscription up to 30 June 2019 and the date of the announcement of final results for the Year (the “Results Announcement”) are set out as follows:

展望(續)

資本結構、流動資金及財務資源(續)

股本集資

於二零一八年十月五日，本公司及沙濤先生(「沙先生」)訂立認購協議，以每股股份0.315港元的認購價認購本公司每股0.1港元之220,000,000股新股份(「股份」)(「認購事項」)。認購事項已於二零一八年十二月十日完成。所得款項總額及所得款項淨額分別約為69.3百萬港元及約68.8百萬港元。認購事項的詳情分別披露於本公司日期為二零一八年十一月十五日的通函及本公司日期為二零一八年十月五日、二零一八年十一月三十日及二零一八年十二月十日的公告內。

截至二零一九年六月三十日及本年度末期業績公告(「業績公告」)日期認購事項之擬定及實際所得款項用途載列如下：

Purpose or use of proceeds	所得款項目的或用途	Intended allocation of proceeds	Actual use of proceeds as at	
			the 30 June 2019	the date of the Results Announcement
			於二零一九年六月三十日	於業績公告日期
		所得款項之擬定分配	所得款項之實際用途	所得款項之實際用途
		(approximately HK\$ million)	(approximately HK\$ million)	(approximately HK\$ million)
		(約百萬港元)	(約百萬港元)	(約百萬港元)
For repayment of bank loans and bonds payable	償還銀行貸款及應付債券	68.8	52.3	68.8

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

PROSPECT (Continued)

Capital Structure, Liquidity and Financial Resources (Continued)

Non-equity funding

Bank loans

As at 30 June 2019, the bank loans of the Group amounted to approximately HK\$73.8 million (2018: approximately HK\$97.8 million). Based on the agreed repayment schedule set out in the loan agreements, bank loans of approximately HK\$52.4 million (2018: approximately HK\$73.5 million) were repayable within 12 months, of which HK\$2.6 million was denominated in Hong Kong dollars and approximately HK\$49.8 million was denominated in RMB (2018: approximately HK\$2.4 million was denominated in Hong Kong dollars and approximately HK\$71.1 million was denominated in RMB, respectively). Further details of the Group's bank loans are set out in note 35 of the financial statements.

Bonds

As at 30 June 2019, the aggregate amount of bonds payable was approximately HK\$906 million (2018: approximately HK\$820 million). The net proceeds raised from the placing of bonds were applied to enhance the working capital of the Group.

Significant investment held by the Company

As at 30 June 2019, the Company did not have any significant investments except for the financial assets at fair value through profit or loss of approximately HK\$0.7 million. During the Year, the Company had recorded a fair value loss on financial assets at fair value through profit or loss of approximately HK\$0.1 million.

Charges on the Group's assets

As at 30 June 2019, bank loans and other loans of approximately HK\$73.8 million (2018: approximately HK\$38.1 million) and approximately HK\$28.3 million (2018: approximately HK\$53.3 million), respectively, were secured by charges over the Group's certain fixed assets, land held under finance leases and prepaid land lease payments.

展望(續)

資本結構、流動資金及財務資源(續)

非股本集資

銀行貸款

於二零一九年六月三十日，本集團之銀行貸款約為73.8百萬港元(二零一八年：約97.8百萬港元)。按照載於貸款協議之協定還款時間表，須於12個月內償還之銀行貸款約為52.4百萬港元(二零一八年：約73.5百萬港元)，當中2.6百萬港元以港元計值及約49.8百萬港元以人民幣計值(二零一八年：約2.4百萬港元以港元計值及約71.1百萬港元以人民幣計值)。本集團銀行貸款之更多詳情載於財務報表附註35。

債券

於二零一九年六月三十日，應付債券總額約為906百萬港元(二零一八年：約820百萬港元)。債券配售籌得之所得款項淨額用於提升本集團之營運資金。

本公司持有之重大投資

於二零一九年六月三十日，除按公平值計入損益之金融資產約0.7百萬港元外，本公司並無任何重大投資。於本年度內，本公司錄得按公平值計入損益之金融資產之公平值虧損約0.1百萬港元。

本集團資產之抵押

於二零一九年六月三十日，銀行貸款及其他貸款約73.8百萬港元(二零一八年：約38.1百萬港元)及約28.3百萬港元(二零一八年：約53.3百萬港元)均透過抵押本集團若干固定資產、以融資租賃持有的土地及預付土地租金作擔保。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 5 January 2018, Prosper Path Limited (a wholly-owned subsidiary of the Company) (the “Purchaser”) entered into a share transfer agreement (the “Share Agreement”) with Dragon Wise Group Limited (an indirect non wholly-owned company of Mr. Sha) (the “Vendor”) to acquire 100% of the entire issued share capital (the “Sale Shares”) of Xinyang Maojian International Holding Limited (the “Target Company”, and together with its subsidiaries, the “Target Group”) at a total consideration (the “Consideration”) of HK\$85,800,000 (the “Acquisition”). On 11 June 2018, the Purchaser and the Vendor entered into a supplemental agreement (the “Supplemental Agreement”, together with the Share Agreement, the “Existing Agreements”), pursuant to which the Purchaser and the Vendor agreed to amend certain terms of the Share Agreement. The Consideration will be satisfied by way of allotment and issue of 220,000,000 new Shares (the “Consideration Shares” and each a “Consideration Share”) to the Vendor or its nominee(s) at an issue price of HK\$0.39 per Consideration Share. Pursuant to the Existing Agreements, the Consideration Shares will not be allotted and issued to the Vendor unless and until the guaranteed financial performance (the “Guaranteed Financial Performance”) is met by the Target Group and the Purchaser shall in accordance with the Existing Agreements, procure the Company to allot and issue the Consideration Shares to the Vendor. The Acquisition was completed on 4 October 2018.

Pursuant to the Existing Agreements, in the event that any of the Guaranteed Financial Performance is not met after completion of the Acquisition, the Purchaser shall exercise an irrevocable and unconditional put option in relation to the Sale Shares within seven Business Days after the provision of the Target Company’s audited accounts to the Vendor at an exercise price of HK\$1.

As the accumulated audited loss after tax of the Target Group for the Year was approximately RMB4,165,000, the Guaranteed Financial Performance for the Year (i.e. not less than profit of RMB8,500,000) could not be met. As the circumstances were out of the control of the Vendor and after considering the Group’s alternatives, in view of the potential of the development of the tea industry and in order to achieve a long-term cooperation and success between the Purchaser and the Vendor, on 9 October 2019, the Purchaser and the Vendor entered into a second supplemental agreement and agreed that the existing Guaranteed Financial Performance be amended.

Details of the Acquisition were disclosed in the circular of the Company dated 23 July 2018 and the announcements of the Company dated 5 January 2018, 11 June 2018, 15 August 2018 and 9 October 2019, respectively.

重大收購或出售附屬公司、聯營公司及合營企業

於二零一八年一月五日，本公司全資附屬公司 Prosper Path Limited (「買方」) 與沙先生的間接非全資公司 Dragon Wise Group Limited (「賣方」) 訂立股份轉讓協議 (「股份協議」)，以收購信陽毛尖國際控股有限公司 (「目標公司」，連同其附屬公司，統稱「目標集團」) 的全部已發行股本 (「待售股份」)，總代價 (「代價」) 為 85,800,000 港元 (「收購事項」)。於二零一八年六月十一日，買方與賣方訂立補充協議 (「補充協議」，連同股份協議，統稱「現有協議」)，據此，買方與賣方同意修訂股份協議的若干條款。代價將透過按每股代價股份 0.39 港元的發行價向賣方或其代名人配發及發行 220,000,000 股新股份 (「代價股份」，各自為「代價股份」) 償付。根據現有協議，代價股份將不會獲配發及發行予賣方，惟且直至目標集團達成保證財務表現 (「保證財務表現」)，買方須根據現有協議促使本公司配發及發行代價股份予賣方。收購事項已於二零一八年十月四日完成。

根據現有協議，倘於完成收購事項後並未達成任何保證財務表現，買方將於目標公司按行使價 1 港元向賣方提供經審核賬項後七個營業日內行使有關待售股份的不可撤銷及無條件認沽期權。

由於目標集團於本年度的除稅後累計經審核虧損約為人民幣 4,165,000 元，於本年度的保證財務表現 (即溢利不低於人民幣 8,500,000 元) 無法達成。由於有關情況不受賣方控制，經考慮本集團的替代方案後，鑒於茶葉產業的發展潛力，於二零一九年十月九日，買方與賣方訂立一份補充協議並同意修訂現有保證財務表現，從而實現買方與賣方的長期成功合作。

收購事項之詳情分別披露於本公司日期為二零一八年七月二十三日之通函及本公司日期為二零一八年一月五日、二零一八年六月十一日、二零一八年八月十五日及二零一九年十月九日之公告內。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

LAPSE OF PLACING AGREEMENT

On 19 September 2018, the Company and a placing agent entered into a placing agreement (the “Placing Agreement”) in relation to the placing of up to an aggregate of 220,000,000 new Shares (the “Placing Shares” and each a “Placing Share”) to not less than six Placees at a price of HK\$0.315 per Placing Share during the placing period (the “Placing of Shares”). Assuming all the Placing Shares are successfully placed by the Placing Agreement, the aggregate gross proceeds from the Placing will be approximately HK\$69,300,000. The net proceeds from the Placing of Shares (after deduction of placing commission and other costs and expenses) was estimated to be approximately HK\$68,500,000, representing a net issue price of approximately HK\$0.311 per Placing Share. The net proceeds from the Placing of Shares were intended to be used for the repayment of bank loans and bonds payable. The Placing of Shares did not proceed on or before 3 October 2018 (being the expiry date of the placing period) and lapsed accordingly.

Details of the Placing of Shares were set out in the announcements of the Company dated 19 September 2018 and 3 October 2018, respectively.

DISPOSAL OF SHARES BY THE SINGLE LARGEST SHAREHOLDER

The Company was informed by Mr. Chan Yuen Tung (“Mr. Chan”), the then single largest shareholder of the Company and Mr. Sha, the then second single largest shareholder of the Company, that on 16 April 2019, Mr. Chan and Mr. Sha entered into a conditional sale and purchase agreement (the “SPA”) pursuant to which Mr. Chan agreed to sell and Mr. Sha agreed to purchase 146,000,000 Shares, representing approximately 10.97% of the total issued Shares as at the date of the announcement of the Company dated 16 April 2019 (the “Disposal Announcement”), at a price of HK\$0.915 per Share (the “Disposal”).

The Company was further informed that the closing of the SPA is conditional upon the fulfillment of certain conditions precedent on or before 15 December 2019 (or such other date agreed by the parties to the SPA), including in particular, the entering into of a placing agreement by Mr. Chan to appoint a securities broker licensed to carry out Type 1 (dealing in securities) activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as placing agent, to place on a fully underwritten basis to placees independent of and not parties acting in concert with Mr. Sha, the remaining 200,479,861 Shares held by Mr. Chan (the “Placing”) other than the Shares to be disposed of under the SPA. Pursuant to the SPA, completion of the Disposal and the Placing shall take place simultaneously.

Details of the Disposal was set out in the Disposal Announcement.

配售協議失效

於二零一八年九月十九日，本公司與一名配售代理訂立配售協議（「配售協議」），內容有關於配售期間按每股配售股份0.315港元的價格向不少於六名承配人配售合共最多220,000,000股新股份（「配售股份」，各自為「配售股份」）（「股份配售」）。假設全部配售股份已根據配售協議順利配售，則配售之所得款項總額將約為69,300,000港元。股份配售之所得款項淨額（經扣除配售佣金及其他成本及開支）估計約為68,500,000港元，相當於每股配售股份的發行價淨額約0.311港元。股份配售之所得款項淨額擬用於償還銀行貸款及應付債券。股份配售並無於二零一八年十月三日（即配售期間之屆滿日期）或之前進行，故已告失效。

股份配售詳情分別載於本公司日期為二零一八年九月十九日及二零一八年十月三日之公告內。

最大單一股東出售股份

本公司獲本公司當時最大單一股東陳遠東先生（「陳先生」）及本公司單一第二大股東沙先生知會，陳先生與沙先生於二零一九年四月十六日訂立有條件買賣協議（「買賣協議」），據此，陳先生同意出售及沙先生同意按每股股份0.915港元的價格購買146,000,000股股份（「出售事項」），相當於本公司日期為二零一九年四月十六日之公告（「出售公告」）日期已發行股份總數的約10.97%。

本公司獲進一步知會，買賣協議的完成須待若干先決條件於二零一九年十二月十五日或之前（或買賣協議訂約方協定的有關其他日期）獲達成後方可作實，包括尤其是由陳先生訂立配售協議委任根據香港法例第571章證券及期貨條例可進行第1類（證券交易）活動之證券經紀（作為配售代理）按全面包銷基準向獨立於沙先生及並非其一致行動人士的承配人配售由陳先生持有的剩餘200,479,861股股份（根據買賣協議將予出售的股份除外）（「配售事項」）。根據買賣協議，出售事項及配售事項將同時完成。

出售事項詳情載於出售公告。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

CONTINGENT LIABILITIES

As at 30 June 2019, except as disclosed in note 38 of the financial statements, the Group did not have any significant contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

Although most of the Group's operations were carried out in the PRC in which transactions were denominated in RMB, the Directors consider that the Group has no significant exposure to foreign exchange fluctuations, despite of the devaluation of RMB during the Year. The Directors also consider that there will be sufficient cash resources denominated in Hong Kong dollars for the repayment of borrowings and future dividends. During the Year, the Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument as at 30 June 2019.

In face of currency market instability, the Group will make use of hedging instruments to mitigate the exchange rate risk as and when appropriate.

CHANGE OF COMPANY NAME

Subsequent to the passing of the special resolution approving the proposed change of company name by the shareholders of the Company at the special general meeting of the Company held on 18 August 2018, the Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda on 6 September 2018, certifying the change of primary name of the Company from "China Zenith Chemical Group Limited" to "Xinyang Maojian Group Limited" and the change of secondary name of the Company from "中國天化工集團有限公司" to "信陽毛尖集團有限公司". The Registrar of Companies in Hong Kong issued the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company on 31 October 2018, confirming the registration of the Company's new English and Chinese names of "Xinyang Maojian Group Limited" and "信陽毛尖集團有限公司", respectively, in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

With effect from 9:00 a.m. on 8 November 2018, the stock short name changed from "C ZENITH CHEM" to "XINYANG MAOJIAN" in English and from "中國天化工" to "信陽毛尖" in Chinese for the purpose of trading in the Shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The stock code of the Company on the Stock Exchange remained unchanged as "362". The corporate website address of the Company changed from chinazenith.com.hk to xinyangmaojian.com.hk with effect from 8 November 2018.

或然負債

於二零一九年六月三十日，除於財務報表附註38所披露者外，本集團並無任何重大或然負債。

外匯風險

儘管本集團大部分業務在中國進行，其交易以人民幣結算，董事認為，儘管本年度人民幣貶值，本集團並無重大外匯波動風險。董事亦認為本集團具備充足港元現金資源以償還借款及用作日後支付股息。本集團於本年度並無動用任何金融工具作對沖用途，而本集團於二零一九年六月三十日亦無任何對沖工具。

由於貨幣市場不穩定，本集團將適時利用對沖工具以盡量減低匯率變動風險。

更改公司名稱

繼本公司股東於二零一八年八月十八日舉行之本公司股東特別大會上通過批准建議更改公司名稱之特別決議案後，百慕達公司註冊處處長已於二零一八年九月六日發出更改名稱證明書及第二名稱證明書，證明本公司之第一名稱已由「China Zenith Chemical Group Limited」更改為「Xinyang Maojian Group Limited」及本公司之第二名稱已由「中國天化工集團有限公司」更改為「信陽毛尖集團有限公司」。香港公司註冊處處長於二零一八年十月三十一日發出註冊非香港公司變更名稱註冊證明書，確認本公司的新中英文名稱（分別為「Xinyang Maojian Group Limited」及「信陽毛尖集團有限公司」）已根據香港法例第622章公司條例第16部於香港登記。

自二零一八年十一月八日上午九時正起，英文股份簡稱將由「C ZENITH CHEM」更改為「XINYANG MAOJIAN」，中文則由「中國天化工」更改為「信陽毛尖」，以便股份於香港聯合交易所有限公司（「聯交所」）買賣。本公司於聯交所之股份代號維持不變，為「362」。本公司之公司網址將自二零一八年十一月八日起由 chinazenith.com.hk 更改為 xinyangmaojian.com.hk。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Details of the change of name of the Company were set out in the circular of the Company dated 23 July 2018 and the announcements of the Company dated 8 January 2018, 11 June 2018, 15 August 2018 and 2 November 2018, respectively.

本公司名稱更改詳情分別載於本公司日期為二零一八年七月二十三日之通函及本公司日期為二零一八年一月八日、二零一八年六月十一日、二零一八年八月十五日及二零一八年十一月二日之公告內。

TREASURY POLICIES

The Group adopts a treasury policy that aims to better control its treasury operations and lower its borrowing cost. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Board also considers various funding sources depending on the Group's needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The Board reviews and evaluates the Group's treasury policy from time to time to ensure its adequacy and effectiveness.

財政政策

本集團採納財政政策以更好監控其財政運營及降低其借款成本。因此，本集團努力維持充足現金及現金等值項目，以滿足短期資金需求。董事會亦根據本集團的需求考慮各類籌資渠道，以確保財務資源以最好的成本效益及有效的方式用於履行本集團財務責任。董事會不時審閱並評估本集團的財政政策以確保其充分且有效。

CORPORATE GOVERNANCE REPORT

企業管治報告

This report describes the Group's corporate governance practices applied throughout the year ended 30 June 2019 (the "Year").

The Group is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has, throughout the Year, complied with the Corporate Governance Code and Corporate Governance Report (the "Code"), except for a certain deviation which is summarised below:

DISTINCTIVE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1

Paragraph A.2.1 of the Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Throughout the Year, the roles of Chairman and Chief Executive Officer were performed by the same individual, Ms. Chan Yuk Foebe, and were not separated. The board (the "Board") of directors (the "Directors") meets regularly to consider issues related to corporate matters affecting operations of the Group and considers that this deviation will not impair the balance of power and authority of the Board and the Company's management and thus, the Board believes the current structure will enable effective planning and implementation of corporate strategies and decisions of the Group. Notwithstanding the above, the Board will review the current structure from time to time and shall make necessary amendments at the appropriate time.

THE BOARD OF DIRECTORS

Composition and practices

The Board is responsible for overseeing the Group's strategic planning and development, and for determining the objectives, strategic and policies of the Group while delegating day-to-day operations of the Group to the management. Besides, each member of the Board is expected to make a full and active contribution to the Board's affairs and ensure that the Board acts in the best interests of the Company and its shareholders as a whole. The Board regularly reviews the contribution required from a director to perform his or her responsibilities to the Company, and whether he or she is spending sufficient time performing them.

本報告概述本集團截至二零一九年六月三十日止年度(「本年度」)應用之企業管治慣例。

本集團致力達致高水平企業管治，以保障股東權益及提升企業價值與問責性。

本公司於本年度已遵守企業管治守則及企業管治報告(「守則」)，惟下文概述之若干偏差除外：

主席及行政總裁角色之區分

守則條文第A.2.1條

守則第A.2.1段要求主席及行政總裁角色須分開，不可由相同人士擔任。主席與行政總裁之間職責分工應清楚界定並以書面列載。

於本年度，主席及行政總裁角色由同一人(即陳昱女士)擔任，並無分開。董事(「董事」)會(「董事會」)定期舉行會議以審議有關影響本集團營運之公司事務議題，並認為此偏離無損董事會及本公司管理層權力及授權之平衡，因此董事會相信現行架構將可令到本集團之公司策略及決定獲得有效規劃及執行。儘管上文所述，董事會將不時檢討現行架構，並在適當時候作出必需修改。

董事會

成員及慣例

董事會負責監管本集團策略規劃及發展，釐定本集團目標、策略及政策，同時委派管理層負責本集團日常營運。此外，董事會各成員預期對董事會事務作出全面和積極貢獻，確保董事會以本公司及其股東整體最佳利益行事。董事會定期審閱要求董事執行其對本公司責任之貢獻，以及彼等是否投入足夠時間履行該等責任。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

THE BOARD OF DIRECTORS (Continued)

Composition and practices (Continued)

As at 30 June 2019, the Board comprised seven members, namely, Ms. Chan Yuk Foebe as the chairman of the Board (the “Chairman”) and the Chief Executive Officer, Mr. Law Tze Ping Eric, Mr. Yu Defa and Mr. Chen Lei as executive Directors and Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit as independent non-executive Directors. Details of their respective experience and qualification are set out in the “Biographical Details of Directors and Senior Management” section of this annual report. An updated list of Directors and their respective roles and functions have been maintained on the websites of The Stock Exchange of Hong Kong Limited (“HKEx”) and the Company.

The Board has maintained a balance of skills and experience appropriate for the requirements of the businesses of the Group. Its composition represents a mixture of management, accounting and finance, marketing, manufacturing and procurement with comprehensive experience in and exposure to diversified businesses. It is the opinion of the Directors that the Board has the necessary skills and experience appropriate for discharging their duties as Directors in the best interests of the Company.

Besides, to the best knowledge of the Company, there is no material/relevant relationship, whether financial, operational, business, family, etc, among members of the Board.

The Company had received confirmation from the independent non-executive Directors that they complied with the guidelines on independence set out under Rule 3.13 of the Listing Rules and had not violated any provision thereunder throughout the Year. Amongst them, Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit have the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2) of the Listing Rules.

Appropriate liability insurance for Directors has been arranged for indemnifying their liabilities arising out of corporate activities. This insurance coverage is reviewed on an annual basis.

董事會(續)

成員及慣例(續)

於二零一九年六月三十日，董事會由七名成員組成，即董事會主席(「主席」)兼行政總裁陳昱女士、執行董事羅子平先生、于德發先生及陳蕾先生，以及獨立非執行董事馬榮欣先生、譚政豪先生及侯志傑先生。彼等各自之經驗及資格詳情載於本年報「董事及高級管理人員簡介」一節。香港聯合交易所有限公司(「聯交所」)及本公司網站上載有董事及彼等各自之角色及職能之最新詳情。

董事會成員具備多元化技能及經驗，符合本集團業務需求，成員包括擁有管理、會計及財務、市場推廣、生產及採購專業知識以及於各行各業富經驗之專業人才。董事認為，董事會具備適當技能及經驗履行董事職務，符合本公司最佳利益。

此外，據本公司所深知，董事會成員間並無重大／相關財務、營運、業務及家族等關係。

本公司收到獨立非執行董事發出彼等均遵守上市規則第3.13條所載獨立指引之確認，本年度內並無違反當中任何條文。全體獨立非執行董事之中，馬榮欣先生、譚政豪先生及侯志傑先生具備上市規則第3.10(2)條規定之適當專業資格、會計及相關財務管理知識。

本公司已為董事安排適當之責任保險，就企業活動導致彼等須承擔之責任給予彌償，保障範圍會每年作出審閱。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

THE BOARD OF DIRECTORS (Continued)

Training and support for directors

Directors must keep abreast of their collective responsibilities. Each newly-appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. To comply with code provision A.6.5 of the Code, all Directors, namely Ms. Chan Yuk Foebe, Mr. Law Tze Ping Eric, Mr. Yu Defa, Mr. Chen Lei, Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit have participated in the Group briefings and other training provided by the Group to develop and refresh their knowledge and skills during the Year. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes were issued to Directors and senior management, where appropriate, to ensure awareness of best corporate governance practices.

During the Year, the Directors also read various literature on directors' obligations and responsibilities. A record of the training received from each of the Directors are kept and updated by the company secretary of the Company (the "Company Secretary").

董事會(續)

董事之培訓及支援

全體董事必須清楚彼等之整體責任。任何獲委任之新董事將獲提供有關本集團業務及上市公司董事法定及監管責任之入職手冊。為遵守守則的守則條文第A.6.5條，全體董事(即陳昱女士、羅子平先生、于德發先生、陳蕾先生、馬榮欣先生、譚政豪先生及侯志傑先生)均已參加本集團於本年度提供之簡介及其他培訓，讓董事發展及了解最新之知識及技能。本集團持續提供有關上市規則及其他適用監管規定之最新信息予董事，確保董事遵守該等規則及提高彼等對良好企業管治常規之認識，並向董事及高級管理層(倘合適)發出通函或指引，以確保了解最佳企業管治常規。

於本年度，董事亦閱讀多份有關董事義務及責任之資料。向各董事收取之培訓記錄由本公司之公司秘書(「公司秘書」)保存及更新。

CORPORATE GOVERNANCE REPORT (CONTINUED)
企業管治報告(續)

THE BOARD OF DIRECTORS (Continued)

The Board meeting — full directors' board meeting

The Board meets regularly at least four times a year at quarterly intervals and holds additional meetings as and when the Board thinks appropriate.

During the year ended 30 June 2019, 6 Board meetings were held for discussion of the Company's matters. The attendance of each Director, on a named basis and by category, at the Board meetings during the Year is set out below:

董事會(續)

董事會會議 — 全體董事會會議

董事會定期舉行每年最少四次之季度會議，並會在董事會認為合適時召開額外會議。

截至二零一九年六月三十日止年度曾就討論本公司事宜舉行6次董事會會議。本年度內，按姓名及類別所劃分每名董事出席董事會會議之次數載列如下：

Directors	董事	Number of meetings attended/Number of Board meetings held 出席會議次數/ 董事會會議舉行次數
<i>Executive directors</i>		
Ms. Chan Yuk Foebe	陳昱女士	6/6
Mr. Law Tze Ping Eric	羅子平先生	6/6
Mr. Yu Defa	于德發先生	0/6
Mr. Chen Lei (Note)	陳蕾先生(附註)	0/0
<i>Independent non-executive directors</i>		
Mr. Ma Wing Yun Bryan	馬榮欣先生	6/6
Mr. Tam Ching Ho	譚政豪先生	6/6
Mr. Hau Chi Kit	侯志傑先生	6/6

Note: Mr. Chen Lei was appointed as an executive Director on 24 April 2019.

附註：陳蕾先生於二零一九年四月二十四日獲委任為執行董事。

CORPORATE GOVERNANCE REPORT (CONTINUED)
企業管治報告(續)

THE BOARD OF DIRECTORS (Continued)

The Board meeting – executive Directors' Board meeting

In addition, during the Year, 9 executive Directors' Board meetings were held to deal with the compliance of legal and administrative procedures, including internal corporate re-structuring and company secretarial matters.

To handle the above-mentioned matters, at least two executive Directors were required to form a quorum.

The attendance of each Director, on a named basis and by category, at the executive Directors' Board meeting during the Year is set out below:

董事會(續)

董事會會議 – 執行委員會會議

此外，於本年度曾就處理有關遵守法定及行政程序事宜舉行9次執行委員會會議，包括內部企業重組及公司秘書事宜。

為處理上述事宜，董事會會議之法定人數為最少兩名執行董事。

本年度內，按姓名及類別所劃分每名董事出席執行委員會會議之次數載列如下：

Directors	董事	Number of meetings attended/Number of executive Directors' Board meetings held 出席會議次數/ 執行委員會 會議舉行次數
<i>Executive Directors</i>	執行董事	
Ms. Chan Yuk Foebe	陳昱女士	9/9
Mr. Law Tze Ping Eric	羅子平先生	9/9
Mr. Yu Defa	于德發先生	1/9
Mr. Chen Lei (Note)	陳蕾先生(附註)	2/2
<i>Independent non-executive Directors</i>	獨立非執行董事	
Mr. Ma Wing Yun Bryan	馬榮欣先生	N/A 不適用
Mr. Tam Ching Ho	譚政豪先生	N/A 不適用
Mr. Hau Chi Kit	侯志傑先生	N/A 不適用

Note: Mr. Chen Lei was appointed as an executive Director on 24 April 2019.

附註：陳蕾先生於二零一九年四月二十四日獲委任為執行董事。

CORPORATE GOVERNANCE REPORT (CONTINUED)
企業管治報告(續)

THE BOARD OF DIRECTORS (Continued)

The Board meeting – committee meeting

During the Year, 10 Board committee meetings were held. The attendance of each Director, on a named basis and by category, at Board committee meetings during the Year is set out below:

董事會(續)

董事會會議 – 委員會會議

於本年度曾舉行10次董事委員會會議。本年度內，按姓名及類別所劃分每名董事出席董事委員會會議之次數載列如下：

Directors	董事	Number of meetings attended/ Number of meetings held 出席會議次數/會議舉行次數		
		Remuneration Committee 薪酬委員會	Audit Committee 審核委員會	Nomination Committee 提名委員會
<i>Executive Directors</i> 執行董事				
Ms. Chan Yuk Foebe	陳昱女士	N/A 不適用	N/A 不適用	3/4
Mr. Law Tze Ping Eric	羅子平先生	N/A 不適用	N/A 不適用	N/A 不適用
Mr. Yu Defa	于德發先生	N/A 不適用	N/A 不適用	N/A 不適用
Mr. Chen Lei (Note)	陳蕾先生(附註)	N/A 不適用	N/A 不適用	N/A 不適用
<i>Independent non-executive Directors</i> 獨立非執行董事				
Mr. Ma Wing Yun Bryan	馬榮欣先生	4/4	3/3	3/4
Mr. Tam Ching Ho	譚政豪先生	4/4	3/3	4/4
Mr. Hau Chi Kit	侯志傑先生	4/4	3/3	4/4

Note: Mr. Chen Lei was appointed as an executive Director on 24 April 2019.

附註：陳蕾先生於二零一九年四月二十四日獲委任為執行董事。

Pursuant to the Company's Bye-laws, meetings or extraordinary meetings of the Board may be convened by means of telephone or similar telecommunication facilities. Regular meetings of the Board were held during the Year. Extra meetings were also held to cater for important matters arising from time to time. Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all directors/committee members at least three days before each meeting to keep the directors apprised of the latest developments and financial position of the Company to enable them to make informed decisions.

根據本公司之公司細則，董事會會議或特別大會可透過電話或類似電訊設備召開。本年度內曾舉行多次董事會例會。另舉行多次額外會議，處理不時發生之重要事務。董事會例會通告於會議舉行前最少14日送交全體董事。一般會就其他董事會及委員會會議發出合理通知。董事會文件連同一切適當、完備及可靠資料於每次會議舉行前最少三日送交全體董事/委員會成員，以向董事提供本公司最新動向及財務狀況，讓彼等作出知情決定。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

THE BOARD OF DIRECTORS (Continued)

The Board meeting — committee meeting (Continued)

Minutes of Board/committee meetings would be kept by the Company Secretary and shall be open for inspection by Directors. Where Directors have a material or conflict of interests in any transaction discussed in the Board/committee meetings, such a transaction will not be dealt with by way of written resolutions unless clear declaration of interest is made by the relevant Directors. The Directors concerned could express their views on the matter but would not be counted as part of the quorum and shall abstain from voting on the relevant resolutions.

In addition, to facilitate the decision-making process, the Directors have free access to the management for enquiries and to obtain further information, when required. The Directors can also seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company. All Directors have unrestricted access to the Company Secretary who is responsible for ensuring that the Board/committee procedures are complied with and for advising the Board/committee on compliance matters.

Non-executive Directors, including independent non-executive Directors, should attend Board, committee and general meetings and contribute to the Company's strategy and policies.

Appointment and re-election of directors

The Company has established formal, considered and transparent procedures for the appointment and succession plan of directors.

All independent non-executive Directors are appointed for a specific term. The term of office for Mr. Ma Wing Yun Bryan is two years with effect from 1 April 2019. The term of office for Mr. Tam Ching Ho is two years with effect from 7 December 2017. The term of office for Mr. Hau Chi Kit is two years with effect from 18 December 2017.

In accordance with the Company's Bye-laws, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the first general meeting after appointment.

The Board as a whole, with the nomination committee (the "Nomination Committee"), is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession plan of directors and assessing the independence of independent non-executive Directors.

董事會(續)

董事會會議 — 委員會會議(續)

董事會/委員會會議記錄由公司秘書存置，可供董事查閱。倘董事於董事會/委員會會議討論之任何交易存有重大權益或利益衝突，除非有關董事就權益作出嚴正聲明，否則該項交易將不會以書面決議案方式處理。所涉及董事可就有關事宜發表意見，惟不得計入法定人數，且須就有關決議案放棄表決。

此外，為方便決策，董事於有需要時可自行向管理層查詢及取得進一步資料。董事亦可於適當情況下就履行本公司職責徵求獨立專業意見，費用由本公司承擔。全體董事可不受限制聯絡公司秘書。公司秘書負責確保董事會/委員會程序得到遵循，並就規章事宜向董事會/委員會提供意見。

非執行董事，包括獨立非執行董事應出席董事會、委員會及股東大會，為本公司之策略及政策作出貢獻。

委任及重選董事

本公司已就委任及續聘董事制訂經周詳考慮兼具透明度之正式程序。

全體獨立非執行董事均按特定任期委任。馬榮欣先生之任期由二零一九年四月一日起為期兩年。譚政豪先生之任期由二零一七年十二月七日起為期兩年。侯志傑先生之任期由二零一七年十二月十八日起為期兩年。

根據本公司之公司細則，全體董事須最少每三年輪值告退一次，任何填補臨時空缺或作為董事會新增成員之新任董事，須於獲委任後之首次股東大會經股東重選。

全體董事會連同提名委員會(「提名委員會」)負責檢討董事會架構，並發展及制定有關提名及委任董事之程序、監察委任董事及董事繼任之計劃以及評估獨立非執行董事之獨立身份。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Board confirmed that all the Directors had complied with the required standard of dealings set out in the Model Code throughout the Year. No incidents of non-compliance of such guidelines was noted by the Company during the Year.

BOARD COMMITTEES

The Board has established three Board committees, namely the remuneration committee (the "Remuneration Committee"), the audit committee (the "Audit Committee") and the Nomination Committee for overseeing particular aspects of affairs of the Company. These Committees have been established with defined written terms of reference, as approved by the Board, which set out the committee's major duties.

The Board committees are provided with sufficient resources to discharge their duties and upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the expense of the Company.

Audit committee

The Company set up the Audit Committee on 8 April 2001, with written terms of reference, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal control systems. In accordance with the requirements of the Code, the terms of reference of the Audit Committee were revised on 21 October 2006, 21 March 2012 and 31 December 2018, respectively, in terms substantially the same as the code provisions set out in the Code.

As at 30 June 2019, the Audit Committee comprises three independent non-executive Directors, namely, Mr. Ma Wing Yun Bryan (chairman), Mr. Tam Ching Ho and Mr. Hau Chi Kit, all of whom are not involved in the day-to-day management of the Company.

董事進行證券交易

本公司已採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則(「標準守則」)，作為其本身董事進行證券交易之操守守則。經向全體董事作出具體查詢後，董事會確認，全體董事於本年度一直遵守標準守則所載買賣規定標準。本公司於本年度內並未發現任何違反有關指引的情況。

董事委員會

董事會已成立薪酬委員會(「薪酬委員會」)、審核委員會(「審核委員會」)及提名委員會三個董事委員會，以監管本公司特定範疇事務。該等委員會具備經董事會批准之清晰書面職權範圍，當中載列委員會主要職務。

董事委員會獲提供充足資源履行職務，可於適當情況下合理要求徵詢獨立專業意見，費用由本公司承擔。

審核委員會

本公司於二零零一年四月八日成立審核委員會，並制定書面職權範圍，旨在審閱及監管本集團之財務申報程序及內部監控制度。根據守則規定，審核委員會之書面職權範圍已分別於二零零六年十月二十一日、二零一二年三月二十一日及二零一八年十二月三十一日修訂，其條款大致上與守則所載守則條文相同。

於二零一九年六月三十日，審核委員會現由三名並無參與本公司日常管理之獨立非執行董事馬榮欣先生(主席)、譚政豪先生及侯志傑先生組成。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

BOARD COMMITTEES (Continued)

The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process. The Audit Committee is also responsible for reviewing the auditor's appointment, the auditor's remuneration and any matters relating to the termination of, the appointment of and the resignation of the auditor. In addition, the Audit Committee also examines the effectiveness of the Company's internal controls and risk management, which involve regular reviews of the internal controls of various corporate structure and business processes on a continuous basis, and take into account their respective potential risk and urgency, to ensure the effectiveness of the Company's business operations, risk management system and the realisation of its corporate objectives and strategies. The scope of such examinations and reviews include finance, operations, regulatory compliance and risk management. Each member of the Audit Committee has unrestricted access to the external auditor and all senior management of the Group in order to discharge its responsibilities. Save as disclosed above, during the Year, the Audit Committee reviewed the audited financial statements of the Company for the Year and the unaudited financial statements of the Company for the six months ended 31 December 2018. It also reviewed the system of internal control and risk management of the Company.

During the Year, the Audit Committee met twice with the external auditor. Please refer to the table set out in the section "The Board Meeting — Committee Meeting" of this report for the attendance record of individual Audit Committee members.

The Audit Committee has recommended to the Board that Elite Partners CPA Limited, be nominated for re-appointment as auditor of the Company at the forthcoming annual general meeting of the Company.

Remuneration committee

The Remuneration Committee was established on 1 July 2005 with its specific written terms of reference revised on 21 March 2012 and 31 December 2018, respectively, in compliance with the code provisions of the Code. As at 30 June 2019, the Remuneration Committee comprises three independent non-executive Directors, namely Mr. Ma Wing Yun Bryan (chairman), Mr. Tam Ching Ho and Mr. Hau Chi Kit.

董事委員會(續)

審核委員會主要職責為審閱及監督本公司之財務申報程序。審核委員會亦負責檢討核數師委任、核數師薪酬及任何有關終止委聘及委聘核數師以及核數師辭任之事宜。此外，審核委員會亦檢討本公司內部監控及風險管理之成效，當中涉及持續定期檢討各企業架構及業務流程之內部監控，並考慮其各自潛在風險與迫切性，以確保本公司業務運作、風險管理制度之效益及實現其企業目標與策略。該等審閱及檢討範疇包括財務、營運、監管規章及風險管理。審核委員會各成員可不受限制就履行職責聯絡本集團外聘核數師及全體高級管理人員。除上文披露者外，本年度內審核委員會審閱本公司於本年度之經審核財務報表及本公司截至二零一八年十二月三十一日止六個月之未經審核財務報表，亦審閱本公司內部監控及風險管理制度。

本年度內，審核委員會亦與外聘核數師會面兩次。有關個別審核委員會成員之出席記錄，請參閱本報告「董事會會議 — 委員會會議」一節所載列表。

審核委員會建議董事會於本公司應屆股東週年大會提名開元信德會計師事務所有限公司續任本公司核數師。

薪酬委員會

本公司於二零零五年七月一日成立薪酬委員會，並制定特定書面職權範圍及分別於二零一二年三月二十一日及二零一八年十二月三十一日修訂，以遵守守則之守則條文。於二零一九年六月三十日，薪酬委員會由三名獨立非執行董事馬榮欣先生(主席)、譚政豪先生及侯志傑先生組成。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

BOARD COMMITTEES (Continued)

Remuneration committee (Continued)

The Remuneration Committee is responsible for, inter alia, advising the Board on the remuneration policy and structure for all remuneration of the Directors and senior management of the Company, as well as reviewing and either determining with delegated responsibility the remuneration packages of individual executive Directors and senior management or making recommendations to the Board on the remuneration packages of individual executive Directors and senior management in accordance with code provision B.1.2(c)(ii) of the Code; making recommendations to the Board on the remuneration of non-executive Directors, and approving the compensation to executive Directors and senior management for any loss or termination of their office or appointment, and reviewing and approving compensation relating to dismissal or removal of Directors for misconduct. No Director was involved in deciding his/her own remuneration.

Remuneration of directors and senior management

Pursuant to code provision B.1.5 of the Code, the remuneration of the members of the senior management by band for the Year is set out below:

Remuneration band (HK\$)	薪酬範圍(港元)	Number of individuals 人數
Nil to 1,000,000	零至1,000,000	10

Further particulars regarding Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 15 to the financial statements.

The Remuneration Committee meets at least once a year. During the Year, the Remuneration Committee met four times, during which it assessed the performance of the executive Directors. The attendance of each member of the Remuneration Committee, on a named basis and by category, at the committee meetings during the Year is set out in the section "The Board Meeting — Committee Meeting" of this report.

董事委員會(續)

薪酬委員會(續)

根據守則之守則條文第B.1.2(c)(ii)條，薪酬委員會負責(其中包括)就薪酬政策及董事與本公司高級管理人員所有薪酬架構向董事會提供意見，並獲授責任審閱及釐定各執行董事及高級管理人員之薪酬組合或向董事會建議各執行董事及高級管理人員之薪酬待遇；對非執行董事的薪酬向董事會作出建議，以及審批執行董事及高級管理人員任何損失或離職或終止委任之補償以及審閱及批准有關罷免或免除行為失當董事之補償。概無董事涉及釐定本身薪酬。

董事及高級管理人員薪酬

根據守則條文第B.1.5條，本年度高級管理人員成員薪酬範圍載列如下：

根據上市規則附錄十六須予披露之有關董事酬金及五名最高薪僱員之詳情載於財務報表附註15。

薪酬委員會最少每年舉行一次會議。於本年度，薪酬委員會曾舉行四次會議，當中彼等評估執行董事之表現。於本年度，按姓名及類別所劃分薪酬委員會各成員出席委員會會議之次數，載於本報告「董事會會議 — 委員會會議」一節。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

BOARD COMMITTEES (Continued)

Nomination committee

The Nomination Committee was established on 2 November 2007, with its specific written terms of reference revised on 21 March 2012 and 31 December 2018, respectively, in compliance with the code provisions of the Code. As at 30 June 2019, the Nomination Committee comprised one executive Director, namely Ms. Chan Yuk Foebe (chairman), and three independent non-executive Directors, namely Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit.

The Nomination Committee is responsible for, inter alia, the following:

- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of, individuals nominated for directorships;
- (c) to assess the independence of independent non-executive Directors;
- (d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer;
- (e) to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board;
- (f) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or applicable laws; and
- (g) to ensure the chairman of the Committee, or in the absence of the chairman, another member of the Committee or failing this his duly appointed delegate, be available to answer questions at the annual general meeting of the Company.

The Nomination Committee would review the composition of the Board from time to time where Board diversity would be considered from a number of aspects, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of services.

董事委員會(續)

提名委員會

本公司於二零零七年十一月二日成立提名委員會，並分別於二零一二年三月二十一日及二零一八年十二月三十一日修訂書面職權範圍，以遵守守則所載守則條文。於二零一九年六月三十日，提名委員會由一名執行董事陳昱女士(主席)以及三名獨立非執行董事馬榮欣先生、譚政豪先生及侯志傑先生組成。

提名委員會職責(其中包括)如下：

- (a) 至少每年檢討董事會之架構、規模及組成(包括技能、知識及經驗方面)，並就任何擬作出變動向董事會提出建議以補充本公司之公司策略；
- (b) 物色具備合適資格可擔任董事會成員之人士，並挑選提名有關人士出任董事或就此向董事會提供意見；
- (c) 評核獨立非執行董事之獨立性；
- (d) 就董事委任或續聘以及董事(尤其是主席及行政總裁)繼任計劃向董事會提出建議；
- (e) 為使委員會可履行董事會向其授予之權力及職能而進行任何事宜；
- (f) 遵守董事會可不時規定或本公司組織章程所載或上市規則或適用法律施加之任何規定、指示及規例；及
- (g) 確保委員會主席，或在主席缺席時由另一名委員(或如該名委員未能出席，則其正式委任之代表)在本公司股東週年大會回答提問。

提名委員會將不時檢討董事會組成，並從多個方面考慮董事會多元化，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務年期。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

BOARD COMMITTEES (Continued)

Nomination committee (Continued)

The Nomination Committee adopted the board diversity policy on 31 December 2018. The Company recognises and embraces the benefits of having a diverse composition of the Board, gender and other qualities will be considered in determining the optimum Board composition. The ultimate decision will be based on merit and contribution that the selected candidates are likely to bring to the Board.

During the Year, the Nomination Committee met four times during which discussed and reviewed the structure, size and composition of the Board. Please refer to the table set out in the section “The Board Meeting – Committee Meeting” of this report for the attendance record of individual Nomination Committee members.

Corporate governance functions

During the Year, the Board determined the policy for the corporate governance of the Company, and performed, inter alia, the following duties: (a) developed and reviewed the Company’s policies and practices on corporate governance and made recommendations to the Board; (b) reviewed and monitored the Company’s policies and practices on compliance with legal and regulatory requirements; (c) developed, reviewed and monitored the code of conduct applicable to employees and Directors; (d) reviewed the Company’s compliance with the Code and disclosure in the Corporate Governance Report; and (e) reviewed and monitored the training and continuous professional development of Directors and senior management.

Company secretary

Mr. Ma Kin Ling was appointed as the Company Secretary since May 2016. Mr. Ma has confirmed that he has taken no less than 15 hours of relevant professional training during the Year. The Company is of the view that Mr. Ma has complied with Rule 3.29 of the Listing Rules.

DIRECTORS’ RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for (i) overseeing the preparation of the financial statements of the Group with a view to ensuring such financial statements are in accordance with statutory requirements and applicable accounting standards; and (ii) selecting suitable accounting policies and applying them consistently with the support of reasonable and prudent judgments and estimates.

The independent auditor’s report of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out on pages 57 to 65 of this annual report.

董事委員會(續)

提名委員會(續)

提名委員會於二零一八年十二月三十一日採納董事會多元化政策。本公司明白並深信董事會成員多元化裨益良多。於釐定合適之董事會成員組合時，會考慮董事會成員之性別及其他特質。最終將按候選人之長處及可為董事會作出之貢獻而作決定。

本年度內，提名委員會曾舉行四次會議，當中討論及檢討董事會架構、規模及組成。有關提名委員會個別成員之出席記錄，請參閱本報告「董事會會議 – 委員會會議」一節所載列表。

企業管治職能

於本年度內，董事會釐定本公司企業管治之政策，並履行(其中包括)以下職能：(a)制定及檢討本公司企業管治政策及常規，並向董事會提出建議；(b)檢討及監察本公司在遵守法律及監管規定方面之政策及常規；(c)制定、檢討及監察僱員及董事之操守準則；(d)檢討本公司遵守守則之情況及在企業管治報告內之披露；及(e)檢討及監察董事及高級管理層之培訓及持續專業發展。

公司秘書

馬健凌先生已自二零一六年五月起獲委任為公司秘書。馬先生已確認彼於本年度均已報讀不少於15小時之有關專業培訓。本公司認為，馬先生已遵守上市規則第3.29條之規定。

董事對財務報表之責任

董事知悉，彼等須負責(i)監督本集團財務報表之編製，以確保此等財務報表符合法定規定及適用會計準則；並(ii)挑選及貫徹應用適當會計政策，配合合理審慎之判斷及估計。

有關本公司獨立核數師對本集團綜合財務報表申報責任之獨立核數師報告載於本年報第57至65頁。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

ACCOUNTABILITY AND AUDITOR'S REMUNERATION

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Year.

The statement of the external auditor of the Company about their responsibilities on the financial statements is set out in the "Independent Auditor's Report" section of this annual report.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The Board has not taken any different view from that of the Audit Committee in respect of the selection, appointment, resignation or dismissal of external auditor.

The remuneration paid to Elite Partners CPA Limited, the external auditor of the Company, and the nature of services are set out as follows:

Type of services provided by the external auditor

外聘核數師所提供服務類別

Fee paid/payable

已付/應付費用

HK\$'000

千港元

Audit services:

Audit of annual financial statements

核數服務：

審核全年財務報表

1,480

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the effectiveness of the Group's internal control and risk management systems. The internal control and risk management systems are designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can only provide reasonable, but not absolute assurance against misstatement or loss.

Procedures have been set up to safeguard assets against unauthorised use or disposition, control capital expenditure, maintain proper accounting records and ensure the reliability of financial information used for business and publication. Qualified management throughout the Group maintains and monitors the internal control systems on an ongoing basis.

問責性及核數師酬金

董事會負責對年度及中期報告、股價敏感公佈以及上市規則及其他監管規定要求的其他披露事項編製均衡、清晰及合理之評估。董事明白彼等對編製本公司本年度之財務報表所負責任。

本公司外聘核數師對財務報表之責任聲明載於本年報「獨立核數師報告」一節。

概無有關可能對本公司持續經營能力構成重大疑問之事件或狀況之重大不明朗因素。董事會在外聘核數師甄選、委任、辭任或罷免方面之見解與審核委員會一致。

向本公司外聘核數師開元信德會計師事務所有限公司支付之酬金及服務性質載列如下：

內部監控及風險管理

董事會負責本集團內部監控及風險管理制度成效。內部監控及風險管理制度之設計旨在切合本集團特定需要及所承受風險，基於其性質，只可就錯誤陳述或過失提供合理而非絕對保證。

本公司已制定程序，保障資產不會在未經授權情況下遭使用或處置、控制資本開支、存置適當會計記錄及確保業務與公佈採用可靠之財務資料。本集團合資格管理人員持續維持及監察內部監控制度。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

INTERNAL CONTROL AND RISK MANAGEMENT (Continued)

The internal audit department was set up on 15 May 2006, under the supervision of the Board. During the Year, the Board reviewed the effectiveness of the internal control and risk management systems of the Group on the adequacy and effectiveness of the Company's internal controls and risk management. The review covers aspects relating to financial and compliance controls of the major subsidiaries of the Company. Moreover, operation professionals had been appointed to perform reviews on the new information systems and operations. These reviews included operational workflow and risk management controls over new manufacturing functions of the Company. It was also the Board's review to consider the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

The Company encourages two-way communications with both institutional and private investors. Extensive information about the Company's activities is provided in its annual reports and interim reports, which are sent to shareholders of the Company.

Designated executive Directors and senior management maintain regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner. Investors may write directly to the Company at its principal place of business in Hong Kong for any inquiries.

At general meetings, the Chairman of the meetings raises separate resolutions for each effectively independent matter. The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board and the chairman of the Board committees, or in their absence, other members of the respective committees, must attend the annual general meeting to address shareholders' queries. The external auditor is also invited to attend the Company's annual general meetings and is available to assist the Directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of its auditor's report.

內部監控及風險管理(續)

本公司於二零零六年五月十五日成立由董事會監督之內部審核部門。本年度內，董事會已檢討本集團內部監控及風險管理制度成效，以及本公司內部監控及風險管理是否充足及相關成效。檢討範圍涵蓋本公司主要附屬公司之財務及規章監控。此外，業務營運專業人員獲委任就新資訊系統及業務營運進行檢討。該等檢討包括本公司新製造職能之營運流程及風險管理監控。董事會亦審閱以考慮資源、員工資歷及經驗、培訓項目以及本公司會計及財務報告功能預算之足夠性。

股東權利及投資者關係

本公司鼓勵與機構及私人投資者雙向溝通。有關本公司業務活動之廣泛資料載於寄交本公司股東之年報及中期報告。

指定執行董事及高級管理人員與機構投資者及分析員定期聯絡，讓彼等緊貼本公司發展動向，並及時就投資者查詢提供詳細資訊。如有任何查詢，投資者可直接致函本公司之香港主要營業地點。

於股東大會上，大會主席可就個別事宜分別提呈決議案。本公司股東大會向股東及董事會提供互相溝通之機會。董事會主席及董事委員會主席(或如彼等未克出席，則相關委員會其他成員)須出席股東週年大會回應股東提問。外聘核數師亦獲邀出席本公司股東週年大會，並就有關審核處理及其核數師報告之編製及內容，協助董事回答股東提問。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS (Continued)

Shareholder(s) 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 make a requisition to convene an extraordinary general meeting pursuant to article 62 of the Company's Bye-laws. The procedures for shareholders to put forward proposals at general meetings are stated as follows:

- (a) The written requisition must state the purposes of the meeting, and must be signed by all the shareholders concerned and may consist of several documents in like form each signed by one or more shareholders concerned.
- (b) The written requisition must be stated with the head office of the Company at Room 4007, 40/F., China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong, for the attention of the Directors or the Company Secretary.
- (c) The written requisition will be verified with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the relevant resolution in the agenda for such general meeting. Such general meeting shall be held within two months after the deposit of such requisition.
- (d) If within 21 days of such deposit, the Directors fail to proceed to convene such a general meeting, the requisitionist(s) himself (themselves) may themselves convene a meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors to do so shall be reimbursed to the requisitionist(s) by the Company.

股東權利及投資者關係(續)

於遞呈要求日期持有不少於本公司繳足股本(具於股東大會上投票之權利)十分之一的股東可按本公司之公司細則第62條要求召開股東特別大會。股東於股東大會上提呈建議書之程序如下：

- (a) 書面要求須註明會議目的，且必須經所有有關股東簽署，倘附有多份形式類似之文件，則須由一名或多名股東於每份文件上簽署。
- (b) 書面要求須列明本公司總辦事處香港灣仔港灣道26號華潤大廈40樓4007室，指定由董事或公司秘書接收。
- (c) 書面要求將由本公司股份過戶登記分處核實，經確認要求為正式及符合程序後，公司秘書將通知董事會召開該股東大會並將有關決議案加入議程。有關股東大會須於接獲該要求後兩個月內舉行。
- (d) 倘於提交要求後21日內，董事未能召開有關股東大會，則提請人可自行召開會議，而因董事未能召開會議導致提請人產生的一切合理開支，須由本公司付還提請人。

CORPORATE GOVERNANCE REPORT (CONTINUED)
企業管治報告(續)

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS (Continued)

During the Year, three general meetings were held. The 2018 annual general meeting was held on 20 December 2018, and two special general meeting were held on 15 August 2018 and 30 November 2018. The attendance record of each Director, on a named basis and by category, at the general meetings held during the Year under review is set out below:

股東權利及投資者關係(續)

於本年度，已舉行三次股東大會。二零一八年股東週年大會乃於二零一八年十二月二十日舉行，以及於二零一八年八月十五日及二零一八年十一月三十日舉行兩次股東特別大會。回顧年內，按姓名及類別所劃分每名董事出席股東大會之次數記錄載列如下：

Directors	董事	Number of general meetings attended/ Number of general meetings held 出席股東大會次數/ 股東大會舉行次數
<i>Executive Directors</i>		
Ms. Chan Yuk Foebe	陳昱女士	3/3
Mr. Law Tze Ping Eric	羅子平先生	1/3
Mr. Yu Defa	于德發先生	0/3
Mr. Chen Lei (Note)	陳蕾先生(附註)	0/0
<i>Independent non-executive Directors</i>		
Mr. Ma Wing Yun Bryan	馬榮欣先生	0/3
Mr. Tam Ching Ho	譚政豪先生	0/3
Mr. Hau Chi Kit	侯志傑先生	0/3

Note: Mr. Chen Lei was appointed as an executive Director on 24 April 2019.

附註：陳蕾先生於二零一九年四月二十四日獲委任為執行董事。

No amendments were made to the Company's Bye-laws during the Year. The Company's Bye-laws is available on both the websites of HKEx and the Company.

本年度內，本公司之公司細則並無作出修訂。本公司之公司細則於聯交所及本公司網站可供查閱。

Shareholder services

Any matter in relation to the transfer of shares, change of name or address, or loss of share certificates should be addressed to the Company's Hong Kong branch share registrar and transfer office as follows:

股東服務

任何有關股份轉讓、更改姓名或地址、遺失股票等事宜請聯絡本公司香港股份過戶登記分處，地址為：

Tricor Tengis Limited

54/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Tel: 2980 1888
Fax: 2861 0285

卓佳登捷時有限公司

香港灣仔皇后大道東183號合和中54樓
電話：2980 1888
傳真：2861 0285

CORPORATE GOVERNANCE REPORT (CONTINUED)
企業管治報告(續)

**SHAREHOLDERS' RIGHTS AND INVESTOR
RELATIONS** (Continued)

Shareholders' enquiries to the Board

Shareholders of the Company may send their enquiries to the Board in writing with contact details (including registered name, address, telephone number and email address) to the Company Secretary as follows:

Address: Room 4007, 40/F., China Resources Building,
26 Harbour Road, Wan Chai, Hong Kong
Telephone: 2845 3131
Fax: 2845 3535
Email: info@xinyangmaojian.com.hk

股東權利及投資者關係 (續)

股東向董事會查詢

本公司股東可以書面形式連同聯絡資料(包括註冊姓名、地址、電話號碼以及電郵地址)向公司秘書發出致董事會之查詢，方式如下：

地址：香港灣仔港灣道
26號華潤大廈40樓4007室
電話：2845 3131
傳真：2845 3535
電郵：info@xinyangmaojian.com.hk

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員簡介

DIRECTORS

Executive Directors

Ms. Chan Yuk Foebe (陳昱), aged 50, is the chairman (the “Chairman”) and chief executive officer of the Group and joined the Group as an executive Director in January 2004. Ms. Chan is responsible for the overall management and business development of the Group. Ms. Chan holds a bachelor’s degree in Accountancy from the Queensland University of Technology in Australia. Ms. Chan has more than 10 years of experience in the areas of corporate finance and management. Ms. Chan was a non-executive director of Heng Tai Consumables Group Limited (“Heng Tai”) (Stock Code: 197), whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) until 21 December 2016. Save as disclosed herein, Ms. Chan did not hold any other directorships in listed public companies in the last three years. Ms. Chan was appointed as the Chairman and a member of nomination committee of the Company (the “Nomination Committee”) with effect from 2 February 2012.

Mr. Law Tze Ping Eric (羅子平), aged 39, is an executive Director. Prior to joining the Group, Mr. Law worked as a business consultant and provided consultancy services for listed and non-listed companies in Hong Kong. Save as disclosed herein, Mr. Law did not hold any other directorships in listed public companies in the last three years. Mr. Law was appointed as an executive Director with effect from 3 March 2015.

Mr. Yu Defa (于德發), aged 52, is an executive Director. He is currently the chief operation director of Heihe LongJiang, a subsidiary of the Company. Mr. Yu had been the sales and operating general manager of medium-sized enterprises with more than ten years of extensive experiences in sales operation and management.

He joined the Group in October 2011 and was promoted as the deputy general manager of Heihe LongJiang in October 2013. Mr. Yu majored in civil work engineering in Harbin University of Science and Technology from 1988 to 1990. Save as disclosed herein, Mr. Yu did not hold any other directorships in listed public companies in the last three years. Mr. Yu was appointed as an executive Director with effect from 5 May 2014.

董事

執行董事

陳昱女士，50歲，本集團主席（「主席」）兼行政總裁，於二零零四年一月加入本集團，擔任執行董事。陳女士負責本集團整體管理及業務發展。陳女士持有澳洲昆士蘭科技大學會計學士學位。陳女士於企業融資及管理方面具有逾10年經驗。陳女士為亨泰消費品集團有限公司（「亨泰」，股份代號：197，其股份於香港聯合交易所有限公司（「聯交所」）主板上市）之非執行董事，直至二零一六年十二月二十一為止。除本年報所披露者外，陳女士於過去三年並無擔任上市公司的任何其他董事職位。陳女士獲委任為本公司提名委員會（「提名委員會」）主席及成員，自二零一二年二月二日起生效。

羅子平先生，39歲，執行董事。於加盟本集團前，羅先生曾擔任業務顧問，並為香港上市及非上市公司提供顧問服務。除本年報所披露者外，羅先生於過去三年並無擔任上市公司的任何其他董事職位。羅先生獲委任為執行董事，自二零一五年三月三日起生效。

于德發先生，52歲，執行董事，現時出任本公司附屬公司黑河龍江之營運總監。于先生曾在多間中型企業擔任銷售及經營總經理，在銷售經營及管理方面擁有逾十年豐富經驗。

彼於二零一一年十月加入本集團，於二零一三年十月獲擢升為黑河龍江之副總經理。于先生自一九八八年至一九九零年在哈爾濱理工大學修讀土木工程課程。除本年報所披露者外，于先生於過去三年並無擔任上市公司的任何其他董事職位。于先生獲委任為執行董事，自二零一四年五月五日起生效。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員簡介(續)

Mr. Chen Lei (陳蕾), aged 56, is a well-known media planner. Mr. Chen graduated from Beijing Normal University with a degree in Chinese language in 1986. In the 1980s, he engaged in literature critique, focusing his work on novels and poetry. After the 1990s, Mr. Chen moved into the television industry, involving in the planning, editing and production stages of various television programme, among which, “Touching China” is widely known. He is currently a director of new media laboratory of Beijing Hongyun Rongtong Technology Co., Limited (北京紅雲融通技術有限公司), an executive vice president of Strategy and Development Research Institution of the Chinese Eco Development Association (中國林業生態發展促進會), a brand consultant of the China Foundation for Poverty Alleviation (中國扶貧基金會) and a member of council of the Muxin Entrepreneur Fellowship (沐新創業同修會). Mr. Chen was appointed as an executive Director effect from 24 April 2019.

Independent Non-executive Directors

Mr. Ma Wing Yun Bryan (馬榮欣), aged 53, is an independent non-executive Director and is also the chairman of the audit committee of the Company (the “Audit Committee”) and a member of each of the remuneration committee of the Company (the “Remuneration Committee”) and the Nomination Committee. Mr. Ma is the finance director of Union Sun International Group Limited, a non-listed company with affiliates dealing in property development in the PRC. He was an independent director of Celestial Nutrifooods Limited (the shares of which are listed on the main board of Singapore Exchange Securities Trade Limited (the “Singapore Exchange”)) until 18 July 2011. He has approximately 20 years of experience in the areas of audit, financial management and operational management. Mr. Ma is an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Ma was appointed as an independent non-executive Director in February 2001.

陳蕾先生，56歲，為著名的傳媒策劃人。陳先生於一九八六年畢業於北京師範大學，獲得漢語言學位。於二十世紀八十年代，彼從事文學批評，並主要著重於小說及詩歌。於二十世紀九十年代後，陳先生進入電視行業，並參與多個電視節目的策劃、編輯及製作階段，其中，「感動中國」廣為人知。彼目前為北京紅雲融通技術有限公司新媒體實驗室的主管、中國林業生態發展促進會戰略發展研究院的執行副會長、中國扶貧基金會的品牌顧問及沐新創業同修會的成員。陳先生自二零一九年四月二十四日起獲委任為執行董事。

獨立非執行董事

馬榮欣先生，53歲，獨立非執行董事兼本公司審核委員會(「審核委員會」)主席、本公司薪酬委員會(「薪酬委員會」)及提名委員會成員。馬先生為非上市公司Union Sun International Group Limited之財務總監，該公司有分支機構於中國處理物業發展。彼曾為天園營養集團有限公司(其股份於新加坡證券交易所有限公司(「新交所」)主板上市)之獨立董事，直至二零一一年七月十八日為止。彼於核數、財務管理及營運管理方面具備約20年經驗。馬先生為香港會計師公會會員。馬先生於二零零一年二月獲委任為本公司獨立非執行董事。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員簡介(續)

Mr. Tam Ching Ho (譚政豪), aged 48, appointed on 30 June 2007, is an independent non-executive Director and is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Tam is a certified public accountant (practising) registered with the Hong Kong Institute of Certified Public Accountants (“HKICPA”). He has worked in a reputable international accounting firm for about eight years and specialised in providing assurance services for pre-listing, listed and multinational companies. He has also held senior positions in several companies, including as a financial controller of a company listed on the main board of the Stock Exchange and another company listed on the main board of the Singapore Exchange for a total of about seven years. Mr. Tam has accumulated extensive experiences in corporate finance and administration, listing compliance, investor relations, accounting and auditing. Mr. Tam holds a bachelor’s degree of arts with honors in accountancy. He is an associate member of the HKICPA and a fellow member of The Association of Chartered Certified Accountants. Mr. Tam is also an independent non-executive director of Chaoda Modern Agriculture (Holdings) Limited (Stock Code: 682), the shares of which are listed on the main board of the Stock Exchange. Save as disclosed herein, Mr. Tam did not hold any other directorships in listed companies in the last three years.

Mr. Hau Chi Kit (侯志傑), aged 47, appointed on 18 December 2013, is an independent non-executive Director and also a member of each of the Audit committee, the Remuneration Committee and the Nomination Committee. He was a barrister-at-law in private practice in Hong Kong from 2001 to 2008. Prior to becoming a barrister, he worked at the Securities and Futures Commission. Mr. Hau is currently a solicitor and is an independent non-executive director of e-Force Holdings Limited (Stock Code: 943), a company listed on the Main Board of the Stock Exchange and Trillion Grand Corporate Company Limited (Stock Code: 8103), a company listed on GEM of the Stock Exchange. Mr. Hau was an independent non-executive director of Code Agriculture (Holdings) Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8153) until 18 July 2019. Save as disclosed herein, Mr. Hau did not hold any other directorships in listed companies in the last three years.

譚政豪先生，48歲，於二零零七年六月三十日獲委任為獨立非執行董事，彼亦為審核委員會、薪酬委員會及提名委員會成員。譚先生為於香港會計師公會（「香港會計師公會」）註冊之執業會計師。彼於一間著名國際會計師行任職約八年，專門為上市前、上市及跨國公司提供保證服務。彼亦曾於數間公司擔任高級職位合共約七年，包括於一間於聯交所主板上市之公司及另一間於新交所主板上市之公司出任財務總監。譚先生於企業融資與行政、上市規章、投資者關係以及會計及審計累積了豐富經驗。譚先生持有會計學榮譽文學士學位。彼為香港會計師公會會員及英國特許公認會計師公會資深會員。譚先生亦為超大現代農業(控股)有限公司(股份代號：682，其股份於聯交所主板上市)之獨立非執行董事。除本年報所披露者外，譚先生於過去三年並無擔任上市公司的任何其他董事職位。

侯志傑先生，47歲，於二零一三年十二月十八日獲委任，為獨立非執行董事，亦為本公司審核委員會、薪酬委員會及提名委員會成員。彼於二零零一年至二零零八年期間於香港執業為大律師。於擔任大律師前，彼曾於證券及期貨事務監察委員會任職。侯先生現為律師，並為聯交所主板上市公司意科控股有限公司(股份代號：943)以及聯交所GEM上市公司萬泰企業股份有限公司(股份代號：8103)之獨立非執行董事。侯先生擔任科地農業控股有限公司(一家於聯交所GEM上市的公司，股份代號：8153)之獨立非執行董事，任期直至二零一九年七月十八日為止。除本年報所披露者外，侯先生於過去三年並無擔任上市公司的任何其他董事職位。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理人員簡介(續)

SENIOR MANAGEMENT

Mr. Ma Kin Ling (馬健凌), aged 37, is the chief financial officer and the company secretary of the Group. Mr. Ma is responsible for the financial reporting and company's secretarial functions of the Group. Mr. Ma graduated from City University of Hong Kong with a bachelor's degree in Accountancy and Law. Mr. Ma joined the Group in May 2016. Prior to joining the Group, he worked in a reputable international accounting firm and has over 10 years of professional experience in accounting, auditing and financial management. Mr. Ma is a member of the HKICPA. Mr. Ma is also an independent non-executive director of SunCorp Technologies Limited (Stock Code: 1063) and Hong Kong Finance Investment Holding Group Limited (Stock Code: 7), the shares of which are listed on the Main Board of the Stock Exchange. Save as disclosed herein, Mr. Ma did not hold any other directorships in listed companies in the last three years.

Mr. Tian Yu (田雨), aged 62, is the Vice General Manager of the Mudanjiang Better Day Power Limited of the Group, and is mainly responsible for the production technology of power and steam. He joined the Group in December 2006. Mr. Tian has over 20 years' extensive experience in the production, management and project construction aspects of enterprises which generate and supply power and steam. He further studied and graduated from Heilongjiang Province Economic Cadre Institute (黑龍江省經濟幹部學院) in 2000, majoring in economic management.

Mr. Sun Jianfei (孫劍飛), aged 46, is the Vice General Manager of the Heihe Longjiang. Mr. Sun has over 10 years' experience in the production management of chemical enterprises. He joined the Group in September 2005 and was promoted to Vice General Manager of the Mudanjiang Daytech Chemical Ltd. Mr. Sun completed a program of chemical technology from Mudanjiang Vocational University (牡丹江職工大學) in July 1995.

SENIOR MANAGEMENT REMUNERATION SYSTEM

The remuneration system of the senior management of the Group is a combination of the economic benefit of the senior management (including executive directors) and the operational results and share performance of the Group. Most of the members of the senior management have signed result examination contracts' with the Company. In this system, the remuneration of the senior management comprises three parts, namely, basic salary, bonus and share options. The floating remuneration of the senior management represents approximately 70% to 75% of their total potential remuneration, which includes result bonuses and share options representing approximately 15% to 25% and 50% to 60% respectively of their total potential remuneration. Floating remuneration is linked with the specific business performance indicators, for example, the net profit, capital return and cost reduction indicator.

高級管理人員

馬健凌先生，37歲，為本集團首席財務官及公司秘書。馬先生負責本集團之財務申報及履行公司秘書職能。馬先生畢業於香港城市大學，持有會計與法律學士學位。馬先生於二零一六年五月加盟本集團。加盟本集團之前，彼曾於知名國際會計師事務所任職，擁有逾10年會計、核數及財務管理專業經驗。馬先生為香港會計師公會會員。馬先生亦為其股份於聯交所主板上市的新確科技有限公司(股份代號：1063)及香港金融投資控股集團有限公司(股份代號：7)之獨立非執行董事。除本年報所披露者外，馬先生於過去三年並無擔任上市公司的任何其他董事職位。

田雨先生，62歲，本集團牡丹江佳日熱電有限公司之副總經理，主管生產電力及熱能之生產技術。彼於二零零六年十二月加盟本集團。田先生在生產及供應電力及熱能企業之生產、管理及工程建設方面累積逾20年豐富經驗。彼曾修讀黑龍江省經濟幹部學院，於二零零零年畢業，主修經濟管理。

孫劍飛先生，46歲，黑龍江副總經理。孫先生於化工企業之生產管理方面累積逾10年經驗。彼於二零零五年九月加盟本集團，其後晉升為牡丹江日達化工有限公司副總經理。孫先生於一九九五年七月在牡丹江職工大學修畢化學科技課程。

高級管理人員薪酬制度

本集團之高級管理人員薪酬制度按本集團高級管理人員(包括執行董事)之經濟利益與本集團之營運業績和股份表現結合計算。大部分高級管理人員均已與本公司訂立業績考核合同。於此制度下，高級管理人員之酬金由三部分組成，即基本工資、獎金及購股權。高級管理人員之浮動酬金約佔彼等潛在酬金總額70%至75%，包括分別相當於潛在酬金總額約15%至25%以及50%至60%之業績獎金及購股權。浮動酬金乃與特定業務表現指標掛鉤，例如純利、資本回報及成本削減指標。

REPORT OF THE DIRECTORS

董事會報告

The directors of the Company (the “Directors”) present their report and the audited financial statements of the Group for the year ended 30 June 2019 (the “Year”).

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 22 to the financial statements.

An analysis of the Group’s performance for the Year by business segments is set out in note 11 to the financial statements and in the section “Management Discussion and Analysis” of this annual report.

RESULTS AND DIVIDENDS

The Group’s profit for the Year and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 66 to 168 of this annual report.

The Directors do not recommend the payment of dividend for the Year.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the published consolidated results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate:

Results

		2019	Year ended 30 June			
		二零一九年	截至六月三十日止年度			
		HK\$'000	2018	2017	2016	2015
		千港元	二零一八年	二零一七年	二零一六年	二零一五年
			HK\$'000	HK\$'000	HK\$'000	HK\$'000
			千港元	千港元	千港元	千港元
REVENUE	收益	323,048	367,632	186,110	68,300	62,911
LOSS FROM OPERATIONS	經營虧損	(606,188)	(143,287)	(91,744)	(429,842)	(257,450)
Finance costs	財務成本	(92,627)	(82,594)	(60,078)	(68,945)	(48,019)
LOSS BEFORE TAX	除稅前虧損	(698,815)	(225,881)	(151,822)	(498,787)	(305,469)
Income tax credit	所得稅抵免	1,233	7,267	20,945	4,580	28,418
PROFIT/(LOSS) FOR THE YEAR	本年度溢利/(虧損)	(697,582)	(218,614)	61,318	(508,396)	(298,261)
Attributable to:	應佔:					
Owners of the Company	本公司擁有人	(667,369)	(199,324)	68,481	(421,647)	(248,517)
Non-controlling interests	非控股權益	(30,213)	(19,290)	(7,163)	(86,749)	(49,744)
		(697,582)	(218,614)	61,318	(508,396)	(298,261)

本公司董事(「董事」)謹此提呈本集團截至二零一九年六月三十日止年度(「本年度」)之董事會報告及經審核財務報表。

主要業務

本公司之主要業務為投資控股。附屬公司之主要業務詳情載於財務報表附註22。

本集團於本年度按業務分部劃分之業績分析載於財務報表附註11及本年報「管理層討論與分析」一節。

業績及股息

本集團本年度之溢利以及本公司與本集團於該日之事務狀況，載於本年報第66至168頁之財務報表。

董事不建議派付本年度之股息。

財務資料概要

以下為摘錄自經審核財務報表及於適當情況下重列之本集團最近五個財政年度已刊發綜合業績、資產與負債以及權益之概要：

業績

REPORT OF THE DIRECTORS (CONTINUED)
董事會報告(續)

SUMMARY FINANCIAL INFORMATION (Continued)

Assets, liabilities and equity

財務資料概要(續)

資產、負債及權益

		At 30 June				
		於六月三十日				
		2019	2018	2017	2016	2015
		二零一九年	二零一八年	二零一七年	二零一六年	二零一五年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Non-current assets	非流動資產	2,014,529	2,819,057	2,919,362	3,123,917	3,353,154
Current assets	流動資產	252,313	357,732	231,442	171,612	161,446
TOTAL ASSETS	資產總值	2,266,842	3,176,789	3,150,804	3,295,529	3,514,600
Non-current liabilities	非流動負債	1,125,415	1,113,572	937,770	461,324	340,737
Current liabilities	流動負債	276,518	386,302	344,750	1,010,947	883,000
TOTAL LIABILITIES	負債總額	1,401,933	1,499,874	1,282,520	1,472,271	1,223,737
TOTAL EQUITY	總權益	864,908	1,676,915	1,868,284	1,823,258	2,290,863
Attributable to:	應佔：					
Owners of the Company	本公司擁有人	801,121	1,583,802	1,758,756	1,693,344	2,126,830
Non-controlling interests	非控股權益	63,787	93,113	109,528	129,914	164,033
		864,908	1,676,915	1,868,284	1,823,258	2,290,863

Note: The results of the Group for the Year and the assets, liabilities and equity of the Group as at 30 June 2019 are those set out in the audited financial statements on pages 66 to 68 and pages 69 to 70 of this annual report, respectively.

The results of the Group for the years ended 30 June 2015, 2016, 2017 and 2018, respectively, have been extracted from the audited financial statements of the Company for the respective years and have been restated as appropriate.

The assets, liabilities and equity of the Group as at 30 June 2015, 2016, 2017 and 2018, respectively, have been extracted from the audited financial statements of the Company for the respective years.

附註：本集團本年度之業績以及本集團於二零一九年六月三十日之資產、負債及權益分別載於本年報第66至68頁及第69至70頁之經審核財務報表。

本集團截至二零一五年、二零一六年、二零一七年及二零一八年六月三十日止年度之業績分別摘錄自本公司有關年度之經審核財務報表及已於適當情況下重列。

本集團於二零一五年、二零一六年、二零一七年及二零一八年六月三十日之資產、負債及權益分別摘錄自本公司有關年度之經審核財務報表。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

FIXED ASSETS

Details of movements in the Group's fixed assets and prepaid land lease payments are set out in notes 18 and 19 to the financial statements, respectively.

SHARE CAPITAL AND SHARE OPTIONS

The Company's current share option scheme (the "Scheme") was proposed by the Board on 29 November 2012 and approved by its shareholders on 20 December 2012. The purpose of the Scheme is to provide incentives or rewards to the eligible participants for their contribution to the Group. The Directors may, at its absolute discretion, offer any employee (whether full time or part time, including any executive Directors, any non-executive Directors (including independent non-executive Directors), any person or entity that provides research, development or other technological support to the Group, any shareholder of any member of the Group, any adviser (professional or otherwise) or consultant to the Group and any joint venture partner or counterparty to business transactions of the Group, to take up share options (the "Options") to subscribe for Shares on the terms set out in the Scheme. Details of the Scheme were provided in the Company's circulars dated 29 November 2012, 17 February 2017 and 14 November 2017.

Unless otherwise terminated by the Company's shareholders at general meeting in accordance with the terms of the Scheme, the Scheme shall be valid and effective for a period of 10 years from 20 December 2012, after which no further Option will be granted or offered, but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Option granted prior to the expiry of this 10-year period or otherwise as may be required in accordance with the provisions of the Scheme. The remaining life of the Scheme is three years.

固定資產

本集團固定資產及預付土地租金之變動詳情分別載於財務報表附註18及19。

股本及購股權

本公司現行購股權計劃(「該計劃」)由董事會於二零一二年十一月二十九日提出並由其股東於二零一二年十二月二十日批准。該計劃旨在就合資格參與者對本集團作出之貢獻提供獎勵或回報。董事可能按其全權酌情向任何僱員(無論全職或兼職,包括任何執行董事)、任何非執行董事(包括獨立非執行董事)、為本集團提供研究、研發或其他技術支持的任何人士或實體、本集團成員公司的任何股東、本集團的任何顧問(無論專業與否)或諮詢顧問及本集團業務交易事項的任何合資夥伴或經紀行授予購股權(「購股權」)以根據該計劃所載條款認購股份。該計劃詳情載於本公司日期為二零一二年十一月二十九日、二零一七年二月十七日及二零一七年十一月十四日的通函。

除非由本公司股東於股東大會根據該計劃條款終止,否則該計劃於二零一二年十二月二十日起10年內應屬有效且具效力,此後,將不會授出或要約授出購股權,惟購股權計劃有關條款仍維持十足效力及作用,以於10年期限屆滿前有效行使現存已授出購股權或可能根據該計劃條款要求的其他方面。該計劃餘下期限為三年。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

SHARE CAPITAL AND SHARE OPTIONS (Continued)

The maximum number of Shares in respect of which Options may be granted under the Scheme when aggregated with the maximum number of Shares in respect of which Options may be granted under any other scheme shall not exceed 10% of the Company's issued Shares on the adoption date without prior approval from the Company's shareholders. The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Scheme and any other Options granted and yet to be exercised under any other scheme shall not exceed 30% of the Company's issued Shares from time to time. No Option may be granted to any person such that the total number of Shares issued and to be issued upon the exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued Shares from time to time, unless the approval of the Company's shareholders is obtained. As at 22 October 2019, being the latest practicable date prior to the printing of this annual report (the "Latest Practicable Date"), the Scheme mandate limit was 111,042,731 Options, and the Company may further grant 1,042,731 Options, representing approximately 0.08% of the issued Shares of the Company as at the Latest Practicable Date.

The period within which the Options must be exercised will be specified by the Company at the time of grant, and must expire no later than 10 years from the date of grant of the Option (being the date on which the Board makes a written offer of grant of the Option to the relevant proposed beneficiary) unless the Company obtains separate shareholders' approval in relation to such grant.

An Option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of Options is made but shall end in any event not later than 10 years from the date of grant of the Option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of Options to a grantee, there is no minimum period required under the Scheme for the holding of an Option before it can be exercised.

股本及購股權(續)

未經本公司股東事先批准，根據該計劃可能授出購股權相關的股份數目上限及根據任何其他計劃可能授出購股權相關的股份數目上限合共不得超過本公司於採納日期已發行股份的10%。該計劃項下已授出而尚未行使之購股權及任何其他計劃項下已授出而尚未行使之任何其他購股權獲行使時可能發行之股份數目上限不得超過本公司不時已發行股份之30%。倘於任何12個月期間直至最新授出日期，行使任何人士獲授予及將獲授予之購股權而發行及將發行的股份總數超過本公司不時授出已發行股份的1%，則不得向該人士授出任何購股權，惟獲本公司股東批准除外。於二零一九年十月二十二日(即印發本年報前的最後實際可行日期(「最後實際可行日期」))，該計劃授權限額為111,042,731份購股權，且本公司可能進一步授出1,042,731份購股權，即約為最後實際可行日期本公司已發行股份的0.08%。

除非本公司獲得各股東有關該授出的批准，否則購股權的行使期限須由本公司於授出日期時訂明，並須於購股權授出日期(即董事會出具授予相關建議受益人購股權的書面授出要約的日期)起10年內到期。

購股權可根據該計劃條款於董事釐定及告知承授人的期限內隨時行使，該期限自作出授出要約第二日開始，但於任何情況下，不得超過購股權授出日期起10年，惟可根據條款提前終止。除非董事及向承授人發出的購股權授出要約另行指明，該計劃項下並無有關購股權獲行使前須持有最短期間的規定。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

SHARE CAPITAL AND SHARE OPTIONS (Continued)

The subscription price for Shares under the Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in The Stock Exchange of Hong Kong Limited's (the "Stock Exchange") daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an Option within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

Details of the movement of the Options pursuant to the Scheme during the Year are set out in notes 27 and 28 of the financial statements and are included in the table as follows:

股本及購股權(續)

該計劃項下的股份認購價須由董事釐定，但不得低於以下各項中的最高值(i)本公司股份於要約授出當日(必須為營業日)在香港聯合交易所有限公司(「聯交所」)每日報價表所報收市價；(ii)股份於緊接要約授出當日前五個營業日在聯交所每日報價表所報平均收市價；及(iii)股份面值。承授人倘接納所授出購股權，須於要約可能規定的有關時限內(不得超過要約日期起21日)支付名義代價1港元。

購股權於本年度根據該計劃之變動詳情載於財務報表附註27及28，列入下表：

Number of category of participants	Options held at 30 June 2018	Options granted during the Year	Options exercised during the Year	Options cancelled during the Year	Options lapsed during the Year	Options held at 30 June 2019		Date of grant of Options	Date of expiry of Options	Exercise price of Options per Share
						於二零一九年六月三十日持有的購股權	於二零一九年六月三十日持有的購股權			
Directors										
董事										
Chan Yuk Foebe 陳昱	10,780,000	-	-	-	-	10,780,000	26/07/2017	25/07/2020	HK\$0.345	0.345港元
Law Tsz Ping Eric 羅子平	10,780,000	-	-	-	-	10,780,000	17/07/2017	16/07/2020	HK\$0.31	0.31港元
Other Employees	43,120,000	-	(2,000,000)	-	-	41,120,000	26/07/2017	25/07/2020	HK\$0.345	0.345港元
其他員工	-	110,000,000	-	-	-	110,000,000	24/12/2018	23/12/2021	HK\$0.325	0.325港元
Total	64,680,000	110,000,000	(2,000,000)	-	-	172,680,000				
總計										

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws and there was no restrictions against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

優先購股權

本公司之公司細則並無有關優先購買權之條文，且並無對根據百慕達法律享有的權利作出任何限制，而該等限制規定本公司須按比例向現有股東提呈發售新股份。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of Mr. Ma Wing Yun Bryan, Mr. Tam Ching Ho and Mr. Hau Chi Kit an annual confirmation of their independence pursuant to the Rule 3.13 of the Listing Rules and the Company are of the view that all independent non-executive directors of the Company have met the independent guidelines set out in Rule 3.13 of the Listing Rules and considers that they are independent.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

RESERVES

Details of movements in the reserves of the Group and of the Company during the Year are set out in the consolidated statement of changes in equity on page 71 of this annual report and note 29(b) to the financial statements as set out on page 154 of this annual report, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the sales to the Group's five largest customers accounted for approximately 51% of the Group's total sales for the year and the sales to the largest customer included therein amounted to approximately 22%.

Purchases from the Group's five largest suppliers accounted for approximately 62% of the Group's total purchases for the year and purchases from the largest supplier included therein amounted to approximately 17%.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

確認獨立非執行董事之獨立性

本公司已分別收到馬榮欣先生、譚政豪先生及侯志傑先生各自根據上市規則第3.13條就其獨立性發出之年度確認書，本公司認為本公司各獨立非執行董事均已符合上市規則第3.13條所載獨立指引，並認為彼等均為獨立人士。

購買、贖回或出售本公司上市證券

本公司及其任何附屬公司於本年度內概無購買、贖回或出售本公司任何上市證券。

儲備

本集團及本公司儲備於本年度之變動詳情分別載於本年報第71頁之綜合權益變動表以及本年報第154頁所載之財務報表附註29(b)。

主要客戶及供應商

本集團於本年度內向五大客戶供貨之銷售額佔本集團年度總銷售額約51%，當中向最大客戶供貨之銷售額則佔年度總銷售額約22%。

本集團向五大供應商購貨之採購額佔本集團年度總採購額約62%，當中向最大供應商購貨之採購額則佔年度總採購額約17%。

各董事、彼等任何聯繫人士或據董事所深知擁有本公司已發行股本5%以上之任何股東概無實益擁有本集團五大客戶或供應商之任何權益。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

CONNECTED TRANSACTIONS

The Group entered into the following connected transactions, details of which had been disclosed in compliance with Chapter 14A of the Listing Rules:

Acquisition of Xinyang Maojian

On 5 January 2018, Prosper Path Limited (a wholly-owned subsidiary of the Company) entered into a share transfer agreement (the “Share Agreement”) with Dragon Wise Group Limited (an indirect non-wholly owned company of Mr. Sha Tao (“Mr. Sha”)) (the “Vendor”) to acquire the entire issued share capital (the “Sale Shares”) of Xinyang Maojian International Holding Limited (the “Target Company”, and together with its subsidiaries, the “Target Group”) at a total consideration of HK\$85,800,000 (the “Acquisition”). The consideration will be as satisfied by way of allotment and issue of 220,000,000 new Shares (the “Consideration Shares”) to the Vendor or its nominee.

The Vendor was owned as to 55% by Virtue Ever Limited (“Virtue Ever”) and 45% by an independent third party. Mr. Sha is the legal and beneficial owner of the entire issued share capital of Virtue Ever and hence, a controlling shareholder of the Target Company. The Company considered Mr. Sha to be a connected person as he, through Virtue Ever, would be a substantial shareholder of the Company when the Consideration Shares are allotted and issued in full to the Vendor pursuant to the terms of the Share Agreement (as amended and supplemented by the supplemental agreements (the “Supplemental Agreements”)).

The Group had suffered from the slump of chemical market in the last five years. For the Group’s future development, the management explores new and value-added businesses from time to time. The management believed that the Acquisition could diversify the risk of the Group and, hence, provide a stable return to the Group.

Further details of the Acquisition can be referred to in the section “Management Discussion and Analysis” of this annual report.

Issue of Subscription Shares to Mr. Sha

On 5 October 2018, the Company and Mr. Sha entered into a subscription agreement for the subscription of 220,000,000 new Shares (the “Subscription”). The Subscription was completed on 10 December 2018.

Referring to the paragraph headed “Acquisition of Xinyang Maojian” in this report, the Company considered Mr. Sha to be a connected person.

關連交易

本集團訂立以下關連交易，詳情已根據上市規則第14A章進行披露：

收購信陽毛尖

於二零一八年一月五日，本公司全資附屬公司 Prosper Path Limited 與沙濤先生（「沙先生」）的間接非全資公司 Dragon Wise Group Limited（「賣方」）訂立股份轉讓協議（「股份協議」），以收購信陽毛尖國際控股有限公司（「目標公司」），連同其附屬公司，統稱為「目標集團」的全部已發行股本（「待售股份」），總代價為為 85,800,000 港元（「收購事項」）。代價將透過向賣方及其代名人配發及發行 220,000,000 股新股（「代價股份」）償付。

賣方由永德有限公司（「永德」）及獨立第三方分別擁有 55% 及 45% 的權益。沙先生為永德全部已發行股本之法定及實益擁有人，並因此為目標公司的一名控股股東。於代價股份根據股份協議（經補充協議（「補充協議」）修訂及補充）條款悉數配發及發行予賣方時，由於通過永德成為本公司之主要股東，故本公司認為沙先生為關連人士。

於過去五年，本集團受到化工市場低迷的影響。就本集團的未來發展而言，管理層將不時探索新增及增值業務。管理層相信，收購事項可使本集團風險多元化，從而，為本集團提供穩定回報。

收購事項之進一步詳情可參閱本年報「管理層討論與分析」章節。

向沙先生發行認購股份

於二零一八年十月五日，本公司與沙先生訂立認購協議以認購 220,000,000 股新股（「認購事項」）。認購事項已於二零一八年十二月十日完成。

經參閱本報告「收購信陽毛尖」一段，本公司認為沙先生為一名關連人士。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

CONNECTED TRANSACTIONS (Continued)

Issue of Subscription Shares to Mr. Sha (Continued)

The Company considered that due to the recent stock market performance in Hong Kong and the increase in bank interest rates, there were uncertainties as to the regional economic and financial conditions. Therefore, the unfavourable market condition limited the Company's ability to raise capital. In the circumstances, the Company considered that the Subscription from Mr. Sha was the best alternative for the Company to raise capital in order to enable the Group to maintain a sufficient cash position, to meet its current liabilities and to enhance its capital base.

Further details of the Subscription can be referred to in the section "Management Discussion and Analysis" of this annual report.

CONTINUING CONNECTED TRANSACTIONS

The Target Group became subsidiaries of the Company upon completion of the Acquisition, and accordingly certain ongoing transactions of the Target Group with Henan Xinyang Maojian Group Co., Ltd.* (河南信陽毛尖集團有限公司) ("Henan Xinyang Maojian"), Xinyangshi Longtan Chaye Co., Ltd.* (信陽市龍潭茶葉有限公司) ("Xinyangshi Longtan") and Xinyang Maojian Holding Co., Ltd.* (信陽毛尖控股有限公司) ("Xinyang Maojian Holding"), respectively, became non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules, which are subject to the reporting, announcement and/or independent shareholders' approval requirements.

Referring to the paragraph headed "Acquisition of Xinyang Maojian" under "Connected Transactions", the Company considered Mr. Sha to be a connected person and any transaction between (1) Mr. Sha or his associates and (2) the Group (including the Target Group) will constitute a connected transaction of the Company.

Henan Xinyang Maojian is indirectly owned as to 90.28% by Xinyang Maojian Holding, which in turn is owned as to 51% indirectly by Mr. Sha and 49% directly by Henan Xinyang Maojian. Xinyangshi Longtan is owned as to 79.03% by Henan Xinyang Maojian. Therefore, Henan Xinyang Maojian, Xinyangshi Longtan and Xinyang Maojian Holding (together, the "Suppliers") are associates of Mr. Sha and became connected persons of the Company.

Further details of the continuing connected transactions can be referred to in the Company's circular dated 23 July 2018 and as follows:

關連交易(續)

向沙先生發行認購股份(續)

本公司認為，鑒於近期香港股票市場表現及銀行利率增長，區域經濟及財務狀況存在不確定因素。因此，不利的市場條件限制了本公司籌集資金的能力。在某些情況下，本公司認為與沙先生進行認購事項為本公司籌集資金的最佳選擇，以使本集團能維持充足現金狀況以應付其流動負債及增強其資本基礎。

有關認購事項的進一步詳情，請參閱本年報「管理層討論及分析」章節。

持續關連交易

目標集團於收購事項完成後成為本公司之附屬公司，因此，根據上市規則第14A章，目標集團分別與河南信陽毛尖集團有限公司（「河南信陽毛尖」）、信陽市龍潭茶葉有限公司（「信陽市龍潭」）及信陽毛尖控股有限公司（「信陽毛尖控股」）所進行之若干交易成為本公司之非豁免持續關連交易，須遵守申報、公告及/或獨立股東批准之規定。

經參閱「關連交易」項下「信陽毛尖收購事項」段落，本公司認為沙先生為關連人士及(1)沙先生或其聯繫人與(2)本集團（包括目標集團）進行之任何交易將構成本公司之關連交易。

河南信陽毛尖由信陽毛尖控股間接擁有90.28%的權益，而信陽毛尖控股由沙先生間接擁有51%的權益及由河南信陽毛尖直接擁有49%的權益。信陽市龍潭由河南信陽毛尖擁有79.03%。因此，河南信陽毛尖、信陽市龍潭及信陽毛尖控股（統稱為「供應商」）均為沙先生之聯繫人及將成為本公司的關連人士。

有關持續關連交易的進一步詳情，請參閱本公司日期為二零一八年七月二十三日之通函及以下：

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

CONTINUING CONNECTED TRANSACTIONS

(Continued)

China Xinyang Agreement

On 5 January 2018, the Suppliers entered into an agreement (the “China Xinyang Agreement”) with China Xinyang Maojian Group Limited (“China Xinyang”) and Xinyang Maojian Chaye (Shenzhen) Co., Ltd.* (信陽毛尖茶葉(深圳)有限公司) (“Xinyang Shenzhen”) to grant exclusive distributorship on e-commerce platforms in the PRC to sell Xinyang Maojian Tea Leaves.

Under the China Xinyang Agreement, China Xinyang and/or Xinyang Shenzhen shall place individual orders with the Suppliers by issuing a written order to the Suppliers stating the quantity, price and details of delivery. The Suppliers shall arrange for the manufacturing and delivery of products after receiving such orders from China Xinyang and/or Xinyang Shenzhen.

The Suppliers have undertaken to supply to China Xinyang:

- i. Xinyang Maojian Tea Leaves representing a value not less than RMB100 million in 2018;
- ii. Xinyang Maojian Tea Leaves representing a value not less than RMB200 million in 2019; and
- iii. Xinyang Maojian Tea Leaves representing a value not less than RMB500 million per year from 2020 to 2028.

The term of the China Xinyang Agreement shall be 10 years, commencing on 5 January 2018 to 5 January 2028. The Suppliers shall supply Xinyang Maojian Tea Leaves to China Xinyang at the ex-factory price. The ex-factory price is constituted by the cost of production, value-added tax and packaging costs.

The proposed annual caps for the China Xinyang Agreement for each of the period commencing on the day on which the Vendor and the Purchaser complete the transfer of the Sale Shares in accordance with the Share Agreement (as amended and supplemented by the Supplemental Agreements) (the “Sale Share Transfer Date”) to 30 June 2019 and for the two years ending 30 June 2021 are RMB54,000,000 (equivalent to approximately HK\$65,000,000), RMB81,000,000 (equivalent to approximately HK\$97,000,000) and RMB114,000,000 (equivalent to approximately HK\$136,000,000), respectively.

The actual amount of fees paid or payable by the Group to the Suppliers under the China Xinyang Agreement for the Year was approximately RMB657,000 (equivalent to approximately HK\$754,000).

持續關連交易(續)

中國信陽協議

於二零一八年一月五日，供應商與中國信陽毛尖集團有限公司(「中國信陽」)及信陽毛尖茶葉(深圳)有限公司(「信陽深圳」)訂立一份協議(「中國信陽協議」)，內容有關授出於中國電商平台出售信陽毛尖茶葉的獨家經銷權。

根據中國信陽協議，中國信陽及／或信陽深圳將通過向供應商發出書面訂單，說明其質量、價格及交付詳情的方式向供應商發出個人訂單。供應商將於從中國信陽及／或信陽深圳收到該等訂單後安排產品生產及交付。

供應商已承諾向中國信陽提供：

- i. 於二零一八年，價值不低於人民幣100百萬元的信陽毛尖茶葉；
- ii. 於二零一九年，價值不低於人民幣200百萬元的信陽毛尖茶葉；及
- iii. 自二零二零年至二零二八年每年，價值不低於人民幣500百萬元的信陽毛尖茶葉；

中國信陽協議的期限為10年，於二零一八年一月五日起至二零二八年一月五日。供應商將以出廠價向中國信陽供應信陽毛尖茶葉。出廠價由生產成本、增值稅及包裝成本構成。

於賣方及買方根據股份協議(經補充協議修訂及補充)完成待售股份轉讓之日(「待售股份轉讓日期」)至二零一九年六月三十日以及截至二零二一年六月三十日止兩個年度各期間的中國信陽協議之建議年度上限分別為人民幣54,000,000元(相當於約65,000,000港元)、人民幣81,000,000元(相當於約97,000,000港元)及人民幣114,000,000元(相當於約136,000,000港元)。

於本年度，本集團根據中國信陽協議向供應商支付或應付的實際金額約為人民幣657,000元(相當於約754,000港元)。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

CONTINUING CONNECTED TRANSACTIONS

(Continued)

Xinyang Overseas Agreement

On 5 January 2018, the Suppliers entered into an agreement (the “Xinyang Overseas Agreement”) with Xinyang Maojian Overseas Development Limited (“Xinyang Overseas”) to grant exclusive distributorship for places outside of the PRC to sell Xinyang Maojian Tea Leaves.

Under the Xinyang Overseas Agreement, Xinyang Overseas shall place individual orders with the Suppliers by issuing a written order to the Suppliers stating the quantity, price and details of delivery. The Suppliers shall arrange for the manufacturing and delivery of products after receiving such orders from Xinyang Overseas.

The Suppliers have undertaken to supply Xinyang Maojian Tea Leaves representing a value not less than RMB200 million per year to Xinyang Overseas.

The term of the Xinyang Overseas Agreement shall be 10 years, commencing on 5 January 2018 to 5 January 2028. The Suppliers shall supply the Xinyang Maojian Tea Leaves to China Xinyang at the ex-factory price. The ex-factory price constitutes the cost of production, the value-added tax and the packaging costs.

The proposed annual caps for the Xinyang Overseas Agreement for each of the period commencing on the Sale Share Transfer Date to 30 June 2019 and for the two years ending 30 June 2021 are RMB25,500,000 (equivalent to approximately HK\$30,600,000), RMB32,300,000 (equivalent to approximately HK\$38,760,000) and RMB47,175,000 (equivalent to approximately HK\$56,610,000), respectively.

The actual amount of fees paid or payable by the Group to the Suppliers under the Xinyang Overseas Agreement for the Year was Nil.

持續關連交易(續)

信陽海外協議

於二零一八年一月五日，供應商與信陽毛尖海外發展有限公司(「信陽海外」)訂立一份協議(「信陽海外協議」)，內容有關授出於中國境外出售信陽毛尖茶葉的獨家經銷權。

根據信陽海外協議，信陽海外應通過向供應商發出書面訂單，說明其質量、價格及交付詳情的方式向供應商發出個人訂單。供應商將於從信陽海外收到該等訂單後安排產品生產及交付。

供應商已承諾每年向信陽海外提供價值不低於人民幣200百萬元的信陽毛尖茶葉。

信陽海外協議的期限為10年，二零一八年一月五日起至二零二八年一月五日。供應商將以出廠價向中國信陽供應信陽毛尖茶葉。出廠價由生產成本、增值稅及包裝成本構成。

於待售股份轉讓日期至二零一九年六月三十日及截至二零二一年六月三十日止兩個年度各期間的信陽海外協議之建議年度上限分別為人民幣25,500,000元(相當於約30,600,000港元)、人民幣32,300,000元(相當於約38,760,000港元)及人民幣47,175,000元(相當於約56,610,000港元)。

於本年度，本集團根據信陽海外協議向供應商支付或應付的實際金額為零。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

CONTINUING CONNECTED TRANSACTIONS (Continued)

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have confirmed that the continuing connected transactions set out above were entered into:

- i. in the ordinary and usual course of business of the Group;
- ii. on normal commercial terms or on better terms to the Group than terms available to or from independent third parties; and
- iii. in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the Company's auditor to perform certain agreed-upon procedures in respect of the continuing connected transactions set out above on a sample basis. The auditor has reported their factual findings on the selected samples based on the agreed procedures to the Board and has confirmed that the continuing connected transactions set out above have complied with the requirements under Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

The related party transactions of the Group as set out in note 42 to the financial statements constituted fully exempted connected transactions under Chapter 14A of the Listing Rules. Save as disclosed in this annual report, there was no other transaction which would need to be disclosed as connected transactions in compliance with the disclosure requirements in Chapter 14A of the Listing Rules.

持續關連交易(續)

根據上市規則第14A.55條，獨立非執行董事確認以上載列之持續關連交易已按下列各項訂立：

- i. 於本集團的一般及日常業務過程；
- ii. 按正常商業條款或優於獨立第三方可獲得或可向本集團提供的條款；及
- iii. 按照規管該等交易之相關協議按公平合理且符合本公司股東整體利益之條款進行。

根據上市規則第14A.56條，董事會聘請本公司核數師按抽樣基準就上述持續關連交易執行若干協定程序。核數師向董事會報告其就選定樣本執行協定程序所得實際結果並確認上文載列之持續關連交易符合上市規則第14A.56條項下之規定。

關連人士交易

本集團關連人士交易載於財務報表附註42，構成上市規則第14A章項下之完全豁免關連交易。除本年報披露者外，概無其他交易須根據上市規則第14A章之披露規定作為關連交易披露。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

DIRECTORS

The Directors during the Year and up to the date of this report are as follows:

Executive Directors:

Ms. Chan Yuk Foebe
 Mr. Law Tze Ping Eric
 Mr. Yu Defa
 Mr. Chen Lei (appointed on 24 April 2019)

Independent Non-executive Directors:

Mr. Ma Wing Yun Bryan
 Mr. Tam Ching Ho
 Mr. Hau Chi Kit

In accordance with clause 99 of the Company's Bye-laws, Mr. Yu Defa and Mr. Chen Lei and Mr. Tam Ching Ho will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting (the "AGM").

Pursuant to code provision A.4.3 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules, if an independent non-executive director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders. Mr. Tam Ching Ho was appointed as an independent non-executive Director in June 2007 and therefore would have served for more than 9 years as at the date of the AGM. Mr. Tam Ching Ho has confirmed his independence with reference to the factors as set out in Rule 3.13 of the Listing Rules. Notwithstanding his years of service as an independent non-executive Director, (i) the Board has assessed and reviewed the annual confirmation of independence based on the criteria set out in Rule 3.13 of the Listing Rules and affirmed that Mr. Tam Ching Ho remains independent; (ii) the Nomination Committee has assessed and is satisfied of the independence of Mr. Tam Ching Ho; and (iii) the Board is satisfied that through exercising scrutinising and monitoring functions as an independent non-executive Director, Mr. Tam Ching Ho has continued to provide independent and objective judgement and advice to the Board to safeguard the interests of the Group and the Shareholders. As such, the Board believes that Mr. Tam Ching Ho has the character, integrity, independence and expertise to continue to fulfil his role as an independent non-executive Director effectively and will continue to bring valuable experience, knowledge and professionalism to the Board and would recommend Mr. Tam Ching Ho for re-election as an independent non-executive Director at the AGM.

董事

於本年度及直至本報告日期止之董事如下：

執行董事：

陳昱女士
 羅子平先生
 于德發先生
 陳蕾先生(於二零一九年四月二十四日獲委任)

獨立非執行董事：

馬榮欣先生
 譚政豪先生
 侯志傑先生

根據本公司之公司細則第99條，于德發先生、陳蕾先生及譚政豪先生將任滿告退，惟彼等合資格並願意於應屆股東週年大會(「股東週年大會」)重選連任。

根據上市規則附錄14所載企業管治守則守則守則條文第A.4.3條，若獨立非執行董事在任超過九年，其是否獲續任應以獨立決議案形式由股東審議通過。譚政豪先生自二零零七年六月獲委任為獨立非執行董事並於本公司於股東週年大會日期已在任超過九年。譚政豪先生已參考上市規則第3.13條所載之因素確認本身之獨立性。儘管彼已擔任獨立非執行董事多年，(i)董事會已根據上市規則第3.13條所載的準則評估及檢討其年度獨立確認，並確認譚政豪先生仍為獨立人士；(ii)提名委員會已評估且信納譚政豪先生之獨立性；及(iii)董事會信納，透過行使獨立非執行董事的審查及監督職能，譚政豪先生已持續向董事會提供獨立及客觀的判斷及意見，以保障本集團及股東的利益。因此，董事會相信譚政豪先生具備繼續有效履行獨立非執行董事一職所須的品格、誠信、獨立性及專業知識，且將繼續為董事會帶來寶貴的經驗、知識及專業精神，並將推薦於股東週年大會上重選譚政豪先生為獨立非執行董事。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 34 to 37 of this annual report.

CHANGES OF INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF LISTING RULES

The following is the updated information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

- Mr. Hau Chi Kit, an independent non-executive Director, has resigned as an independent non-executive director of Code Agriculture (Holdings) Limited (a company listed on the Stock Exchange, Stock Code 8153) with effect from 18 July 2019.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Ms. Chan Yuk Foebe has entered into a service contract with the Company commencing from 22 November 2004, which shall, subject to the re-appointment as a director of the Company in accordance with the Company's Bye-laws, continue until terminated by either party giving not less than three months' notice in writing to the other. Mr. Yu Defa has entered into a letter of appointment with the Company for an initial term of two years commencing from 5 May 2014, which shall, subject to his re-appointment as a director of the Company in accordance with the Company's Bye-laws, continue until terminated by either party giving not less than three months' notice in writing to the other. The term of his appointment was since renewed for a further term of two years commencing from 5 May 2018. Mr. Law Tze Ping Eric have entered into a letter of appointment with the Company for an initial term of two years commencing from 3 March 2015, which shall, subject to the reappointment as a director of the Company in accordance with the Company's Bye-laws, continue until terminated by either party giving not less than three months' notice in writing to the other. The term of his appointment was since renewed for a further term of two years commencing from 3 March 2019. Mr. Chen Lei has entered into a letter of appointment with the Company for an initial term of one year commencing from 24 April 2019, which shall, subject to the reappointment as a Director in accordance with the Company's Bye-laws, continue until terminated by either party giving not less than one month's notice in writing to the other.

董事及高級管理人員之履歷詳情

董事及本集團高級管理人員之履歷詳情載於本年報第34至第37頁。

根據上市規則第13.51B(1)條的董事資料變動

以下為根據上市規則第13.51B(1)條須予以披露的董事更新資料：

- 獨立非執行董事侯志傑先生已辭任科地農業控股有限公司(一間於聯交所上市之公司，股份代號：8153)獨立非執行董事職務，自二零一九年七月十八日起生效。

除上文所披露者外，概無其他資料需根據上市規則第13.51B(1)條予以披露。

董事之服務合約

陳昱女士已與本公司訂立服務合約，任期由二零零四年十一月二十二日開始，須根據本公司之公司細則重新委任為本公司董事，有關合約將一直有效，直至任何一方給予對方不少於三個月書面通知予以終止為止。于德發先生已與本公司訂立委任書，初步任期自二零一四年五月五日起為期兩年，並須根據本公司之公司細則重新委任為本公司董事，有關合約將一直有效，直至任何一方給予對方不少於三個月書面通知予以終止為止。彼之任期已重續，自二零一八年五月五日起為期兩年。羅子平先生已與本公司訂立委任書，初步任期自二零一五年三月三日起為期兩年，須根據本公司之公司細則重新委任為本公司董事，有關合約將一直有效，直至任何一方給予對方不少於三個月書面通知予以終止為止。彼之任期已重續，由二零一九年三月三日起為期兩年。陳蕾先生已與本公司訂立委任函，初步任期自二零一九年四月二十四日起為期一年，並須根據本公司之公司細則重新委任為董事，有關合約將一直有效，直至任何一方給予對方不少於一個月書面通知予以終止為止。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

Mr. Ma Wing Yun Bryan was appointed for a term of two years as an independent non-executive director of the Company commencing from 28 February 2001. The term of his appointment was renewed for a further two-year term commencing from 28 February 2003. Upon expiry of his appointment on 27 February 2005, the Company did not renew the service contract with Mr. Ma Wing Yun Bryan until 24 March 2006. The Company renewed the service contract with Mr. Ma Wing Yun, Bryan for a further term of three years, commencing from 1 April 2006. The term of his appointment was since renewed for a further term of two years commencing from 1 April 2009, 1 April 2011, 1 April 2013, 1 April 2015, 1 April 2017 and 1 April 2019, respectively.

DIRECTORS' SERVICE CONTRACTS (Continued)

The Company entered into a service contract with Mr. Tam Ching Ho commencing from 30 June 2007 to the then following annual general meeting (i.e. 6 December 2007) of the Company. On 7 December 2007, the Company renewed the service contract with Mr. Tam Ching Ho for a term of two years as an independent non-executive director of the Company commencing from 7 December 2007. Moreover, the term of his appointment was renewed for a further term of two years commencing from 7 December 2009, 7 December 2011, 7 December 2013, 7 December 2015 and 7 December 2017, respectively.

The Company entered into a service contract with Mr. Hau Chi Kit for a term of two years commencing from 18 December 2013 as an independent non-executive director. Moreover, the term of his appointment was renewed for a further term of two years commencing from 18 December 2015 and 18 December 2017, respectively.

Save as disclosed above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the Year.

馬榮欣先生作為本公司獨立非執行董事之任期由二零零一年二月二十八日起為期兩年。彼之任期已重續，由二零零三年二月二十八日起為期兩年。馬榮欣先生之任期於二零零五年二月二十七日屆滿時，本公司並無與彼重續服務合約，直至二零零六年三月二十四日，本公司與馬榮欣先生再次重續服務合約，年期由二零零六年四月一日起為期三年。彼之任期已重續，分別由二零零九年四月一日、二零一一年四月一日、二零一三年四月一日、二零一五年四月一日、二零一七年四月一日及二零一九年四月一日起為期兩年。

董事之服務合約(續)

本公司與譚政豪先生訂有服務合約，任期由二零零七年六月三十日起至本公司當時下屆股東週年大會(即二零零七年十二月六日)止。於二零零七年十二月七日，本公司與譚政豪先生重續服務合約，擔任本公司獨立非執行董事，由二零零七年十二月七日起為期兩年。此外，彼之任期已重續，分別由二零零九年十二月七日、二零一一年十二月七日、二零一三年十二月七日、二零一五年十二月七日及二零一七年十二月七日起為期兩年。

本公司已與侯志傑先生訂立服務合約，其作為獨立非執行董事之任期由二零一三年十二月十八日起為期兩年。此外，彼之任期已重續，分別由二零一五年十二月十八日及二零一七年十二月十八日起為期兩年。

除上文披露者外，概無擬於應屆股東週年大會重選連任之董事與本公司訂有本公司不可於一年內毋須作出賠償(法定賠償除外)而終止之服務合約。

董事之合約權益

本年度內，概無董事於本公司或其任何附屬公司所訂立而對本集團業務屬重大之任何合約中擁有重大權益。

管理合約

本年度內概無訂立或訂有任何與本公司全部或大部分業務有關之管理及行政管理合約。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

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

Interests in the Shares and Underlying Shares

Name of director 董事姓名	Type of interest 權益類別	Number of Shares held (long position) 所持股份數目 (好倉)	% of issued capital of the Company 佔本公司發行股本百分比	Share options held 所持購股權	% of issued capital of the Company 佔本公司已發行股本百分比
Ms. Chan Yuk Foebe 陳昱女士	Beneficial Interest 實益權益	7,170,000	0.65%	10,780,000	0.97%
Mr. Law Tze Ping Eric 羅子平先生	Beneficial Interest 實益權益	0	0%	10,780,000	0.97%

Save as disclosed herein, as at 30 June 2019, none of the Directors and chief executives of the Company and their respective associates had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

董事及最高行政人員於股份及相關股份之權益或淡倉

於二零一九年六月三十日，本公司董事及最高行政人員於本公司及其相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債券中，擁有根據證券及期貨條例第352條須記錄在該條例所述登記冊內之權益；或根據上市規則上市發行人董事進行證券交易的標準守則(「標準守則」)須知會本公司及聯交所之權益如下：

於股份及相關股份之權益

除本年報披露者外，於二零一九年六月三十日，董事及本公司最高行政人員概無於本公司或其相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份及債券中，擁有或被視作擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之任何權益或淡倉(包括根據證券及期貨條例之有關條文彼等被視作或認為擁有之權益及淡倉)；或須記錄在本公司根據證券及期貨條例第352條存置之登記冊內之權益或淡倉；或根據標準守則須知會本公司及聯交所之權益或淡倉。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

董事購買股份或債券之權利

除上文披露者外，於本年度內任何時間，概無向任何董事或彼等各自之配偶或未滿18歲之子女授出權利，可藉購買本公司股份或債券而獲益，彼等亦無行使任何該等權利；本公司或其任何附屬公司亦無參與任何安排，致使董事取得任何其他法團之該等權利。

INTERESTS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As far as the Directors are aware and the disclosure information published on the Stock Exchange's website, as at 30 June 2019, the following persons, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

根據證券及期貨條例須予披露之股東權益

據董事所知及刊發於聯交所網站之披露資料，於二零一九年六月三十日，按根據證券及期貨條例第336條存置之登記冊所記錄，下列人士(除本公司董事或最高行政人員外)於本公司股份及相關股份中擁有權益或淡倉。

Name 姓名	Number of Ordinary shares 普通股數目	Capacity (subject to the notes below) 身份(受下文附註規限)	Approximate percentage interest 概約股權百分比
Mr. Chan Yuen Tung 陳遠東先生	Long position 好倉 200,479,861	Beneficial owner 實益擁有人	15.06%
Mr. Sha Tao 沙濤先生	Long position 好倉 220,000,000	Beneficial owner 實益擁有人	16.54%

Save as disclosed above, as far as the Directors are aware, as at 30 June 2019, no other person had an interest or a short position in the shares and underlying shares in the Company as recorded in the register required to be kept under section 336 of the SFO.

除上文披露者外，據董事所知，於二零一九年六月三十日，按根據證券及期貨條例第336條存置之登記冊所記錄，概無其他人士於本公司股份及相關股份中擁有權益或淡倉。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEME OF THE GROUP

As at 30 June 2019, the Group had 678 full time employees in the PRC and Hong Kong. The Group recognises the importance of human resources to its success. Compensation for the Group is made in reference to the prevailing market conditions, individual performance, contributions as well as duties and responsibilities.

The Scheme is in place to provide appropriate long-term incentive to key staff of the Group including executive Directors. Details of the Scheme are set out in section "Share Capital and Share Options" of this report and note 28 to the financial statements in this annual report.

BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

The same remuneration philosophy is applicable to the Directors. Apart from benchmarking against the prevailing market condition, the Company will assess individual performance, contributions, duties and responsibilities in determining the remuneration for each Director.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, there is sufficient public float of more than 25% of the Shares in the market as required under the Listing Rules.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year and up to the date of this annual report, no Director is considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, pursuant to the Listing Rules, other than those businesses of which the Directors were appointed as directors to represent the interests of the Company and/or the Group.

本集團薪酬政策及長期獎勵計劃

於二零一九年六月三十日，本集團於中國及香港擁有678名全職僱員。本集團認為人力資源為其成功的重要因素。本集團之薪酬乃參照現行市況、個人表現、貢獻以及職責及職能作出。

本公司已設立該計劃向本集團主要員工(包括執行董事)提供適當長遠獎勵。本公司該計劃詳情載於本報告「股本及購股權」章節及本年報財務報表附註28。

釐定董事酬金之基準

相同薪酬理念亦適用於本公司董事。除符合當前市況外，本公司亦將於釐定各董事薪酬時評估個人表現、貢獻、職責及責任。

足夠公眾持股量

按本公司取得之公開資料及據董事所知，於本報告日期，本公司股份在市場上維持上市規則所規定25%以上之足夠公眾持股量。

董事於競爭業務之權益

本年度內及直至本年報日期止，概無董事根據上市規則被視為於與或可能與本集團業務直接或間接構成競爭之業務中擁有權益，惟董事獲委任代表本公司及/或本集團權益出任董事之該等業務除外。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

INDEMNITY OF DIRECTORS

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision (as defined in section 469 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for the benefit of the Directors is currently in force and was in force throughout the Year.

CORPORATE GOVERNANCE

The corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" of this annual report.

AUDIT COMMITTEE REVIEW

The audit committee of the Company has reviewed the audited consolidated results of the Group for the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiries to all the Directors, all the Directors confirmed that they have complied with the code provisions in the Model Code during the Year.

EVENT AFTER REPORTING PERIOD

Save as disclosed under the paragraph headed "Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures" in this annual report, the Group had no significant events after 30 June 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

董事彌償保證

本公司已購買合適的董事及行政人員責任保險，而有關以董事為受益人的彌償保證條文（定義見香港法例第622章公司條例第469條）現已生效且於本年度一直有效。

企業管治

本公司採納的企業管治慣例載於本年報「企業管治報告」。

審核委員會之審閱

本公司審核委員會已審閱本集團於本年度之經審核綜合業績。

進行證券交易的標準守則

本公司已採納上市規則附錄10所載標準守則作為董事進行證券交易之內部操守準則。經向全體董事作出具體查詢後，全體董事確認彼等於本年度一直遵守標準守則之守則條文。

報告期後事項

除本年報「重大收購或出售附屬公司、聯營公司及合營企業」段落所披露者外，本集團於二零一九年六月三十日後並無重大事項。

購買、出售或贖回本公司上市證券

本公司及其任何附屬公司於本年度概無購買、出售或贖回本公司任何上市證券。

REPORT OF THE DIRECTORS (CONTINUED)
董事會報告(續)

AUDITOR

A resolution to re-appoint the retiring auditor, Elite Partners CPA Limited, will be put to a vote at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD

Chan Yuk Foebe

Chairman and Executive Director

Hong Kong

30 September 2019

核數師

本公司將於應屆股東週年大會提呈續聘退任核數師開元信德會計師事務所有限公司之決議案以供投票。

代表董事會

主席兼執行董事

陳昱

香港

二零一九年九月三十日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



TO THE MEMBERS OF XINYANG MAOJIAN GROUP LIMITED

(formerly known as China Zenith Chemical Group Limited)

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

致信陽毛尖集團有限公司列位股東

(前稱中國天化工集團有限公司)

(於開曼群島註冊成立並於百慕達存續之有限公司)

OPINION

We have audited the consolidated financial statements of Xinyang Maojian Group Limited (formerly known as China Zenith Chemical Group Limited) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 66 to 168, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of its consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”).

BASIS FOR OPINION

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

意見

吾等已審核載列於第66至第168頁信陽毛尖集團有限公司(前稱中國天化工集團有限公司) (「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表,此等綜合財務報表包括於二零一九年六月三十日之綜合財務狀況表以及截至該日止年度之綜合損益及其他全面收入表、綜合權益變動表及綜合現金流量表,以及綜合財務報表附註,包括主要會計政策摘要。

吾等認為,綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於二零一九年六月三十日之綜合財務狀況及 貴集團截至該日止年度之綜合財務表現及綜合現金流量,並根據香港法例第622章公司條例(「公司條例」)之披露規定妥為編製。

意見基準

吾等根據香港會計師公會頒佈之香港審計準則(「香港審計準則」)進行審核。吾等於該等準則項下之責任已於吾等之報告核數師就審核綜合財務報表須承擔的責任一節中進一步詳述。吾等根據香港會計師公會頒佈之專業會計師職業道德守則(「守則」)獨立於 貴集團,吾等亦已根據守則履行其他道德責任。吾等相信,吾等所獲得的審核憑證充足及適當地為吾等的意見提供基準。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the financial statements, which indicates that as of 30 June 2019, the Group had net current liabilities of approximately HK\$24,205,000, this event or condition, along with other matters as set forth in note 2 of the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 30 June 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

關鍵審計事項

1. Valuation of buildings

1. 樓宇之估值

The Group's building held for use in production or for administration purpose are stated at revalued amount of HK\$449,583,000 as at 30 June 2019.

於二零一九年六月三十日，貴集團持作生產或作行政用途的樓宇乃以重估值449,583,000港元列賬。

Significant effort was spent auditing the assessment of the valuation on the buildings recognised by the Group due to the suspended operations, involving the consideration of the obsolescence, capacity and replacement cost of these buildings.

由於暫停營運的關係，貴集團確認的樓宇估值評估涉及大量審計工作，當中包括考慮損耗情況、產能及該等樓宇的重置成本。

有關持續經營之重大不明朗因素

吾等謹請閣下注意財務報表顯示於二零一九年六月三十日，貴集團有流動負債淨額約24,205,000港元。該事件或情況，連同財務報表附註2中所載之其他事項，顯示存有重大不明朗因素，將可能對貴集團持續經營能力產生重大疑問。吾等不會修訂就此事項之意見。

關鍵審計事項

關鍵審計事項是根據吾等的專業判斷，認為對截至二零一九年六月三十日止年度之綜合財務報表的審計最為重要的事項。該等事項是在吾等審計整體綜合財務報表及出具意見時進行處理。吾等不會對該等事項提供單獨的意見。

How the matter was addressed in our audit

在審計中處理事項的方法

Our major audit procedures in relation to these matters included the following:

處理該等事項之主要審計程序包括下列各項：

- We discussed with management as to whether there was any indicator of impairment;
- 吾等與管理層討論是否存在任何減值跡象；
- We performed the physical inspection of these buildings as to whether there are in good conditions;
- 吾等對該等樓宇進行實地考察，決定該等樓宇的狀況是否良好；

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
獨立核數師報告(續)

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Key audit matters

關鍵審計事項

How the matter was addressed in our audit

在審計中處理事項的方法

The Group appointed an independent professional valuer to determine the fair value of the buildings as at 30 June 2019.

於二零一九年六月三十日，貴集團委聘獨立專業估值師釐定樓宇的公平值。

Under the fair value assessments, with the assistance of the independent professional valuer, the amount of fair value was assessed by the valuer using depreciated replacement cost method. The approach adopted required significant judgements and estimates on the new replacement cost of the buildings, the deductions to be made on the value, including ages, conditions, functional obsolescence, etc. Therefore, we have identified the valuation of the buildings as a key audit matter.

根據公平值評估，公平值數額在獨立專業估值師的協助下由估值師採用折餘重置成本法計算得出。採納之方法須涉及對樓宇的新重置成本、對價值作出的扣減(包括樓齡、狀況、功能性陳舊等)的重大判斷及估計。因此，吾等已識別樓宇之估值為關鍵審計事項。

2. Acquisition of subsidiaries

2. 收購附屬公司

During the year ended 30 June 2019, the Group completed the acquisition of Xinyang Maojian International Holding Limited and its subsidiaries, which is engaged in sales of beverage, at contingent consideration of 220,000,000 shares at HK\$0.39.

於截至二零一九年六月三十日止年度內，貴集團完成收購信陽毛尖國際控股有限公司及其附屬公司，該公司從事銷售飲料業務，或然代價為每股股份0.39港元的220,000,000股股份。

- We discussed with management and independent external valuer engaged by the Company and assessed the methodology and assumptions used in arriving at the valuation (e.g. adjustment depreciation factor and useful life, etc.) to see whether the methodology and assumptions applied in valuing buildings and impairment assessments were reasonable;

- 吾等已與管理層及貴公司的外聘獨立估值師進行討論，並對達致估值(如調整折舊因素及使用年期)所採用的方法及假設進行評估，以了解對樓宇估值時所採用的方法及假設以及減值評估是否屬合理；

- We checked, on a sample basis, the accuracy and reliability of the input data used; and

- 吾等已以抽樣方式，對所採用之輸入數據的準確性及可靠性進行檢查；及

- We evaluated the competency and capabilities of the independent external valuer taking into account of its experience and qualifications.

- 經考慮獨立外聘估值師之經驗及資歷後，吾等已對其才能及能力進行評估。

Our major audit procedures to address the business acquisition included the following:

吾等處理業務收購的主要審計程序包括以下各項：

- We examined the sales and purchase agreement for the acquisition and enquired the management the basis determination of completion date of the acquisition and tested the supporting thereof;

- 吾等審查收購之買賣協議，並諮詢管理層釐定收購完成日期之基準，並測試其支持理據；

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
獨立核數師報告(續)

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Key audit matters

關鍵審計事項

How the matter was addressed in our audit

在審計中處理事項的方法

We had identified business acquisition as a key audit matter because significant management judgement for purchase price allocation (i.e. intangible asset and remaining goodwill balance) and special attention on accounting treatment were required.

吾等將業務收購識別為關鍵審計事項乃由於購買價分配(即無形資產及剩餘商譽結餘)要求作出重大管理層判斷及加倍留意會計處理。

- We tested the purchase price allocation in which we especially focused on the valuation of net assets amount and the intangible asset amount;
- 吾等測試購買價分配，尤其集中測試資產淨值及無形資產之估值；
- We discussed with management and the independent external valuer engaged by the Company in relation to the methodology and assumptions adopted in arriving to see whether the methodology and assumptions were reasonable;
- 吾等就所採納方法及假設與管理層及貴公司所委聘的獨立外聘估值師展開討論以理解有關方法及假設是否合理；
- We checked on a sample basis the accuracy and reliance of the input data used;
- 吾等抽樣檢查所用輸入數據的準確性及可靠性；
- We assessed the competency of the independent external valuer taking into account its experience and qualifications; and
- 吾等經計及獨立外聘估值師的經驗及資格評估其專業能力；及
- We tested the adequacy of the related disclosures.
- 吾等測試有關披露的充足性。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
獨立核數師報告(續)

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Key audit matters

關鍵審計事項

How the matter was addressed in our audit

在審計中處理事項的方法

3. Impairment assessment of trade receivables

3. 應收貿易賬項減值評估

As at 30 June 2019, the Group had trade receivables of approximately HK\$43 million, net of impairment. We had identified impairment of trade receivables as a key audit matter because significant judgements had to be made for the assessment of the recoverability for each debtor including trading history, credit history and estimated future cash flow. Management has concluded that approximately HK\$7 million in respect of the impairment allowance of trade receivables was recognised in the Group's consolidated profit or loss.

於二零一九年六月三十日，貴集團扣除減值後之應收貿易賬項約為43百萬港元。由於評估每位債務人的可收回性須作出重大判斷方可完成，包括貿易歷史、信用記錄及估計未來現金流量，故我們將應收貿易賬項減值識別為關鍵審計事項。管理層認為，就應收貿易賬項之減值撥備約7百萬港元於貴集團的綜合損益內確認。

Our audit procedures to address the impairment of trade receivables included the following:

我們處理應收貿易賬項減值的審計程序包括以下：

- Testing the accuracy of the ageing of trade receivables balances on sample basis.
- 按樣本基準測試應收貿易賬項餘額賬齡的準確性。
- Assessing the reasonableness of management's loss allowance estimates on trade receivables by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognizing loss allowances.
- 透過檢查管理層達致有關判斷時所用資料，評估管理層對應收貿易賬項的虧損撥備估計是否合理，包括測試歷史違約數據之準確性，根據當前狀況及前瞻性資料評估歷史虧損率是否已適當調整及檢查當前財政年度內錄得的實際虧損，並在確認虧損撥備時評估是否存在管理偏差的跡象。
- Testing on large individual aged receivables balances, understanding the rationale for management's provisioning decisions by reference to payment patterns during the year as well as other information available.
- 測試單項金額較大且賬齡較長的應收款項餘額，透過參考年內的付款模式及其他現有資料了解管理層撥備決定之理據。
- Assessing the level of cash collected by the business after the year end of past due receivable balances to consider any additional provisioning requirements.
- 評估於年末之後業務從逾期應收款項餘額中收回之現金水平，以考慮是否作出任何額外撥備要求。

INDEPENDENT AUDITOR'S REPORT (CONTINUED) 獨立核數師報告(續)

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

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

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

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

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

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

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

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

綜合財務報表及當中所載之核數師報告以外之資料

董事負責其他資料。其他資料包括年報所載之資料，但不包括綜合財務報表及當中所載吾等之核數師報告。

吾等於綜合財務報表之意見並不涵蓋其他資料，吾等亦不對當中之結論表示任何形式之保證。

就吾等對綜合財務報表進行之審計而言，吾等的責任為閱讀其他資料，並就此考慮其他資料是否與綜合財務報表，或審計所獲得的信息出現重大不一致情況，或出現重大錯誤陳述。倘根據吾等已進行的工作，吾等斷定本其他資料出現重大錯誤陳述，吾等需要就該項事實作出報告。就此方面吾等並無事項需要報告。

董事及管治層就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例之披露規定，編製真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在編製綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

管治層須負責監督貴集團的財務申報過程。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審核綜合財務報表須承擔的責任

吾等的目標，為對綜合財務報表整體是否存在由於欺詐或錯誤而導致的任何重大錯誤陳述取得合理保證，並出具包括吾等意見的核數師報告。本報告乃根據百慕達一九八一年公司法第90條，僅向閣下(作為整體)編製，除此之外本報告別無其他目的。吾等不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，惟根據香港審計準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可由欺詐或錯誤引起，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

在根據香港審計準則進行審計的過程中，吾等運用專業判斷，保持專業懷疑態度。吾等亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險、設計及執行審計程序以應對該等風險，以及獲取充足和適當的審計憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部監控，以設計適當的審計程序，惟並非旨在對貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計及相關披露的合理性。

INDEPENDENT AUDITOR'S REPORT (CONTINUED) 獨立核數師報告(續)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

核數師就審核綜合財務報表須承擔的責任(續)

- 對董事採用持續經營會計基礎的恰當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。倘吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則修訂吾等意見。吾等結論乃基於截至核數師報告日期止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團無法持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映相關交易及事項。
- 就 貴集團內實體或業務活動的財務資料獲取充足及適當的審計憑證，以便對綜合財務報表發表意見。吾等負責集團審計的方向、監督及執行。吾等為審核意見承擔全部責任。

吾等與管治層就(其中包括)審計的計劃範圍、時間安排及重大審計發現進行溝通，該等發現包括吾等在審計過程中識別的內部監控的任何重大缺失。

吾等亦向管治層作出聲明，指出吾等已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響吾等獨立性的所有關係及其他事宜，以及相關防範措施(如適用)。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
獨立核數師報告(續)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Siu Jimmy with Practising Certificate number P05898.

Elite Partners CPA Limited
Certified Public Accountants

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

30 September 2019

核數師就審核綜合財務報表須承擔的責任(續)

從與管治層溝通的事項中，吾等釐定對本期間的綜合財務報表的審計至關重要的事項，因而構成關鍵審計事項。吾等在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在吾等報告中溝通某事項造成的負面後果超出產生的公眾利益，則吾等決定不應在報告中傳達該事項。

出具本獨立核數師報告的審計項目委聘夥伴為蕭俊武(執業證書編號：P05898)。

開元信德會計師事務所有限公司
執業會計師

香港
九龍尖沙咀
天文臺道8號10樓

二零一九年九月三十日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收入表

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

		Note	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
		附註		
Revenue	收益	9	323,048	367,632
Cost of sales	銷售成本		(256,306)	(299,216)
Gross profit	毛利		66,742	68,416
Gain on bargaining purchase on acquisition of a subsidiary	收購附屬公司之議價購買收益		-	27,491
Other income	其他收入	10	55,358	50,844
Gain on fair value of financial assets at fair value through profit or loss, net	按公平值計入損益之金融資產公平值收益淨額		4,904	-
Selling and distribution costs	銷售及分銷成本		(20,055)	(18,064)
Administrative expenses	行政開支		(163,072)	(191,577)
Other operating expenses	其他經營開支		(75,493)	(60,421)
Written-off/impairment of fixed assets	固定資產撇銷/減值		(409,817)	(4,218)
Deficits on property revaluation	物業重估虧絀		(64,073)	(15,758)
Share of loss of joint venture	分佔合營企業虧損		(682)	-
Loss from operations	經營虧損		(606,188)	(143,287)
Finance costs	財務成本	12	(92,627)	(82,594)
Loss before tax	除稅前虧損		(698,815)	(225,881)
Income tax credit	所得稅抵免	13	1,233	7,267
Loss for the year	本年度虧損	14	(697,582)	(218,614)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
綜合損益及其他全面收入表(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

	Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Attributable to:			
Owners of the Company		(667,369)	(199,324)
Non-controlling interests		(30,213)	(19,290)
		(697,582)	(218,614)
Loss per share			
– Basic	17	HK(54.19) cents 港仙	HK(17.98) cents 港仙
– Diluted	17	HK(54.19) cents 港仙	HK(17.98) cents 港仙

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
綜合損益及其他全面收入表(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Loss for the year	本年度虧損	(697,582)	(218,614)
Other comprehensive income after tax:	除稅後其他全面收入：		
<i>Item that will not be reclassified to profit or loss:</i>	<i>將不會重新分類至損益之項目：</i>		
Deficits on property revaluation	物業重估虧絀	(56,227)	(36,232)
<i>Item that may be reclassified to profit or loss:</i>	<i>可能重新分類至損益之項目：</i>		
Exchange differences on translating foreign operations	換算海外業務匯兌差額	(121,940)	40,615
Other comprehensive income for the year, net of tax	本年度其他全面收入，扣除稅項	(178,167)	4,383
Total comprehensive income for the year	本年度全面收入總額	(875,749)	(214,231)
Attributable to:	應佔：		
Owners of the Company	本公司擁有人	(846,423)	(197,753)
Non-controlling interests	非控股權益	(29,326)	(16,478)
		(875,749)	(214,231)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

at 30 June 2019 於二零一九年六月三十日

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Non-current assets	非流動資產			
Fixed assets	固定資產	18	1,699,586	2,480,315
Prepaid land lease payments	預付土地租金	19	308,288	325,861
Investment in a joint venture	於一間合營企業之投資	20	2,787	3,614
Other intangible assets	其他無形資產	21	3,868	9,267
			2,014,529	2,819,057
Current assets	流動資產			
Inventories	存貨	23	40,485	28,231
Trade receivables	應收貿易賬項	24	42,862	6,748
Prepayments, deposits and other receivables	預付款項、訂金及其他應收款項	25	161,038	258,574
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產		743	1,939
Bank and cash balances	銀行及現金結存	26	7,185	62,240
			252,313	357,732
TOTAL ASSETS	總資產		2,266,842	3,176,789
Capital and reserves	資本及儲備			
Share capital	股本	27	133,243	111,043
Reserves	儲備	30	667,879	1,472,759
Equity attributable to owners of the Company	本公司擁有人應佔權益		801,122	1,583,802
Non-controlling interests	非控股權益		63,787	93,113
Total equity	總權益		864,909	1,676,915

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
綜合財務狀況表(續)

at 30 June 2019 於二零一九年六月三十日

		Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Non-current liabilities	非流動負債			
Bank loans	銀行貸款	35	21,403	24,259
Bonds payable	應付債券	36	895,111	820,458
Other payables	其他應付款項	33	208,799	251,313
Deferred tax liabilities	遞延稅項負債	31	102	17,542
			1,125,415	1,113,572
Current liabilities	流動負債			
Trade payables	應付貿易賬項	32	58,555	100,171
Other payables and accruals	其他應付款項及應計款項	33	126,010	159,276
Other loans	其他貸款	34	28,263	53,339
Bank loans	銀行貸款	35	52,440	73,516
Bonds payable	應付債券	36	11,250	–
			276,518	386,302
Total liabilities	總負債		1,401,933	1,499,874
TOTAL EQUITY AND LIABILITIES	總權益及負債		2,266,842	3,176,789
Net current liabilities	流動負債淨額		(24,205)	(28,570)
Total assets less current liabilities	總資產減流動負債		1,990,324	2,790,487

Approved and authorised for issued by the board of directors on 30 September 2019.

於二零一九年九月三十日獲董事會批准及授權刊發。

Chan Yuk Foebe
陳昱
Chairman
主席

Law Tze Ping Eric
羅子平
Executive Director
執行董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

		Attributable to owners of the Company 本公司擁有人應佔								
		Issued share capital	Fixed asset revaluation reserve	Share option reserve	Other reserve	Exchange reserve	(Accumulated losses)/ Retained profits	Sub-total	Non-controlling interests	Total
		已發行股本	固定資產重估儲備	購股權儲備	其他儲備	外匯儲備	(累計虧損)/ 保留溢利	小計	非控股權益	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 July 2017	於二零一七年七月一日	107,809	110,368	10,722	-	206,346	1,323,511	1,758,756	109,528	1,868,284
Loss for the year	本年度虧損	-	-	-	-	-	(199,324)	(199,324)	(19,290)	(218,614)
Other comprehensive income:	其他全面收入：									
- deficits on property revaluation	- 物業重估虧絀	-	(32,951)	-	-	-	-	(32,951)	(3,281)	(36,232)
- exchange differences	- 匯兌差額	-	-	-	-	34,522	-	34,522	6,093	40,615
Total comprehensive income for year	本年度全面收入總額	-	(32,951)	-	-	34,522	(199,324)	(197,753)	(16,478)	(214,231)
Cancellation of share options	註銷購股權	-	-	(10,722)	-	-	10,722	-	-	-
Employee share option benefits	僱員購股權利益	-	-	12,837	-	-	-	12,837	-	12,837
Exercise of share options	行使購股權	3,234	-	(4,026)	-	-	10,817	10,025	-	10,025
Disposal of fixed assets	出售固定資產	-	(18,613)	-	-	-	18,550	(63)	63	-
At 30 June 2018 and 1 July 2018	於二零一八年六月三十日 及二零一八年七月一日	111,043	58,804	8,811	-	240,868	1,164,276	1,583,802	93,113	1,676,915
Adoption of HKFRS 9	應用香港財務報告準則第9號	-	-	-	-	-	(9,963)	(9,963)	-	(9,963)
Adjusted balance as at 1 July 2018	於二零一八年七月一日之 經調整結餘	111,043	58,804	8,811	-	240,868	1,154,313	1,573,839	93,113	1,666,952
Loss for the year	本年度虧損	-	-	-	-	-	(667,369)	(667,369)	(30,213)	(697,582)
Other comprehensive income:	其他全面收入：									
- deficits on property revaluation	- 物業重估虧絀	-	(48,242)	-	-	-	-	(48,242)	(7,985)	(56,227)
- exchange differences	- 匯兌差額	-	-	-	-	(130,812)	-	(130,812)	8,872	(121,940)
Total comprehensive income for year	本年度全面收入總額	-	(48,242)	-	-	(130,812)	(667,369)	(846,423)	(29,326)	(875,749)
Issue of shares under share placement	根據股份配售發行股份	22,000	-	-	-	-	47,300	69,300	-	69,300
Employee share option benefits	僱員購股權利益	-	-	3,454	-	-	-	3,454	-	3,454
Exercise of share options	行使購股權	200	-	(277)	-	-	942	865	-	865
Acquisition of subsidiaries	收購附屬公司	-	-	-	87	-	-	87	-	87
At 30 June 2019	於二零一九年六月三十日	133,243	10,562	11,988	87	110,056	535,186	801,122	63,787	864,909

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動之現金流量		
Loss before tax	除稅前虧損	(698,815)	(225,881)
Adjustments for:	作以下調整：		
Finance costs	財務成本	92,627	82,594
Interest income	利息收入	(1,901)	(1,262)
Depreciation	折舊	115,282	109,376
Amortisation of prepaid land lease payments	攤銷預付土地租金	6,528	6,559
Amortisation of intangible assets	攤銷無形資產	5,067	29,436
Share of loss of joint venture	分佔合營企業虧損	682	-
Net provision for trade and other receivables	貿易及其他應收款項撥備淨額	(1,179)	(9,995)
Loss on disposal of fixed assets	出售固定資產之虧損	-	44
Fair value (gain)/loss on financial assets at fair value through profit or loss	按公平值計入損益之金融資產之公平值(收益)/虧損	(4,904)	1,063
Share option benefits	購股權利益	3,454	12,837
Deficits on property revaluation	物業重估虧絀	64,073	15,758
Gain on bargaining purchase on acquisition of subsidiary	收購附屬公司之議價購買收益	-	(27,491)
Written-off/Impairment of fixed assets	固定資產撤銷/減值	409,817	4,218
Impairment loss on goodwill	商譽減值虧損	699	-
Gain on disposal of prepaid land lease	出售預付土地租金的收益	-	7,085
Operating (loss)/profits before working capital changes	營運資金變動前之經營(虧損)/溢利	(8,570)	4,341
(Increase)/Decrease in inventories	存貨(增加)/減少	(11,004)	3,192
(Increase)/Decrease in trade receivables	應收貿易賬項(增加)/減少	(40,009)	22,476
Decrease in prepayments, deposits and other receivables	預付款項、訂金及其他應收款項減少	111,177	164,206
Decrease/(Increase) in financial assets at fair value through profit or loss	按公平值計入損益之金融資產減少/(增加)	1,196	(2,957)
(Decrease)/Increase in trade payables	應付貿易賬項(減少)/增加	(35,981)	60,334
Decrease in other payables and accruals	其他應付款項及應計款項減少	(75,780)	(225,849)
Cash (used in)/generated from operations	經營業務(所用)/產生之現金	(58,971)	25,743
Interest received	已收利息	1,901	1,262
Interest paid	已付利息	(29,104)	(22,159)
Tax paid	已付稅項	(34)	(172)
Net cash (used in)/generated from operating activities	經營活動(所用)/產生之現金淨額	(86,208)	4,674

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
綜合現金流量表(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動之現金流量		
Purchases of fixed assets	購買固定資產	(18,243)	(25,089)
Proceeds from disposal of fixed assets	出售固定資產之所得款項	-	593
Invested in a joint venture	於一間合營企業之投資	-	(3,727)
Acquisition of a subsidiaries	收購一間附屬公司	-	(24,189)
Net cash used in investing activities	投資活動所用之現金淨額	(18,243)	(52,412)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動之現金流量		
Issue of shares capital	股本發行	69,300	-
Exercise of share options	行使購股權	865	10,025
Issue of bonds	發行債券	22,380	126,548
Repayment of bank loans	銀行貸款還款	(23,932)	(83,731)
Repayment of other loans	其他貸款還款	(25,076)	(11,792)
Net cash generated from financing activities	融資活動產生之現金淨額	43,537	41,050
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目之減少淨額	(60,914)	(6,688)
Effect of foreign exchange rate changes	匯率變動之影響	5,859	(24,231)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	年初現金及現金等值項目	62,240	93,159
CASH AND CASH EQUIVALENTS AT END OF YEAR	年終現金及現金等值項目	7,185	62,240
ANALYSIS OF CASH AND CASH EQUIVALENTS	現金及現金等值項目分析		
Bank and cash balances	銀行及現金結存	7,185	62,240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 7 December 2000 and continued in Bermuda on 24 April 2017. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda. The address of its principal place of business is Room 4007, 40th Floor, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 22 to the consolidated financial statements.

2. GOING CONCERN BASIS

As at 30 June 2019 the Group had net current liabilities of approximately HK\$24,205,000 (2018: HK\$28,570,000) and incurred a loss of HK\$697,582,000 (2018: HK\$218,614,000) from operations during the year then ended. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In preparing the consolidated financial statements, the directors have given careful consideration to the current and anticipated future liquidity of the Group and the ability of the Group to achieve profitable and positive cash flows from operations in immediate and long terms. The directors have prepared cash flow forecasts for the period up to June 2020 after taking into account of the measures below. In order to strengthen the Group's capital base and maintain sufficient financing necessary for future business development, the directors of the Company have taken the following measures:

- On 9 September 2019, the Company entered in a loan agreement with a financial institution to borrow an amount of HK\$35,000,000. The loan is secured by the property of the Group in Hong Kong, interest bearing at 18% p.a. and repayable in one year.
- The Group will apply cost cutting measures to reduce administrative expenses and cash outflows for the next twelve months.

1. 一般資料

本公司於二零零零年十二月七日在開曼群島註冊成立為獲豁免有限公司，並於二零一七年四月二十四日在百慕達存續。其註冊辦事處位於Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda。本公司之主要營業地點位於香港灣仔港灣道26號華潤大廈40樓4007室。本公司股份於香港聯合交易所有限公司（「聯交所」）主板上市。

本公司為投資控股公司。本公司附屬公司之主要業務載於綜合財務報表附註22。

2. 持續經營基準

本集團於二零一九年六月三十日之流動負債淨額約為24,205,000港元（二零一八年：28,570,000港元），並於截至該日止年度自持續經營業務產生虧損697,582,000港元（二零一八年：218,614,000港元）。該等狀況顯示存在重大不明朗因素，或會對本集團之持續經營能力產生重大疑問。因此，本集團可能無法於其日常業務過程中變賣其資產及清償其負債。

於編製綜合財務報表時，董事已審慎考慮本集團之現有及預期未來流動資金，以及本集團即期及長期業務達至盈利及正面現金流量之能力。董事於考慮以下措施後，已編製截至二零二零年六月止期間之現金流量預測。為增強本集團之資本基礎及維持足以應付日後業務發展所需之資金，本公司之董事已採取以下措施：

- 於二零一九年九月九日，本公司與一家金融機構訂立一份借款總額為35,000,000港元的貸款協議。該貸款由本集團於香港的物業作為抵押，以年利率18厘計息並須於一年內償還。
- 本集團將採用成本削減措施以減少未來十二個月的行政開支及現金流出。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

2. GOING CONCERN BASIS (Continued)

Based on the above conditions, the directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Report Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance.

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 9	Financial instruments
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"
HKFRS 15	Revenue from contracts with customers and the related amendments
Amendments to HKAS 40	Transfers of investment property
HK(IFRIC)-Int 22	Foreign currency transactions and advance consideration
Annual improvements 2014–2016 cycle	Amendments to HKFRS 1 and HKAS 28

2. 持續經營基準(續)

基於上述情況，董事因而認為，按持續經營基準編製財務報表乃屬恰當。倘本集團無法持續經營，則須對財務報表作出調整，將本集團資產之價值調整至其可收回金額，以就任何可能出現之額外負債作出撥備，並將非流動資產及負債分別重新分類為流動資產及負債。

3. 編製基準

此等綜合財務報表乃根據香港會計師公會(「香港會計師公會」)頒佈之所有適用香港財務報告準則(「香港財務報告準則」)編製。香港財務報告準則包括香港財務報告準則(「香港財務報告準則」)；香港會計準則(「香港會計準則」)及詮釋。此等綜合財務報表亦符合聯交所證券上市規則之適用披露規定及香港公司條例之披露規定。

4. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

本年度，本集團已應用下列由香港會計師公會(「香港會計師公會」)頒佈的新訂及經修訂香港財務報告準則，包括香港財務報告準則、香港會計準則(「香港會計準則」)、修訂及詮釋(「詮釋」)。

香港財務報告準則第9號	金融工具
香港財務報告準則第2號之修訂	以股份付款交易之分類及計量
香港財務報告準則第4號之修訂	應用香港財務報告準則第9號「金融工具」及香港財務報告準則第4號「保險合約」
香港財務報告準則第15號	來自客戶合約之收入及相關修訂
香港會計準則第40號之修訂	投資物業轉讓
香港(國際財務報告準則)詮釋委員會)詮釋第22號	外幣交易及預付代價
二零一四年至二零一六年週期之年度改進	香港財務報告準則第1號及香港會計準則第28號之修訂

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”) (Continued)

Except as described below, the application of the new and revised standards has had no material impact on the consolidated financial statements.

Application of HKFRS 9

HKFRS 9 and the amendments to HKFRS 9 have replaced HKAS 39 *Financial Instruments Recognition and Measurement*. HKFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. In accordance with the specific transitional provisions set out in HKFRS 9, the Group has applied the classification and measurement requirements (including requirements relating to impairment) to items that existed as of the date of initial application (i.e. 1 July 2018) on a retrospective basis based on the facts and circumstances and business models that existed as at 1 July 2018. However, the Group has decided not to restate the comparative figures. Accordingly, the comparative information continues to be presented based on the requirements of HKAS 39 and hence may not be comparable with the current year information. The cumulative effect of initial application of HKFRS 9 has been recognised as adjustments to the opening equity as of July 2018.

(i) Classification and measurement of financial assets

In general, HKFRS 9 categories financial assets into the following three classification categories:

- amortised cost;
- fair value through other comprehensive income (FVTOCI); and
- fair value through profit or loss (FVTPL).

These classification categories are different from those set out in HKAS 39 which included held to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

4. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

除下文所述者外，應用新訂及經修訂準則對綜合財務報表並無重大影響。

應用香港財務報告準則第9號

香港財務報告準則第9號及香港財務報告準則第9號之修訂已取代香港會計準則第39號「金融工具確認及計量」。香港財務報告準則第9號載列金融資產、金融負債及買賣非金融項目的部分合約之確認及計量規定。按照香港財務報告準則第9號所載具體過渡條文，本集團已基於二零一八年七月一日存在的事實及情況與業務模式，對於首次應用日期(即二零一八年七月一日)存在的項目按追溯基準應用分類及計量規定。然而，本集團已決定不重列比較數字。因此，比較資料繼續按照香港會計準則第39號的規定呈列，因此可能無法與本年度資料比較。首次應用香港財務報告準則第9號的累計影響已確認為對於二零一八年七月初權益的調整。

(i) 金融資產之分類及計量

一般而言，香港財務報告準則第9號將金融資產分類為以下三個類別：

- 攤銷成本；
- 按公平值計入其他全面收益(按公平值計入其他全面收益)；及
- 按公平值計入損益(按公平值計入損益)。

該等分類類別不同於香港會計準則第39號所載者，包括持有至到期投資、貸款及應收款項、可供出售金融資產及按公平值計入損益之金融資產。香港財務報告準則第9號項下金融資產基於管理金融資產的業務模式及其合約現金流量特點進行分類。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”) (Continued)

Application of HKFRS 9 (Continued)

(i) Classification and measurement of financial assets (Continued)

Details about the Group’s accounting policies for its financial assets and financial liabilities are disclosed in the consolidated financial statements. The Group did not designate or de-designate any financial asset at FVTPL at 1 July 2018.

The following table shows a reconciliation from how the Group’s financial assets existed as of 1 July 2018 were classified and measured under HKAS 39 to how they are classified and measured under HKFRS 9:

	Old classification under HKAS 39	New classification under HKFRS 9	Carry amount under HKAS 39	Remeasurement	Carrying amount under HKFRS 9
	根據香港會計準則 第39號的舊分類	根據香港財務 報告準則第9號 的新分類	根據香港會計 準則第39號 的賬面值	重新計量	根據香港財務 報告準則第9號 的賬面值
			HK’000 千港元	HK’000 千港元	HK’000 千港元
Trade receivable 應收貿易賬項	Loan and receivables 貸款及應收款項	Amortised cost 攤銷成本	6,748	(12)	6,736
Other receivable 其他應收款項	Loan and receivables 貸款及應收款項	Amortised cost 攤銷成本	77,440	(9,951)	67,489

Notes: The amount represented additional impairment loss based on the new expected loss model under HKFRS 9.

4. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

應用香港財務報告準則第9號(續)

(i) 金融資產之分類及計量(續)

本集團有關金融資產及金融負債的會計政策之詳情披露於綜合財務報表。於二零一八年七月一日，本集團未指定或解除指定任何按公平值計入損益之金融資產。

下表列示本集團於二零一八年七月一日存在的金融資產根據香港會計準則第39號的分類及計量與根據香港財務報告準則第9號的分類及計量之對賬：

附註：該金額指基於香港財務報告準則第9號項下新預期虧損模式的額外減值虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”) (Continued)

Application of HKFRS 9 (Continued)

(ii) Impairment

HKFRS 9 has introduced the “expected credit loss model” to replace the “incurred loss” model under HKAS 39. The “expected credit loss model” requires an ongoing measurement of credit risk associated with a financial asset. The Group has applied the “expected credit loss model” to the following types of financial assets:

- financial assets that are subsequently measured at amortised cost (including cash and cash equivalents, account receivables and loans receivables); and
- contract assets as defined in HKFRS 15.

The following table is a reconciliation that shows how the closing loss allowance as at 30 June 2018 determined in accordance with HKAS 39 can be reconciled to the opening loss allowance as at 1 July 2018 determined in accordance with HKFRS 9:

4. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

應用香港財務報告準則第9號(續)

(ii) 減值

香港財務報告準則第9號已引入「預期信貸虧損模式」，以替代香港會計準則第39號項下的「已產生虧損」模式。「預期信貸虧損模式」要求持續計量與金融資產有關的信貸風險。本集團已對下列類型的金融資產應用「預期信貸虧損模式」：

- 隨後按攤銷成本計量的金融資產(包括現金及現金等值項目、應收賬款及應收貸款)；及
- 香港財務報告準則第15號界定的合約資產。

下表為列示按照香港會計準則第39號釐定的於二零一八年六月三十日的期末虧損撥備與按照香港財務報告準則第9號釐定的於二零一八年七月一日的期初虧損撥備之對賬：

		HK\$'000 千港元
Additional loss allowance as a result of the application of “expected credit loss model” under HKFRS 9	因應用香港財務報告準則第9號項下「預期信貸虧損模式」而產生的額外虧損撥備	
– Trade receivables	– 應收貿易賬項	12
– Other receivables	– 其他應收款項	9,951
Loss allowance recognised as at 1 July 2018	於二零一八年七月一日確認的虧損撥備	9,963

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”) (Continued)

Application of HKFRS 9 (Continued)

(iii) Effect on the Group’s retained earnings as of 1 July 2018

The following table shows the impact of the application of HKFRS 9 on the Group’s retained earnings and other equity components as of 1 July 2018:

		Decrease in the Group’s retained profit 本集團 保留溢利減少 HK\$’000 千港元
Recognition of additional expected credit loss recognised	確認已確認的額外預期信貸虧損	
– Trade receivables	– 應收貿易賬項	12
– Other receivables	– 其他應收款項	9,951
		9,963

Application of HKFRS 15

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 July 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 July 2018.

4. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

應用香港財務報告準則第9號
(續)

(iii) 對本集團於二零一八年七月一日的保留盈利之影響

下表列示應用香港財務報告準則第9號對本集團於二零一八年七月一日的保留盈利及其他權益部分之影響：

應用香港財務報告準則第15號

香港財務報告準則第15號建立了一個綜合框架以確認收益及一些來自客戶合約之成本。香港財務報告準則第15號替代香港會計準則第18號收益(涵蓋銷售貨物及提供服務的收益)及香港會計準則第11號建造合約(當中規定建造合約的核算)。

香港財務報告準則第15號亦引入額外定性及定量披露要求，旨在使財務報表用戶了解與客戶的合約所產生之收益及現金流量的性質、金額、時間及不確定性。

本集團選擇使用累積影響過渡法，並於二零一八年七月一日確認首次應用該準則的累計影響為權益期初結餘調整。因此，可資比較資料尚未經重列並將繼續根據香港會計準則第11號及第18號呈報。根據香港財務報告準則第15號，本集團僅就二零一八年七月一日前尚未完成的合約應用新規定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”) (Continued)

Application of HKFRS 15 (Continued)

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Heat supply services;
- Electricity supplying services;
- Sales of calcium carbide; and
- Facilities construction services.

5. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. buildings and certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 6.

4. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

應用香港財務報告準則第15號(續)

本集團確認來自以下主要來源的收入(因客戶合約而產生):

- 熱能供應服務;
- 電力供應服務;
- 銷售碳化鈣;及
- 設施建設服務。

5. 主要會計政策

此等綜合財務報表乃按歷史成本法編製,惟下文會計政策所另行提述者(例如樓宇及若干按公平值計量的金融工具)除外。

編製符合香港財務報告準則之財務報表需要使用若干關鍵會計估計。這亦需要管理層於應用本集團之會計政策過程中作出其判斷。涉及較高程度之判斷或複雜性之範疇,或涉及對綜合財務報表屬重大假設和估計之範疇,於附註6中披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(a) 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. 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 and any accumulated exchange reserve relating to that subsidiary.

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.

5. 主要會計政策(續)

編製此等綜合財務報表時應用之主要會計政策載列如下。

(a) 綜合賬目

綜合財務報表包括本公司及其附屬公司截至六月三十日止之財務報表。附屬公司指本集團對其擁有控制權之實體。當本集團因為參與該實體而承擔可變回報之風險或享有可變回報之權利，並有能力透過其對該實體之權力影響此等回報時，即本集團控制該實體。當本集團擁有給予其目前能夠指導重大影響實體回報之相關活動之現有權利時，即本集團可對該實體行使權力。

在評估控制權時，本集團會考慮其潛在表決權以及其他人士所持有之潛在表決權。潛在表決權僅於持有人能實際行使該權利時方予考慮。

附屬公司在控制權轉移至本集團之日起綜合入賬。附屬公司在控制權終止之日起停止綜合入賬。

因出售一家附屬公司而導致失去控制權之收益或虧損指(i)出售代價公平值加上於該附屬公司任何保留投資公平值與(ii)本公司應佔該附屬公司資產淨值加上任何餘下商譽以及任何與該等附屬公司有關之累計外匯儲備兩者間之差額。

集團內公司間之交易、結餘及未變現溢利均予對銷。未變現虧損亦會對銷，除非該交易有證據顯示所轉讓資產出現減值則作別論。附屬公司之會計政策已按需要變更，以確保與本集團所採納政策貫徹一致。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation (Continued)

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

5. 主要會計政策(續)

(a) 綜合賬目(續)

非控股權益指並非直接或間接歸屬本公司之附屬公司權益。非控股權益於綜合財務狀況表及綜合權益變動表之權益內列賬。非控股權益於綜合損益及其他全面收入表內呈列為本年度損益及全面收入總額在非控股股東與本公司擁有人間之分配。

損益及其他全面收入各項目歸屬於本公司擁有人及非控股股東，即使此舉導致非控股權益出現虧絀結餘。

本公司並無導致失去附屬公司控制權之擁有人權益變動入賬列作權益交易，即與權益擁有人以其擁有人的身份進行的交易。控股及非控股權益之賬面值經調整以反映其於該附屬公司相關權益之變動。非控股權益之調整數額與已付或已收代價公平值兩者間之差額乃直接於權益確認，並歸屬於本公司擁有人。

於本公司之財務狀況表內，於附屬公司之投資按成本扣除減值虧損撥備列賬。附屬公司之業績由本公司按已收及應收股息基準入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combinations and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

5. 主要會計政策(續)

(b) 業務合併及商譽

收購法獲採用為業務合併中所收購附屬公司列賬。於業務合併中轉讓代價乃按所獲資產於收購日期之公平值、所發行股本工具及所產生負債以及任何或然代價計量。收購相關成本於有關成本產生及接獲服務期間確認為開支。於收購時附屬公司之可識別資產及負債，均按其於收購日期之公平值計量。

已轉讓代價總額超出本集團應佔有關附屬公司可識別資產及負債公平淨值之差額乃記錄為商譽。本集團應佔可識別資產及負債公平淨值超出已轉讓代價總額之任何差額，於綜合損益確認為本集團應佔議價購買之收益。

對於分段進行之業務合併而言，先前於附屬公司持有之股本權益乃按收購日期之公平值重新計量，而由此產生之收益或虧損於綜合損益確認。公平值乃加入至於業務合併中轉讓代價總值以計算商譽。

附屬公司之非控股權益初步按非控股股東於收購日期應佔該附屬公司可識別資產及負債公平淨值之比例計量。

於初步確認後，商譽一般按成本減累計減值虧損計量。就減值測試而言，因業務合併而購入之商譽乃分配至預期從合併協同效應中獲利之各現金產生單位(「現金產生單位」)或現金產生單位組別。各獲分配商譽之單位或單位組別指就內部管理而言本集團監察商譽之最低層面。商譽每年進行減值檢討，或當有事件出現或情況改變顯示可能出現減值時作更頻密檢討。包含商譽之現金產生單位賬面值與其可收回價值比較，可收回金額為使用價值與公平值減出售成本兩者中之較高者。任何減值即時確認為開支，且其後不會撥回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Foreign currency translation

(i) 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.

(ii) 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.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

5. 主要會計政策(續)

(c) 外幣換算

(i) 功能及呈列貨幣

本集團各實體之財務報表所列項目，均以該實體營運主要經濟環境之貨幣（「功能貨幣」）計量。綜合財務報表乃以本公司之功能及呈列貨幣港元呈列。

(ii) 各實體財務報表之交易及結餘

外幣交易於初步確認時採用於交易日期適用之匯率換算為功能貨幣。以外幣呈列之貨幣資產及負債按各報告期間結算日適用之匯率換算。因此匯兌政策產生之收益及虧損均於損益確認。

按公平值計量及以外幣呈列之非貨幣項目乃按釐定公平值當日之匯率換算。

當非貨幣項目之收益或虧損於其他全面收入確認時，該收益或虧損之任何匯兌部分於其他全面收入內確認。當非貨幣項目之收益或虧損於損益確認時，該收益或虧損之任何匯兌部分於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Foreign currency translation (Continued)

(iii) 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:

- 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;
- Income and expenses are translated at average exchange rates for the period (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
- All resulting exchange differences are recognised in statement of comprehensive income and accumulated in the exchange reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities is recognised in other comprehensive income and accumulated in the exchange reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

5. 主要會計政策(續)

(c) 外幣換算(續)

(iii) 綜合賬目時換算

倘本集團旗下所有實體之功能貨幣有別於本公司之呈列貨幣，則其業績及財務狀況須按以下方式兌換為本公司之呈列貨幣：

- 各財務狀況表所示資產及負債按該財務狀況表結算日之收市匯率換算；
- 收入及開支按期內平均匯率換算，除非此平均匯率不足以合理概約反映於交易日期適用匯率之累計影響，在此情況下，收入及開支則按交易日期之匯率換算；及
- 所有由此產生之匯兌差額於全面收入表確認，並於外匯儲備累計。

於綜合賬目時，因換算海外實體淨投資之部分貨幣項目產生之匯兌差額於其他全面收入確認，並於外匯儲備累計。當售出海外業務時，有關匯兌差額重新分類至綜合損益，作為出售收益或虧損之一部分。

收購海外實體產生之商譽及公平值調整被視作該海外實體之資產及負債處理，並按收市匯率換算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Fixed assets

Buildings held for use in the production or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. All other fixed assets are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Any revaluation increase arising on the revaluation of such buildings is recognised in other comprehensive income and accumulated in fixed asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Depreciation of revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained profits.

5. 主要會計政策(續)

(d) 固定資產

持作生產或行政用途之樓宇按重估金額於綜合財務狀況表列賬，即於重估日期之公平值減其後任何累計折舊及其後累計減值虧損。本集團會定期進行重估，使賬面值不會與使用各報告期間結算日之公平值所釐定者出現重大差異。所有其他固定資產按成本減其後累計折舊及其後累計減值虧損(如有)在綜合財務狀況表內入賬。

僅在與項目相關之未來經濟利益有可能流入本集團及能可靠計量該項目成本之情況下，其後成本方會計入資產賬面值或確認為獨立資產(按適用者)。所有其他維修及保養於產生期間在損益確認。

重估有關樓宇產生之任何重估升值會於其他全面收益確認及累計至固定資產重估儲備，惟撥回同一資產先前已於損益確認之重估減值情況則除外。在此情況下，有關升值將計入損益內，惟以先前扣除之減值為限。重估有關樓宇產生之賬面值減少會於損益確認，惟以其超出該資產先前所作重估之物業重估儲備持有之餘額(如有)為限。

重估樓宇之折舊於損益確認。其後出售或棄用經重估物業時，於物業重估儲備仍然存在之應估重估盈餘直接轉撥至保留溢利。

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綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Fixed assets (Continued)

Depreciation of other fixed assets is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Buildings	The shorter of the lease terms and 30 to 50 years
Leasehold improvements	10 years
Pipelines and trench	30 years
Plant and machinery	10 to 30 years
Furniture, office equipment and motor vehicles	5 to 10 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of fixed assets is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Operating leases

(i) The Group as lessee

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.

Prepaid land lease payments are stated at cost and subsequently amortised on the straight-line basis over the remaining term of the lease.

5. 主要會計政策(續)

(d) 固定資產(續)

其他固定資產以直線法按足以撇銷其成本扣除其剩餘價值之比率，於估計可使用年期計算折舊。主要可使用年期如下：

樓宇	按租期及30至50年 (以較短者為準)
租賃物業裝修	10年
管道及溝槽	30年
廠房及機器	10至30年
傢俬、辦公室設備及汽車	5至10年

本集團會於各報告期間結算日檢討及調整(如適用)剩餘價值、可使用年期及折舊方法。

在建工程指興建中之樓宇及廠房以及待安裝之機器，乃按成本扣除減值虧損入賬，並於有關資產可供使用時開始折舊。

出售固定資產之收益或虧損為相關資產之銷售所得款項淨額與賬面值間之差額，乃於損益確認。

(e) 經營租賃

(i) 本集團作為承租人

凡資產擁有權之絕大部分風險及回報並無轉嫁予本集團之租賃，一概列為經營租賃入賬。租賃付款已扣除自出租人所得任何優惠後，按直線法於租期內確認為開支。

預付土地租金按成本入賬，及其後以直線法按餘下租期攤銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Operating leases (Continued)

(ii) The Group as lessor

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(f) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are capitalised only if all of the following conditions are met:

- An asset is created that can be identified (such as new products);
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Deferred development costs are measured initially at cost and are amortised on a straight-line basis over their estimated useful lives of 5 years.

(g) Other intangible assets

(i) Technical know-how

Technical know-how is measured initially at purchase cost and is amortised on a straight-line basis over its estimated useful life of 10 years.

(ii) Trade name and exclusive right

Trade name and exclusive right are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives of 25 years.

(iii) Construction contracts

Construction contracts are measured initially at fair value and are amortised on a straight-line basis over the contract period of 1–2 years.

5. 主要會計政策(續)

(e) 經營租賃(續)

(ii) 本集團作為出租人

凡資產擁有權之絕大部分風險及回報並無轉嫁予承租人之租賃，一概列為經營租賃。經營租賃所得之租金收入按直線法於相關租期內確認。

(f) 研究及開發費用

研究活動費用於產生期間確認為開支。開發費用僅於符合下列所有條件時，方會撥充資本：

- 所建立資產可供識別，例如新產品；
- 所建立資產可能會產生未來經濟利益；及
- 資產開發成本能可靠計算。

遞延開發費用初步按成本計量，並以直線法按估計可使用年期5年攤銷。

(g) 其他無形資產

(i) 技術知識

技術知識初步按購買成本計量，並以直線法按估計可使用年期10年攤銷。

(ii) 商號及專利權

商號及專利權初步按購買成本計量，並以直線法按估計可使用年期25年攤銷。

(iii) 建造合約

建造合約初步按公平值計量，於1–2年的合約期內按直線基準攤銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Financial assets

Classification of financial assets

Accounting policy prior to 1 July 2018

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

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

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

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

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

5. 主要會計政策(續)

(h) 存貨

存貨按成本及可變現淨值兩者之較低者入賬。成本按加權平均基準釐定。製成品及在製品之成本包括原料、直接工資及所有生產經常開支之適當比例。可變現淨值按日常業務過程中之估計售價減去完成之估計成本及估計銷售所需成本計算。

(i) 金融資產

金融資產分類

於二零一八年七月一日前之會計政策

所有金融資產於初步確認時初步按公平值計量。收購金融資產(持作買賣及指定為按公平值計入損益(按公平值計入損益)之金融資產除外)直接應佔之交易成本於初步確認時加入金融資產之公平值。收購持作買賣及按公平值計入損益之投資直接應佔之交易成本即時於損益中確認。

分類為「貸款及應收款項」或「持有至到期投資」之金融資產其後使用實際利率法按攤銷成本減減值計量。

可供出售(可供出售)股權投資其後按公平值計量，於其他全面收益確認之公平值變動根據「可供出售投資重估儲備」累計。先前於「可供出售投資重估儲備」確認之金額於減值或出售時重新分類至損益。

並無在活躍市場報價及公平值不能可靠地計量之可供出售股權投資及與股權投資掛鈎且必須以該等並無報價股權投資作交收之衍生工具其後按成本減減值計量。

可供出售權益工具之股息於本集團收取股息之權利確立時於損益內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial assets (Continued)

Classification of financial assets (Continued)

Accounting policy prior to 1 July 2018 (Continued)

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

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

Accounting policy from 1 July 2018

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

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

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

5. 主要會計政策(續)

(i) 金融資產(續)

金融資產分類(續)

於二零一八年七月一日前之會計政策(續)

可供出售債權投資其後按公平值計量，於其他全面收益確認之公平值變動根據「可供出售投資重估儲備」累計，惟(a)使用實際利率法計量之利息收入及(b)根據債權投資攤銷成本釐定的外匯收益或虧損於損益確認。

持作買賣投資及按公平值計入損益之資產其後按公平值計量，公平值變動於損益確認。

自二零一八年七月一日起之會計政策

股權證券投資(於附屬公司、聯營公司及合營企業之投資除外)

股權證券投資於初步確認時按公平值計量。股權證券投資其後按公平值計入損益計量，除非投資被指定為於根據香港財務報告準則第9號所載的指定過渡條文初步應用香港財務報告準則第9號之日按公平值計入其他全面收益(按公平值計入其他全面收益)計量。根據香港財務報告準則第9號，股權證券投資可按個別工具基準指定為按公平值計入其他全面收益，前提是投資並非持作買賣或本集團於香港財務報告準則第3號適用之業務合併中確認之或然代價。

就指定為按公平值計入其他全面收益(如上文所述)之股權證券投資而言，公平值變動於其他全面收益確認及於「按公平值計入其他全面收益(股權投資)儲備」累計。該等公平值變動不會於終止確認投資時重新分類至損益。然而，彼等將於終止確認投資時轉撥至本集團保留盈利。

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for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial assets (Continued)

Classification of financial assets (Continued)

Accounting policy from 1 July 2018 (Continued)

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

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

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

Investments in debt securities

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

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

5. 主要會計政策(續)

(i) 金融資產(續)

金融資產分類(續)

自二零一八年七月一日起之會計政策(續)

股權證券投資(於附屬公司、聯營公司及合營企業之投資除外)(續)

就持作買賣或並非指定為按公平值計入其他全面收益(如上文所述)之股權證券投資而言,彼等其後按公平值計入損益(按公平值計入損益)計量,因此公平值變動於損益確認。

股權證券投資於本集團出售投資時終止確認。

債務證券投資

債務證券投資視乎工具的合約現金流量特徵及本集團管理投資的業務模式分類如下:

- 當(a)於指定日期由資產的合約條款引起之現金流量僅為支付本金及尚未償還本金之利息及(b)以收取合約現金流量為目標及於業務模式下持有金融資產,則按攤銷成本列賬。
- 當(a)於指定日期由資產的合約條款引起之現金流量僅為支付本金及尚未償還本金之利息及(b)以收取合約現金流量及出售金融資產為目標及於業務模式下持有金融資產,則按公平值計入其他全面收益列賬。
- 當(a)於指定日期由資產的合約條款引起之現金流量僅為支付本金及尚未償還本金之利息或(b)並非以(i)收取合約現金流量或(ii)收取合約現金流量及出售金融資產為目標及於業務模式下持有金融資產,則按公平值計入損益列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial assets (Continued)

Classification of financial assets (Continued)

Accounting policy from 1 July 2018 (Continued)

Investments in debt securities (Continued)

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

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

Transaction costs

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

5. 主要會計政策(續)

(i) 金融資產(續)

金融資產分類(續)

自二零一八年七月一日起之會計政策(續)

債務證券投資(續)

就其後按公平值計入其他全面收益之債務證券投資而言，公平值變動於其他全面收益確認及於「按公平值計入其他全面收益(債權投資)儲備」累計，惟減值虧損(見下文)及外匯收益或虧損除外。利息收入使用實際利率法計算並於損益確認。債務證券投資終止確認時，先前於其他全面收益確認的公平值變動將自權益重新分類至損益作為重新分類調整。

債務證券投資於本集團出售投資或資產現金流量之合約權屆滿時終止確認。

交易成本

收購金融資產(分類為或指定為按公平值計入損益之金融資產除外)直接應佔之交易成本乃計入金融資產之初步計量。就其後按攤銷成本計量之金融資產而言，有關交易成本使用實際利率法計入攤銷成本之計算(即於金融資產年內透過損益實際攤銷)。就按公平值計入其他全面收益之股權證券投資而言，有關交易成本於下一次重新計量時於其他全面收益確認為公平值變動的一部分。就分類為按公平值計入其他全面收益之債務證券投資而言，有關交易成本使用實際利率法攤銷至損益(即於金融資產年內透過損益實際攤銷)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment on financial assets

Accounting policy prior to 1 July 2018

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

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

Accounting policy from 1 July 2018

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

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

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

5. 主要會計政策(續)

(j) 金融資產減值

於二零一八年七月一日前之會計政策

於二零一八年七月一日前，本集團採納「已產生虧損模式」評估及計量金融資產減值虧損。根據「已產生虧損模式」，減值虧損於出現客觀減值跡象時確認，減值跡象包括：

- 債務人出現重大財務困難；
- 違約行為，如拖欠或未能償還利息或本金；
- 債務人有可能破產或進行其他財務重組；及
- 對債務人產生不利影響的科技、市場、經濟或法律環境之重大變動。

自二零一八年七月一日起之會計政策

本集團已於以下金融資產類別應用香港財務報告準則第9號項下的預期信貸虧損模式：

- 其後按攤銷成本計量之金融資產(包括現金及現金等值項目及應收貿易賬項)；
- 香港財務報告準則第15號定義之合約資產；及
- 其後按公平值計入其他全面收益計量之債務證券投資；

金融資產之預期信貸虧損(預期信貸虧損)乃基於公正及概率加權金額計量。其亦反映貨幣的時間價值及於報告日期本集團毋須付出不必要的成本或努力而可獲得有關過往事件、目前狀況及未來經濟狀況預測的合理及可靠資料。於估計預期信貸虧損時所考慮的最長期間為本集團面臨信貸風險的最長合約期間。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment on financial assets (Continued) Accounting policy from 1 July 2018 (Continued)

ECL is measured on either of the following bases:

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

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

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

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception.
- Significant changes in terms of existing financial assets if the asset was newly originated or issued at the reporting date.
- Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life.

5. 主要會計政策(續)

(j) 金融資產減值(續)

自二零一八年七月一日起之會計政策(續)

預期信貸虧損乃按以下其中一項基準計量：

- 於報告日期，金融資產信貸風險自初步確認起並無大幅上升時，則按12個月預期信貸虧損計量；及
- (a)於報告日期，金融資產信貸風險自初步確認起大幅上升；或(b)於報告日期，金融資產發生信貸減值時，則按可使用年期內的預期信貸虧損計量。

於評估金融資產信貸風險自初步確認起是否大幅上升，本集團會將金融資產於報告日期發生違約的風險與金融工具於初步確認日期發生違約的風險進行比較，並考慮本集團毋須付出不必要的成本或努力而可獲得的合理及可靠的定性及定量資料，該等資料表明自初步確認起信貸風險大幅上升。

具體而言，評估金融資產信貸風險自初步確認起是否大幅上升時會考慮以下資料：

- 起初信貸風險變化導致的內部價格指標是否顯著變化。
- 倘現有金融資產於報告日期作為新資產產生或發行，金融資產是否顯著變化。
- 同一金融工具或具有相同預計存續期的類似金融工具的信貸風險的外部市場指標是否發生顯著變化。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment on financial assets (Continued)

Accounting policy from 1 July 2018 (Continued)

- An actual or expected significant change in the financial instrument's external credit rating.
- An actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations (e.g. actual or expected increase in interest rates or an actual or expected significant increase in unemployment rates).
- Actual or expected significant change in the operating results of the borrower.
- Significant change in the quality of guarantee provided.
- Contractual cash flows are more than 60 days past due.

In making the abovementioned assessment, the Group considers that a default occurs when (a) it is unlikely that the borrower will be able to settle his/her debts in full and (b) the financial asset is more than 180 days past due.

5. 主要會計政策(續)

(j) 金融資產減值(續)

自二零一八年七月一日起之會計政策(續)

- 金融工具外部信貸評級實際或預期是否發生顯著變化。
- 對借款人實際或預期的內部信貸評級是否下調或用於評估內部信貸風險的行為評級是否下降。
- 預期將導致借款人履行其償債義務的能力發生顯著變化的業務、財務或經濟狀況是否出現現有或預測不利變化(如利率實際或預期上漲或失業率實際或預期上漲)。
- 借款人經營業績實際或預期是否顯著變動。
- 所提供擔保質素是否顯著變化。
- 合約現金流量是否逾期超過60天。

於作出上述評估時，本集團於(a)借款人不大可能悉數結清其債務及(b)金融資產逾期超過180天時考慮發生違約。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Impairment on financial assets (Continued)
Accounting policy from 1 July 2018 (Continued)

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

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

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

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

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

5. 主要會計政策(續)

(j) 金融資產減值(續)

自二零一八年七月一日起之會計政策(續)

預期信貸虧損於各報告期末重新計量，以反映自初步確認起金融資產信貸風險的變化。預期信貸虧損變動於損益確認，資產賬面值之相應調整透過虧損撥備賬列賬，惟其後按公平值計入其他全面收益之債務證券投資的相應調整於其他全面收益內確認及於「按公平值計入其他全面收益(債權投資)儲備」累計。

就並無重大融資組成的應收貿易賬項及合約資產而言，預期信貸虧損一直按相等於可使用年期內的預期信貸虧損之金額計量。

於各報告期末，本集團會評估金融資產是否已出現信貸減值。

當本集團無合理預期收回金融資產的全部或部分時，會直接降低金融資產之賬面總值。本集團一般於此時評估及推斷債務人無法結清全部或部分債務。

本集團在有客觀證據顯示無法收回到期款項時就貿易及其他應收款項計提減值撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charge to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

(l) Trade and other receivables
Accounting policy prior to 1 July 2018

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

Accounting policy from 1 July 2018

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

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

5. 主要會計政策(續)

(k) 非金融資產減值

倘存在任何減值跡象，或當須每年就資產進行減值監測(存貨、金融資產及商譽除外)，則會估計資產之可收回數額。資產之可收回數額乃按資產或現金產生單位之使用價值或公平值減銷售成本兩者之較高者計算，而個別資產須分開計算，除非資產並不產生明確獨立於其他資產或資產組別之現金流入，於此情況下，則可收回數額按資產所屬現金產生單位之可收回數額計算。

在資產賬面值高於其可收回數額之情況下，方會確認減值虧損。評估使用價值時，估計日後現金流量按可反映幣值時間值及資產特定風險的現時市場評估之稅前貼現率貼現至現值。減值虧損於其產生於費用類別與已減值資產運用期間自損益表扣除。

(l) 貿易及其他應收款項

於二零一八年七月一日前之會計政策

減值及其他應收款項撥備於有客觀跡象顯示本集團無法收取應收款項時作出。

自二零一八年七月一日起之會計政策

應收貿易賬項於本集團擁有無條件權利收取代價時確認。於代價僅隨時間推移即會成為到期應付時，本集團收取代價的權利為無條件。

就本集團的應收貿易賬項而言，預期信貸虧損一直按相等於可使用年期內的預期信貸虧損之金額計量。具體而言，預期信貸虧損根據本集團的過往信貸虧損經驗使用撥備矩陣估計，並就以下各項作出調整：(a) 特定債務人的信息及(b) 基於本集團於報告日期毋須付出不必要的成本或努力而可獲得的目前及預測整體經濟狀況的前瞻性資料。預期信貸虧損於損益確認，應收貿易賬項賬面值之相應調整透過虧損撥備賬列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Trade and other receivables (Continued)

Accounting policy from 1 July 2018 (Continued)

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

(m) Contract assets and contract liabilities

Accounting policy from 1 July 2018

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

For a single contract with a customer, either a net contract asset or a net contract liability is presented. Contracts assets and contract liabilities arising from unrelated multiple contracts are not presented on a net basis.

5. 主要會計政策(續)

(l) 貿易及其他應收款項(續)

自二零一八年七月一日起之會計政策(續)

當本集團無合理預期收回金融資產的全部或部分時，會直接降低金融資產之賬面總值。本集團一般於此時評估及推斷債務人無法結清全部或部分債務。

(m) 合約資產及合約負債

自二零一八年七月一日起之會計政策

合約資產指本集團就向客戶轉讓的商品或服務收取代價的權利，該權利取決於時間流逝以外之其他因素。

合約負債指本集團已自客戶收取代價而須向客戶轉讓商品或服務之義務。

就與客戶的單一合約而言，須呈列淨合約資產或淨合約負債。合約資產及無關合約的合約負債並非以淨額呈列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Contract assets and contract liabilities (Continued)
Accounting policy from 1 July 2018 (Continued)

As mentioned in note 4, the Group has applied HKFRS 15 for the first time for the current year using the cumulative effect transition method. Adjustments were made as at 1 July 2018 to reclassify certain amounts from “trade and other receivables” and “gross amount due from customers” to “contract assets” and certain amounts from “trade and other payables” and “gross amount due to customers” to “contract liabilities”.

For the Group’s contract assets, ECL is always measured at an amount equal to lifetime expected credit losses. In particular, ECL is estimated using a provision of matrix based on the Group’s historical credit loss experience, adjusted for (a) information that is specific to particular customers available and (b) forward-looking information based on the current and forecast general economic conditions at the reporting date. ECL is recognised in profit or loss with the corresponding adjustment to the carrying amount of the contract assets through a loss allowance account.

The Group directly reduces the gross carrying amount of a contract asset when the Group has no reasonable expectations of recovering a contract asset in its entirety or a portion thereof. This is generally the time when the Group assesses and concludes that the Group is unable to recover the costs.

5. 主要會計政策(續)

(m) 合約資產及合約負債(續)
自二零一八年七月一日起之會計政策(續)

如附註4所述，本集團已於本年度採用累積影響過渡法首次應用香港財務報告準則第15號。於二零一八年七月一日作出之調整乃為將「貿易及其他應收款項」及「應收客戶款項總額」的若干款項重新分類至「合約資產」以及將「貿易及其他應付款項」及「應付客戶款項總額」的若干款項重新分類至「合約負債」。

就本集團的合約資產而言，預期信貸虧損一直按相等於可使用年期內的預期信貸虧損之金額計量。具體而言，預期信貸虧損根據本集團的過往信貸虧損經驗使用撥備矩陣估計，並就以下各項作出調整：(a)現有特定客戶的信息及(b)基於報告日期的目前及預測整體經濟狀況的前瞻性資料。預期信貸虧損於損益確認，合約資產賬面值之相應調整透過虧損撥備賬列賬。

當本集團無合理預期收回合約資產的全部或部分時，會直接降低合約資產之賬面總值。本集團一般於此時評估及推斷本集團無法收回成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial liabilities

Accounting policy prior to 1 July 2018

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

Financial liabilities at amortised cost

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

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

Effective interest method

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

Equity instruments

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

5. 主要會計政策(續)

(n) 金融負債

於二零一八年七月一日前之會計政策

本集團視乎金融負債產生的目的將其金融負債分類。按公平值計入損益之金融負債乃按公平值初步計量，而按攤銷成本計量之金融負債初步按公平值減所產生之直接應佔成本計量。

按攤銷成本計量之金融負債

按攤銷成本計量之金融負債包括貿易及其他應付款項、借款、若干優先股及本集團發行之可轉換貸款票據之債務部分，其後使用實際利率法按攤銷成本計量。相關利息開支於損益中確認。

收益或虧損於終止確認負債時透過攤銷於損益中確認。

實際利率法

實際利率法為計算金融資產或金融負債攤銷成本及就有關期間分配利息收入或利息開支之方法。實際利率為透過金融資產或負債預測年期或(如適用)較短期間準確折現估計未來現金收款或付款之利率。

權益工具

本公司發行之權益工具按已收所得款項扣除直接發行成本記賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial liabilities (Continued)

Accounting policy prior to 1 July 2018 (Continued)

Derecognition

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

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

Accounting policy from 1 July 2018

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

Financial liabilities at fair value through profit or loss

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

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

5. 主要會計政策(續)

(n) 金融負債(續)

於二零一八年七月一日前之會計政策(續)

終止確認

當有關合同之指定責任獲解除、註銷或到期，則終止確認金融負債。

倘由於重新磋商負債之條款，本集團向債權人發行其自身權益工具以支付全部或部分之金融負債，則已發行之權益工具為已付代價並於抵銷金融負債或其部分日期按彼等之公平值初步確認及計量。倘已發行權益工具之公平值不能可靠計量，則權益工具將計量以反映所抵銷金融負債之公平值。所抵銷金融負債或其部分之賬面值與已付代價之差額於本年度損益中確認。

自二零一八年七月一日起之會計政策

本集團視乎金融負債產生的目的將其金融負債分類。按公平值計入損益之金融負債乃按公平值初步計量，而按攤銷成本計量之金融負債初步按公平值減所產生之直接應佔成本計量。

按公平值計入損益之金融負債

按公平值計入損益之金融負債包括持作買賣金融負債及於初步確認時指定為按公平值計入損益之金融負債。

倘金融負債乃收購作於短期內出售，則會分類為持作買賣。衍生工具(包括獨立嵌入式衍生工具)亦分類為持作買賣，除非該等工具乃指定為有效對沖工具。持作買賣負債之收益或虧損均在損益內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial liabilities (Continued)

Accounting policy from 1 July 2018 (Continued)

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

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

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

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

Financial liabilities at amortised cost

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

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

5. 主要會計政策(續)

(n) 金融負債(續)

自二零一八年七月一日起之會計政策(續)

按公平值計入損益之金融負債(續)

倘合約包含一項或以上嵌入式衍生工具，則整份混合合約可指定為按公平值計入損益之金融負債，惟倘嵌入式衍生工具並無大幅修改現金流量或明確禁止區分嵌入式衍生工具則除外。

倘符合下列標準，金融負債可於初步確認時指定為按公平值計入損益：(i)該指定消除或大幅減少因按不同基準計量負債或確認收益或虧損而另行產生之不一致處理；(ii)負債為一組根據具存檔風險管理策略按公平值基準管理及評估表現之金融負債之一部分；或(iii)金融負債包含將需要獨立記賬之嵌入式衍生工具。

於初步確認後，按公平值計入損益之金融負債乃按公平值計量，而公平值變動均於產生期間在損益確認。

按攤銷成本計量之金融負債

按攤銷成本計量之金融負債包括貿易及其他應付款項、借款、若干優先股及本集團發行之可轉換貸款票據之債務部分，其後使用實際利率法按攤銷成本計量。相關利息開支於損益中確認。

收益或虧損於終止確認負債時透過攤銷於損益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Financial liabilities (Continued)

Accounting policy from 1 July 2018 (Continued)

Effective interest method

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

Equity instruments

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

Derecognition

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

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

(o) 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.

5. 主要會計政策(續)

(n) 金融負債(續)

自二零一八年七月一日起之會計政策(續)

實際利率法

實際利率法為計算金融資產或金融負債攤銷成本及就有關期間分配利息收入或利息開支之方法。實際利率為透過金融資產或負債預測年期或(如適用)較短期間準確折現估計未來現金收款或付款之利率。

權益工具

本公司發行之權益工具按已收所得款項扣除直接發行成本記賬。

終止確認

當有關合同之指定責任獲解除、註銷或到期，則終止確認金融負債。

倘由於重新磋商負債之條款，本集團向債權人發行其自身權益工具以支付全部或部分之金融負債，則已發行之權益工具為已付代價並於抵銷金融負債或其部分日期按彼等之公平值初步確認及計量。倘已發行權益工具之公平值不能可靠計量，則權益工具將計量以反映所抵銷金融負債之公平值。所抵銷金融負債或其部分之賬面值與已付代價之差額於本年度損益中確認。

(o) 現金及現金等值項目

就現金流量報表而言，現金及現金等值項目指銀行及手頭現金、存放於銀行及其他財務機構之活期存款以及可隨時轉換為已知數額現金，且所承受價值變動風險甚微之短期高流通投資。須應要求償還並組成本集團現金管理重要部分之銀行透支，亦以現金及現金等值項目入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from the sales of goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Revenue from supply of heat and electricity are recognised when the heat or electricity are provided.

Interest income is recognised on a time-proportion basis using the effective interest method.

Revenue from facilities construction services are recognised when services are provided.

(q) Employee benefits

(i) 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.

5. 主要會計政策(續)

(p) 收益確認

收益按已收或應收代價之公平值計量，並於經濟利益可能流向本集團及收益金額能可靠計量時確認。

銷售貨品之收益於擁有權之絕大部分風險及回報轉移時(一般與貨品付運及擁有權移交客戶之時間相同)確認。

熱能及電力供應的收益於提供熱能或電力時確認。

利息收入採用實際利息法按時間比例基準確認。

設施建設服務收益於提供服務時確認。

(q) 僱員福利

(i) 僱員休假權利

僱員之年假及長期服務假期權利於僱員享有有關權利時確認。本集團會就僱員截至報告期間結算日止提供服務產生之年假及長期服務假期之估計負債作出撥備。

僱員之病假及產假於休假時方會確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Employee benefits (Continued)

(ii) Retirement benefits schemes

The Group operates a mandatory provident fund scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance (the “Ordinance”) for all qualifying employees in Hong Kong. The Group’s contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount specified in the Ordinance per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiaries established in the People’s Republic of China (the “PRC”) are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees’ basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

(iii) 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.

5. 主要會計政策(續)

(q) 僱員福利(續)

(ii) 退休福利計劃

本集團遵照香港強制性公積金計劃條例(「條例」)，安排香港全體合資格僱員參與強制性公積金計劃(「強積金計劃」)。本集團作出之強積金計劃供款乃根據不超出條例所規定每月每名僱員最高供款額之僱員薪金及工資之5%計算，向強積金計劃作出之供款全數歸屬僱員。

本集團於中華人民共和國(「中國」)所設立附屬公司之員工為當地市政府管理之中央退休金計劃成員。該等附屬公司須按員工基本薪金及工資之若干百分比向中央退休金計劃作出供款，以撥付退休福利。當地市政府承諾就該等附屬公司全部現時及未來退休僱員承擔退休福利責任。該等附屬公司就中央退休金計劃之唯一責任乃根據該計劃作出所需供款。

(iii) 離職福利

離職福利於本集團不再取消提供該等福利，或本集團確認重組成本及涉及支付離職福利當日(以較早者為準)確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Share-based payments

The Group issues equity-settled share-based payments to certain directors and employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

(s) 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.

(t) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

5. 主要會計政策(續)

(r) 股份付款

本集團向若干董事及僱員發行以股本結算之股份付款。以股本結算之股份付款乃按股本工具於授出日期之公平值計量(不包括非以市場為基礎之歸屬條件之影響)。按以股本結算之股份付款授出日期釐定之公平值，乃根據本集團對最終將歸屬的股份之估計，於歸屬期內以直線法支銷，並就非以市場為基礎之歸屬條件之影響作出調整。

(s) 借貸成本

直接用作收購、建造或生產合資格資產(即需要相當長期間以達致其擬定用途或銷售之資產)之借貸成本撥充資本作為該等資產之部分成本，直至該等資產大致用作其擬定用途或銷售為止。用於合資格資產之特定借貸在其尚未支銷時用作暫時投資所賺取投資收入，乃於合資格撥充資本之借貸成本內扣除。

倘資金借入作一般用途及用於獲取一項合資格資產，則合資格撥充資本之借貸成本金額按該資產支銷之資本化率釐定。資本化率為適用於本集團於有關期間尚未償還借貸之加權平均借貸成本，不包括為獲取合資格資產而專門借入之借貸。

所有其他借貸成本均於產生期間於損益確認。

(t) 政府補助金

政府補助金於可合理保證本集團將能符合其附帶條件，且可獲取有關補助金時確認。

與收入相關之政府補助金於調整補助金以符合其擬補助成本所需之期間內遞延並在損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Government grants (Continued)

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.

(u) 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 profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on 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.

5. 主要會計政策(續)

(t) 政府補助金(續)

用作補償本集團已產生開支或虧損或旨在為本集團提供即時財政資助(並無未來相關成本)之應收政府補助金，乃於應收期間在損益確認。

有關購買資產之政府補助金以遞延收入列賬，並於相關資產之可使用年期以直線法在損益確認。

(u) 稅項

所得稅指即期稅項及遞延稅項之總和。

即期應付稅項按年內應課稅溢利計算。應課稅溢利有別於在損益確認之溢利，原因為其他年度應課稅或可扣稅之收入或開支項目及永遠毋須課稅或不可扣稅項目。本集團有關即期稅項之負債採用於報告期間結算日前已頒佈或實際頒佈之稅率計算。

遞延稅項就綜合財務報表所示資產及負債之賬面值與計算應課稅溢利所依據相關稅基間之差額確認入賬。遞延稅項負債一般就所有應課稅暫時差額確認入賬，並於應課稅溢利有可能用作抵銷可扣稅暫時差額、未動用稅項虧損或未動用稅項抵免可被動用之情況下，確認遞延稅項資產。倘暫時差額源自商譽或初步確認不會影響應課稅溢利或會計溢利之交易(業務合併除外)中其他資產及負債，則不會確認有關資產及負債。

遞延稅項負債就源自於附屬公司投資產生之應課稅暫時差額予以確認，惟本集團能控制暫時差額之撥回時間及暫時差額於可見未來不會撥回之情況除外。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Taxation (Continued)

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 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.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

(v) 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.

5. 主要會計政策(續)

(u) 稅項(續)

遞延稅項資產之賬面值於各個報告期間結算日檢討，並予以扣減直至不再可能有足夠應課稅溢利抵銷全部或部分將予收回資產為止。

遞延稅項以預期適用於償還負債或變現資產期間之稅率，按於報告期間結算日前已頒佈或實際頒佈之稅率計算。遞延稅項於損益確認，惟其與於其他全面收入或直接於權益確認之項目相關者除外，於此情況下，遞延稅項亦於其他全面收入或直接於權益中確認。

遞延稅項資產及負債之計量反映本集團預期於報告期間結算日收回或償還其資產及負債賬面值所產生之稅務後果。

遞延稅項資產及負債於有可合法執行權利將即期稅項資產抵銷即期稅項負債之時，及當其與相同稅務機關徵收之所得稅有關之時，且本集團擬按淨額基準清償其即期稅項資產及負債之情況下予以抵銷。

(v) 關連人士

關連人士為與本集團有關連之個人或實體。

- (A) 倘屬以下人士，即該人士或該人士之近親與本集團有關連：
- (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本公司或本公司母公司之主要管理層成員。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Related parties (Continued)

- (B) An entity is related to the Group 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 Group or a parent of the Group.

5. 主要會計政策(續)

(v) 關連人士(續)

- (B) 倘符合下列任何條件，即實體與本集團有關連：
- (i) 該實體與本公司屬同一集團之成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關連)。
 - (ii) 一間實體為另一實體之聯營公司或合營企業(或另一實體為成員公司之集團旗下成員公司之聯營公司或合營企業)。
 - (iii) 兩間實體均為同一第三方之合營企業。
 - (iv) 一間實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司。
 - (v) 實體為本集團或與本集團有關連之實體就僱員利益設立之離職福利計劃。倘本集團本身便是該計劃，則提供資助之僱主亦與本集團有關連。
 - (vi) 實體受(A)所識別人士控制或受共同控制。
 - (vii) 於(A)(i)所識別人士對實體有重大影響力或屬該實體(或該實體之母公司)主要管理層成員。
 - (viii) 該實體或該實體所屬集團之任何成員公司向本集團或本集團母公司提供主要管理人員服務。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Related parties (Continued)

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

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

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

(w) 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.

(x) 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. 主要會計政策(續)

(v) 關連人士(續)

(B) 倘符合下列任何條件，即實體與本集團有關連：(續)

任何人士的近親是指與該實體交易時預期可影響該名人士或受該人士影響的家庭成員，並包括：

- (i) 該人士的子女及配偶或家庭夥伴；
- (ii) 該名人士的配偶或家庭夥伴的子女；及
- (iii) 該名人士或該名人士的配偶或家庭夥伴的家屬。

(w) 撥備及或然負債

倘本集團就過去事件須承擔現有法律或推定責任，且履行該責任可能須導致經濟利益流出，並能可靠估計金額，則會就產生時間或金額皆不明確之負債確認撥備。倘貨幣時值屬重大，則按預期履行責任之開支現值作出撥備。

倘不大可能需要流出經濟利益，或金額無法可靠估計時，則有關責任披露為或然負債，除非流出之可能性極微則另作別論。僅透過發生或並無發生一項或多項未來事件確定其存在與否之可能責任，亦披露為或然負債，除非流出之可能性極微則另作別論。

(x) 報告期間後事項

提供有關本集團於報告期間結算日狀況之額外資料或顯示持續經營假設並不適當之報告期間後事項屬須予調整之事項，並於綜合財務報表反映。倘報告期間後事項屬重大而並非屬須予調整事件，則會於綜合財務報表附註披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

6. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon whether the banks will exercise their discretion to demand immediate repayment of bank loans which are subject to a repayment on demand clause. Details are explained in note 2 to the consolidated financial statements.

(b) Legal titles of certain buildings

As stated in note 18 to the consolidated financial statements, the legal titles of certain buildings were not yet obtained as at 30 June 2019. Despite the fact that the Group has not obtained the relevant legal titles, the directors have determined to recognise those buildings as fixed assets on the grounds that they expect the legal titles should be obtained in future with no major difficulties and the Group is in substance controlling those buildings.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Fixed assets and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's fixed assets. This estimate is based on the historical experience of the actual useful lives and residual values of fixed assets of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or nonstrategic assets that have been abandoned.

6. 於應用會計政策時之關鍵判斷

於應用會計政策時之關鍵判斷

於應用會計政策過程中，董事已作出以下對於財務報表確認之金額有極大影響之判斷(涉及估計者除外，其於下文處理)。

(a) 持續經營基準

此等綜合財務報表乃根據持續經營基準編製，其有效性乃取決於銀行會否行使酌情權要求即時償還須遵守催繳條款之銀行貸款。詳情闡釋於綜合財務報表附註2。

(b) 若干樓宇之法定所有權

誠如綜合財務報表附註18所述，於二零一九年六月三十日，尚未取得若干樓宇之法定所有權。儘管本集團尚未取得相關法定所有權，董事決定確認該等樓宇為固定資產，乃基於彼等預期法定所有權於日後取得時並無重大困難且本集團實際上控制該等樓宇。

估計不明朗因素之主要來源

下文討論具有導致須對下一個財政年度資產及負債賬面值作出重大調整之重大風險之未來主要假設及於報告期間結算日估計不明朗因素之其他主要來源。

(a) 固定資產及折舊

本集團釐定其固定資產之估計可使用年期、剩餘價值及相關折舊開支。此項估計乃根據性質及功能相若之固定資產過往實際可使用年期及剩餘價值經驗為基準作出。本集團將於可使用年期及剩餘價值有別於以往估計時修訂折舊開支，或會撇銷或撇減已棄置之技術過時或非策略資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

6. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

Key sources of estimation uncertainty (Continued)

(a) Fixed assets and depreciation (Continued)

The carrying amount of fixed assets as at 30 June 2019 was approximately HK\$1,699,586,000 (2018: HK\$2,480,315,000).

(b) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, income tax credit of approximately HK\$1,233,000 (2018: HK\$7,267,000) was recognised in profit or loss based on the estimated deferred tax liabilities.

(c) Useful lives of other intangible assets

The Group determines the estimated useful lives and related amortisation charges for the Group's other intangible assets. This estimate is based on the expected pattern of consumption of the future economic benefits embodied in the asset or, where appropriate, the contractual or other legal rights associated with the assets. The Group will revise the amortisation period and the amortisation method for an intangible asset where the useful life is different to that previously estimated.

(d) Fair value of certain fixed assets

The Group appointed an independent professional valuer to assess the fair value of certain fixed assets. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

6. 於應用會計政策時之關鍵判斷(續)

估計不明朗因素之主要來源(續)

(a) 固定資產及折舊(續)

於二零一九年六月三十日固定資產之賬面值約為1,699,586,000港元(二零一八年: 2,480,315,000港元)。

(b) 所得稅

本集團須繳納多個司法權區之所得稅。在釐定所得稅之撥備時，須作出重大估計。在正常業務過程中，有許多交易及計算均難以明確作出最終之稅務釐定。倘該等事宜之最終稅務結果與初步入賬之金額不同，則該等差額將影響稅務釐定期內之所得稅及遞延稅項撥備。年內，所得稅抵免約1,233,000港元(二零一八年: 7,267,000港元)根據估計遞延稅項負債於損益確認。

(c) 其他無形資產之可使用年期

本集團釐定本集團其他無形資產之估計可使用年期及有關攤銷開支。是次估計根據資產所附未來經濟利益之預計消耗模式或(如適用)與資產相關之合約或其他法律權利作出。本集團將於可使用年期有別於以往估計者情況下，修訂無形資產之攤銷期間及攤銷方法。

(d) 若干固定資產的公平值

本集團委任一名獨立專業估值師評估若干固定資產的公平值。在釐定公平值時，估值師已使用涉及若干估計的估值方法。董事已行使其判斷，並信納所用的估值方式及輸入數據均可反映現時市況。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

6. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

Key sources of estimation uncertainty (Continued)

(e) Fair value of buildings

The Group appointed an independent professional valuer to assess the fair value of the buildings. In determining the fair value, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

The carrying amount of buildings as at 30 June 2019 was approximately HK\$449,583,000 (2018: HK\$680,900,000).

(f) Loss allowance for ECL

The Group's management estimates the loss allowance for trade receivables based on risk of a default and expected loss rate. The assessment of the credit risk involves high degree of estimation and uncertainty as the Group's management estimates the risk of a default and expected loss rate for applying provision matrix on debtors based on the Group's historical information, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables.

(g) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. No allowance for slow-moving inventories was made for the year ended 30 June 2019 (2018: HK\$Nil).

6. 於應用會計政策時之關鍵判斷(續)

估計不明朗因素之主要來源(續)

(e) 樓宇公平值

本集團委聘獨立專業估值師評估樓宇之公平值。在釐定公平值時，估值師使用涉及若干估計之估值方法。董事已作出判斷，並信納估值方法及所使用之輸入數據能反映現時的市況。

於二零一九年六月三十日，樓宇之賬面值約為449,583,000港元(二零一八年：680,900,000港元)。

(f) 預期信貸虧損的虧損撥備

本集團管理層根據違約風險及預期虧損率估計應收貿易賬項的虧損撥備。由於本集團管理層於各報告期末根據本集團的歷史資料、現有市況及前瞻性估計估計應用債務人撥備矩陣的違約風險及預期虧損率，故信貸風險評估涉及高度估計及不確定性。倘預期與原先估計不同，有關差異將影響應收貿易賬項的賬面值。

(g) 滯銷存貨撥備

滯銷存貨乃按存貨賬齡及估計可變現淨值計提撥備。撥備金額之評估需要作出判斷及估計。倘未來實際情況有別於原來估計，則該等差額將於有關估計出現變動之期間影響存貨及撥備開支/撥回之賬面值。截至二零一九年六月三十日止年度並無就滯銷存貨作出撥備(二零一八年：零港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

7. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price 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 Hong Kong dollars and Renminbi ("RMB") which are the functional currencies of the principal operating entities of the Group. 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) Price risk

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

At 30 June 2019, if the prices of the Group's investments increase/decrease by 10%, loss after tax for the year would have been approximately HK\$74,300 (2018: HK\$193,900) lower/higher.

7. 財務風險管理

本集團業務面對各種財務風險，包括外匯風險、價格風險、信貸風險、流動資金風險及利率風險。本集團之整體風險管理計劃專注於金融市場不可預測之特性，務求將對本集團財務表現帶來之潛在不利影響減至最低。

(a) 外匯風險

由於本集團大部分業務交易、資產及負債主要以本集團主要業務實體之功能貨幣港元及人民幣(「人民幣」)列值，故面對之外匯風險甚微。本集團現時並無就外匯交易、資產及負債制定外匯對沖政策。本集團將密切監控其外匯風險，並於需要時考慮對沖重大外匯風險。

(b) 價格風險

本集團按公平值計入損益之金融資產於每個報告期間結算日按公平值計量。因此，本集團面對股本證券價格風險。董事透過維持包括不同風險投資之投資組合以管理此風險。

於二零一九年六月三十日，倘本集團投資之價格上升/下降10%，則年內之除稅後虧損將減少/增加約74,300港元(二零一八年：193,900港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

7. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk

The carrying amounts of trade and other receivables and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets. As at 30 June 2019 and 2018, all bank balances were deposited in reputable financial institutions and were hence without significant credit risk. Management does not expect any losses from non-performance by these counterparties. Credit sales are made to selected customers with good credit history. The Group has policies in place to ensure that outstanding trade receivables are collected on a timely basis. Trade receivables are subject to the expected credit loss model. The Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables.

The Group has policies in place to ensure that outstanding other receivables are collected on a timely basis. Other receivables are subject to the expected credit loss model. The Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all other receivables from initial recognition. The expected loss rates are based on the historical payment profiles and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables.

7. 財務風險管理(續)

(c) 信貸風險

貿易及其他應收款項以及現金及現金等值項目的賬面值為本集團金融資產的最高信貸風險。於二零一九年及二零一八年六月三十日，所有銀行結餘均存入信譽良好的金融機構，故無重大信貸風險。管理層預期不會因該等對手方不履約而招致任何損失。信貸銷售僅提供予信貸記錄良好的選定客戶。本集團已制訂政策確保及時追收未償還的應收貿易賬項。應收貿易賬項須應用預期信貸虧損模式。本集團應用香港財務報告準則第9號簡化方法計量預期信貸虧損，自初步確認起為所有應收貿易賬項使用整個存續期內的預期虧損撥備。為計量預期信貸虧損，應收貿易賬項已根據共同信貸風險特徵及逾期天數分類。預期虧損率基於銷售的歷史付款情況及出現的相應過往信貸虧損而釐定。本集團對過往虧損率作出調整以反映有關影響客戶結算應收款項能力的因素的當前及前瞻性資料。

本集團已制訂政策確保及時追收未償還的其他應收款項。其他應收款項使用預期信貸虧損模式。本集團應用香港財務報告準則第9號簡化方法計量預期信貸虧損，自初步確認起為所有其他應收款項使用整個存續期內的預期虧損撥備。預期虧損率基於歷史付款情況及相應過往信貸虧損而釐定。本集團對過往虧損率作出調整以反映有關影響客戶結算應收款項能力的因素的當前及前瞻性資料。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

7. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

The following table provides information about the Group's exposure to credit risk and expected credit loss for trade receivables as at 30 June 2019:

		Expected loss	Trade receivables before ECL 扣除 預期信貸 虧損前之 應收貿易 賬項	Loss allowance
		預期虧損 %	賬項 HK\$'000 千港元	虧損撥備 HK\$'000 千港元
Current (not past due)	即期(未逾期)	7.18	45,851	3,290
Less than 3 months past due	逾期少於3個月	7.10	324	23
			46,175	3,313

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

For term loans which contain a repayment on demand clause which can be exercised at the banks' sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank loans is prepared based on the scheduled repayment dates.

7. 財務風險管理(續)

(c) 信貸風險(續)

下表提供有關本集團於二零一九年六月三十日就應收貿易賬項面臨之信貸風險及預期信貸虧損的資料：

		Expected loss	Trade receivables before ECL 扣除 預期信貸 虧損前之 應收貿易 賬項	Loss allowance
		預期虧損 %	賬項 HK\$'000 千港元	虧損撥備 HK\$'000 千港元
Current (not past due)	即期(未逾期)	7.18	45,851	3,290
Less than 3 months past due	逾期少於3個月	7.10	324	23
			46,175	3,313

(d) 流動資金風險

本集團之政策為定期監控現時及預期流動資金需要，以確保維持充裕現金儲備，應付其短期及長期流動資金需要。

倘定期貸款載有催繳條款，而有關條款可由銀行全權酌情行使，則分析會顯示根據本集團須付款之最早期間(即借貸人會引用彼等即時催收貸款之無條件權利時)而產生之現金流出。其他銀行貸款之到期日分析乃根據議定還款日期編製。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

7. FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity risk (Continued)

The maturity analysis of the Group's financial liabilities is as follows:

		On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
		應要求	少於1年	1年至2年	2年至5年	超過5年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
At 30 June 2019	於二零一九年六月三十日					
Term loan subject to a repayment on demand clause	須遵守催繳條款之定期貸款	18,670	-	-	-	-
Other bank loans	其他銀行貸款	-	35,589	2,719	8,505	10,629
Trade payables	應付貿易賬項	-	58,555	-	-	-
Bond payables	應付債券	-	11,250	10,841	712,037	725,790
Other payable and accruals	其他應付款項及應計款項	-	126,010	208,799	-	-
Other loans	其他貸款	-	31,655	-	-	-
At 30 June 2018	於二零一八年六月三十日					
Term loan subject to a repayment on demand clause	須遵守催繳條款之定期貸款	34,548	-	-	-	-
Other bank loans	其他銀行貸款	-	40,017	2,661	8,329	13,777
Trade payables	應付貿易賬項	-	100,171	-	-	-
Bond payables	應付債券	-	8,387	18,957	556,118	891,557
Other payable and accruals	其他應付款項及應計款項	-	159,276	251,313	-	-
Other loans	其他貸款	26,266	33,189	-	-	-

The maturity analysis of term loans subject to a repayment on demand clause based on scheduled repayments is as follows:

7. 財務風險管理(續)

(d) 流動資金風險(續)

本集團金融負債之到期日分析如下：

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	應要求	少於1年	1年至2年	2年至5年	超過5年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元

須遵守催繳條款之定期貸款根據議定時間還款作出之到期日分析如下：

		Contractual undiscounted cash flows	
		合約未貼現現金流量	
		Less than 1 year	Between 1 and 2 years
		少於1年	1年至2年
		HK\$'000	HK\$'000
		千港元	千港元
At 30 June 2019	於二零一九年六月三十日	19,342	-
At 30 June 2018	於二零一八年六月三十日	36,839	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

7. FINANCIAL RISK MANAGEMENT (Continued)

(e) Interest rate risk

Bonds payable and other loans were arranged at fixed interest rates and therefore were subject to fair value interest rate risk.

Bank loans and other loans were arranged at floating rates varied with the then prevailing market condition.

At 30 June 2019, if interest rates at that date had been 1% lower/higher with all other variables held constant, consolidated loss after tax for the year would have been approximately HK\$359,000 (2018: HK\$736,000) lower/higher, arising mainly as a result of lower/higher interest expense on bank loans and other loans.

(f) Categories of financial instruments

Financial assets:

Financial assets at fair value through profit or loss:
Held for trading
Amortised cost
Other financial asset
Loans and receivables (including cash and cash equivalents)

金融資產：

按公平值計入損益之金融資產：
持作買賣
攤銷成本
其他金融資產
貸款及應收款項(包括現金及現金等值項目)

Financial liabilities:

Financial liabilities at amortised cost

金融負債：

按攤銷成本計量之金融負債

(g) 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.

7. 財務風險管理(續)

(e) 利率風險

應付債券及其他貸款乃按固定利率計息，故承受公平值利率風險。

銀行貸款及其他貸款乃按隨當時市況波動之浮動利率計息。

於二零一九年六月三十日，倘當日利率下降/上升1%而所有其他變數維持不變，本年度除稅後綜合虧損將減少/增加約359,000港元(二零一八年：736,000港元)，此乃主要由於銀行貸款及其他貸款之利息開支下降/上升所致。

(f) 金融工具之種類

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Financial assets:	金融資產：		
Financial assets at fair value through profit or loss:	按公平值計入損益之金融資產：		
Held for trading	持作買賣	743	1,939
Amortised cost	攤銷成本	109,914	-
Other financial asset	其他金融資產	6,351	-
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及現金等值項目)	-	214,404
Financial liabilities:	金融負債：		
Financial liabilities at amortised cost	按攤銷成本計量之金融負債	1,401,831	1,482,332

(g) 公平值

綜合財務狀況表所示本集團金融資產及金融負債之賬面值與其各自之公平值相若。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

8. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

8. 公平值計量

公平值是市場參與者在計量日進行之有秩序交易中出售一項資產所收取或轉讓一項負債所支付之價格。以下披露之公平值計量使用公平值層級，將用以計量公平值之估值技術之輸入數據分為三級，詳情如下：

第1級輸入數據：本集團可在計量日取得之相同資產或負債在活躍市場之報價(未經調整)。

第2級輸入數據：除第1級報價以外，基於可直接或間接觀察取得之資產或負債輸入數據。

第3級輸入數據：資產或負債之無法觀察輸入數據。

本集團之政策是於轉撥事件或導致轉撥之情況發生變化之日，確認轉入及轉出三個級別任何之一。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

8. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy:
At 30 June 2019

8. 公平值計量(續)

(a) 公平值層級披露：
於二零一九年六月三十日

Description	描述	Fair value measurements using: 使用以下等級作出 之公平值計量：		Total 總計
		Level 1 第1級 HK\$'000 千港元	Level 3 第3級 HK\$'000 千港元	2019 二零一九年 HK\$'000 千港元
Recurring fair value measurements: 經常性公平值計量：				
Financial assets at fair value through profit or loss 按公平值計入損益之金融資產				
Listed securities in Hong Kong	香港上市證券	743	–	743
Other financial asset	其他金融資產	–	6,351	6,351
Fixed assets 固定資產				
Properties in Hong Kong	香港物業	–	10,200	10,200
Properties in PRC	中國物業	–	439,383	439,383
		–	449,583	449,583
Total recurring fair value measurements	經常性公平值計量總額	743	455,934	456,677

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

8. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosures of level in fair value hierarchy:
(Continued)

At 30 June 2018

8. 公平值計量(續)

(a) 公平值層級披露：(續)

於二零一八年六月三十日

Description	描述	Fair value measurements using:		Total
		Level 1	Level 3	
		第1級	第3級	總計
		HK\$'000	HK\$'000	2018
		千港元	千港元	二零一八年
				HK\$'000
				千港元
Recurring fair value measurements:	經常性公平值計量：			
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產			
Listed securities in Hong Kong	香港上市證券	1,939	–	1,939
Fixed assets	固定資產			
Properties in Hong Kong	香港物業	–	11,900	11,900
Properties in PRC	中國物業	–	669,000	669,000
		–	680,900	680,900
Total recurring fair value measurements	經常性公平值計量總額	1,939	680,900	682,839

During the year, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 (2018: Nil).

Note: For the purpose of impairment assessment, the recoverable amount of other fixed assets is fair value less costs of disposal. In the absence of current prices in an active market for similar other fixed assets, the Group considers information by reference to the valuation performed by an independent valuer based on the depreciated replacement cost (“DRC”) approach. The DRC approach requires a valuation of the market value of the other fixed assets in its existing use and an estimate of the new replacement cost of the other fixed assets from which deductions are then made to allow for physical deterioration and all forms of obsolescence and optimisation.

年內，概無第1級與第2級之間的轉撥，亦無於第3級轉入或轉出(二零一八年：無)。

附註：就減值評估而言，其他固定資產之可收回金額為公平值減出售成本。若無類似其他固定資產於活躍市場的現行價格，本集團參考獨立估值師基於折舊重置成本(「折舊重置成本」)法進行的估值所提供的資料。折舊重置成本法要求評估其他固定資產於現有用途下的市值，估計其他固定資產的新重置成本，並扣減實際損耗及所有形式的陳舊及優化的撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

8. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of assets measured at fair value based on level 3:

The movements of the properties under Level 3 fair value measurements during the year are presented in note 18 to the consolidated financial statements under the heading of “Buildings”. Fair value adjustments on properties are recognised in the line item “deficits on property revaluation” in the consolidated statement of comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group’s financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at annual basis.

8. 公平值計量(續)

(b) 根據第3級按公平值計量之資產對賬：

年內，第3級公平值計量項下之物業變動於綜合財務報表附註18「樓宇」呈列。物業之公平值調整於綜合全面收入表之「物業重估虧絀」確認。

(c) 本集團採用之估值程序及公平值計量所採用的估值技術及輸入數據的披露：

本集團財務總監負責進行財務報告所需之資產及負債公平值計量，當中包括第3級公平值計量。財務總監直接向董事會匯報該等公平值計量。財務總監與董事會每年就估值程序及結果進行商討。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

8. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: (Continued)

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

8. 公平值計量(續)

(c) 本集團採用之估值程序及公平值計量所採用的估值技術及輸入數據的披露：
(續)

本集團一般會聘請外聘估值專家，進行第3級公平值計量。該等專家須具備認可專業資格，且近期有進行估值之經驗。

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs 輸入數據增加對公平值之影響	Fair value
描述	估值技術	不可觀察輸入數據	範圍		公平值 HK\$'000 千港元

At 30 June 2019

於二零一九年六月三十日

Fixed assets

固定資產

Properties in Hong Kong 香港物業	Direct comparison 直接比較法	Adjusted market price (HK\$/square feet) 經調整市價 (港元/平方呎)	HK\$35,000/ square feet 35,000 港元/平方呎	Increase 增加	10,200
Properties in PRC 中國物業	Depreciated replacement cost 折餘重置成本	Depreciated replacement cost (RMB/square feet) Building/Structure life 折餘重置成本 (人民幣/平方呎) 樓宇/構造壽命	RMB23 – RMB2,845/ square feet 15–40 years 人民幣23元至 人民幣2,845元/ 平方呎 15至40年	Increase 增加	439,383

At 30 June 2018

於二零一八年六月三十日

Fixed assets

固定資產

Properties in Hong Kong 香港物業	Direct comparison 直接比較	Adjusted market price (HK\$/square feet) 經調整市價 (港元/平方呎)	HK\$36,000/ square feet 36,000 港元/平方呎	Increase 增加	11,900
Properties in PRC 中國物業	Depreciated replacement cost 折餘重置成本	Depreciated replacement cost (RMB/square feet) Building/Structure life 折餘重置成本 (人民幣/平方呎) 樓宇/構造壽命	RMB56 – RMB5,293/ square feet 15–40 years 人民幣56元至 人民幣5,293元/ 平方呎 15至40年	Increase 增加	669,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

9. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and after eliminations of all significant intra-group transactions during the year.

9. 收益

收益指於本年度銷售貨品之發票淨值減去退貨撥備及貿易折扣，並已對銷集團間所有重大交易。

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Heat supplying services	熱能供應服務	160,189	166,432
Electricity supplying services	電力供應服務	12,456	18,530
Sales of calcium carbide	銷售碳化鈣	75,844	74,661
Facilities construction services	設施建設服務	73,897	108,009
Commission income	佣金收入	662	-
		323,048	367,632

(i) Disaggregation of revenue

(i) 收入明細

For the year ended 30 June 2019
截至二零一九年六月三十日止年度

Segment	分部	Heat and Power 熱能及電力 HK\$'000 千港元	Calcium carbide 碳化鈣 HK\$'000 千港元	Construction services 建造服務 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元
Heat supplying services	熱能供應服務	160,189	-	-	-
Electricity supplying services	電力供應服務	12,456	-	-	-
Sales of calcium carbide	銷售碳化鈣	-	75,844	-	-
Facilities construction services	設施建設服務	-	-	73,897	-
Commission income	佣金收入	-	-	-	662
		172,645	75,844	73,897	662

(ii) All revenue is a point in time excepted construction services is over time.

(ii) 所有收益均發生在一個時間點，惟建設服務持續一段時間。

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綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

10. OTHER INCOME

10. 其他收入

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Conveyance service income (Note (a))	運輸服務收入(附註(a))	4,219	8,185
Gain on disposal of prepaid land lease payments	出售預付土地租金的收益	-	7,085
Gain on disposal of fixed assets	出售固定資產的收益	-	430
Gain on settlement of other loan	結算其他貸款的收益	14,796	-
Government grants (Note (b))	政府補助金(附註(b))	6,342	3,609
Bank interest income	銀行利息收入	13	14
Other interest income	其他利息收入	1,888	1,248
Property management service income	物業管理服務收入	16,718	16,036
Reversal of trade receivables	應收貿易賬項之撥回	3,496	3,684
Reversal of prepayment, deposit and other receivables	預付款項、訂金及其他應收款項之撥回	4,893	6,311
Write off of other payables due to deregistration	因撤銷登記而撇銷其他應付款項	-	3,327
Realised gain on financial assets through profit or loss	透過損益入賬之金融資產之已變現收益	269	705
Sundry income	雜項收入	2,724	210
		55,358	50,844

Notes:

- (a) Conveyance service income represents the income from provision of the service for connecting the transition of steam to corporate customers.
- (b) Government grants for the years were received as incentive for capital expenditure and subsidy for operating costs. There are no unfulfilled conditions or contingencies attached to the grants.

附註：

- (a) 運輸服務收入指為企業客戶提供轉換熱能相關服務所得收入。
- (b) 年內收取政府補助金，作為資本開支之獎勵及經營成本之津貼。有關補助金並不附帶任何未履行之條件或或然事項。

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11. SEGMENT INFORMATION

The Group has five reportable segments as follows:

Polyvinyl-chloride	- manufacture and sale of polyvinyl-chloride;
Vinyl acetate	- manufacture and sale of vinyl acetate;
Heat and power	- generation and supply of heat and power;
Calcium carbide	- manufacture and sale of calcium carbide; and
Construction services	- construct and monitor of public facilities construction.

On 7 January 2018, the Group completed the acquisition of 100% of the equity interest of Mudanjiang Jinyang Municipal Engineering Company Limited ("Jinyang Municipal"). Jinyang is engaged in the construction and monitor of public facilities construction and its segment information was presented individually.

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business unit requires different technology and marketing strategies.

Segment profits or losses do not include fair value loss on financial assets at fair value through profit or loss, impairment of goodwill and corporate administrative expenses. Segment assets do not include bank and cash balances, financial assets at fair value through profit or loss and corporate assets. Segment liabilities do not include bank loans, bonds payable, bond interest payable, other loans and other payables and accruals for general administrative use.

11. 分部資料

本集團有以下五個可報告分部：

聚氯乙烯	- 製造及銷售聚氯乙烯；
醋酸乙烯	- 製造及銷售醋酸乙烯；
熱能及電力	- 生產及供應熱能及電力；
碳化鈣	- 製造及銷售碳化鈣；及
建造服務	- 建設及監察公用設施建設。

於二零一八年一月七日，本集團完成收購牡丹江金陽市政工程有限公司(「金陽市政」)全部股權。金陽的業務為建設及監督公共設施建設，其分部資料已單獨呈列。

本集團各可報告分部為提供不同產品之策略性業務單位，基於各業務單位所需技術及市場推廣策略不同而獨立管理。

分部溢利或虧損並無計入按公平值計入損益之金融資產之公平值虧損、商譽減值及公司行政開支。分部資產並無計入銀行及現金結存、按公平值計入損益之金融資產及公司資產。分部負債並無計入銀行貸款、應付債券、應付債券利息、其他貸款以及其他應付款項及一般行政用途之應計款項。

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綜合財務報表附註(續)

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11. SEGMENT INFORMATION (Continued)

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Information about reportable segment profit or loss, assets and liabilities:

11. 分部資料(續)

本集團按向第三方作出之銷售或轉讓(即按現行市價)計算分部間銷售及轉讓。

有關可報告分部溢利或虧損、資產及負債之資料：

		Heat and power 熱能及電力 HK\$'000 千港元	Calcium carbide 碳化鈣 HK\$'000 千港元	Construction services 建設服務 HK\$'000 千港元	Polyvinyl-chloride 聚氯乙烯 HK\$'000 千港元	Vinyl acetate 醋酸乙烯 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Year ended 30 June 2019	截至二零一九年六月三十日止年度							
Revenue from external customers	外界客戶收益	172,645	75,844	73,897	-	-	662	323,048
Segment profit/(loss)	分部溢利/(虧損)	20,174	(398,218)	3,252	(129,202)	(57,509)	-	(561,503)
Gain on fair value of financial assets at fair value through profit or loss, net	按公平值計入損益之金融資產公平值收益淨額	-	-	-	-	-	4,904	4,904
Corporate administrative expenses	公司行政開支	-	-	-	-	-	(140,983)	(140,983)
Consolidated loss for the year	年內綜合虧損							(697,582)
Interest revenue	利息收益	-	3	-	-	-	10	13
Interest expense	利息開支	3,830	4,353	2,306	-	826	81,312	92,627
Depreciation and amortisation	折舊及攤銷	12,147	82,781	5,151	13,055	12,322	1,421	126,877
Other material items of income and expense:	其他重大收入及開支項目：							
Government grants	政府補助金	6,342	-	-	-	-	-	6,342
Income tax credit	所得稅抵免	-	-	1,233	-	-	-	1,233
Other material non-cash items:	其他重大非現金項目：							
Provision/(reversal) of allowance for receivables, net	應收款項撥備/撥備(撥回)淨額							
- trade receivables	- 應收貿易賬項	7,211	(3,497)	-	-	-	-	3,714
- prepayment and other receivables	- 預付款項及其他應收款項	-	(3,637)	-	(606)	-	(650)	(4,893)
Written-off of fixed assets	固定資產撇銷	-	288,200	-	92,076	29,541	-	409,817
Deficits on property revaluation	物業重估虧蝕	-	28,725	-	21,476	13,872	-	64,073
Additions to segment non-current assets	增添分部非流動資產	9,505	8,686	52	-	-	-	18,243
As at 30 June 2019	於二零一九年六月三十日							
Consolidated total assets	綜合資產總額	662,121	1,171,049	121,606	57,685	40,889	213,492	2,266,842
Consolidated total liabilities	綜合負債總額	142,951	208,206	2,589	12,707	21,691	1,013,789	1,401,933

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綜合財務報表附註(續)

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11. SEGMENT INFORMATION (Continued)

Information about reportable segment profit or loss, assets and liabilities: (Continued)

11. 分部資料(續)

有關可報告分部溢利或虧損、資產及負債之資料：(續)

		Heat and power 熱能及電力 HK\$'000 千港元	Calcium carbide 碳化鈣 HK\$'000 千港元	Construction services 建設服務 HK\$'000 千港元	Polyvinyl-chloride 聚氯乙烯 HK\$'000 千港元	Vinyl acetate 醋酸乙烯 HK\$'000 千港元	Unallocated 未分配 HK\$'000 千港元	Total 總計 HK\$'000 千港元
Year ended 30 June 2018	截至二零一八年六月三十日止年度							
Revenue from external customers	外界客戶收益	184,962	74,661	108,009	-	-	-	367,632
Segment profit/(loss)	分部溢利/(虧損)	30,796	(107,175)	16,013	(21,615)	(31,415)	-	(113,396)
Corporate administrative expenses	公司行政開支	-	-	-	-	-	(105,218)	(105,218)
Consolidated loss for the year	年內綜合虧損							(218,614)
Interest revenue	利息收益	-	14	-	-	-	-	14
Interest expense	利息開支	3,756	4,499	1,164	-	2,598	70,577	82,594
Gain on bargaining purchase on acquisition of subsidiary	收購附屬公司之議價購買收益	-	-	27,491	-	-	-	27,491
Depreciation and amortisation	折舊及攤銷	11,007	76,579	29,422	13,457	12,223	2,683	145,371
Other material items of income and expense:	其他重大收入及開支項目：							
Government grants	政府補助金	3,609	-	-	-	-	-	3,609
Gain on disposal of prepaid land lease payment	出售預付土地租金的收益	-	7,085	-	-	-	-	7,085
Income tax credit	所得稅抵免	-	-	7,267	-	-	-	7,267
Other material non-cash items:	其他重大非現金項目：							
Reversal of allowance for receivables	應收款項撥備撥回							
- trade receivables	- 應收貿易賬項	(3,568)	-	-	-	(116)	-	(3,684)
- other receivables	- 其他應收款項	-	(5,341)	-	-	(910)	(60)	(6,311)
Impairment of fixed assets	固定資產減值	-	4,218	-	-	-	-	4,218
Deficits on property revaluation	物業重估虧絀	-	-	-	-	15,758	-	15,758
Additions to segment non-current assets	增添分部非流動資產	17,221	7,868	-	-	-	-	25,089
As at 30 June 2018	於二零一八年六月三十日							
Consolidated total assets	綜合資產總額	814,200	1,730,251	169,525	193,531	98,025	171,257	3,176,789
Consolidated total liabilities	綜合負債總額	145,540	275,619	59,449	14,751	30,030	974,485	1,499,874

The Group's revenue is derived from customers based in the People's Republic of China (the "PRC") and accordingly, no geographical information is presented.

本集團收益乃來自中華人民共和國(「中國」)之客戶，因此，並無呈列地區資料。

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12. FINANCE COSTS

12. 財務成本

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Interest on bank loans	銀行貸款利息	6,838	6,256
Interest on other loans – wholly repayable within five years	其他貸款利息–須於五年內全部償還	5,079	6,616
Interest on bonds payable – not wholly repayable in five years	應付債券利息–無須於五年內全部償還	80,710	69,722
Total borrowing costs	借貸成本總額	92,627	82,594

13. INCOME TAX CREDIT

13. 所得稅抵免

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Current tax	即期稅項		
– PRC Enterprise Income tax	– 中國企業所得稅	34	69
– Hong Kong Profits tax	– 香港利得稅	–	–
Deferred tax credit	遞延稅項抵免	(1,267)	(7,336)
		(1,233)	(7,267)

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2018: Nil).

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are liable to PRC enterprise income tax at a rate of 25% during the year (2018: 25%).

由於本集團於本年度並無在香港產生任何應課稅溢利，故並無作出任何香港利得稅撥備(二零一八年：無)。

其他地區之應課稅溢利稅項乃按本集團經營業務所在國家之現行稅率，根據當地現行法規、詮釋及慣例計算。

根據中國所得稅規則及法規，本年度中國附屬公司須按稅率25%(二零一八年：25%)繳納中國企業所得稅。

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13. INCOME TAX CREDIT (Continued)

Pursuant to the Corporate Income Tax Law of the PRC approved by the National People's Congress on 16 March 2007, from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC but whose relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividend derived from sources within the PRC.

According to the notice Cai Shui [2008] No.1 released by the Ministry of Finance and the State Administration of Taxation, distributions of the pre-2008 retained profits of a foreign-invested enterprise to a foreign investor in 2008 or after are exempt from withholding tax. Accordingly, the retained profits at 31 December 2007 in the Group's foreign-invested enterprises' books and accounts will not be subject to withholding tax on dividend on future distribution.

A reconciliation of the tax credit applicable to loss before tax using the statutory rate for the countries in which the Company and its subsidiaries are domiciled to the tax credit at the effective tax rates are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Loss before tax	除稅前虧損	(698,815)	(225,881)
Tax at the statutory tax rate	按法定稅率計算之稅項	(157,212)	(47,102)
Income not subject to tax	毋須納稅之收入	(1,244)	(7,078)
Expenses not deductible for tax	不可扣稅支出	124,251	28,038
Tax losses not recognised	未確認稅項虧損	40,624	30,880
Utilisation of unrecognised tax losses	動用未確認之稅項虧損	(7,652)	(12,005)
Tax credit at the Group's effective tax rate	按本集團實際稅率計算之稅項抵免	(1,233)	(7,267)

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately HK\$17,929,000 (2018: HK\$28,706,000). No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of these subsidiaries and it is probable that such differences will not reverse in the foreseeable future.

13. 所得稅抵免(續)

根據全國人民代表大會於二零零七年三月十六日批准之中國企業所得稅法，自二零零八年一月一日起，在中國境內未有設立業務機構或場所，或雖已在中國境內設立業務機構或場所，但取得之有關收入與其在中國境內所設業務機構或場所並無實際聯繫之非居民企業，將須就多種被動收入(如源自中國境內之股息)按稅率10%(除非按稅收協定減免)繳納預扣稅項。

根據財政部及國家稅務總局發出之財稅[2008]1號通知，於二零零八年或之後向外國投資者分派外商投資企業二零零八年前之保留溢利獲豁免繳納預扣稅項。因此，本集團之外商投資企業之賬冊及賬目所列於二零零七年十二月三十一日之保留溢利毋須就未來分派之股息繳納預扣稅項。

按本公司及其附屬公司所處國家之法定稅率計算除稅前虧損適用之稅項抵免，與按實際稅率計算之稅項抵免之對賬如下：

於報告期結算日，與該等並無確認遞延稅項負債之附屬公司未分配盈利有關之暫時差額總額約為17,929,000港元(二零一八年：28,706,000港元)。由於本集團有權控制該等附屬公司之股息政策，且有關差額或將不會於可見將來撥回，故並無就該等差額確認遞延稅項負債。

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14. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

14. 本年度虧損

本集團於本年度之虧損經扣除/(計入)下列各項後列賬：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Auditor's remuneration	核數師酬金	1,480	1,480
Provision/(reversal) of allowance for receivables, net	應收款項撥備/撥備(撥回)淨額		
– trade receivables	– 應收貿易賬項	3,714	(3,684)
– prepayment and other receivables	– 預付款項及其他應收款項	(4,893)	(6,311)
Amortisation of other intangible assets (included in administrative expenses)	攤銷其他無形資產(已計入行政開支中)	5,067	29,436
Cost of inventories sold	已售存貨成本	200,734	198,785
Depreciation of fixed assets	固定資產折舊	115,282	109,376
Loss on disposal of fixed assets	固定資產之出售虧損	–	44
Minimum lease payments under operating leases for land and buildings	土地及樓宇經營租約項下之最低租賃付款	9,739	9,158
Factory overhead incurred during suspension of production (note)	停產期間產生之工廠日常開支(附註)	75,493	60,421
Revaluation deficits on buildings	樓宇之重估虧絀	64,073	15,758
Staff costs (excluding directors' emoluments):	員工成本(不包括董事酬金):		
Wages, salaries and benefits in kind	工資、薪金及實物利益	23,966	31,313
Employee share option benefits	員工購股權福利	3,454	10,269
Retirement benefits scheme contributions	退休福利計劃供款	6,879	7,334

Cost of inventories sold includes staff costs and depreciation of approximately HK\$12,475,000 (2018: HK\$12,244,000) and HK\$6,398,000 (2018: HK\$5,522,000) respectively, which are included in the amounts disclosed separately above.

已售存貨成本包括員工成本及折舊分別約12,475,000港元(二零一八年: 12,244,000港元)及6,398,000港元(二零一八年: 5,522,000港元),均已計入於上文獨立披露之金額內。

Note: During the years ended 30 June 2019 and 2018, factory overhead was incurred during the temporary suspension of the production line of Polyvinyl-chloride segment, Vinyl acetate segment, Calcium carbide segment due to a substantial decrease in profit margin.

附註: 截至二零一九年及二零一八年六月三十日止年度,工廠日常開支乃於因利潤率大幅下跌導致聚氯乙烯分部、醋酸乙烯分部、碳化鈣分部之生產線暫停生產期間產生。

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15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of each director were as follows:

15. 董事酬金及僱員薪酬

各董事之酬金如下：

	Fees		Basic salaries, housing benefits, other allowances and benefits in kind		Retirement benefits scheme contributions		Share option benefits		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	二零一九年	二零一八年	二零一九年	二零一八年	二零一九年	二零一八年	二零一九年	二零一八年	二零一九年	二零一八年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Executive directors 執行董事										
Ms. Chan Yuk Foebe 陳昱女士	-	-	120	120	-	-	-	1,494	120	1,614
Mr. Yu Defa 于德發先生	-	-	320	362	-	-	-	-	320	362
Mr. Law Tze Ping Eric 羅子平先生	-	-	300	300	15	15	-	1,342	315	1,657
Mr. Chen Lei (note) 陳蕾先生(附註)	-	-	45	-	2	-	-	-	47	-
Independent non-executive directors 獨立非執行董事										
Mr. Ma Wing Yun Bryan 馬榮欣先生	180	180	-	-	-	-	-	-	180	180
Mr. Tam Ching Ho 譚政豪先生	180	180	-	-	-	-	-	-	180	180
Mr. Hau Chi Kit 侯志傑先生	180	180	-	-	-	-	-	-	180	180
	540	540	785	782	17	15	-	2,836	1,342	4,173

Note: Mr. Chen Lei was appointed as executive director with effect on 24 April 2019.

附註：陳蕾先生於二零一九年四月二十四日獲委任為執行董事。

The five highest paid individuals in the Group during the year included 1 (2018: 2) director whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 4 (2018: 3) individuals are set out below:

年內，本集團五名最高薪僱員包括1名(二零一八年：2名)董事，彼等之酬金已於上文呈列之分析反映。餘下4名(二零一八年：3名)僱員之酬金載列如下：

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Basic salaries, housing benefits, other allowances and benefits in kind	2,009	960
Post-employment benefits	71	18
Employee share option benefits	-	4,330
	2,080	5,308

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綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

The emoluments fell within the following bands:

		Number of individuals 僱員人數	
		2019 二零一九年	2018 二零一八年
Nil to HK\$1,000,000	零至1,000,000港元	4	–
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	–	1
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	–	1
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	–	1
		4	3

The Company granted 110,000,000 share options to employees on 24 December 2018. The fair value of share option is HK\$3,454,000.

The Company granted 32,340,000 share options and 43,120,000 share options to employees on 17 July 2017 and 26 July 2017. The fair value of share options are HK\$4,026,000 and HK\$5,975,000, respectively.

No emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office in both years and no director waived any emolument during the year ended 30 June 2019 (2018: Nil).

15. 董事酬金及僱員薪酬(續)

酬金介乎以下範疇：

		Number of individuals 僱員人數	
		2019 二零一九年	2018 二零一八年
Nil to HK\$1,000,000	零至1,000,000港元	4	–
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	–	1
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	–	1
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	–	1
		4	3

本公司於二零一八年十二月二十四日向僱員授出110,000,000份購股權。購股權之公平值為3,454,000港元。

本公司已分別於二零一七年七月十七日及二零一七年七月二十六日向僱員授出32,340,000份購股權及43,120,000份購股權。購股權之公平值分別為4,026,000港元及5,975,000港元。

於該兩個年度，本集團概無支付任何酬金予任何董事或五名最高薪僱員以作為加盟或吸引彼等加盟本集團之獎勵或離職補償且於截至二零一九年六月三十日止年度，概無董事放棄薪酬(二零一八年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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for the year ended 30 June 2019 截至二零一九年六月三十日止年度

16. DIVIDEND

The directors do not recommend the payment of dividend for the year ended 30 June 2019 (2018: Nil).

17. LOSS PER SHARE

Basic loss per share

Calculation of basic loss per share attributable to the owners of the Company is based on the loss for the year attributable to the owners of the Company of approximately HK\$667,369,000 (2018: HK\$199,324,000) and the weighted average number of ordinary shares of 1,231,598,662 (2018: 1,108,743,867) in issue during the year.

Diluted earnings per share

The computation of diluted loss per share for the years did not assume the exercise price of outstanding share options of the Company since did not assume the exercise of the outstanding share options as these options were anti-diluted during the year of 2019 and 2018.

16. 股息

董事不建議派付截至二零一九年六月三十日止年度之股息(二零一八年：無)。

17. 每股虧損

每股基本虧損

本公司擁有人應佔每股基本虧損乃根據本公司擁有人應佔本年度虧損約667,369,000港元(二零一八年：199,324,000港元)及本年度已發行普通股加權平均數1,231,598,662股(二零一八年：1,108,743,867股)計算。

每股攤薄盈利

計算年度每股攤薄虧損時並無假設本公司之尚未行使購股權的行使價，原因是二零一九年及二零一八年尚未行使購股權具反攤薄效應，故並無假設行使該等購股權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

18. FIXED ASSETS

18. 固定資產

		Buildings	Construction in progress	Plant and machinery	Leasehold improvements	Furniture, office equipment and motor vehicle	Pipelines and trench	Total
		樓宇	在建工程	廠房及機器	租賃物業裝修	傢俬、辦公室 設備及汽車	管道及溝槽	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
Cost or revaluation	成本或重估							
At 1 July 2017	於二零一七年七月一日	739,160	852,200	1,623,793	4,234	24,596	119,038	3,363,021
Additions	添置	-	17,197	5,675	-	1,497	720	25,089
Disposal	出售	(798)	-	(1,521)	-	(453)	-	(2,772)
Revaluation	重估	(82,073)	-	-	-	-	-	(82,073)
Transfer	轉撥	-	(73,159)	38,308	-	-	34,851	-
Additions through acquisition of subsidiary	透過收購附屬公司增加	-	-	-	-	143	-	143
Exchange differences	匯兌差額	24,611	26,563	39,052	-	754	3,518	94,498
At 30 June 2018 and 1 July 2018	於二零一八年六月三十日 及二零一八年七月一日	680,900	822,801	1,705,307	4,234	26,537	158,127	3,397,906
Additions	添置	-	6,539	3,725	-	7,979	-	18,243
Write off	撇銷	-	(73,793)	(924,344)	-	(5,809)	-	(1,003,946)
Revaluation	重估	(202,871)	-	-	-	-	-	(202,871)
Transfer	轉撥	-	(296,290)	296,290	-	-	-	-
Additions through acquisition of subsidiaries	透過收購附屬公司增加	-	-	-	-	18	-	18
Exchange difference	匯兌差額	(28,446)	(29,769)	(61,282)	-	(847)	(6,992)	(127,336)
At 30 June 2019	於二零一九年六月三十日	449,583	429,488	1,019,696	4,234	27,878	151,135	2,082,014
Accumulated depreciation	累計折舊							
At 1 July 2017	於二零一七年七月一日	-	-	736,734	3,194	20,191	30,009	790,128
Charge for the year	年內開支	29,530	-	70,932	358	945	7,611	109,376
Disposal	出售	(427)	-	(1,445)	-	(263)	-	(2,135)
Impairment loss	減值虧損	-	-	4,218	-	-	-	4,218
Write back on revaluation	重估時撥回	(30,430)	-	-	-	-	-	(30,430)
Exchange differences	匯兌差額	1,327	-	43,448	-	661	998	46,434
At 30 June 2018 and 1 July 2018	於二零一八年六月三十日 及二零一八年七月一日	-	-	853,887	3,552	21,534	38,618	917,591
Charge for the year	年內開支	25,205	-	79,965	358	2,333	7,421	115,282
Charge through acquisition of subsidiaries	透過收購附屬公司增加	-	-	-	-	3	-	3
Write off	撇銷	-	-	(589,020)	-	(5,109)	-	(594,129)
Write back on revaluation	重估時撥回	(24,899)	-	-	-	-	-	(24,899)
Exchange difference	匯兌差額	(306)	-	(28,795)	-	(586)	(1,733)	(31,420)
At 30 June 2019	於二零一九年六月三十日	-	-	316,037	3,910	18,175	44,306	382,428

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綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

18. FIXED ASSETS (Continued)

18. 固定資產(續)

		Buildings	Construction in progress	Plant and machinery	Leasehold improvements	Furniture, office equipment and motor vehicle	Pipelines and trench	Total
		樓宇	在建工程	廠房及機器	租賃物業裝修	傢俬、辦公室 設備及汽車	管道及溝槽	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
Carrying amount	賬面值							
At 30 June 2019	於二零一九年六月三十日	449,583	429,488	703,659	324	9,703	106,829	1,699,586
At 30 June 2018	於二零一八年六月三十日	680,900	822,801	851,420	682	5,003	119,509	2,480,315
Analysis of cost or revaluation at 30 June 2019:	於二零一九年六月三十日之 成本或重估分析:							
At cost	按成本	-	429,488	1,019,696	4,234	27,878	151,135	1,632,431
At revaluation	按重估	449,583	-	-	-	-	-	449,583
		449,583	429,488	1,019,696	4,234	27,878	151,135	2,082,014
Analysis of cost or revaluation at 30 June 2018:	於二零一八年六月三十日之 成本或重估分析:							
At cost	按成本	-	822,801	1,705,307	4,234	26,537	158,127	2,717,006
At revaluation	按重估	680,900	-	-	-	-	-	680,900
		680,900	822,801	1,705,307	4,234	26,537	158,127	3,397,906

At 30 June 2019, the carrying amount of certain buildings amounted to approximately HK\$240,276,000 (2018: HK\$352,000,000) for which relevant legal titles have not yet been obtained. At the date of approval of these consolidated financial statements, the application for obtaining the aforesaid legal titles is still in progress.

於二零一九年六月三十日，相關法定業權尚未獲取之若干樓宇之賬面值約為240,276,000港元(二零一八年：352,000,000港元)。於本綜合財務報表批准日期，獲取前述法定業權之申請仍在進行中。

At 30 June 2019, the carrying amount of buildings and plant and machinery pledged as security for the Group's bank loans and other loans amounted to approximately of HK\$330,806,000 (2018: HK\$526,230,000) and HK\$679,471,000 (2018: HK\$697,265,000), respectively.

於二零一九年六月三十日，已就本集團銀行貸款及其他貸款抵押作為擔保之樓宇以及廠房及機器之賬面值分別約為330,806,000港元(二零一八年：526,230,000港元)及679,471,000港元(二零一八年：697,265,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

18. FIXED ASSETS (Continued)

At 30 June 2019, the Group's buildings were revalued on the depreciated replacement cost basis/direct comparison approach by Ample Appraisal Limited, independent firm of chartered surveyors, at approximately HK\$449,583,000.

At 30 June 2018, the Group's building were revalued on the depreciated replacement cost basis/direct comparison approach by Sino-Infinite Appraisal Limited, independent firm of chartered surveyors, at approximately HK\$680,900,000.

The carrying amount of the Group's buildings would have been approximately HK\$377,098,000 (2018: HK\$416,511,000) had they been stated at cost less accumulated depreciation and impairment losses.

During the year ended 30 June 2019 and 2018, the Group carried out reviews of the recoverable amount of fixed assets used in the Polyvinylchloride, Vinyl acetate and Calcium carbide segment, having regard to the condition of product lines and the market conditions of the products. The reviews led to the recognition of written off on construction in progress, plant and machinery, furniture, office equipment and motor vehicle approximately of HK\$73,793,000, HK\$335,324,000 and HK\$700,000 during the year 30 June 2019 respectively and an impairment loss plant and machinery of approximately HK\$4,218,000 for the year ended 30 June 2018 that has been recognised in profit or loss. The recoverable amount of the relevant assets has been determined on the depreciated replacement cost basis, details of which has been set out in note 8(c) to the consolidated financial statements.

18. 固定資產(續)

於二零一九年六月三十日，本集團之樓宇由獨立特許測量師行豐盛評估有限公司按折餘重置成本法／直接比較法重估約為449,583,000港元。

於二零一八年六月三十日，本集團之樓宇由獨立特許測量師行中源評估有限公司按折餘重置成本法／直接比較法重估約為680,900,000港元。

假設本集團之樓宇按成本減累計折舊及減值虧損入賬，則有關賬面值將約為377,098,000港元(二零一八年：416,511,000港元)。

截至二零一九年及二零一八年六月三十日止年度，本集團經計及產品線情況及產品市況就用於聚氯乙烯、醋酸乙烯及碳化鈣分部之固定資產之可收回金額進行審閱。審閱引致截至二零一九年六月三十日止年度確認撤銷在建工程、物業、廠房及設備、傢俬、辦公設備及汽車分別約73,793,000港元、335,324,000港元及700,000港元以及截至二零一八年六月三十日止年度確認廠房及機器減值虧損約4,218,000港元，並已於損益中確認。有關資產之可收回金額乃按折餘重置成本法釐定，其詳情載於綜合財務報表附註8(c)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

19. PREPAID LAND LEASE PAYMENTS

19. 預付土地租金

		HK\$'000 千港元
Cost	成本	
As at 1 July 2017	於二零一七年七月一日	417,696
Disposal	出售	(22,859)
Exchange difference	匯兌差額	6,513
As at 30 June 2018 and 1 July 2018	於二零一八年六月三十日及二零一八年七月一日	401,350
Exchange difference	匯兌差額	(14,024)
As at 30 June 2019	於二零一九年六月三十日	387,326
Accumulated amortisation	累計攤銷	
As at 1 July 2017	於二零一七年七月一日	71,313
Charge for the year	年內開支	6,559
Disposal	出售	(3,483)
Exchange difference	匯兌差額	1,100
As at 30 June 2018 and 1 July 2018	於二零一八年六月三十日及二零一八年七月一日	75,489
Charge for the year	年內開支	6,528
Exchange difference	匯兌差額	(2,979)
As at 30 June 2019	於二零一九年六月三十日	79,038
Carrying amount	賬面值	
As at 30 June 2019	於二零一九年六月三十日	308,288
As at 30 June 2018	於二零一八年六月三十日	325,861

The Group's prepaid land lease payments are held under long leases located in Hong Kong and held under medium-term leases located in PRC.

At 30 June 2019, the carrying amount of prepaid land lease payments pledged as security for the Group's bank loans and other loans amounted to approximately HK\$233,948,000 (2018: HK\$246,764,000).

本集團之預付土地租金於香港根據長期租約持有及於中國根據中期租約持有。

於二零一九年六月三十日，就本集團銀行貸款及其他貸款抵押作為擔保之預付土地租金賬面值約為233,948,000港元(二零一八年：246,764,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

20. INVESTMENT IN A JOINT VENTURE

Reconciliations of the Group's investment in joint venture accounted for using the equity method are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 1 July	於七月一日	3,614	-
Additions	添置	-	3,727
Share of post-acquisition loss and other comprehensive expenses	應佔收購後虧損及其他全面開支	(682)	-
Exchange realignment	匯兌調整	(145)	(113)
At 30 June	於六月三十日	2,787	3,614

Details of the Group's joint venture:

本集團合營企業之詳情：

Name of joint venture 合營企業名稱	Principal activity 主要業務	Place of incorporation and principal place of business 註冊成立地點及主要業務地點	Proportion of ownership interest/voting right held by the Group 本集團持有之所有權/投票權比例	
			2019 二零一九年	2018 二零一八年
Zhongshan Dongjing Property Consultant Limited* ("Zhongshan Dongjing") 中山市東鏡房地產顧問有限公司(「中山東鏡」)	Property agency service 物業代理服務	PRC 中國	51%	51%

Summarised financial information of the joint venture is set out below. The amounts presented below are after adjustments made to equity-account the joint venture.

合營企業之財務資料概要載於下文。下文呈列金額已就合營企業權益賬作出調整。

* for identification only

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綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

20. INVESTMENT IN A JOINT VENTURE (Continued)

20. 於合營企業之投資(續)

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At 30 June:	於六月三十日：		
Current assets	流動資產	8,841	7,330
Current liabilities	流動負債	(5,043)	-
Year ended 30 June:	截至六月三十日止年度：		
Revenue	收益	105	-
Loss for the year	本年度虧損	(1,363)	-

Commitments

承擔

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Capital investment to a joint venture	於合營企業之資本投資	2,214	2,313

The Group and independent third party ("JV investor") entered into an agreement ("JV agreement") for formation of a joint venture company, Zhongshan Dongjing. It is intended that the Zhongshan Dongjing would be held as to 51% by the Group and 49% by JV investor. According to the JV agreement, Zhongshan Dongjing would jointly operating by the Group and JV investor. Sharing of result of Zhongshan Dongjing would be 50% by the Group and 50% by JV investor.

本集團與獨立第三方(「合營企業投資方」)訂立協議(「合營企業協議」)組建一間合營企業公司中山東鏡。中山東鏡計劃由本集團及合營企業投資方分別持有51%及49%。根據合營企業協議，中山東鏡將由本集團及合營企業投資方共同營運。本集團與合營企業投資方均分中山東鏡業績。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

21. OTHER INTANGIBLE ASSETS

21. 其他無形資產

		Exclusive right 專有權 HK\$'000 千港元	Trade name 商標 HK\$'000 千港元	Technical know-how 技術知識 HK\$'000 千港元	Construction contracts 建造合約 HK\$'000 千港元	Goodwill 商譽 HK\$'000 千港元 (Note) (附註)	Total 總計 HK\$'000 千港元
Cost	成本						
At 1 July 2017	於二零一七年七月一日	72,347	33,459	17,619	-	-	123,425
Acquired in a business combination	於業務合併中收購	-	-	-	38,606	-	38,606
Exchange difference	匯兌差額	-	-	516	(425)	-	91
At 30 June 2018 and 1 July 2018	於二零一八年六月三十日 及二零一八年七月一日	72,347	33,459	18,135	38,181	-	162,122
Acquisition of subsidiaries	收購附屬公司	-	-	-	-	699	699
Exchange difference	匯兌差額	-	-	(771)	(1,623)	-	(2,394)
At 30 June 2019	於二零一九年六月三十日	72,347	33,459	17,364	36,558	699	160,427
Accumulated amortisation and impairment losses	累計攤銷及減值虧損						
At 1 July 2017	於二零一七年七月一日	72,347	33,459	17,533	-	-	123,339
Amortisation for the year	年內攤銷	-	-	90	29,346	-	29,436
Exchange differences	匯兌差額	-	-	512	(432)	-	80
At 30 June 2018 and 1 July 2018	於二零一八年六月三十日 及二零一八年七月一日	72,347	33,459	18,135	28,914	-	152,855
Amortisation for the year	年內攤銷	-	-	-	5,067	-	5,067
Impairment loss	減值虧損	-	-	-	-	699	699
Exchange differences	匯兌差額	-	-	(771)	(1,291)	-	(2,062)
At 30 June 2019	於二零一九年六月三十日	72,347	33,459	17,364	32,690	699	156,559
Carrying amount	賬面值						
At 30 June 2019	於二零一九年六月三十日	-	-	-	3,868	-	3,868
At 30 June 2018	於二零一八年六月三十日	-	-	-	9,267	-	9,267

Note: During the year ended 30 June 2019, the Group acquired 100% issued share capital of Xinyang Maojian International Holding Limited and goodwill of approximately HK\$699,000 was recognised upon completion of the acquisition. An impairment loss of approximately HK\$699,000 has been recognised during the year ended 30 June 2019 due to deterioration performance.

附註：截至二零一九年六月三十日止年度，本集團收購信陽毛尖國際控股有限公司的全部已發行股本，且於收購完成後確認商譽約699,000港元。由於財務表現惡化，於截至二零一九年六月三十日止年度確認減值虧損約699,000港元。

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22. PARTICULARS OF SUBSIDIARIES

22. 附屬公司資料

Name 名稱	Place of incorporation/ registration and operation 註冊成立/ 註冊及營業地點	Issued and paid up/ registered capital 已發行及繳足/ 註冊資本	Percentage of equity attributable to the Company 本公司所 佔股本百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Dragon Boom Investments Limited 龍盛投資有限公司	British Virgin Islands ("BVI") 英屬處女群島	Ordinary US\$1 普通股1美元	100%	-	Investment holding 投資控股
Gold Capture Investments Inc.	BVI 英屬處女群島	Ordinary US\$1 普通股1美元	100%	-	Investment holding 投資控股
Prosper Path Limited	BVI 英屬處女群島	Ordinary US\$1 普通股1美元	100%	-	Investment holding 投資控股
Quality Gain Investments Ltd.	BVI 英屬處女群島	Ordinary US\$1 普通股1美元	100%	-	Investment holding 投資控股
Better Day Power Ltd. 佳日熱電有限公司	BVI 英屬處女群島	Ordinary US\$2 普通股2美元	100%	-	Investment holding 投資控股
Master King Group Limited 鑫瑞集團有限公司	Hong Kong 香港	Ordinary HK\$1 普通股1港元	100%	-	Inactive 暫無業務
Daytech Group Limited 日達集團有限公司	BVI 英屬處女群島	Ordinary US\$2 普通股2美元	-	100%	Investment holding 投資控股
Powerful Rise Group Limited	BVI 英屬處女群島	Ordinary US\$1 普通股1美元	-	100%	Inactive 暫無業務
Racing Dragon Group Limited ("Racing Dragon") 爭龍集團有限公司(「爭龍」)	BVI (Note (a)) 英屬處女群島 (附註(a))	Ordinary US\$100 普通股100美元	-	90%	Investment holding 投資控股
Mudanjiang Better Day Power Limited ("Mudanjiang BD Power") 牡丹江佳日熱電有限公司(「牡丹江佳日熱電」)	PRC (Note (b)) 中國(附註(b))	RMB110,000,000 人民幣110,000,000元	-	100%	Generation and supply of heat and power 生產及供應熱能及電力
Mudanjiang Daytech Chemical Limited ("Mudanjiang Daytech Chemical") 牡丹江日達化工有限公司(「牡丹江日達化工」)	PRC (Note (c)) 中國(附註(c))	RMB558,844,178 人民幣558,844,178元	-	100%	Manufacture and sale of calcium carbide 製造及銷售碳化鈣
Mudanjiang Dongbei Chemical Engineering Company Limited ("Mudanjiang Dongbei Chemical") 牡丹江東北化工有限公司(「牡丹江東北化工」)	PRC (Note (d)) 中國(附註(d))	RMB110,910,000 人民幣110,910,000元	-	63.11%	Manufacture and sale of vinyl acetate 製造及銷售醋酸乙酯
Mudanjiang Dongbei Gaoxin Chemical Co., Ltd. ("Mudanjiang Dongbei Gaoxin") 牡丹江東北高新化工有限公司 (「牡丹江東北高新」)	PRC (Note (e)) 中國(附註(e))	HK\$230,000,000 230,000,000港元	-	100%	Manufacture and sale of polyvinyl-chloride 製造及銷售聚氯乙烯
Heihe LongJiang Chemical Limited ("Heihe LongJiang Chemical") 黑河龍江化工有限公司(「黑河龍江化工」)	PRC (Note (f)) 中國(附註(f))	RMB265,000,000 人民幣265,000,000元	-	90%	Manufacture and sale of calcium carbide, polyvinyl-chloride and vinyl acetate 製造及銷售碳化鈣、聚乙烯醇及 醋酸乙酯
Mudanjiang Jinyang Municipal Engineering Company Limited ("Jinyang Municipal") 牡丹江金陽市政工程有限公司(「金陽市政」)	PRC (Note (g)) 中國(附註(g))	RMB23,900,000 人民幣23,900,000元	-	100%	Provision of municipal engineering construction services 提供市政工程建造服務
China Zenith Construction Materials Limited 中國天建材有限公司	Cayman Islands 開曼群島	Ordinary HK\$0.01 普通股0.01港元	-	100%	Inactive 暫無業務
Success Eagle Investment Limited 鵬成投資有限公司	Hong Kong 香港	Ordinary HK\$1 普通股1港元	-	100%	Provision of administrative and consultancy services 提供行政服務及諮詢服務

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22. PARTICULARS OF SUBSIDIARIES (Continued)

22. 附屬公司資料(續)

Name 名稱	Place of incorporation/ registration and operation 註冊成立/ 註冊及營業地點	Issued and paid up/ registered capital 已發行及繳足/ 註冊資本	Percentage of equity attributable to the Company 本公司所 佔股本百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xinyang Maojian International Holding Limited 信陽毛尖國際控股有限公司	BVI 英屬處女群島	US\$50,000 50,000美元	-	100%	Investment holding 投資控股
China Xinyang Maojian Group Limited 中國信陽毛尖集團有限公司	Hong Kong 香港	Ordinary HK\$10,000 普通股10,000港元	-	100%	Investment holding 投資控股
Xinyang Maojian Overseas Development Limited 信陽毛尖海外發展有限公司	Hong Kong 香港	Ordinary HK\$10,000 普通股10,000港元	-	100%	Inactive 暫無業務
Shenzhen Pinxiang Trading Limited 深圳品香貿易有限公司	PRC 中國	RMB50,000,000 人民幣50,000,000元	-	100%	Investment holding 投資控股
Xinyang Maojian Chaye (Shenzhen) Company Limited 信陽毛尖茶葉(深圳)有限公司	PRC (Note (h)) 中國(附註(h))	RMB20,000,000 人民幣20,000,000元	-	100%	Sales of beverage products 銷售飲料

Notes:

附註：

- (a) The Group acquired further equity interests in the subsidiary on 17 June 2016, and the percentage of equity interests attributable to Company increased from 67% to 90%.
- (b) Mudanjiang BD Power is a wholly foreign-owned enterprise registered in the PRC for an operating period of 50 years commencing from the approval date of 9 June 2006.
- (c) Mudanjiang Daytech Chemical is a wholly foreign-owned enterprise registered in the PRC for an operating period of 50 years commencing from the approval date of 30 December 2006.
- (d) Mudanjiang Dongbei Chemical is a Sino-foreign equity joint venture established in the PRC for an operating period of 50 years commencing from the approval date of 27 May 2004.
- (e) Mudanjiang Dongbei Gaoxin is a wholly foreign-owned enterprise registered in the PRC for an operating period of 50 years commencing from the approval date of 26 April 2005.
- (f) Heihe LongJiang Chemical is a wholly foreign-owned enterprise established in the PRC for an operating period of 20 years commencing from the approval date of 5 June 2008.
- (g) Jinyang Municipal is a limited liability company established in the PRC with indefinite operating period.
- (h) Xinyang Maojian Chaye (Shenzhen) Company Limited is a limited liability company established in the PRC with indefinite operating period.
- (a) 本集團於二零一六年六月十七日收購該附屬公司之更多股權，本公司應佔股權百分比由67%增加至90%。
- (b) 牡丹江佳日熱電為於中國註冊之外商獨資企業，經營期自批准日期二零零六年六月九日起計為期50年。
- (c) 牡丹江日達化工為於中國註冊之外商獨資企業，經營期自批准日期二零零六年十二月三十日起計為期50年。
- (d) 牡丹江東北化工為於中國成立之中外合資合營企業，經營期自批准日期二零零四年五月二十七日起計為期50年。
- (e) 牡丹江東北高新為於中國註冊之外商獨資企業，經營期自批准日期二零零五年四月二十六日起計為期50年。
- (f) 黑河龍江化工為於中國成立之外商獨資企業，經營期自批准日期二零零八年六月五日起計為期20年。
- (g) 金陽市政為於中國成立之有限公司，並無確定經營期。
- (h) 信陽毛尖茶葉(深圳)有限公司為於中國成立之有限公司，並無確定經營期。

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22. PARTICULARS OF SUBSIDIARIES (Continued)

The following table shows information of subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

22. 附屬公司資料(續)

下表列示擁有對本集團屬重大之非控股權益(「非控股權益」)之附屬公司資料。所概述之財務資料指公司間對銷前之金額。

		Mudanjiang Dongbei Chemical 牡丹江東北化工		Racing Dragon 爭龍	
		2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年
Principal place of business/ country of incorporation	主要營業地點/註冊 成立國家	PRC/PRC 中國/中國	PRC/PRC 中國/中國	PRC/BVI 中國/ 英屬處女群島	PRC/BVI 中國/ 英屬處女群島
% of ownership interest/voting rights held by NCI	非控股權益所持所有權 權益/投票權%	36.89%	36.89%	10%	10%
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 30 June:	於六月三十日:				
Non-current assets	非流動資產	41,495	100,834	1,012,274	1,193,383
Current assets	流動資產	289,112	299,609	30,247	50,656
Non-current liabilities	非流動負債	-	-	(146,273)	(221,821)
Current liabilities	流動負債	(81,995)	(81,464)	(1,175,511)	(1,267,802)
Net assets/(liabilities)	資產/(負債)淨額	248,612	318,979	(279,263)	(245,584)
Accumulated NCI	累計非控股權益	91,713	117,671	(27,926)	(24,558)
Year ended 30 June:	截至六月三十日止年度:				
Revenue	收益	-	-	75,844	74,661
Loss	虧損	(57,509)	(31,415)	(89,982)	(77,005)
Total comprehensive income	全面收入總額	(70,367)	(27,821)	(33,679)	(61,512)
Loss allocated to NCI	分配予非控股權益之虧損	(21,215)	(11,589)	(8,998)	(7,701)
Total comprehensive income allocated to NCI	分配予非控股權益之全面 收入總額	(25,958)	(10,264)	(3,368)	(6,151)
Dividends paid to NCI	支付予非控股權益之股息	-	-	-	-
Net cash (used in)/generated from operating activities	經營活動(所用)/所得 現金淨額	(1,030)	(926)	(13,658)	23,336
Net cash used in investing activities	投資活動所用現金淨額	-	-	(8,579)	(7,869)
Net cash generated used in financing activities	融資活動所用現金淨額	-	-	(16,276)	(35,813)
Effect of foreign exchange rate changes	外匯匯率變動之影響	1,029	928	39,673	3,035
Net (decrease)/increase in cash and cash equivalents	現金及現金等值項目 (減少)/增加淨額	(1)	2	1,160	(17,311)

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23. INVENTORIES

23. 存貨

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Raw materials	原材料	40,485	28,231

24. TRADE RECEIVABLES

24. 應收貿易賬項

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Trade receivables	應收貿易賬項	55,455	168,656
Less: impairment	減：減值	(12,593)	(161,908)
		42,862	6,748

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 60 to 180 days (2018: 60 to 180 days). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

本集團主要按信貸條款與客戶進行交易。信貸期一般介乎60至180日(二零一八年：60至180日)。本集團致力嚴格控制其未償還應收款項。逾期結餘經由董事定期審閱。

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

應收貿易賬項(經扣除撥備)按發票日期呈列之賬齡分析如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within 30 days	30日內	17,239	77
31 to 60 days	31至60日	393	6,660
61 to 90 days	61至90日	1,630	11
91 to 120 days	91至120日	1,006	-
121 to 150 days	121至150日	934	-
151 to 180 days	151至180日	21,359	-
181 to 365 days	181至365日	301	-
		42,862	6,748

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24. TRADE RECEIVABLES (Continued)

As at 30 June 2019, an allowance of approximately HK\$12,593,000 (2018: HK\$161,908,000) was made for estimated irrecoverable trade receivables.

The reconciliation of allowance for trade receivables is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At beginning of year	於年初	161,908	160,832
Provision/(reversal) of allowance, net	撥備/撥備(撥回)淨額	3,714	(3,684)
Adoption of HKFRS 9	採納香港財務報告準則第9號	12	-
Expected credit loss	預期信貸虧損	3,301	-
Written off	撇銷	(149,412)	-
Exchange differences	匯兌差額	(6,930)	4,760
At end of year	於年末	12,593	161,908

As of 30 June 2019, trade receivables of approximately HK\$301,000 (2018: HK\$11,000) were past due but not impaired. These mainly relate to an independent customer for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Overdue:	逾期:		
Up to 90 days	最多90日	301	11

The Group's trade receivables are denominated in RMB.

The Group's policy is that it recognizes an allowance for doubtful debts that represents 100% of all trade receivables overdue for more than 365 days. For trade receivables that have been overdue for less than 90 days, the Group closely monitors the recoverability of these receivables. Management believes that the amounts of which no allowance was made are recoverable taking into account the relationships with and settlement history of these customers.

24. 應收貿易賬項(續)

於二零一九年六月三十日，已就估計不可收回應收貿易賬項計提撥備約12,593,000港元(二零一八年：161,908,000港元)。

應收貿易賬項撥備之對賬如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At beginning of year	於年初	161,908	160,832
Provision/(reversal) of allowance, net	撥備/撥備(撥回)淨額	3,714	(3,684)
Adoption of HKFRS 9	採納香港財務報告準則第9號	12	-
Expected credit loss	預期信貸虧損	3,301	-
Written off	撇銷	(149,412)	-
Exchange differences	匯兌差額	(6,930)	4,760
At end of year	於年末	12,593	161,908

於二零一九年六月三十日，應收貿易賬項約301,000港元(二零一八年：11,000港元)已逾期但並無減值。此主要與一名近期無拖欠還款記錄之獨立客戶有關。該等應收貿易賬項之賬齡分析如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Overdue:	逾期:		
Up to 90 days	最多90日	301	11

本集團之應收貿易賬項以人民幣計值。

本集團政策規定就全部逾期超過365天的應收貿易賬項呆賬確認撥備。至於逾期少於90天的應收貿易賬項，本集團將密切監察該等應收款項的可收回性。考慮到與該等客戶之間的關係及結算過往，管理層認為，並無作出撥備的有關款項仍可收回。

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25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

25. 預付款項、訂金及其他應收款項

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Prepayment	預付款項	94,820	89,086
Deposits	訂金	17,311	62,131
Other receivables	其他應收款項	42,556	107,357
Other financial asset (Note)	其他金融資產(附註)	6,351	-
		161,038	258,574

Note:

Other financial asset represents the fair value of put option for acquisition on 100% issued share capital in Xinyang Maojian International Holding Limited.

附註：

其他金融資產指就收購信陽毛尖國際控股有限公司全部已發行股本的認購期權之公平值。

26. BANK AND CASH BALANCES

As at 30 June 2019, the bank and cash balances of the Group denominated in RMB amounted to approximately HK\$3,006,000 (2018: HK\$3,089,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

26. 銀行及現金結存

於二零一九年六月三十日，本集團以人民幣為單位之銀行及現金結存約為3,006,000港元(二零一八年：3,089,000港元)。人民幣兌換外幣須受中國《外匯管理條例》及《結匯、售匯及付匯管理規定》限制。

27. SHARE CAPITAL

27. 股本

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Authorised:	法定：		
5,000,000,000 ordinary shares of HK\$0.10 each	5,000,000,000股每股面值0.10港元之普通股	500,000	500,000
Issued and fully paid:	已發行及繳足：		
1,332,427,319 (2018: 1,110,427,319) ordinary shares of HK\$0.10 each	1,332,427,319股(二零一八年：1,110,427,319股)每股面值0.10港元之普通股	133,243	111,043

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

27. SHARE CAPITAL (Continued)

27. 股本(續)

		Number of ordinary shares issued 已發行普通股 數目 '000 千股	Par value 面值 HK\$'000 千港元
At 1 July 2017	於二零一七年七月一日	1,078,087	107,809
Exercise of share options (Note (a))	行使購股權(附註(a))	32,340	3,234
At 30 June 2018 and 1 July 2018	於二零一八年六月三十日 及二零一八年七月一日	1,110,427	111,043
Issue of new shares under a subscription agreement (Note (b))	根據認購協議發行新股份(附註(b))	220,000	22,000
Exercise of share options (Note (c))	行使購股權(附註(c))	2,000	200
At 30 June 2019	於二零一九年六月三十日	1,332,427	133,243

Note (a): On 20 July 2017, the subscription rights attaching to 32,340,000 share options issued pursuant to the share option scheme of the Company were exercised at the subscription price of HK\$0.31 per share, resulting in the issue of 32,340,000 shares of HK\$0.1 each for the total cash consideration of approximately to HK\$10 million was used for general working capital.

附註(a): 於二零一七年七月二十日, 根據本公司購股權計劃發行之32,340,000份購股權附帶之認購權按每股股份0.31港元的認購價獲行使, 導致發行32,340,000股每股0.1港元之股份, 總現金代價約10百萬港元已用作一般營運資金。

Note (b): On 5 October 2018, the Company entered into a private placing agreement with the substantial shareholder of the Company for the placing of an aggregate 220,000,000 new ordinary shares of the Company at a placing price of HK\$0.315 per share. The gross proceeds raised amounted to approximately HK\$69,300,000 (the net proceeds will be approximately HK\$68,800,000) and resulted in the new increase in share capital and share premium of approximately HK\$22,000,000 and HK\$47,300,000 respectively. The placing was completed on 10 December 2018. Details of the placing were set out in the Company's announcements dated 5 October 2018, 15 November 2018, 30 November 2018 and 10 December 2018 respectively.

附註(b): 於二零一八年十月五日, 本公司與本公司的主要股東訂立私人配售協議, 內容有關配售合共220,000,000股本公司新普通股, 配售價為每股股份0.315港元。所籌集之所得款項總額約為69,300,000港元(所得款項淨額將為約68,800,000港元)及導致股本及股份溢價分別新增加22,000,000港元及47,300,000港元。配售事項已於二零一八年十二月十日完成。配售事項詳情分別載於本公司日期為二零一八年十月五日、二零一八年十一月十五日、二零一八年十一月三十日及二零一八年十二月十日之公告內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

27. SHARE CAPITAL (Continued)

Note (c): On 1 April 2019, the subscription rights attaching to 2,000,000 share options issued pursuant to the share option scheme of the Company were exercised at the subscription price of HK\$0.345 per share, resulting in the issue of 2,000,000 shares of HK\$0.1 each for the total cash consideration of approximately to HK\$0.9 million which was used for general working capital.

28. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted on 20 December 2012 for a period of 10 years. The purpose of the Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group. Under the Scheme, the directors may, at their sole discretion, grant to any eligible participants options to subscribe for ordinary shares of the Company at the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of the offer of grant, which must be a business day; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares. The offer for a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and in any event not later than 10 years from the date of grant of share options, subject to the provisions for early termination thereof.

27. 股本(續)

附註(c)：於二零一九年四月一日，根據本公司購股權計劃發行之2,000,000份購股權附帶之認購權按每股股份0.345港元的認購價獲行使，導致發行2,000,000股每股0.1港元之股份，總現金代價約0.9百萬港元已用作一般營運資金。

28. 購股權計劃

本公司於二零一二年十二月二十日採納為期10年之購股權計劃(「該計劃」)。該計劃之目的為使本集團能向合資格參與者授出購股權，作為彼等對本集團作出貢獻之獎勵或回報。根據該計劃，董事可全權酌情向任何合資格參與者授出購股權，以按(i)本公司股份於提呈授出購股權當日(必須為營業日)在聯交所每日報價表所報收市價；(ii)本公司股份於緊接提呈授出購股權當日前五個營業日在聯交所每日報價表所報平均收市價；及(iii)股份面值三者中最高之價格認購本公司普通股。購股權可於提呈授出日期起計21日內接納，承授人須於接納時支付合共1港元之象徵式代價。所授出購股權之行使期由董事釐定，在有關提早終止之規定規限下，在任何情況下於授出購股權日期起計10年內失效。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

28. SHARE OPTION SCHEME (Continued)

The maximum number of shares to be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the relevant class of shares of the Company in issue from time to time. The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of the extraordinary general meeting held on 20 December 2012.

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

Details of the specific categories of options are as follows:

	2019 二零一九年 Option C 購股權C	2018 二零一八年 Option A 購股權A	Option B 購股權B
Grant date 授出日期	24 December 2018 二零一八年十二月二十四日	17 July 2017 二零一七年七月十七日	26 July 2017 二零一七年七月二十六日
Vesting period (Note (a)) 歸屬期(附註(a))	24 December 2018 二零一八年十二月二十四日	17 July 2017 二零一七年七月十七日	26 July 2017 二零一七年七月二十六日
Exercise period 行使期	24 December 2018 to 23 December 2021 二零一八年十二月二十四日至 二零二一年十二月二十三日	17 July 2017 to 16 July 2020 二零一七年七月十七日至 二零二零年七月十六日	26 July 2017 to 25 July 2020 二零一七年七月二十六日至 二零二零年七月二十五日
Exercise price at date of grant 於授出日期之行使價	0.325	0.31	0.345
Price of the Company's shares at the date of grant (Note (b)) 本公司股份於授出日期之價格 (附註(b))	0.325	0.31	0.345

Notes:

- (a) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
- (b) The price of the Company's shares disclosed as at the date of the grant of the share options is the higher of the closing price of the shares of the Company on the date of grant of the share options and the average Stock Exchange closing price for the five business days immediately preceding the date of the grant of the share options.

28. 購股權計劃(續)

所有根據該計劃及本集團任何其他購股權計劃已授出而尚未行使之購股權獲行使時將予配發及發行之股份最高數目，合共不得多於本公司不時已發行相關類別股份之30%。根據該計劃將授出之所有購股權獲行使時可配發及發行之股份總數，相等於在股東特別大會召開日期二零一二年十二月二十日之本公司已發行股份數目的10%。

購股權並無賦予持有人獲享股息或於股東大會投票之權利。

購股權之特定分類詳述如下：

附註：

- (a) 購股權之歸屬期為授出日期至行使期開始止期間。
- (b) 本公司股份於購股權授出日期披露之價格為本公司股份於授出購股權日期之收市價及緊接購股權授出日期前五個營業日於聯交所報平均收市價兩者之較高者。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

28. SHARE OPTION SCHEME (Continued)

At 30 June 2019, 172,680,000 share options (2018: 64,680,000 share options) remains outstanding under the Scheme, representing 13% (2018: 6%) of the ordinary shares of the Company in issue at that date. The Scheme allows the Directors of the Company, when offering the grant of any option, to impose any condition including any performance target which must be met before the option shall vest and become exercisable. The share options granted so far by the Company have been imposed with just a service condition. The exercise price is determined by the Directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant and (ii) the average closing price of the shares for the five business days immediately preceding the date of grant. HK\$1 is payable by each eligible participant to the Company on acceptance of an offer of options, to be paid within 1 month from the date of the offer.

The movement of share options granted and weighted average exercise prices of share options

28. 購股權計劃(續)

於二零一九年六月三十日，該計劃項下仍有172,680,000份購股權(二零一八年：64,680,000份購股權)尚未行使，相當於本公司於該日已發行普通股之13%(二零一八年：6%)。該計劃允許本公司董事於授出任何購股權時附加任何強制條件，包括於購股權歸屬及成為可行使前須達至任何表現目標。本公司目前授出之購股權僅附加一項服務條件。行使價由本公司董事釐定，及須不低於以下最高者(i)本公司股份於授出日期之收市價及(ii)股份於緊接授出日期前五個營業日之平均收市價。各合資格參與者須就接納購股權要約向本公司支付1港元及須於邀約日期起計一個月內支付。

已授出購股權及購股權加權平均行使價之變動

		Director 董事		Employee 僱員	
		Number of share options 購股權數目	Weighted average exercise price 加權平均行使價 HK\$ 港元	Number of share options 購股權數目	Weighted average exercise price 加權平均行使價 HK\$ 港元
Outstanding at 1 July 2017	於二零一七年七月一日尚未行使	-	-	12,980,198	3.72
Forfeited during the year	本年度沒收	-	-	(12,980,198)	3.72
Granted during the year	本年度授出	21,560,000	0.328	75,460,000	0.33
Exercised during the year	本年度行使	-	-	(32,340,000)	0.31
Outstanding at 30 June 2018 and 1 July 2018	於二零一八年六月三十日及二零一八年七月一日尚未行使	21,560,000	0.328	43,120,000	0.345
Granted during the year	本年度授出	-	-	110,000,000	0.325
Exercised during the year	本年度行使	-	-	(2,000,000)	0.345
Outstanding at 30 June 2019	於二零一九年六月三十日尚未行使	21,560,000	0.328	151,120,000	0.33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

28. SHARE OPTION SCHEME (Continued)

The share options outstanding at 30 June 2019 have exercise prices of HK\$0.345 per option (2018: ranging from HK\$0.31 to HK\$0.345 per option) and a weighted average remaining contractual life of 1.53 years (2018: 2.06 years).

For share options granted during the year ended 30 June 2019 and 2018, the share options were measured at fair value at grant date with reference to a valuation report prepared by Sino-Infinite Appraisal Limited, calculated using Black-Scholes Pricing Model with the following key assumptions:

		2019 二零一九年 Option C 購股權C	2018 二零一八年 Option A 購股權A Option B 購股權B	
Share price	股價	0.325	0.31	0.345
Exercise price	行使價	0.325	0.31	0.345
Expected volatility (note below)	預期波動(下文附註)	85%	85%	85%
Expected options life	預期購股權年期	3 years 3年	3 years 3年	3 years 3年
Expected dividends	預期股息	0%	0%	0%
Risk-free interest rate (per annum)	無風險利率(每年)	1.869%	0.907%	0.934%
Fair value of a share option at grant date	購股權於授出日期之公平值	0.0314	0.124	0.139

Note: The expected volatility is based on the historic volatility based on data available for the past 1.5 years. Changes in the subjective input assumptions could materially affect the fair value estimates.

The total expense recognised in profit or loss for the current year in respect of the Scheme amounted to HK\$3,454,000 (2018: HK\$12,837,000).

Share options were granted with a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

28. 購股權計劃(續)

於二零一九年六月三十日尚未行使購股權之行使價為0.345港元(二零一八年: 每份購股權介乎0.31港元至0.345港元)及加權平均餘下合約年期為1.53年(二零一八年: 2.06年)。

就於截至二零一九年及二零一八年六月三十日止年度授出之購股權而言, 購股權按授出日期之公平值計量, 當中參考中源評估有限公司編製之估值報告並使用布萊克-舒爾斯定價模式進行計算, 所使用的關鍵假設如下:

附註: 預期波動乃以基於過往1.5年可得數據之歷史波動為基礎。主觀輸入數據假設變動或會對公平值估計產生重大影響。

本年度就該計劃於損益確認之開支總額為3,454,000港元(二零一八年: 12,837,000港元)。

購股權之授出附帶服務條件。已接受服務於授出日期之公平值計量未計入該條件。購股權授出無市場狀況相關條件。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

29. STATEMENT OF FINANCIAL POSITION AND
MOVEMENT OF RESERVE OF THE COMPANY

(a) Statement of financial position of the Company

29. 本公司之財務狀況表及儲備
變動

(a) 本公司之財務狀況表

	Note 附註	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Non-current assets			
Investment in subsidiaries	22	45,341	45,341
Current assets			
Due from subsidiaries		754,083	1,266,798
Other receivables		1	11,364
Bank and cash balances		116	28,238
		754,200	1,306,400
TOTAL ASSETS		799,541	1,351,741
Capital and reserves			
Share capital	27	133,243	111,043
Reserves	29(b)	(483,120)	149,570
Total equity		(349,877)	260,613
Non-current liabilities			
Bonds payable		895,111	820,458
Current liabilities			
Due to subsidiaries		241,468	267,779
Other payables and accruals		1,589	2,891
Bond payable		11,250	–
		254,307	270,670
Total liabilities		1,149,418	1,091,128
TOTAL EQUITY AND LIABILITIES		799,541	1,351,741
Net current assets		499,893	1,035,730
Total assets less current liabilities		545,234	1,081,071

Approved and authorised for issued by the board of directors on
30 September 2019.

於二零一九年九月三十日獲董事
會批准及授權刊發。

Chan Yuk Foebe
陳昱
Chairman
主席

Law Tze Ping Eric
羅子平
Executive Director
執行董事

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

29. STATEMENT OF FINANCIAL POSITION AND
MOVEMENT OF RESERVE OF THE COMPANY

(Continued)

(b) Reserves movement of the Company

29. 本公司之財務狀況表及儲備
變動(續)

(b) 本公司之儲備變動

		Share option reserve 購股權 儲備 HK\$'000 千港元	Other reserve 其他儲備 HK\$'000 千港元	(Accumulated losses)/ Retained profits (累計虧損)/ 保留溢利 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 July 2017	於二零一七年七月一日	10,722	-	244,997	255,719
Loss for the year	本年度虧損	-	-	(125,777)	(125,777)
Cancellation of share options	註銷購股權	(10,722)	-	10,722	-
Employee share option benefits	僱員購股權利益	12,837	-	-	12,837
Exercise of share option	行使購股權	(4,026)	-	10,817	6,791
At 30 June 2018 and 1 July 2018	於二零一八年六月三十日 及二零一八年七月一日	8,811	-	140,759	149,570
Loss for the year	本年度虧損	-	-	(684,196)	(684,196)
Issue of shares under share placement	根據股份配售發行股份	-	-	47,300	47,300
Employee share option benefits	僱員購股權利益	3,454	-	-	3,454
Exercise of share option	行使購股權	(277)	-	942	665
Acquisition of subsidiaries	收購附屬公司	-	87	-	87
At 30 June 2019	於二零一九年六月三十日	11,988	87	(495,195)	(483,120)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

30. RESERVES

(a) Group

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

(b) Nature and purpose of reserves of the Group

(i) Fixed asset revaluation reserve

Fixed asset revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for buildings in note 5(d) to the financial statements.

(ii) Share option reserve

Share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and business associates of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 5(r) to the financial statements.

(iii) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 5(c) to the financial statements.

(iv) Other reserve

Other reserve represents the fair value of the contingent consideration for acquisition on 100% issued share capital in Xinyang Maojian International Holding Limited. The acquisition is set out in note 37 to the consolidated financial statements.

30. 儲備

(a) 本集團

本集團之儲備金額及其變動於綜合全面收入表及綜合權益變動表呈列。

(b) 本集團儲備之性質及用途

(i) 固定資產重估儲備

固定資產重估儲備乃根據財務報表附註5(d)所載就樓宇採納之會計政策設立及處理。

(ii) 購股權儲備

購股權儲備指根據就財務報表附註5(r)以股本結算之股份付款所採納會計政策，確認本集團僱員及業務聯繫人士獲授尚未行使購股權實際或估計數目之公平值。

(iii) 外匯儲備

外匯儲備包含所有因換算海外業務財務報表而產生之匯兌差額。該儲備乃根據財務報表附註5(c)所載會計政策處理。

(iv) 其他儲備

其他儲備指收購信陽毛尖國際控股有限公司全部已發行股本或然代價之公平值。該收購事項載於綜合財務報表附註37。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

31. DEFERRED TAX LIABILITIES

The movement in deferred tax liabilities account is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At beginning of year	於年初	(17,542)	(17,017)
Credit to profit or loss (Note 13)	計入損益(附註13)	1,267	7,336
Charge to equity	扣自權益	15,485	2,656
Acquired in a business combination	於業務合併中收購	-	(9,652)
Exchange differences	匯兌差額	688	(865)
At end of year	於年末	(102)	(17,542)

The following are the major deferred tax assets/(liabilities) recognised by the Group, and the movements thereon, during the current and prior reporting periods:

31. 遞延稅項負債

遞延稅項負債賬目之變動如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At beginning of year	於年初	(17,542)	(17,017)
Credit to profit or loss (Note 13)	計入損益(附註13)	1,267	7,336
Charge to equity	扣自權益	15,485	2,656
Acquired in a business combination	於業務合併中收購	-	(9,652)
Exchange differences	匯兌差額	688	(865)
At end of year	於年末	(102)	(17,542)

下列為於現行及過往報告期間，本集團確認之主要遞延稅項資產/(負債)及其變動：

Deferred tax	遞延稅項	Accelerated tax	Other	Revaluation	Total
		depreciation	temporary differences	of buildings	
		加速稅項折舊	其他暫時	樓宇重估	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 July 2017	於二零一七年七月一日	64,029	30,878	(111,924)	(17,017)
Credit to profit or loss	計入損益	7,336	-	-	7,336
Charge to equity	扣自權益	-	-	2,656	2,656
Acquired in business combination	於業務合併中收購	(9,652)	-	-	(9,652)
Exchange differences	匯兌差額	1,875	904	(3,644)	(865)
At 30 June 2018 and 1 July 2018	於二零一八年六月三十日 及二零一八年七月一日	63,588	31,782	(112,912)	(17,542)
Credit to profit or loss	計入損益	1,267	-	-	1,267
Charge to equity	扣自權益	-	-	15,485	15,485
Exchange differences	匯兌差額	(2,801)	(1,340)	4,829	688
At 30 June 2019	於二零一九年六月三十日	62,054	30,442	(92,598)	(102)

Other temporary differences on deferred tax liabilities represent the tax effect on allowance of account and other receivables.

遞延稅項負債的其他臨時差額指應收賬款及其他應收款項撥備的稅務影響。

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32. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 120 days (2018: 30 to 120 days) from its suppliers.

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within 30 days	30日內	8,437	3,499
31 to 60 days	31至60日	7,178	15
61 to 90 days	61至90日	2,486	8,328
91 to 120 days	91至120日	5,910	10,348
121 to 365 days	121至365日	26,091	36,118
Over 365 days	超逾365日	8,453	41,863
		58,555	100,171

The Group's trade payables are denominated in RMB.

本集團之應付貿易賬項以人民幣計值。

33. OTHER PAYABLES AND ACCRUALS

Other payables 其他應付款項
Accruals 應計款項

Less: Other payables for repayment more than 12 months (show under non-current liabilities) 減：超過12個月的其他應付還款(列示於非流動負債)

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
		322,746	390,865
		12,063	19,724
		334,809	410,589
		(208,799)	(251,313)
		126,010	159,276

32. 應付貿易賬項

本集團一般獲供應商給予30至120日(二零一八年:30至120日)之信貸期。

應付貿易賬項按接收貨品日期呈列之賬齡分析如下:

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34. OTHER LOANS

At 30 June 2019, a loan of approximately HK\$28,263,000 (2018: HK\$29,633,000) is interest bearing at 4.35% p.a. (2018: 4.35% p.a.), secured by the pledge of the Group's fixed assets and prepaid land lease payments and is repayable within one year.

At 30 June 2018, a loan of the Group of approximately HK\$23,706,000 granted from an independent third party is interest bearing at 12% p.a., secured by the pledge of the Group's fixed assets and prepaid land lease payments and is repayable on demand.

35. BANK LOANS

The Group's bank loans are repayable as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Term loans subject to a repayment on demand clause	須遵守催繳條款之定期貸款	18,670	35,559
Within one year	一年內	33,770	37,957
In the second year	第二年	2,663	2,606
In the third to fifth years inclusive	第三年至第五年(包括首尾兩年)	8,330	8,158
After five years	五年後	10,410	13,495
		73,843	97,775
Less: Amount due for settlement within 12 months (shown under current liabilities)	減: 12個月內須償還之款項 (列作流動負債)	(52,440)	(73,516)
		21,403	24,259

34. 其他貸款

於二零一九年六月三十日，約28,263,000港元(二零一八年：29,633,000港元)的貸款按年利率4.35厘計息(二零一八年：年利率4.35厘)，以本集團的固定資產及預付土地租金作抵押，並須於一年內償還。

於二零一八年六月三十日，本集團獲一名獨立第三方授出之貸款約23,706,000港元乃按年利率12厘計息，以本集團固定資產及預付土地租金質押作為抵押，並須按要求償還。

35. 銀行貸款

本集團之銀行貸款須於下列期間償還：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

35. BANK LOANS (Continued)

The carrying amounts of the Group's bank loans are denominated in the following currencies:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Hong Kong dollars	港元	24,009	26,812
RMB	人民幣	49,834	70,963
		73,843	97,775

At 30 June 2019, bank loans were arranged at floating rates ranging from 2.10% to 8.50% p.a. (2018: 2.10% to 8.50% p.a.), thus exposed the Group to cash flow interest rate risk. Bank loans are secured by the pledge of the Group's fixed assets, land held under finance leases and prepaid land lease payments.

35. 銀行貸款(續)

本集團銀行貸款之賬面值乃以下列貨幣為單位：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Hong Kong dollars	港元	24,009	26,812
RMB	人民幣	49,834	70,963
		73,843	97,775

於二零一九年六月三十日，銀行貸款按浮動年利率介乎2.10厘至8.50厘(二零一八年：年利率2.10厘至8.50厘)計息，故本集團須承受現金流利率風險。銀行貸款以本集團固定資產、根據融資租賃持有之土地及預付土地租金質押作為抵押。

36. BONDS PAYABLE

The movement of the bonds payable is as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At beginning of year	於年初	820,458	633,475
Issuance of bonds	發行債券	22,380	126,548
Interest charge for the year	年內利息開支	71,910	69,722
Interest paid for the year	年內支付的利息	(8,387)	(9,287)
At the end of year	於年末	906,361	820,458

During the year, the Group and the Company issued fixed rate corporate bonds with total principal amount of approximately HK\$307,000,000 (2018: HK\$1,084,900,000).

36. 應付債券

應付債券之變動如下：

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
At beginning of year	於年初	820,458	633,475
Issuance of bonds	發行債券	22,380	126,548
Interest charge for the year	年內利息開支	71,910	69,722
Interest paid for the year	年內支付的利息	(8,387)	(9,287)
At the end of year	於年末	906,361	820,458

本集團及本公司於年內發行固定利率之企業債券，本金總額約為307,000,000港元(二零一八年：1,084,900,000港元)。

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36. BONDS PAYABLE (Continued)

The Group's total outstanding bonds were repayable as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within one year	於一年內	11,250	-
In the second to fifth years inclusive	第二年至第五年(包括首尾兩年)	722,878	549,311
After five years	五年後	725,790	887,607
		1,459,918	1,436,918

The bonds payables are unsecured and interest bearing at coupon rates ranging from 3% to 12%.

The bonds payable are measured at amortised cost, using the effective interest method, and the effective rates are ranging from 3% to 18.92% p.a. (2018: 3% to 18.92% p.a.) after taking into account the transaction costs directly attributable to the issuance of the bonds.

36. 應付債券(續)

本集團未償還之債券總額須於下列期間償還：

	2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
於一年內	11,250	-
第二年至第五年(包括首尾兩年)	722,878	549,311
五年後	725,790	887,607
	1,459,918	1,436,918

應付債券為無抵押及按票息率介乎3厘至12厘計息。

應付債券以實際利率法按攤銷成本計量，經計及發行債券直接應佔之交易費用後實際年利率介乎於3厘至18.92厘(二零一八年：年利率介乎3厘至18.92厘)。

37. BUSINESS COMBINATION

2019

Business combination that took place in the year

On 5 October 2018, a subsidiary of the Company acquired 100% issued share capital in Xinyang Maojian International Holding Limited and its subsidiaries, at consideration of 220,000,000 shares at HK\$0.39, in order to continue the Group's expansion of new operation. The 220,000,000 shares will be issued to the vendor upon satisfy the profit guarantee as below:

Guarantee Period	For the six months ended 31 December 2018	For the year ended 30 June 2019	For the eighteen months ending 31 December 2019	For the two years ending 30 June 2020
	截至二零一八年 十二月三十一日 止六個月	截至二零一九年 六月三十日 止年度	截至二零一九年 十二月三十一日 止十八個月	截至二零二零年 六月三十日止 兩個年度
Accumulated audited profit/(loss) after tax	Not more than loss of RMB5,000,000	Not less than profit of RMB8,500,000	No loss	Not less than profit of RMB21,500,000
除稅後累計經審核溢利/(虧損)	虧損不超過人民幣 5,000,000元	溢利不少於人民幣 8,500,000元	無虧損	溢利不少於人民幣 21,500,000元

37. 業務合併

二零一九年

本年度發生的業務合併

於二零一八年十月五日，本公司附屬公司以每股0.39港元的220,000,000股股份的代價收購信陽毛尖國際控股有限公司及其附屬公司全部已發行股本，以繼續擴展本集團的新業務。220,000,000股股份將於達到以下溢利擔保後向賣方發行：

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綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

37. BUSINESS COMBINATION (Continued)

2019 (Continued)

Business combination that took place in the year
(Continued)

The acquisition has been treated as a business combination. The details are as follows:

37. 業務合併(續)

二零一九年(續)

本年度發生的業務合併(續)

收購已按業務合併處理，詳情如下：

Principal activity of the acquiree 被收購方的主要業務		The Group's equity interest and voting power acquired 本集團收購的權益及投票權
Xinyang Maojian International Holding Limited and its subsidiaries 信陽毛尖國際控股有限公司及其附屬公司	Sales of beverage products 銷售飲料	100%
Contingent consideration		或然代價
		HK\$'000 千港元
Fair value of contingent consideration	或然代價之公平值	87
Details of assets and liabilities of the acquiree recognised at the date of acquisition		於收購日期確認的被收購方資產及負債詳情
		HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	4
Accounts receivable	應收款項	5
Prepayments, deposits and other receivables	預付款項、訂金及其他應收款項	475
Bank and cash balances	銀行及現金結存	850
Other financial asset	其他金融資產	1,016
Accounts payable	應付款項	(530)
Other payables and accruals	其他應付款項及應計款項	(2,432)
Net liabilities acquired	購入之負債淨額	(612)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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for the year ended 30 June 2019 截至二零一九年六月三十日止年度

37. BUSINESS COMBINATION (Continued)

2019 (Continued)

Goodwill arising on acquisition

Consideration	代價	87
Add: Identifiable net liabilities acquired	加：購入之可識別負債淨額	612
		699

Performance of the acquiree from the date of acquisition up to the end of the reporting period

Included in the Group's loss for the year was HK\$6,414,000 generated by Xinyang Maojian International Holding Limited and its subsidiaries since the date of acquisition. The Group's revenue for the year included HK\$662,000 generated by Xinyang Maojian International Holding Limited and its subsidiaries since the date of acquisition.

Goodwill arose in the acquisition of Xinyang Maojian International Holding Limited and its subsidiaries because the consideration for the acquisition reflects the future economic benefits expected to be generated from combining the acquiree's operation with the Group's operations.

If the acquisition of the Xinyang Maojian International Holding Limited and its subsidiaries had been completed on 1 July 2018, the Group's revenue for the year ended 30 June 2019 would have been approximately RMB665,000 (approximately to HK\$764,000) and loss for the year ended 30 June 2019 would have been RMB4,445,000 (approximately to HK\$5,107,000). The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2018, nor is it intended to be a projection of future results.

37. 業務合併(續)

二零一九年(續)

收購產生之商譽

HK\$'000
千港元

被收購方自收購日期起直至報告期末之表現

自收購日期起，信陽毛尖國際控股有限公司及其附屬公司產生虧損6,414,000港元，計入本集團年度虧損。本集團的年度收益包括信陽毛尖國際控股有限公司及其附屬公司自收購日期起產生的662,000港元。

因收購代價反映日後經濟利益，預期收購信陽毛尖國際控股有限公司及其附屬公司產生之商譽將產生自被收購方營運及本集團營運的合併作用。

倘收購信陽毛尖國際控股有限公司及其附屬公司於二零一八年七月一日完成，本集團於截至二零一九年六月三十日止年度之收益將約為人民幣665,000元(約764,000港元)，而於截至二零一九年六月三十日止年度之虧損將為人民幣4,445,000元(約5,107,000港元)。此備考資料僅供說明用途，不一定為假若收購於二零一八年七月一日完成之情況下本集團實際所得收益及經營業績之指標，亦不擬以此作為日後業績之預測。

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37. BUSINESS COMBINATION (Continued)

2018

Business combination that took place in the year

On 7 January 2018, a subsidiary of the Company acquired 100% voting equity interest in Jinyang Municipal, at consideration of RMB64,000,000 (equivalent to approximately HK\$76,704,000), in order to continue the Group's expansion of the "Construction services" operation. The acquisition has been treated as a business combination. The details are as follows:

Principal activity of the acquiree 被收購方的主要業務		The Group's equity interest and voting power acquired 本集團收購的權益及投票權
Jinyang Municipal 金陽市政	Provision of municipal engineering construction service 提供市政工程建造服務	100%
Consideration transferred		已轉讓代價
		HK\$'000 千港元
Cash paid during the year	年內支付的現金	24,794
Details of assets and liabilities of the acquiree recognised at the date of acquisition		於收購日期確認的被收購方資產 及負債詳情
		HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	143
Intangible assets	無形資產	38,606
Inventories	存貨	12,327
Accounts receivable	應收款項	352
Prepayments, deposits and other receivables	預付款項、訂金及其他應收款項	329,922
Bank and cash balances	銀行及現金結存	605
Accounts payable	應付款項	(156)
Other payables and accruals	其他應付款項及應計款項	(171,970)
Tax payable	應付稅項	(102)
Short-term bank loan	短期銀行貸款	(95,880)
Deferred tax	遞延稅項	(9,652)
Net assets acquired	購入之資產淨值	104,195

37. 業務合併(續)

二零一八年

本年度發生的業務合併

於二零一八年一月七日，本公司的一家附屬公司以代價人民幣64,000,000元(相當於約76,704,000港元)收購金陽市政全部投票權，以繼續擴展本集團的「建造服務」業務。收購已按業務合併處理，詳情如下：

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37. BUSINESS COMBINATION (Continued)

2018 (Continued)

Gain on bargaining purchase arising on acquisition

		HK\$'000 千港元
Consideration	代價	76,704
Less: Identifiable net assets acquired	減：購入之可識別資產淨值	(104,195)
Gain on bargaining purchase	議價購入之收益	(27,491)

Net cash flow effect arising from the acquisition

		HK\$'000 千港元
Cash consideration paid	已付現金代價	(24,794)
Cash and cash equivalents acquired	購入之現金及現金等值項目	605
Net cash outflow	淨現金流出	(24,189)

Performance of the acquiree from the date of acquisition up to the end of the reporting period

Included in the Group's profit for the year was HK\$16,013,000 generated by Jinyang Municipal since the date of acquisition. The Group's revenue for the year included HK\$108,009,000 generated by Jinyang Municipal since the date of acquisition.

Had the business combination been effected on 1 July 2017, the revenue of the Group from continuing operations would have been HK\$445,865,000, and the loss for the year from continuing operations would have been HK\$205,607,000. These amounts have been determined based on the following assumptions:

- the annual depreciation of property, plant and equipment was determined based on the fair value of the property, plant and equipment at the date of acquisition; and
- the annual amortisation of intangible assets was determined based on the fair value at the date of acquisition.

Management of the Group considers that these 'pro-forma' numbers are just for reference only which the acquiree may or may not achieve these results in the future.

37. 業務合併(續)

二零一八年(續)

收購產生之議價購入收益

		HK\$'000 千港元
Consideration	代價	76,704
Less: Identifiable net assets acquired	減：購入之可識別資產淨值	(104,195)
Gain on bargaining purchase	議價購入之收益	(27,491)

收購產生之淨現金流量影響

		HK\$'000 千港元
Cash consideration paid	已付現金代價	(24,794)
Cash and cash equivalents acquired	購入之現金及現金等值項目	605
Net cash outflow	淨現金流出	(24,189)

被收購方於自收購日期至報告期末之表現

自收購日期起，金陽市政產生計入本集團本年度溢利之金額為16,013,000港元。本集團本年度收益包括金陽市政自收購日期產生之收益108,009,000港元。

倘業務合併已自二零一七年七月一日生效，則本集團持續經營業務產生的收益將為445,865,000港元，以及持續經營業務之本年度虧損將為205,607,000港元。該等金額乃基於以下假設釐定：

- 物業、廠房及設備之年度折舊基於物業、廠房及設備於收購日期之公平值釐定；及
- 無形資產之年度攤銷基於收購日期之公平值釐定。

本集團管理層認為該等「備考」數據僅做參考，惟被收購方日後未必會達至該等業績。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

38. CONTINGENT LIABILITIES

On 19 November 2012, China Electricity Construction Consultant Group Dongbei Electricity Design College (translated from the Chinese name of 中國電力工程顧問集團東北電力設計院) (the "Plaintiff") filed a writ (the "Writ") at the high court of Heilongjiang Province in the PRC ("the Heilongjiang High Court") against Mudanjiang Better Day Power Limited ("Mudanjiang BD Power"), an indirect wholly-owned subsidiary of the Company.

Mudanjiang BD Power had contracted the Plaintiff to construct certain coal-powered electricity generating facilities at the business address of Mudanjiang BD Power (the "Contract"). Owing to the alleged delay in the progress of the construction, the Plaintiff claimed (i) the payment of the contract sum in the amount of approximately RMB42,700,000 and the interest thereon; (ii) the grant of the first priority right to receive payment from Mudanjiang BD Power in respect of the subject construction project under the Contract; (iii) damages in the sum of approximately RMB13,300,000 for alleged termination of the Contract; and (iv) the legal fees arising from this legal case. The Company has been seeking legal advice in respect of the Writ on the dispute in the payment for the Contract since December 2012. According to the management of Mudanjiang BD Power, the construction work had been slowed down because the financial resources available for the project development were tied up by unfavourable business operations since 2009.

During the year, the Heilongjiang High Court had adjudged that Mudanjiang BD Power was liable to compensate the Plaintiff of approximately RMB36,700,000. Upon the end of the financial year, Mudanjiang BD Power was negotiating with the Plaintiff to continue the construction of the coal-powered electricity generating facilities. Once performance of the Contract was resumed under the mutual agreement between Mudanjiang BD Power and the Plaintiff, part of the damages granted may be absorbed in the cost of construction.

The management has made sufficient provision for this legal claim and believes that a favorable settlement could be reached with the Plaintiff.

38. 或然負債

於二零一二年十一月十九日，中國電力工程顧問集團東北電力設計院(「原告」)向中國黑龍江省高等法院(「黑龍江高等法院」)提出針對本公司間接全資附屬公司牡丹江佳日熱電有限公司(「牡丹江佳日熱電」)之令狀(「令狀」)。

牡丹江佳日熱電將位於牡丹江佳日熱電營業地點之若干煤炭發電設施建設工程外判予原告(「合同」)。由於指稱建設工程進度拖延，原告申索(i)支付合同金額為數約人民幣42,700,000元及其利息；(ii)授出自牡丹江佳日熱電就合同項下主體建設項目收取款項之首先優先權；(iii)因聲稱終止合同賠償為數約人民幣13,300,000元；及(iv)本法律訴訟產生之法律費用。本公司自二零一二年十二月起一直就有關合同付款爭議之令狀尋求法律意見。根據牡丹江佳日熱電管理層，由於自二零零九年起可供項目發展動用之財務資源受不利營商環境所緊縮，令建設工程一直緩慢。

於本年度內，黑龍江高等法院已判令牡丹江佳日熱電須向原告賠償約人民幣36,700,000元。於財政年度末後，牡丹江佳日熱電與原告進行磋商，以繼續建設煤炭發電設施。合同一經牡丹江佳日熱電與原告雙方同意下恢復履行，部分經批准賠償可隨即吸納於建築成本中。

管理層已就此法律申索計提充足撥備，並相信可與原告達成有利結付條款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

39. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Contracted but not provided for	已訂約但未撥備		
Buildings and construction in progress	樓宇及在建工程	38,379	593,461
Capital investment in joint venture	於合營企業之資本投資	2,214	2,313
		40,593	595,774

39. 資本承擔

於報告期間結算日，本集團之資本承擔如下：

40. LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Within one year	一年內	2,164	2,424
In the second to fifth years inclusive	第二年至第五年(包括首尾兩年)	-	1,414
		2,164	3,838

40. 租賃承擔

本集團根據不可撤銷經營租賃於未來應付之最低租金總額須於下列時限支付：

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases are negotiated for a lease term of 3 years (2018: 3 years) and rentals are fixed over the lease terms and do not include contingent rentals.

經營租金付款指本集團就其若干辦公室應付之租金。租賃議定租期為3年(二零一八年：3年)，而租金乃按租期釐定及並不包括或然租金。

The Company did not have any operating lease arrangements as at 30 June 2019 (2018: Nil).

於二零一九年六月三十日，本公司並無任何經營租賃安排(二零一八年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transaction

The payable for business combination of HK\$51,910,000 was outstanding as at 30 June 2018.

The proceeds from disposal of prepaid land lease payments of HK\$25,080,000 were settled with the other payable of HK\$25,080,000.

42. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

The Group had the following transaction with the related parties during the year:

41. 綜合現金流量表附註

主要非現金交易

於二零一八年六月三十日，51,910,000 港元之業務合併應付款項尚未償付。

25,080,000 港元之出售預付土地租金所得款項被 25,080,000 港元之其他應付款項抵銷。

42. 關連人士交易

除綜合財務報表所披露者外，本集團與關連人士的交易如下：

(a) 與關連人士的交易

於年內，本集團與關連人士的交易如下：

			2019 二零一九年 HK\$ 港元	2018 二零一八年 HK\$ 港元
		Note 附註		
Acquisition of subsidiaries	收購附屬公司	(i)	87	-
Purchases of goods from related company	自關聯公司購買產品	(i)	754	-

(i) The related company was controlled and beneficially owned by connected person.

(i) 關聯公司由關連人士控股並實益擁有。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註(續)

for the year ended 30 June 2019 截至二零一九年六月三十日止年度

42. RELATED PARTY TRANSACTIONS (Continued)

(b) Other transaction with related parties

Compensation of key management personnel

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

		2019 二零一九年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元
Short-term employee benefits	短期僱員福利	2,210	2,070
Post-employment benefits	離職後福利	33	33
Employee share option benefits	僱員購股權利益	-	5,672
		2,243	7,775

43. EVENTS AFTER THE REPORTING PERIOD

On 9 September 2019, the Company entered in a loan agreement with a financial institution to borrow an amount of HK\$35,000,000. The loan is secured by the property of the Group in Hong Kong, interest bearing at 18% p.a. and repayable in one year.

44. APPROVAL OF FINANCIAL STATEMENTS

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

42. 關連人士交易(續)

(b) 與關連人士的其他交易

主要管理層人員的薪酬待遇

年內，董事及其他主要管理層成員的薪酬如下：

43. 報告期後事件

於二零一九年九月九日，本公司與一家金融機構訂立貸款協議，以借入金額35,000,000港元。該貸款以本集團於香港的物業作抵押，按年利率18厘計息，並須於一年內償還。

44. 批准財務報表

財務報表已於二零一九年九月三十日獲董事會批准及授權刊發。



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