



GOOD RESOURCES

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

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

## Interim Report 2017/18

\* for identification purposes only

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors:

Mr. Lu Sheng (*Chairman*)

Mr. Chen Chuanjin

(*Chief Executive Officer*)

#### Non-executive Director:

Mr. Lo Wan Sing, Vincent

### Independent Non-executive

#### Directors:

Mr. Chau On Ta Yuen

Mr. Zhang Ning

Mr. Wong Hok Bun, Mario

### COMPANY SECRETARY

Ms. Kwan Shan

### AUTHORIZED REPRESENTATIVES

Mr. Lu Sheng

Ms. Kwan Shan

### AUDIT COMMITTEE

Mr. Chau On Ta Yuen

(*Chairman of Audit Committee*)

Mr. Lo Wan Sing, Vincent

Mr. Wong Hok Bun, Mario

### REMUNERATION COMMITTEE

Mr. Zhang Ning (*Chairman of*

*Remuneration Committee*)

Mr. Lo Wan Sing, Vincent

Mr. Chau On Ta Yuen

Mr. Wong Hok Bun, Mario

### NOMINATION COMMITTEE

Mr. Lu Sheng

(*Chairman of Nomination Committee*)

Mr. Chau On Ta Yuen

Mr. Lo Wan Sing, Vincent

Mr. Zhang Ning

Mr. Wong Hok Bun, Mario

### REGISTERED OFFICE OF THE COMPANY

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

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

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

**PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

**MUFG Fund Services (Bermuda) Limited**

The Belvedere Building  
69 Pitts Bay Road  
Pembroke, HM 08 Bermuda

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

**Tricor Tengis Limited**

Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

**LEGAL ADVISERS**

*On Hong Kong law:*

**Herbert Smith Freehills**

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

*On Bermuda law:*

**Conyers Dill & Pearman**

2901, One Exchange Square  
No. 8 Connaught Place, Central  
Hong Kong

**AUDITOR**

**BDO Limited**

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

**PRINCIPAL BANKERS**

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

**STOCK CODE**

SEHK 00109

**WEBSITE**

[www.hkex109.hk](http://www.hkex109.hk)

**UNAUDITED CONSOLIDATED INTERIM RESULTS**

The board (the "Board") of directors (the "Directors") of Good Resources Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2017 (the "Period") together with the comparative figures. The consolidated interim financial statements have not been audited, but have been reviewed by the Company's Audit Committee.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Notes	For the six months ended	
		31 December	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Turnover	3	<u>54,802</u>	<u>73,672</u>
Other revenue	4	<b>7,798</b>	10,881
Other net gains/(losses)	4	<b>9,576</b>	(3,277)
Gain on disposal of subsidiaries	5	–	49,749
Administrative expenses		<b>(23,800)</b>	(33,220)
Share of loss of a joint venture		<u><b>(1,775)</b></u>	<u>(2,107)</u>
Profit before taxation	6	<b>46,601</b>	95,698
Taxation	7	<u><b>(13,078)</b></u>	<u>(17,534)</u>
Profit for the period		<u><b>33,523</b></u>	<u>78,164</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Notes	For the six months ended	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Other comprehensive income/(loss) that may be subsequently reclassified to profit or loss			
— Exchange differences arising on translation of foreign operations		<u>100,529</u>	<u>(98,575)</u>
Total comprehensive income/(loss)		<u>134,052</u>	<u>(20,411)</u>
Profit/(loss) for the period attributable to:			
— Owners of the Company		<u>38,156</u>	82,594
— Non-controlling interests		<u>(4,633)</u>	<u>(4,430)</u>
		<u>33,523</u>	<u>78,164</u>
Total comprehensive income/(loss) for the period attributable to:			
— Owners of the Company		<u>138,685</u>	(15,981)
— Non-controlling interests		<u>(4,633)</u>	<u>(4,430)</u>
		<u>134,052</u>	<u>(20,411)</u>
Earnings per share attributable to owners of the Company		HK Cents	HK Cents
— Basic	8	<u>0.53</u>	1.15
— Diluted	8	<u>0.53</u>	1.15

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2017 (unaudited)

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Special reserve HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 July 2017	720,469	1,985,773	170,789	847	57,963	(185,476)	51,069	2,801,434	53,073	2,854,507
Profit/(loss) for the period	-	-	-	-	-	-	38,156	38,156	(4,633)	33,523
Other comprehensive income for the period	-	-	-	-	-	100,529	-	100,529	-	100,529
Total comprehensive income/(loss) for the period	-	-	-	-	-	100,529	38,156	138,685	(4,633)	134,052
Transfer to statutory reserve	-	-	-	-	4,144	-	(4,144)	-	-	-
Shares Repurchase	(8,847)	(30,178)	-	-	-	-	-	(39,025)	-	(39,025)
At 31 December 2017	711,622	1,955,595	170,789	847	62,107	(84,947)	85,081	2,901,094	48,440	2,949,534

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 31 December 2016 (unaudited)

	Attributable to owners of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Special reserve HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Retained profits/ (Accumulated losses) HK\$'000			
At 1 July 2016	720,469	1,985,773	170,789	847	49,912	(155,631)	(16,058)	2,756,101	62,468	2,818,569
Transactions with owners										
— Disposal of subsidiaries (Note 5)	-	-	-	-	-	-	-	-	(1,732)	(1,732)
— Equity settled share-based payments of a subsidiary	-	-	-	-	-	-	-	-	676	676
Profit/(loss) for the period	-	-	-	-	-	-	-	82,594	(1,056)	(1,056)
Other comprehensive loss for the period	-	-	-	-	-	(98,575)	-	(98,575)	(4,430)	(4,430)
Total comprehensive loss for the period	-	-	-	-	-	(98,575)	82,594	(15,981)	(4,430)	(20,411)
Transfer to statutory reserve	-	-	-	-	5,322	-	(5,322)	-	-	-
At 31 December 2016	720,469	1,985,773	170,789	847	55,234	(254,206)	61,214	2,740,120	56,982	2,797,102

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December 2017 (Unaudited) HK\$'000	At 30 June 2017 (Audited) HK\$'000
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	69,696	70,945
Intangible assets		67,546	70,489
Goodwill		15,447	15,447
Loans receivable	10	1,084,556	1,080,153
Interest in a joint venture	11	33,191	34,966
Available-for-sale financial asset	12	74,082	4,306
		<u>1,344,518</u>	<u>1,276,306</u>
<b>Current assets</b>			
Loans receivable	10	311,131	287,399
Other receivables, deposits and prepayments		9,877	21,706
Financial assets at fair value through profit or loss	12	–	69,045
Bank balances and cash		1,438,124	1,347,820
		<u>1,759,132</u>	<u>1,725,970</u>
Total assets		<u>3,103,650</u>	<u>3,002,276</u>
<b>Current liabilities</b>			
Other payables, accruals and deposits received		50,845	49,993
Provision for taxation		86,383	80,153
		<u>137,228</u>	<u>130,146</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		At 31 December 2017 (Unaudited) HK\$'000	At 30 June 2017 (Audited) HK\$'000
	Notes		
Net current assets		<u>1,621,904</u>	<u>1,595,824</u>
Total assets less current liabilities		<u>2,966,422</u>	<u>2,872,130</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<u>16,888</u>	<u>17,623</u>
<b>NET ASSETS</b>		<u>2,949,534</u>	<u>2,854,507</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	13	711,622	720,469
Reserves		<u>2,189,472</u>	<u>2,080,965</u>
		<u>2,901,094</u>	<u>2,801,434</u>
Non-controlling interests		<u>48,440</u>	<u>53,073</u>
<b>TOTAL EQUITY</b>		<u>2,949,534</u>	<u>2,854,507</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash from operating activities	75,392	14,185
Net cash from investing activities	6,199	61,473
Net cash used in financing activities	<u>(39,025)</u>	<u>–</u>
Net increase in cash and cash equivalents	42,566	75,658
Effect of foreign exchange rate changes	47,738	(30,207)
Cash and cash equivalents at beginning of the period	<u>1,347,820</u>	<u>980,003</u>
Cash and cash equivalents at end of the period, represented by bank balances and cash	<u>1,438,124</u>	<u>1,025,454</u>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Good Resources Holdings Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company is located at Units 3310–11, 33rd Floor, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.

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

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

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2017 (the “Interim Financial Report”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Interim Financial Report should be read in conjunction with the Group’s annual financial statement as at 30 June 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”) issued by the HKICPA.

The Interim Financial Report has been prepared in accordance with the same accounting policies adopted in the Group’s annual financial statement as at 30 June 2017 which have been prepared in accordance with HKFRSs. Statutory financial statements for the year ended 30 June 2017 are available from the Company’s registered office and the Company’s website.

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

In the current Period, the Group has adopted all the new and revised HKFRS issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning 1 July 2017. The adoption of these new and revised HKFRS did not result in significant changes to the Group's accounting policies, presentation of the Group's unaudited condensed consolidated financial statements and amounts reported for the current and prior periods.

The Group has not early adopted the new and revised HKFRS that have been issued but are not yet effective for the current Period. The Group has already commenced an assessment of the impact of the new and revised HKFRS but is not yet in a position to reasonably estimate whether the new and revised HKFRS would have a significant impact on the Group's results of operations and financial position.

### 3. TURNOVER AND SEGMENT INFORMATION

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

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Loan interest income	<b>54,802</b>	73,602
Dividend income from investments held for trading	–	70
	<b>54,802</b>	73,672

#### Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

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

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

Segment information about these reportable segments is presented below:

**For the six months ended 31 December 2017 (unaudited)**

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

**For the six months ended 31 December 2016 (unaudited)**

	Financial services HK\$'000	Investment portfolio HK\$'000	Consolidated HK\$'000
Turnover — external	<u>73,602</u>	<u>70</u>	<u>73,672</u>
Segment results	<u>59,029</u>	<u>31,839</u>	90,868
Other revenue			2,881
Other net losses			(4,357)
Other corporate expenses			<u>(11,228)</u>
Profit for the period			<u>78,164</u>

**Geographical information**

The geographical location of non-current assets (other than financial instruments) and revenue are determined by the location of the assets and customers/payees respectively.

The following tables present the geographical locations of the Group's revenue and non-current assets (other than financial instruments):

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Revenue from external customers</b>		
Hong Kong	<b>1,944</b>	2,014
The PRC	<b>52,858</b>	71,658
	<b>54,802</b>	73,672
	<b>At</b>	At
	<b>31 December</b>	30 June
	<b>2017</b>	2017
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
<b>Non-current assets (other than financial instruments)</b>		
Hong Kong	<b>1,343</b>	1,427
The PRC	<b>7,835</b>	8,400
Myanmar	<b>176,702</b>	182,020
	<b>185,880</b>	191,847

**Information about major customers**

Revenue from the Group's major customers representing 10% or more of the Group's revenue is derived from financial services segment as listed below:

	For the six months ended	
	31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Customer A	15,934	18,910
Customer B	12,474	14,639
Customer C	9,697	11,500
Customer D	9,959	9,676
Customer E	–	7,755
	<b>48,064</b>	<b>62,480</b>

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

	For the six months ended	
	31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Other revenue		
Interest income from convertible notes	593	3,099
Rental and management fee income from sub-lease of office premises	–	1,161
Bank interest income	7,205	6,604
Others	–	17
	<b>7,798</b>	<b>10,881</b>
Other net gains/(losses)		
Net realised gains on sales of investments held for trading	–	108
Net realised and unrealised gains on investments held for trading	–	108
Net gains/(losses) on financial assets at fair value through profit or loss	4,565	(254)
Gain on modification of other financial assets	3,916	–
Net foreign exchange gains/(losses)	329	(3,589)
Government subsidy	766	458
	<b>9,576</b>	<b>(3,277)</b>
Other revenue and other net gains	<b>17,374</b>	<b>7,604</b>

## 5. DISPOSAL OF SUBSIDIARIES

On 8 June 2016, the Company entered into a sale and purchase agreement to dispose Metro Leader Limited ("Metro Leader") and Prominent Wise Limited ("Prominent Wise") to GSR Capital Limited ("GSR Capital") at the total cash consideration of USD5,000,000 (equivalent to approximately HK\$38,770,000).

Upon the completion of disposal on 17 November 2016, Metro Leader owned as to 10% by the Company and 90% by GSR Capital and founders and the Company ceased to hold any shares in Prominent Wise. Both Metro Leader and Prominent Wise ceased to be a subsidiary of the Company upon Completion.

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

The financial position of disposal group as of 17 November 2016:	HK\$'000
Other receivables	129
Bank balances and cash	10,728
Other payables	<u>(15,798)</u>
Net liabilities disposed of	<u>(4,941)</u>
	HK\$'000
Consideration received	38,770
Fair value of interest retained	4,306
Non-controlling interests derecognised on disposal	1,732
Net liabilities disposed of	<u>4,941</u>
Gain on disposal of subsidiaries	<u>49,749</u>
	HK\$'000
Total consideration	38,770
Deposit received on 8 June 2016	(3,895)
Bank balances and cash disposed of	<u>(10,728)</u>
Cash inflow arising from disposal of subsidiaries for the six months ended 31 December 2016	<u>24,147</u>

**6. PROFIT BEFORE TAXATION**

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' emoluments	<b>1,700</b>	2,456
Staff costs (excluding directors' emoluments):		
Salaries and allowances	<b>6,339</b>	15,449
Share-based payments	–	676
Retirement benefits scheme contributions	<b>153</b>	135
	<hr/>	<hr/>
Total staff costs	<b>8,192</b>	18,716
Depreciation of property, plant and equipment	<b>2,260</b>	54
Amortisation of intangible assets		
(included in administrative expenses)	<b>2,942</b>	2,943
Rent and rates	<b>4,692</b>	4,012
Legal and professional fees	<b>1,187</b>	1,514
	<hr/>	<hr/>

**7. TAXATION**

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

	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Current tax		
— PRC Income Tax	<b>13,814</b>	18,219
— Others	–	51
	<hr/>	<hr/>
	<b>13,814</b>	18,270
Deferred tax credit	<b>(736)</b>	(736)
	<hr/>	<hr/>
Total tax expense	<b>13,078</b>	17,534
	<hr/>	<hr/>

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. Provision for Hong Kong and overseas Profits Tax has been made at 16.5% (2016: 16.5%) and at the rate of taxation prevailing in the countries in which the Group operates respectively of the Group's estimated assessable profits for the period.

## 8. EARNINGS PER SHARE

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

	<b>For the six months ended 31 December</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Profit for the period	<b>38,156</b>	82,594
Profit for the purpose of basic and diluted earnings per share	<b>38,156</b>	82,594

	<b>For the six months ended 31 December</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
	<b>'000</b>	'000
Number of shares	<b>7,134,300</b>	7,204,694
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<b>7,134,300</b>	7,204,694

	<b>For the six months ended 31 December</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK Cents</b>	HK Cents
Earnings per share		
— Basic	<b>0.53</b>	1.15
— Diluted	<b>0.53</b>	1.15

The computation of diluted earnings per share for the six months ended 31 December 2016 and 2017 does not make any adjustment to the basic earnings per share as the Group had no potential dilutive ordinary shares in issue during the period.

#### 9. PROPERTY, PLANT AND EQUIPMENT

During the Period, the change of property, plant and equipment is mainly due to the Group's capital expenditures on telecommunications infrastructure and network equipment, furniture, fixtures and equipment of HK\$1,006,000 (2016: HK\$19,736,000) and depreciation expense of HK\$2,260,000 (2016: HK\$54,000).

#### 10. LOANS RECEIVABLE

	At 31 December 2017 (Unaudited) HK\$'000	At 30 June 2017 (Audited) HK\$'000
Loans receivable	1,138,480	1,126,541
Loans receivable under sale and leaseback agreements	257,207	241,011
	<u>1,395,687</u>	<u>1,367,552</u>

The carrying amounts of the Group's loans receivable are mainly denominated in the respective functional currencies of the group entities.

The analysis of the carrying amounts of loans receivable is as follows:

	At 31 December 2017 (Unaudited) HK\$'000	At 30 June 2017 (Audited) HK\$'000
Current	311,131	287,399
Non-current	1,084,556	1,080,153
	<u>1,395,687</u>	<u>1,367,552</u>

The analysis of loans receivable which are neither past due nor impaired, and past due but not impaired as at the end of reporting period, based on the respective maturity dates of the loans, is as follows:

	<b>At</b>	At
	<b>31 December</b>	30 June
	<b>2017</b>	2017
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Neither past due nor impaired	<u><b>1,148,725</b></u>	<u>1,309,992</u>
Past due but not impaired:		
— No more than 3 month past due	<b>21,466</b>	—
— Over 3 months but no more than 6 months past due	<b>220,954</b>	—
— Over 6 months but no more than 12 months past due	<b>4,542</b>	—
— More than 12 months past due	<u>—</u>	<u>57,560</u>
	<u><b>246,962</b></u>	<u>57,560</u>
	<u><b>1,395,687</b></u>	<u>1,367,552</u>

At the end of reporting period, loans receivable which were neither past due nor impaired related to a number of borrowers for whom there was no recent history of default. For those balances which were past due but not impaired, they related to a number of borrower for which management have assessed the interest repayment record, financial position and performance as well as collaterals, if any, and considered the balances will be receivable in full and accordingly, no recognition of impairment loss is considered necessary.

As at 31 December 2017, loans receivables of HK\$900,576,000 (30 June 2017: HK\$845,130,000) were secured on certain assets (mainly property, plant and equipment and inventories) of the borrowers or their related parties. The directors considered that the estimated fair value of these collaterals was not less than the carrying amount of the respective loans receivable as at 31 December 2017.

## 11. INTEREST IN A JOINT VENTURE

	At 31 December 2017 (Unaudited) HK\$'000	At 30 June 2017 (Audited) HK\$'000
Share of net assets	<u>33,191</u>	<u>34,966</u>

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

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

On 16 May 2016, Myanmar Golden 11 Investment International Co. Ltd. ("MG11"), a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "Agreement") with a third party, Golden TMH Telecom Co. Ltd. ("GTMH"). Pursuant to the Agreement, a joint venture company, Golden Myanmar Business Exchange Co. Ltd. ("GMBX") was established in Myanmar to carry out the operation of a co-location hosting data centre on 16 August 2016. The initial authorised capital of GMBX was USD7,000,000, of which MG11 and GTMH contributed USD4,900,000 and USD2,100,000, respectively. The capital contributed by MG11 was made in form of injection of property, plant and equipment and cash.

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

## Summarised financial information

	For the six months ended	
	31 December	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	–	–
Loss for the period	<u>2,535</u>	<u>3,010</u>
Total comprehensive loss	<u>2,535</u>	<u>3,010</u>

## 12. OTHER FINANCIAL ASSETS

	At	At
	31 December 2017 (Unaudited) HK\$'000	30 June 2017 (Audited) HK\$'000
<b>Non-current portion</b>		
<i>Available-for-sale financial assets</i>		
Unlisted convertible promissory note with fixed interest (denominated in USD) (Note (a))	69,776	–
Unlisted equity securities outside Hong Kong (Note (b))	<u>4,306</u>	<u>4,306</u>
	<u>74,082</u>	<u>4,306</u>
<b>Current portion</b>		
<i>Financial assets at fair value through profit or loss</i>		
Unlisted convertible promissory note with fixed interest (denominated in USD) (Note (a))	–	69,045

Note:

- (a) The Group has entered into an agreement of an amended and restated convertible promissory note (the "Note") with Airspan Network Inc. ("Airspan") on 28 November 2017. The principal amount of the Note is USD9,000,000 with a maturity date of 30 June 2020. The Note entitles the Group to convert the principal and accrued interest into shares of the issuer (the "Option") at certain conversion prices depending on various circumstances upon the conditions of conversion have been fulfilled (i) at the next equity financing date as defined in the terms and conditions of the Note, or (ii) at the option of the Group prior to 30 June 2020. The Group has no intention to convert the principal amount and accrued interest of the Note into equity of Airspan.

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities.

- (b) As disclosed in Note 5, the Company holds 10% of Metro Leader after the completion of disposal on 17 November 2016. It is classified as available-for-sale investments as the Group does not have the power to control or significant influence on the investee. It is stated at cost as there has no active market for determining its fair value as at period end.

### 13. SHARE CAPITAL

	<b>At 31 December 2017 (Unaudited) HK\$'000</b>	At 30 June 2017 (Audited) HK\$'000
Ordinary shares of HK\$0.1 each		
<b>Authorised:</b>		
30,000,000,000 ordinary shares	<b>3,000,000</b>	3,000,000
<b>Issued and fully paid:</b>		
7,204,694,000 (30 June 2017: 7,204,694,000)		
ordinary shares at beginning of period	<b>720,469</b>	720,469
Ordinary shares repurchased and cancelled during the period	<b>(8,847)</b>	–
7,116,224,000 (30 June 2017: 7,204,694,000)		
ordinary shares at end of period	<b>711,622</b>	720,469

**14. COMMITMENTS****Operating lease commitments — the Group as lessee**

At 31 December 2017, the Group had outstanding minimum commitments under non-cancellable operating leases which fall due as follows:

	<b>At 31 December 2017 (Unaudited) HK\$'000</b>	At 30 June 2017 (Audited) HK\$'000
Within one year	<b>5,225</b>	2,376
In the second to fifth years inclusive	<b>23,141</b>	22,821
Over five years	<b>38,615</b>	41,307
	<b>66,981</b>	66,504

**Capital commitments**

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

**15. KEY MANAGEMENT COMPENSATION**

Key management compensation amounted to HK\$2,821,000 for the six months ended 31 December 2017 (2016: HK\$4,022,000).

	<b>For the six months ended 31 December 2017 (Unaudited) HK\$'000</b>	2016 (Unaudited) HK\$'000
Salaries and allowances	<b>2,736</b>	4,013
Retirement benefits scheme contributions	<b>85</b>	9
	<b>2,821</b>	4,022

**16. EVENT AFTER THE REPORTING PERIOD**

The Group had no significant event after the reporting period.

**17. APPROVAL OF THE INTERIM FINANCIAL REPORT**

The Interim Financial Report was approved and authorized for issue by the Board on 26 February 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the six months ended 31 December 2017 (the "Period"), the Group recorded a profit before taxation of approximately HK\$46,601,000 (2016: approximately HK\$95,698,000) and a net profit of approximately HK\$33,523,000 (2016: approximately HK\$78,164,000).

The decrease in the profit before taxation is mainly due to a recognition of an one-off disposal gain on 90% of the issued share capital of Metro Leader Limited and the remeasurement gain in the retained 10% issued share capital of Metro Leader Limited, which in total of approximately HK\$49,749,000 was recorded for the six months ended 31 December 2016. No such disposal gain was recorded for the six months ended 31 December 2017. Excluding this one-off disposal and remeasurement gain impact, there was an increase in profit before taxation of approximately HK\$652,000 to approximately HK\$46,601,000 (2016: approximately HK\$45,949,000) for the Group for the Period.

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

- (i) The turnover of the Group decreased by approximately HK\$18,870,000 to approximately HK\$54,802,000 (2016: approximately HK\$73,672,000). Decrease in turnover was primarily caused by change of interest rate upon the extension of certain finance leases and loans in 2017. The average interest rate of the Group finance lease and loan portfolio is approximately 8.5% as at 31 December 2017 (2016: approximately 11.8%);
- (ii) A recognition of an one-off disposal gain on 90% of the issued share capital of Metro Leader Limited and the remeasurement gain in the retained 10% issued share capital of Metro Leader Limited, which in total of approximately HK\$49,749,000 was recorded for the six months ended 31 December 2016. No such disposal gain was recorded for the six months ended 31 December 2017;

**FINANCIAL REVIEW (CONTINUED)**

- (iii) Increase in other revenue and other net gains/(losses) by approximately HK\$9,770,000 to approximately HK\$17,374,000 (2016: approximately HK\$7,604,000) mainly due to the net gains on financial asset at fair value through profit or loss of approximately HK\$4,565,000 (2016: Net losses approximately HK\$254,000) and the gain on modification of other financial assets of approximately HK\$3,916,000 (2016: Nil);
- (iv) The general and administrative expenses for the Period of approximately HK\$23,800,000 represents an approximately 28% or approximately HK\$9,420,000 decrease as compared with same period of last year of approximately HK\$33,220,000. The decrease in general and administrative expense was mainly due to the decrease in total staff cost of approximately HK\$10,524,000 to approximately HK\$8,192,000 (2016: approximately HK\$18,716,000) and net off with an increase in depreciation expenses of approximately HK\$2,206,000 to approximately HK\$2,260,000 (2016: approximately HK\$54,000);
- (v) The recognition of share of loss of a joint venture decreased by approximately HK\$332,000 to approximately HK\$1,775,000 (2016: approximately HK\$2,107,000); and
- (vi) Decrease in total tax expenses by approximately HK\$4,456,000 to approximately HK\$13,078,000 (2016: approximately HK\$17,534,000) mainly because less corporate income tax charged for the loan financing profit generated in the PRC.

The financial performance in the six months ended 31 December 2017 is the result of the Group disciplined cost control and success in capturing the opportunity to deliver a long-term stable return for our shareholders.

## BUSINESS REVIEW

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

The Group's investment portfolio segment comprised (i) sub-group of Golden 11 Investment International PTE Ltd. ("Golden 11") which has been building up its business infrastructure for provision of telecommunication services in Myanmar; and (ii) financial instrument investments.

- (i) Golden 11 has invested in business infrastructure for optical fibre network, base stations and network at Myanmar along the railway line from Yangon to Mandalay. Golden 11 has not yet generated income during the six months ended 31 December 2017 but the local team of Golden 11 has been formulating the business strategy carefully and negotiating with the suppliers, potential customers and local government to facilitate the business rollout.
- (ii) The Group held investment in convertible note issued by Airspan Network Inc. ("Airspan") with fair value of approximately HK\$69,776,000, representing approximately 2.2% of the Group's total assets as at 31 December 2017. Please refer to Note 12 to the condensed financial statements for details.

The Group intends to continue deploying its strategy to maintain its investment portfolios and seek other potential investments to diversify its investment portfolios in order to broaden the income sources of the Group and deliver sustainable return to our shareholders.

**PROSPECTS**

Although there is a keen competitive loan financing market in both Hong Kong and China, the Group continues to identify opportunities for its loan financing services to maintain stability in our core operations. It is expected that there still has a stable revenue generated from loan financing services in the coming year. With Mainland China initiating the “One Belt, One Road” economic development strategy, we hope the investment of the Company in Myanmar can create positive value to the shareholders and the stakeholders of the Company as soon as possible in the near future.

The Group will maintain its stable financial profile to keep its sustainability. The Group keeps proactively exploring further potential investment opportunities in other industries in order to broaden the source of revenue and diversify business risk in the best interest of shareholders of the Company.

## USE OF PROCEEDS AND UPDATES

The net proceeds received by the Company in May 2015 from the completion of the subscription agreement dated 29 January 2015 between the Company and Tiancheng International Holdings Investment Limited (the details of which were set out in the circular (the “Circular”) of the Company dated 12 March 2015). The net proceeds were intended to be applied in accordance with the proposed application as set out in pages 16 and 17 of the Circular and in page 8 of Annual Report 2017. The actual proceeds received was HK\$2,464.8 million and intended to apply the net proceeds as below:

- (a) approximately HK\$1,847.1 million for the loan/lease financing activities of the Group within the financial services segment;
- (b) approximately HK\$39 million for investment in the online bank business in form of joint venture;
- (c) approximately HK\$78 million for investment in Golden 11 and loans to shareholders of Golden 11;
- (d) approximately HK\$500.7 million for the purposes of further development of Golden 11 and fulfilling the capital contribution commitment of approximately HK\$38 million of Golden 11, future investment opportunities in the clean energy, internet banking (non-greenfield stage), biopharmaceutical, financial investment, bulk commodities, cultural industries or other major sectors.

**USE OF PROCEEDS AND UPDATES (CONTINUED)**

The actual use of the net proceeds from the subscription agreement up to 31 December 2017 has been utilized in the following manner:

- (a) used as intended;
- (b) used as intended;
- (c) used as intended;
- (d) approximately HK\$38 million was used for fulfilling the capital contribution commitment of Golden 11 sub-group; an additional working capital of approximately HK\$17 million has been provided to Golden 11 for business development; and the remaining balance yet to be utilised and is placed in licensed banks.

**LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2017, the Group maintains its strong financial position with cash and cash equivalents of approximately HK\$1,438,124,000 (30 June 2017: approximately HK\$1,347,820,000).

As at 31 December 2017, the Group had net current assets of approximately HK\$1,621,904,000 (30 June 2017: approximately HK\$1,595,824,000). The shareholders' equity was approximately HK\$2,949,534,000 (30 June 2017: approximately HK\$2,854,507,000) and there was no borrowing and gearing ratio was zero (30 June 2017: zero).

**CONTINGENT LIABILITIES**

As at 31 December 2017, the Group did not have any significant contingent liabilities.

**INTERIM DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the six months ended 31 December 2017 (2016: nil).

**CAPITAL STRUCTURE**

The capital of the Company only comprises ordinary shares. During July and August 2017, the Company purchased and cancelled 88,470,000 ordinary shares on-market. The buy-back and cancellation payment was paid wholly out of the company's retained profit. Consequently, HK\$8,847,000 share capital and HK\$30,178,000 share premium was deducted for the ordinary shares bought back. The number of ordinary shares decreased from 7,204,694,000 as at 30 June 2017 to 7,116,224,000 as at 31 December 2017.

The shares were acquired at an average price of HK\$0.44 per share, with prices ranging from HK\$0.345 to HK\$0.475. The total amount of HK\$39,025,000 paid to acquire the shares has been deducted from shareholders' equity.

## OTHER INFORMATION

### ADVANCES TO ENTITIES AND CONNECTED TRANSACTIONS

All definition of the Agreement(s) under this heading follow the same definitions as in the “Corporate Governance Report” of the Company’s 2017 Annual Report.

Pursuant to Rule 13.13 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), a general disclosure obligation arises where an advance to an entity from the Group exceeds 8% of the total assets of the Group. Pursuant to Rule 13.13 of the Listing Rules, details of advances as defined under Rule 13.15 of the Listing Rules which remained outstanding as at 31 December 2017 were as follow:

#### **The Shanghai Wealth Agreements**

On 30 December 2016, Shanghai Yongsheng entered into the First Shanghai Wealth Supplemental Agreement and Second Shanghai Wealth Supplemental Agreement with Shanghai Wealth, pursuant to which the parties agreed to amend the First Shanghai Wealth Agreement and Second Shanghai Wealth Agreement as follows:

**ADVANCES TO ENTITIES AND CONNECTED TRANSACTIONS  
(CONTINUED)****The First Shanghai Wealth Supplemental Agreement**

**Date:** 30 December 2016

**Parties:** Shanghai Yongsheng, as the lender

Shanghai Wealth, as the borrower

To the Directors' knowledge, information and belief and having made all reasonable enquiry, Shanghai Wealth and its ultimate beneficial owners are not connected persons of the Company.

**Principal amount:** RMB24,000,000

**Term:** The repayment date is extended by 39 months to 16 October 2019.

**Interest:** 8% per annum, payable on a quarterly basis

**Security:** The First Shanghai Wealth Loan is secured by certain real estate properties owned by Shanghai Wealth (the "Shanghai Wealth Properties")

**ADVANCES TO ENTITIES AND CONNECTED TRANSACTIONS  
(CONTINUED)****The Second Shanghai Wealth Supplemental Agreement**

<b>Date:</b>	30 December 2016
<b>Parties:</b>	Shanghai Yongsheng, as the lender Shanghai Wealth, as the borrower
<b>Principal amount:</b>	RMB250,000,000
<b>Term:</b>	The repayment date is extended by 39 months to 16 December 2019
<b>Interest:</b>	8% per annum, payable on a quarterly basis
<b>Security:</b>	The Second Shanghai Wealth Loan is secured by the Shanghai Wealth Properties

As at 31 December 2017, the principal and the accrued interest of the First Shanghai Wealth Loan and the Second Shanghai Wealth Loan which remains outstanding is RMB24,881,000 and RMB259,111,000, respectively.

## ADVANCES TO ENTITIES AND CONNECTED TRANSACTIONS (CONTINUED)

### The Shanghai Renhe Investment Agreement

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

### The Shanghai Renhe Investment Supplemental Agreement

**Date:** 30 December 2016

**Parties:** Shanghai Yongsheng, as the lender

Shanghai Renhe Investment, as the borrower

To the Directors' knowledge, information and belief and having made all reasonable enquiry, Shanghai Renhe Investment and its ultimate beneficial owners are not connected persons of the Company.

**Principal amount:** RMB350,000,000

**Term:** The repayment date is extended by 39 months to 6 December 2019

**Interest:** 8% per annum, payable on a quarterly basis

**Security:** The Shanghai Renhe Investment Loan is unsecured

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

As at 31 December 2017, the principal and the accrued interest of the Shanghai Renhe Investment Loan which remains outstanding is RMB362,756,000.

## ADVANCES TO ENTITIES AND CONNECTED TRANSACTIONS (CONTINUED)

### The Zhenjiang Rongde Agreement

On 1 June 2015, Shanghai Yongsheng entered into the Zhenjiang Rongde Agreement with Zhenjiang Rongde, pursuant to which Shanghai Yongsheng agreed to advance a loan to Zhenjiang Rongde in the sum of RMB800,000,000 for an initial term of 24 months under a finance lease arrangement of certain assets owned by Zhenjiang Rongde.

### The Zhenjiang Rongde Agreement

**Date:** 1 June 2015

**Parties:** Shanghai Yongsheng, as the lender  
Zhenjiang Rongde, as the borrower

To the Directors' knowledge, information and belief and having made all reasonable enquiry, Zhenjiang Rongde and its ultimate beneficial owners are not connected persons of the Company.

**Amount of the Zhenjiang Rongde Loan:** RMB800,000,000

**Term:** 24 months, effective from 1 July 2015

**Interest:** 10% per annum, payable on an annual basis

**Security:** The Zhenjiang Rongde Loan is secured by the Zhenjiang Rongde machinery and equipment.

As at 31 December 2017, the principal and the accrued interest of the Zhenjiang Rongde Loan which remains outstanding is RMB183,944,000. The outstanding balance falls within over 3 months but no more than 6 months past due but not impaired. Please refer to Note 10 to the condensed financial statements for details.

## ADVANCES TO ENTITIES AND CONNECTED TRANSACTIONS (CONTINUED)

### The Shanghai Shihao Agreement

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

### The Shanghai Shihao Supplemental Agreement

**Date:** 30 December 2016

**Parties:** Shanghai Yongsheng, as the lender

Shanghai Shihao, as the borrower

To the Directors' knowledge, information and belief and having made all reasonable enquiry, Shanghai Shihao and its ultimate beneficial owners are not connected persons of the Company.

**Principal amount:** RMB220,000,000

**Term:** The repayment date is extended by 29 months to 23 August 2018

**Interest:** 10% per annum, payable upon the end of the term

In addition, 鎮江榮德新能源科技有限公司 (Zhenjiang Rongde New Energy Science Technology Co., Ltd.\*), a wholly-owned subsidiary of Shanghai Shihao, agreed to (i) provide a guarantee in respect of the Shanghai Shihao Loan; and (ii) charge certain machinery for the production of photovoltaic solar cells and modules as new security for the previously unsecured Shanghai Shihao Loan.

As at 31 December 2017, the principal and the accrued interest of the Shanghai Shihao Loan which remains outstanding is RMB220,763,000.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

The Group did not enter into any material acquisition and disposal of subsidiaries and affiliated companies during the six months ended 31 December 2017.

## **AMENDMENT TO CONVERTIBLE NOTE**

An agreement of an amended and restated convertible promissory note with principal amount of USD9,000,000 and a maturity date of 30 June 2020 has been entered between the Group and Airspan Network Inc. during the six months ended 31 December 2017. Please refer to Note 12 to the condensed financial statements for details.

## **CHARGE ON ASSETS**

As at 31 December 2017, the Group did not have any charge on its assets (30 June 2017: Nil).

## **FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Up to current moment, other than the formation of joint venture to invest into Golden Myanmar Business Exchange Co., Ltd as detailed in Note 11 to the condensed financial statements, the Group does not have any other plan for material investments or capital assets.

## **SUBSEQUENT EVENT**

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

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES**

During the Period under review, the Group's transactions were substantially denominated in either Hong Kong dollars, US dollars or RMB. The Group did not use any financial instruments for hedging purposes (30 June 2017: Nil).

## DISCLOSURE OF INTERESTS

### (i) Directors

At 31 December 2017, the interests or short positions of each Director and the chief executive in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) to be notified to the Company and the Stock Exchange were as follows:

#### *Ordinary shares of the Company*

Directors	Capacity	Number of issued ordinary share(s)	Approximate percentage of the issued shares held of the Company
Lu Sheng	Interest of controlled corporation (Note 1)	600,000,000	8.43%
Chen Chuanjin	Beneficial owner	10,000,000	0.14%
Lo Wan Sing, Vincent	Beneficial owner	9,500,000	0.13%
Chau On Ta Yuen	Beneficial owner	2,500,000	0.04%

Note:

1. Power Fine Global Investment Limited is wholly-owned by Mr. Lu Sheng, an Executive Director. Mr. Lu Sheng is deemed to be interested in the 600,000,000 Shares held by Power Fine Global Investment Limited for the purposes of the SFO.

**DISCLOSURE OF INTERESTS (CONTINUED)****(i) Directors (Continued)**

Save as disclosed above, as at 31 December 2017, none of the Directors and the chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.

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

At 31 December 2017, the shareholder who had an interest or short position in the shares and underlying shares of the Company which have been disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO was as follows:

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of issued ordinary share(s)</b>	<b>Approximate percentage of the issued shares held of the Company</b>
Cheng Kin Ming (Note 1)	Beneficial owner	2,341,100,000	32.90%
Tiancheng International Holdings Investment Limited (Note 1)	Beneficial owner	2,341,100,000	32.90%
Chu Yuet Wah (Note 2)	Beneficial owner and person having a security interest	1,810,146,190	25.43%
Kingston Finance Limited (Note 2)	Person having a security interest	1,800,000,000	25.29%
Ng Leung Ho (Note 3)	Beneficial owner	1,011,741,882	14.22%
Golden Prince Group Limited (Note 3)	Beneficial owner	600,000,000	8.43%

**DISCLOSURE OF INTERESTS (CONTINUED)****(ii) Substantial Shareholders' Interests and Short Positions in the Share Capital of the Company (Continued)**

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Number of issued ordinary share(s)</b>	<b>Approximate percentage of the issued shares held of the Company</b>
Rich Capital Global Enterprises Limited (Note 3)	Beneficial owner	406,741,882	5.72%
Zhang Yi (Note 4)	Beneficial owner and interest of controlled corporation	812,520,000	11.42%
Promising Sun Limited (Note 4)	Beneficial owner	500,000,000	7.03%
Wan Ten Lap (Note 5)	Interest of controlled corporation	500,000,000	7.03%
Power Fine Global Investment Limited (Note 6)	Beneficial owner	600,000,000	8.43%

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

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

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

Note 4: Mr. Zhang Yi has personal holding of 312,520,000 shares of the Company and has indirect interest of 44% in Promising Sun Limited which held 500,000,000 shares of the Company.

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

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

## **DISCLOSURE OF INTERESTS (CONTINUED)**

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

Save as disclosed herein, no other person had any interests or short positions in the shares or underlying shares of the Company as at 31 December 2017, which were disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 31 December 2017, the Group employed approximately 35 employees. The Remuneration Committee and the Directors of the Company reviewed remuneration policies regularly. The structure of the remuneration packages would take into account the level and composition of pay and the general market conditions in the respective countries and businesses.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

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

## **SHARE OPTION SCHEME**

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

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2017.

## **AUDIT COMMITTEE**

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

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

## **CODE ON CORPORATE GOVERNANCE PRACTICE**

The Board is committed to establish and maintain high standards of corporate governance to enhance shareholders' interest and promote sustainable development. The Company has applied the principles and complied with all the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") throughout the period ended 31 December 2017.

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

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the year ended 30 June 2017 of the Company are set out below:

### Name of Director    Details of change

Chau On Ta Yuen    appointed as an independent non-executive director of Highlight China IoT International Limited (stock code: 1682) with effect from 19 September 2017.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules (the "Model Code") during the Period under review. The Company has made specific enquiry with all the Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the six months ended 31 December 2017.

## APPRECIATION

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

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

Hong Kong, 26 February 2018

\* For identification purposes only