WINFULL GROUP HOLDINGS LIMITED
宏輝集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 183)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2017

FINAL RESULTS

The board of directors (the "Director(s)") (the "Board") of Winfull Group Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2017 (the "Year"), together with the comparative figures for the year ended 30 June 2016:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	4	**18,512**	11,607
Cost of sales		**(1,868)**	(7,571)
Gross profit		**16,644**	4,036
Other income	5	**5,643**	10,734
Administrative expenses and other operating expenses		**(22,445)**	(28,024)
Fair value gain/(loss) on investment properties		**9,077**	(16,858)
Loss on deregistration of a subsidiary		**–**	(10,409)
Finance costs		**(801)**	(351)
Profit/(Loss) before income tax	6	**8,118**	(40,872)
Income tax expense	7	**(1,320)**	(976)
Profit/(Loss) for the year		**6,798**	(41,848)
Profit/(Loss) for the year attributable to:			
Owners of the Company		**7,106**	(41,259)
Non-controlling interests		**(308)**	(589)
		6,798	(41,848)
Earnings/(Loss) per share	9		
Basic and diluted		**HK0.21 cent**	HK(1.43) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	2017	2016
	HK$'000	*HK$'000*
Profit/(Loss) for the year	**6,798**	(41,848)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net fair value gain/(loss) on available-for-sale financial assets	**9,936**	(6,200)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	**–**	1,055
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	**(865)**	1,610
Exchange differences arising on translation of foreign operations	**315**	(6,569)
Release of exchange reserve upon deregistration of a subsidiary	**–**	10,409
Other comprehensive income for the year, net of tax	**9,386**	305
Total comprehensive income for the year	**16,184**	(41,543)
Total comprehensive income for the year attributable to:		
Owners of the Company	**16,492**	(40,954)
Non-controlling interests	**(308)**	(589)
	16,184	(41,543)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Notes	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**89,109**	1,157
Investment properties		**1,067,594**	408,852
Interests in associates		**–**	–
Interests in joint ventures		**–**	–
Available-for-sale financial assets		**80,360**	44,982
Deposits for acquisition of investment properties		**25,419**	–
		1,262,482	454,991
Current assets			
Amount due from associates		**–**	86,914
Amounts due from a joint venture		**11**	20
Available-for-sale financial assets		**–**	5,982
Properties held for trading		**46,379**	105,157
Properties under development		**450,192**	444,775
Trade receivables	10	**3,048**	3,384
Prepayments, deposits and other receivables		**3,253**	1,758
Financial assets at fair value through profit or loss		**–**	26,824
Cash and bank balances		**339,229**	410,936
Pledged bank deposits		**26,309**	–
		868,421	1,085,750
Assets of a disposal group classified as held for sale	11	**100,399**	–
		968,820	1,085,750
Current liabilities			
Accrued expenses, other payables and deposits received		**116,633**	7,642
Borrowings		**81,378**	2,915
Amounts due to non-controlling shareholders		**237,748**	234,813
Provision for income tax		**1,355**	516
		437,114	245,886
Net current assets		**531,706**	839,864
Total assets less current liabilities		**1,794,188**	1,294,855

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Non-current liabilities			
Borrowings		**22,764**	26,233
Deferred tax liabilities		**3,638**	739
		26,402	26,972
Net assets		**1,767,786**	1,267,883
EQUITY			
Share capital		**55,481**	31,385
Reserves		**1,713,759**	1,237,644
Equity attributable to owners of the Company		**1,769,240**	1,269,029
Non-controlling interests		**(1,454)**	(1,146)
Total equity		**1,767,786**	1,267,883

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Equity attributable to owners of the Company									
	Share capital HK$'000	Share premium account HK$'000	Translation reserve HK$'000	Share-based payment reserve HK$'000	Revaluation reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2015	27,185	1,050,559	(4,064)	8,082	1,234	4,377	154,535	1,241,908	(557)	1,241,351
Shares issued upon placing	4,200	58,800	–	–	–	–	–	63,000	–	63,000
Share issue expense	–	(715)	–	–	–	–	–	(715)	–	(715)
Equity-settled share-based payments	–	–	–	5,790	–	–	–	5,790	–	5,790
Lapse of share options	–	–	–	(2,798)	–	–	2,798	–	–	–
Transactions with owners	4,200	58,085	–	2,992	–	–	2,798	68,075	–	68,075
Loss for the year	–	–	–	–	–	–	(41,259)	(41,259)	(589)	(41,848)
Other comprehensive income:										
Net fair value loss on available-for-sale financial assets	–	–	–	–	(6,200)	–	–	(6,200)	–	(6,200)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	–	–	–	–	1,055	–	–	1,055	–	1,055
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	–	–	–	1,610	–	–	1,610	–	1,610
Release of exchange reserve upon deregistration of a subsidiary	–	–	10,409	–	–	–	–	10,409	–	10,409
Exchange differences arising on translation of foreign operations	–	–	(6,569)	–	–	–	–	(6,569)	–	(6,569)
Total comprehensive income for the year	–	–	3,840	–	(3,535)	–	(41,259)	(40,954)	(589)	(41,543)
At 30 June 2016	31,385	1,108,644	(224)	11,074	(2,301)	4,377	116,074	1,269,029	(1,146)	1,267,883

	Equity attributable to owners of the Company									
	Share capital *HK$'000*	**Share premium account** *HK$'000*	**Translation reserve** *HK$'000*	**Share-based payment reserve** *HK$'000*	**Revaluation reserve** *HK$'000*	**Other reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
At 1 July 2016	**31,385**	**1,108,644**	**(224)**	**11,074**	**(2,301)**	**4,377**	**116,074**	**1,269,029**	**(1,146)**	**1,267,883**
Acquisition of a subsidiary	**24,096**	**459,623**	**–**	**–**	**–**	**–**	**–**	**483,719**	**–**	**483,719**
Transactions with owners	**24,096**	**459,623**	**–**	**–**	**–**	**–**	**–**	**483,719**	**–**	**483,719**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**7,106**	**7,106**	**(308)**	**6,798**
Other comprehensive income:										
Net fair value gain on available-for-sale financial assets	**–**	**–**	**–**	**–**	**9,936**	**–**	**–**	**9,936**	**–**	**9,936**
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	**–**	**–**	**–**	**–**	**(865)**	**–**	**–**	**(865)**	**–**	**(865)**
Exchange differences arising on translation of foreign operations	**–**	**–**	**315**	**–**	**–**	**–**	**–**	**315**	**–**	**315**
Total comprehensive income for the year	**–**	**–**	**315**	**–**	**9,071**	**–**	**7,106**	**16,492**	**(308)**	**16,184**
At 30 June 2017	**55,481**	**1,568,267**	**91**	**11,074**	**6,770**	**4,377**	**123,180**	**1,769,240**	**(1,454)**	**1,767,786**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

1. GENERAL INFORMATION

Winfull Group Holdings Limited (the "Company") is an exempted company with limited liability under the Companies Law (2001 Second Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Unit A, 6/F, 9 Queen's Road Central, Hong Kong. The Company's issued shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 2 December 2010.

The principal activity of the Company is investment holding. During the year, the Group was principally engaged in the property investment and trading, property development and provision of renovation services. There were no significant changes in the Group's operation during the year.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK$'000") unless otherwise stated.

2. ADOPTION OF NEW AND AMENDED HKFRSs

2.1 Adoption of new and amended HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2016:

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by HKFRS 12.

2.2 New and amended HKFRSs that have been issued but are not yet effective

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group. The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

Amendments to HKAS 7	Disclosure Initiative [1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]
HKFRS 9 (2014)	Financial Instruments [2]
HKFRS 15	Revenue from Contracts with Customers [2]
HKFRS 16	Leases [3]

[1] Effective for annual periods beginning on or after 1 January 2017

[2] Effective for annual periods beginning on or after 1 January 2018

[3] Effective for annual periods beginning on or after 1 January 2019

[4] No mandatory effective date yet determined but is available for early adoption

Amendments to HKAS 7 – Disclosure Initiative

The amendments to HKAS 7 require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosures to be provided in the financial statements.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 (2014) includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in the financial statements.

HKFRS 9 (2014) carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at, FVTPL where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 (2014) retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to each performance obligation

Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

In June 2016, the HKIPCA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licenses of intellectual property, and transition.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the consolidated statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17. In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Save as the main changes described above, the Group is in the process of making an assessment of the potential impact of these new and amended HKFRSs and the directors are not yet in a position to quantify the effects on the Group's financial statements.

3. SEGMENT INFORMATION

The executive directors have identified the Group's three product and service lines as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

There was no inter-segment sale and transfer during the year (2016: Nil).

	2017			
	Property Development Business	**Property Investment and Trading Business**	**Renovation Business**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Reportable segment revenue:				
From external customers	**–**	**17,536**	**976**	**18,512**
Reportable segment profit/(loss)	**(489)**	**23,157**	**7**	**22,675**
Bank interest income	**–**	**14**	**–**	**14**
Depreciation	**–**	**359**	**8**	**367**
Fair value gain on investment properties	**–**	**9,077**	**–**	**9,077**
Reportable segment assets	**554,478**	**1,253,423**	**867**	**1,808,768**
Additions to non-current assets	**–**	**665,800**	**–**	**665,800**
Reportable segment liabilities	**326,765**	**112,634**	**23**	**439,422**

	2016			
	Property Development Business	Property Investment and Trading Business	Renovation Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment revenue:				
From external customers	–	8,950	2,657	11,607
Reportable segment profit/(loss)	(11,115)	(10,604)	198	(21,521)
Bank interest income	–	1	–	1
Depreciation	–	392	3	395
Fair value loss on investment properties	–	16,858	–	16,858
Write-down of properties held for trading to its net realisable value	–	4,575	–	4,575
Loss on deregistration of a subsidiary	10,409	–	–	10,409
Reportable segment assets	531,807	529,016	1,159	1,061,982
Additions to non-current assets	–	196,910	–	196,910
Reportable segment liabilities	218,960	52,439	322	271,721

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**18,512**	11,607
Consolidated revenue	**18,512**	11,607
Profit before income tax		
Reportable segment profit/(loss)	**22,675**	(21,521)
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	**865**	(1,610)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	**–**	(1,055)
Interest income	**4,233**	6,023
Dividend income	**498**	571
Exchange losses, net	**(1,422)**	(7,720)
Equity-settled share-based payments	**–**	(5,790)
Corporate salaries and allowances	**(10,940)**	(4,554)
Corporate professional fees	**(3,826)**	–
Depreciation on corporate property, plant and equipment	**(12)**	(420)
Corporate rent and rates	**(1,695)**	(2,965)
Unallocated corporate income	**–**	650
Unallocated corporate expenses	**(2,258)**	(2,481)
Consolidated profit/(loss) before income tax	**8,118**	(40,872)
Assets		
Reportable segment assets	**1,808,768**	1,061,982
Available-for-sale financial assets	**80,360**	50,964
Financial assets at fair value through profit or loss	**–**	26,824
Corporate cash and bank balances	**315,114**	399,907
Pledged bank deposits	**26,309**	–
Amounts due from a joint venture	**11**	20
Other corporate assets	**740**	1,044
Consolidated total assets	**2,231,302**	1,540,741
Liabilities		
Reportable segment liabilities	**439,422**	271,721
Corporate bank borrowings	**23,276**	–
Other corporate liabilities	**818**	1,137
Consolidated total liabilities	**463,516**	272,858

The Group's revenue from external customers are all derived from Hong Kong. Non-current assets are located in Hong Kong. The geographical location of customers is based on the location at which the services were provided and the goods were delivered. The geographical location of non-current assets is based on the physical location of the assets.

During the year, there was neither revenue from external customers attributable to the Cayman Islands (domicile) (2016: Nil) nor non-current assets were located in the Cayman Islands (2016: Nil). The country of domicile is the country where the Company was incorporated.

Revenue from the major customers is as follows:

	2017	2016
	HK$'000	*HK$'000*
Customer A *(note i)*	**5,808**	5,807
Customer B *(note i)*	**2,768**	–
Customer C *(note i)*	**2,493**	–
Customer D *(note ii)*	**–**	2,416
Customer E *(note i)*	**–**	2,260
	11,069	10,483

Notes:

(i) derived from the Property Investment and Trading Business.

(ii) derived from the Renovation Business.

4. REVENUE

The Group's principal activities are disclosed in note 1 to the financial statements. Revenue from the Group's principal activities recognised during the year is as follows:

	2017	2016
	HK$'000	*HK$'000*
Rental income from investment properties	**17,536**	8,950
Renovation service income	**976**	2,657
	18,512	11,607

5. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Interest income	**4,247**	6,024
Dividend income	**498**	571
Rental income from properties held for trading	**–**	3,481
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	**865**	–
Sundry income	**33**	658
	5,643	10,734

6. PROFIT/(LOSS) BEFORE INCOME TAX

	2017	2016
	HK$'000	*HK$'000*
Profit/(Loss) before income tax is arrived at after charging/ (crediting) the following:		
Auditor's remuneration	**450**	367
Cost of inventories recognised as expense, including:		
Write-down of properties held for trading to its net realisable value	**–**	4,575
Depreciation	**379**	815
Employee costs	**10,940**	10,344
Exchange losses, net	**1,422**	7,720
Fair value (gain)/loss on investment properties	**(9,077)**	16,858
Loss on deregistration of a subsidiary	**–**	10,409
Minimum lease payments under operating lease rentals for land and buildings	**2,210**	3,448
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	**–**	1,610
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	**–**	1,055

7. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided as the Group had no estimated assessable profits arising in or derived from Hong Kong for the years ended 30 June 2017 and 2016. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Income tax in the consolidated income statement is as follows:

	2017	2016
	HK$'000	*HK$'000*
Current tax – Hong Kong		
Under-provision in respect of prior years	**562**	–
Current tax – Overseas		
Provision for the year	**758**	562
	1,320	562
Deferred tax	**–**	414
Total income tax expense	**1,320**	976

Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	2017	2016
	HK$'000	*HK$'000*
Profit/(Loss) before income tax	**8,118**	(40,872)
Notional tax on profit or loss before income tax, calculated at the rates applicable to profits/loss in the countries concerned	**1,687**	(6,758)
Tax effect of non-deductible expenses	**2,049**	6,774
Tax effect of non-taxable revenue	**(4,428)**	(835)
Tax effect of temporary difference not recognised	**37**	145
Tax effect of unused tax losses not recognised	**1,413**	1,650
Under-provision in prior years	**562**	–
Income tax expense	**1,320**	976

8. DIVIDENDS

The directors do not recommend the payment of final dividend for the year ended 30 June 2017 (2016: Nil).

9. EARNINGS/(LOSS) PER SHARE

The calculations of basic and diluted earnings/(loss) per share are based on the following data:

	2017	2016
	HK$'000	*HK$'000*
Profit/(Loss) for the year, attributable to owners of the Company	**7,106**	(41,259)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**3,395,967**	2,882,281
Effect of dilutive potential ordinary shares in respect of the Company's share option scheme	**107**	7,755
Weighted average number of shares for the purpose of diluted earnings/(loss) per share	**3,396,074**	2,890,036

10. TRADE RECEIVABLES

The Group generally allowed a credit period of 1 month to its trade customers.

Based on the invoice dates, all trade receivables as at 30 June 2017 and 30 June 2016 were aged within 90 days.

All trade receivables are subject to credit risk exposure. Impairment on trade receivables is recognised when the debts are identified to be irrecoverable.

Based on the due dates, no trade receivables as at 30 June 2017 and 30 June 2016 was past due nor impaired.

As at 30 June 2017, there was no amount denominated in a currency other than the functional currencies of the entities to which they relate (2016: Nil).

Receivables that were neither past due nor impaired were due from the customers for whom there was no recent history of default.

The directors of the Company consider that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

11. ASSETS OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

In May 2017, the Group, the associate partner (the "Associate Partner", together with the Group collectively referred to as the "Vendors") and the purchaser (the "Purchaser") entered into the formal sale and purchase agreement (the "Agreement") with the Purchaser, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the sale shares and the sale loan of Apex Plan in which the Group and the Associate Partner holds 30% and 70% equity interest respectively. As a result, share of net assets of associates and amount due from associates are presented as assets of a disposal group classified as held for sale in accordance with Hong Kong Financial Reporting Standard 5. The disposal group was engaged in the business of property redevelopment project at 18-32 Junction Road, Hong Kong. The disposal is expected to be completed in March 2018.

	2017	2016
	HK$'000	*HK$'000*
Share of net assets	**–**	–
Due from associates	**100,399**	–
	100,399	–

12. MATERIAL RELATED PARTY TRANSACTIONS

12.1 The following transactions were carried out with the related parties:

	2017	2016
	HK$'000	*HK$'000*
Renovation service income received from a related company controlled by one of the substantial shareholders of the Company	**–**	2,417
Rental expenses paid to a related company owned by one of the substantial shareholders of the Company	**1,504**	1,680
	1,504	4,097

These transactions were conducted at pre-determined prices in accordance with terms mutually agreed between the Group and these related parties. These transactions are conducted in the normal course of business.

12.2 Key management personnel compensation

	2017	2016
	HK$'000	*HK$'000*
Short-term employee benefits	**9,295**	8,817

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group was principally engaged in property investment and trading, property development and provision of renovation services.

During the Year, the Group was engaged in two property development projects, which are located in Hong Kong. The Group also acquired four investment properties in Hong Kong.

The Hong Kong economy sustained above-trend growth in the second half of this financial year, expanding by 3.8% over a year earlier. External demand improved further for the Year, with downside risks to the global economic outlook receding. The United States (the "US") economy continued to grow moderately, bolstering the Federal Reserve's confidence to raise rates again in mid-June 2017 and to reveal a firmer intention to begin scaling back its balance sheet later 2017. The economic recovery in the euro area gathered more pace, as the impact from policy and political uncertainties remained relatively limited. Meanwhile, the Mainland economy stayed on the path of medium-high speed growth and picked up slightly from the growth pace last year, buttressed by its resilient domestic demand and strengthening external sector.

Domestic demand growth stayed robust, buttressed by favourable labour market conditions and improved economic sentiment. Overall investment expenditure strengthened to show sizeable growth, as building and construction activity sustained its uptrend. The residential property market remained generally buoyant for the Year amid a still tight demand-supply situation and market expectation that local interest rates would remain low for some time. Residential property prices continue to rise for the Year. Compared to the 1997 peak, overall flat prices in June were 94% higher. The commercial and industrial property markets generally firmed up for the Year. Trading activities turned more active, while prices and rentals of most market segments showed further increases. To strengthen banks' risk management and resilience, the Hong Kong Monetary Authority in mid-May 2017 introduced the eighth round of macro-prudential measures for property mortgage loans and it showed some signs of moderation in June 2017. For retail shop space, sale prices slightly edged down for the Year and the average rental yield stayed unchanged at approximately 2.5%.

FINANCIAL REVIEW

For the Year, the Group recorded a turnover of approximately HK$18,512,000, representing an increase of approximately 59% comparing with that of approximately HK$11,607,000 for the last financial year. The improvement in turnover was mainly attributed to the increase in turnover from the property investment and trading business.

Profit before income tax of the Group for the Year was approximately HK$8,118,000, while a loss before income tax of approximately HK$40,872,000 was recognized for the last financial year. The loss for the last financial year was mainly attributable to the decrease in other income from interest income, the fair value loss on investment properties, loss on deregistration of a subsidiary and also the recognition of equity-settled share-based payment. Thus, the profit attributable to shareholders of the Company (the "Shareholders") for the Year amounted to approximately HK$7,106,000, while there was a loss attributable to Shareholders of approximately HK$41,259,000 for the last financial year.

BUSINESS OVERVIEW

Property Development Business

During the Year, the Group is engaged in two property development projects, which are both located in Kowloon, Hong Kong. A shareholder's agreement with a wholly owned subsidiary of Phoenix Asia Real Estate Investment, a former customer of the Group, for establishing an associate for a property redevelopment project at Nos. 18–32 Junction Road, Kowloon, Hong Kong (the "Junction Road Property Project"), which the Group has 30% equity interests, has been proceeded in 2011. The project has a site area of approximately 10,200 square feet and a gross floor area of approximately 84,000 square feet. The project will be developed into a composite residential and commercial building.

On 26 May 2017, the Group and its joint venture partners, as vendors and guarantors, entered into a formal sale and purchase agreement with an independent third party to dispose of the entire equity interest and all outstanding shareholders' loans of the Junction Road Property Project for a cash consideration of HK$1,300,000,000. The completion of the transaction will be taken place on 28 March 2018. For details of the transaction, please refer to the Company's announcement dated 3 April 2017 and the Company's circular dated 9 June 2017.

In respect of the redevelopment project at Nos. 142–154 Carpenter Road, Kowloon, Hong Kong (the "Carpenter Road Property Project"), the Group has acquired all the property units of this project during the year ended 30 June 2012. It has a site area of approximately 9,100 square feet. The Group held 100% equity interests of the project. On 17 March 2014, the Company has disposed 49% equity interests in those wholly owned subsidiaries, which held the Carpenter Road Property Project, to an independent third party. The disposal represents a good opportunity for realisation of the Group's investment in the Carpenter Road Property Project whilst allows the Group to maintain its interests in the redevelopment of the project. Further, the proceeds from the disposal can reduce the overall gearing of the Group and can further strengthen the cash position of the Group and will allow the Group to reallocate its resources for future development.

Since there was a landmark judgment delivered by the Court of Final Appeal ("CFA") of Hong Kong in May 2013 for the definition of "House", the developments of these two projects were restricted under the relevant lease. On 25 June 2014, a new practice note of the "House" restrictions under Government leases has been circulated by the Lands Administration Office of the Lands Department in regards to the landmark judgment delivered by CFA.

As updated in the Company's announcement dated 16 December 2015, an approval letter in relation to the redevelopment of the Junction Road Property Project under lease conditions was granted by District Lands Officer/Kowloon East of the Lands Department and no land premium was mentioned. However, it is contemplated that additional commitment would be required for an additional cost for reinitiating the project as a result of the suspension in construction works because of the delay in approval of the project by District Lands Officer. As further update in the Company's announcement dated 15 June 2016, each of the Group and its joint venture partner executed further guarantee to secure a facility for the project with an additional commitment to be borne by the Group will be approximately HK$66 million, representing the 30% interest of the Group in the project. The occupation permit of the project has been approved on 31 May 2016 and the development work is expected to be completed in the 3rd quarter of 2017.

An application for land exchange was submitted to the District Lands Officer in relation to the redevelopment of the Carpenter Road Project in 2015. A provisional basic terms offer dated 23 October 2015 offered by the District Lands Office (Kowloon East) was accepted by the Company on 5 November 2015. The demolition of the existing buildings was completed on 8 June 2017 and the outstanding building orders for the existing have been discharged accordingly.

On 1 June 2017, the Group and its joint venture partners, as vendors and guarantors, entered into a provisional sale and purchase agreements with an independent third party to dispose of the entire equity interests in and all outstanding shareholders' loans of those subsidiaries holding the Carpenter Road Property Project for a cash consideration of HK$610,000,000. The completion of the transaction has been taken place on 21 September 2017. For details of the transaction, please refer to the Company's announcements dated 1 June 2017 and 21 September 2017. The circular of the transaction will be despatched on 28 September 2017.

The Group considers that both disposals represent a good opportunity for realisation of the Group's property development projects. Further, the proceeds from both disposals can further strengthen the cash position of the Group and will allow the Group to reallocate its resources for its principal activities. The Group will continue to explore the best possible property development project both in Hong Kong and overseas as well as to enhance the benefit of the Shareholders while overcoming the challenges ahead.

Property Investment and Trading

During the Year, the Group has acquired four commercial properties for investment purpose, which are located in Hong Kong.

Details of the properties held by the Group are as follows:–

Ground Floor Shop at Kimberley Road, Tsim Sha Tsui

This property is located at the ground floor of Wing Lee Building at No. 23-31C Kimberley Road, Tsim Sha Tsui, Kowloon with approximately 4,500 square feet. It is currently leased by a local style restaurant. Being benefited by steady inbound tourism and local demand, the Group believes that this property could generate stable rental income for the Group.

On 17 July 2017, the Group, as vendor, entered into a formal sale and purchase agreement with an independent third party to dispose of the entire equity interest and all debts owing to the Group by the Central Fly Limited, which hold the property, for cash consideration of HK$206,000,000. The completion of the transaction will be taken place on 10 October 2017. The Group considers that the disposal represents a good opportunity for realisation of the Group's investment properties. Further, the proceeds from the disposal can further strengthen the cash position of the Group and will allow the Group to reallocate its resources for its principal activities. For details of the transaction, please refer to the Company's announcements dated 13 June 2017 and 26 June 2017 and the Company's circular dated 24 July 2017.

Roof of Block C of Sea View Estate, North Point

This property is located at the front portion of the roof of Sea View Estate in North Point, which is facing the South of Victoria Harbour in Hong Kong Island. The Group believes that it can be converted into an eye-catching rooftop advertising signage with approximately 300 square meters. The advertising steel frame has been reconstructed and strengthened for LED signage. The Group has entered into a construction agreement with a contractor for construction of a LED signage on the steel frame. The construction is expected to be completed in November 2017. The Group is also looking for appropriate potential tenant for the signage.

Retail Shop Units at Grand Scholar, No. 419K Queen's Road West

The property is located at Grand Scholar, No. 419K Queen's Road West, Hong Kong with two shops, including shops on ground floor and on lower ground 1st floor. The property has a total gross floor area of approximately 10,300 square feet and has been leased to a church for a fixed terms of three years. The Group believes that the property can provide a future stable income for the Group.

Whole floor of Kenning Industrial Building at 19 Wang Hoi Road, Kowloon Bay

The property is located at 4th Floor of Kenning Industrial Building, No. 19 Wang Hoi Road, Kowloon Bay, Hong Kong and is in proximity to the Kowloon Bay MTR station. The property has a total gross floor area of approximately 16,500 square feet and over 60% of the floor area of the property has been leased during the Year. In June 2017, the remaining portion of approximately 40% of the property has been leased to an independent third party and the lease commenced from July 2017.

Atlantic House at Cardiff, United Kingdom

The property is located at Cardiff, the United Kingdom with a total net floor area of approximately 42,000 square feet. The property consists of two office buildings which are individually let to two tenants, including a law firm and a university. The existing gross rental yield of the property is more than 7%. Cardiff is the principal office market within Wales and one of the major regional centres in the United Kingdom. The Group believes that it is a good opportunity for acquiring the property for short term trading purpose.

Whole floor of 9 Queen's Road Central

The property was acquired by the Group in May 2017. The property is located at the 6th Floor of 9 Queen's Road Central, Hong Kong. It is a commercial property with gross floor area of approximately 11,371 square feet located in Central, Hong Kong. The property is currently used for commercial purpose and has been rented to various tenants. The Group believes that the property can provide a future stable income for the Group with the possibility of future long term appreciation in value. For details of the transaction, please refer to the section headed "Connected Transaction" in this announcement.

Office units and carpark space of Universal Trade Centre at 3 Arbuthnot Road

Six office units and a carpark were acquired by the Group on 31 May and 30 June 2017, respectively. Those 6 office units are located on 30th, 29th and 13th floors of Universal Trade Centre, No. 3 Arbuthnot Road, Central, Hong Kong. Those office units have a total gross floor area of approximately 8,000 square feet. Those office units on 29th and 13th floors were acquired subject to tenancy, while those office units on 30th floor have been leased to an independent third party in August 2017.

Office unit of Arion Commercial Centre at 2–12 Queen's Road West

This office unit was acquired by the Group on 9 May 2017. The office unit is located at Arion Commercial Centre at 2–12 Queen's Road West, Hong Kong. It has a gross floor area of approximately 1,650 square feet. This office unit has been leased to a translation company, which is wholly owned by Mr. Pong Wilson Wai San ("Mr. Pong"), in June 2017, with the monthly rent of HK$44,000, which was determined after arm's length negotiation with reference to the monthly rental of other similar premises in Hong Kong market and the professional valuation report.

Whole office floor of Far East Consortium Building at 121 Des Voeux Road Central

The Group entered into a provisional sale and purchase agreement on 18 April 2017 and the transaction was completed on 31 July 2017. The property is a whole floor office unit located on 15th Floor of Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong, which is an office building in Hong Kong's prime commercial district, with a gross area of approximately 7,300 square feet. The property will be leased out to provide stable income for the Group.

The Group is optimistic about the prospect of the Hong Kong office market and considered that those new acquisitions during the Year represent an good investment opportunity in Hong Kong office market and the Group will benefit from the long term appreciation of the price in commercial office in Hong Kong.

During the Year, the segment from property investment and trading business recorded a revenue of approximately HK$17,536,000, representing approximately 95% of the Group's revenue for the Year and was increased by approximately 96% comparing with that of approximately HK$8,950,000 for the last financial year. The segment is expected to provide a significant and steady income source to the Group.

CORPORATE SOCIAL RESPONSIBILITY

In the Year, we supported various local charitable activities, such as donated to a charity walk of the Community Chest for helping those in need and sponsored staff to participate in Hong Kong Marathon 2017 organized by Standard Chartered Bank, etc. We keen to be a good and responsibility citizen and make commitments to social services. We also encourage our staff members to offer their time and care to the people in need in our community.

We aim to provide an environment at work that is respectful, challenging, rewarding and safe, with a view to reduce the staff turnover rate and work injury. During the Year, there were low staff turnover and no work injury. The health of the employees is also of paramount importance to the Group. We engaged our in-house architect in the design of work environment in order to promote workplace health and safety. We also provide a comprehensive medical care package to all employees with aims at improving their health.

Every year, we engage our staff members in a variety of recreational events, e.g. company trip to Japan and annual dinner, etc. so as to promote staff morale. We are committed to enhancing the quality of the staff, their families and the community; hence we put the objective of work life balance into practice while seeking to create a harmonious workplace and loyalty among our staff.

PROSPECT

The growth of Hong Kong economy remained moderate for the period under review and the property market showed a brisk performance for the Year. The Hong Kong Government (the "Government") continued to put in significant effort to manage demand and reduce the possible risks to financial stability arising from an exuberant property market. The Government also sustained its effort of raising flat supply through land sale program and other terms of land supply sources. Looking forward, market sentiment in the near future may still be influenced by the US Federal Reserve's recent repeated hesitations in lifting interest rates and its balance sheet normalisation, which was expected to start relatively soon.

Despite the uncertainty in Hong Kong and global economy, we are confident that Hong Kong will remain relevant and vital in its own right and as part of China. With the purpose of offering better returns to the Shareholders, the Group decided to concentrate on property investment and trading, and development businesses whilst continuing the property renovation business of the Group. The Group believed that the business of property development, property investment and trading both locally and internationally can broaden the revenue base and benefit the Company and the Shareholders as a whole in the long run. The Group will continue to explore potential property investment and trading opportunities with a view to have a diversified and balanced portfolio and to provide steady income source to the Group. The Group is conscious to monitor and analyze the impact of the local and global economy so as to make cautious business decisions and to adjust our development plan if necessary so as to maximize the return to the Shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2017, the Group had net current assets of approximately HK$531,706,000 (2016: approximately HK$839,864,000) including cash and bank balances of approximately HK$339,229,000 (2016: approximately HK$410,936,000).

The gearing ratio was approximately 4.7% as at 30 June 2017 (2016: approximately 1.9%). The gearing ratio is derived by dividing the total of borrowings by total assets. The gearing ratio has increased for the Year when compared to 30 June 2016 due to the new bank loans for foreign currencies investments and the new mortgage loan from acquisition of Flexwood Limited ("Flexwood").

During the Year, the Group financed its operations with its own working capital and bank borrowings. As at 30 June 2017, the unsecured and secured bank borrowing of the Group was approximately HK$104,142,000 (2016: approximately HK$29,148,000), in which approximately HK$45,278,000 (2016: approximately HK$14,574,000) are repayable within a period of not exceeding 5 years and approximately HK$58,864,000 are repayable beyond 5 years (2016: approximately HK$14,574,000), and there was no other borrowing as at 30 June 2017 (2016: no other borrowing).

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the Year, those securities investments held by the Group are as follows:

	Cost as at 30 June 17	Carrying amount as at 30 June 17	Outstanding commitment as at 30 June 17	Total of carrying amount and commitment as at 30 June 17	Gain in fair value during the Year	Gain on disposal during the Year	Dividends/ interests received during the Year
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT							
Listed equity securities – Hong Kong	13,557	13,535	–	13,535	2,663	446	498
Listed debts investments – Hong Kong	2,177	2,242	–	2,242	66	–	–
Unlisted equity investment – outside Hong Kong	2,904	3,049	12,195	15,244	–	–	–
Unlisted investment fund	64,844	61,534	59,711	121,245	7,207	419	–
	83,482	80,360	71,906	152,266	9,936	865	498
CURRENT							
Unlisted investment fund	–	–	–	–	–	–	130
	83,482	80,360	71,906	152,266	9,936	865	628

The total size of carrying amount and outstanding commitment for each of those investments as at 30 June 2017 represents approximately 0.1% to 1.4% of the total assets of the Group as at 30 June 2017. It is the strategy of the Group to seek any opportunistic investments to enhance the yield of the surplus cash held by the Group on medium and long-term basis.

Save for those disclosed above and in this announcement, there were no significant investment held, material acquisitions or disposals of subsidiaries and affiliated companies during the Year and there is no plan for material investments or capital assets as at the date of this announcement.

PLEDGE OF ASSETS

As at 30 June 2017, the leasehold properties and certain investment properties with carrying amount of HK$87,600,000 and HK$529,994,000 respectively and bank deposits of HK$26,309,000 were pledged to secure bank borrowings for the Group (2016: the property held for trading with carrying amount of HK$73,755,000).

CONTINGENT LIABILITIES

As at 30 June 2017, the Company had given guarantees of HK$210,000,000 (2016: HK$210,000,000) in respect of the banking facilities of the associate for the Junction Road Property Project.

LEASE AND CONTRACTED COMMITMENTS

As lessee

At 30 June 2017, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**–**	560

The Group leased a number of properties under operating leases. The leases run for an initial period ranging from one to two years, with an option to renew the lease and renegotiated the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. As at 30 June 2016, none of the leases include contingent rentals.

As lessor

At 30 June 2017, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**27,634**	15,600
In the second to fifth years	**47,684**	25,570
Later than five years	**10,141**	14,604
	85,459	55,774

The Group leases its properties under operating lease arrangements which run for an initial period of two to fifteen years (2016: two to fifteen years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. None of the leases include contingent rentals.

CAPITAL COMMITMENTS

	2017	2016
	HK$'000	*HK$'000*
Contracted but not provided for:		
Available-for-sale financial assets	**71,906**	2,517
Investment properties	**110,820**	–
Property, plant and equipment	**517**	–
	183,243	2,517

FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the Year were denominated in United States dollars ("US$"), British Pound ("GBP"), Euro ("EUR"), Japanese Yen ("JPY"), and HK dollars ("HK$"), and most of the assets and liabilities as at 30 June 2017 were denominated in US$, GBP, EUR and JPY, and HK$. Accordingly, the Board is of the view that, to a certain extent, the Group is exposed to foreign currency exchange risk. For the US$ foreign exchange exposure, the Board believes the exposure is small as the exchange rate of US$ to HK$ is comparatively stable. However, the Group is exposed to GBP, EUR and JPY foreign exchange exposure and fluctuation of exchange rates of GBP, EUR and JPY against HK$ could affect the Group's results of operations. During the Year, foreign currency banking facilities for GBP, EUR and JPY were arranged for acquisition of properties and investments in these currencies to hedge for foreign exchange exposure.

USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 13 May 2016, the Company entered into the placing agreement pursuant to which the Company has conditionally agreed to place through Sanfull Securities Limited, on a best effort basis, up to 420,000,000 placing shares of the Company at the placing price of HK$0.15 per placing share of the Company to not less than six placees who and whose beneficial owners shall be independent third parties. The allotment of new shares of the Company was completed on 25 May 2016. The actual net proceeds from the placing were approximately HK$62.4 million, of which HK$50 million is intended for the costs, expenses and obligations of the property development project and the remaining HK$12.4 million for general working capital of the Group. Details of the placing were set out in the announcement of the Company dated 15 May 2016 and the next day disclosure return of the Company dated 25 May 2016. HK$4.5 million and HK$12.4 million were used up as at 30 June 2017 for property development and administrative and other operating expenses of the Group, respectively.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

SEGMENT INFORMATION

The analysis of the principal activities and geographical locations of the operations of the Group are set out in note 3 to the financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had 12 (2016: 12) employees, including the Directors. Total staff costs (including Directors' emoluments) were approximately HK$10,940,000 for the Year as compared to approximately HK$10,344,000 in last year. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong and share option scheme.

CONNECTED TRANSACTION

On 14 March 2017, the Group entered into an acquisition agreement with Mr. Pong in relation to the acquisition of 1 share, representing the entire issued share capital of Flexwood and all obligations, liabilities and debts owing or incurred by Flexwood to Mr. Pong and its associates on or at any time prior to completion of the acquisition whether actual, contingent or deferred and irrespective of whether the same is due and payable on completion of the acquisition by Alpha Easy Limited by the allotment and issue of 2,409,625,668 new shares of the Company to Virtue Partner Group Limited as directed by Mr. Pong, credited as fully paid, on 23 May 2017.

The acquisition represented property investment made by the Group in its ordinary and usual course of business. As Mr. Pong is a controlling Shareholder and an executive Director, the acquisition constituted a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

Following completion of the acquisition, Flexwood has become a wholly-owned subsidiary of the Company and the financial results of Flexwood will be consolidated in the consolidated financial statements of the Group. The details of the above connected transaction were set out in the Company's circular dated 28 April 2017 and the Company's announcement dated 23 May 2017.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2017 (2016: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report to the Appendix 14 (the "CG Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company has complied with all CG Code during the Year.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by Directors throughout the Year.

REMUNERATION COMMITTEE

According to the Listing Rules, the Company has to set up a remuneration committee comprising a majority of independent non-executive Directors. The remuneration committee of the Company (the "Remuneration Committee") was established on 23 March 2007 with the latest written terms of reference adopted on 30 March 2012. As at the date of this announcement, the Remuneration Committee consists of three members, of which all are independent non-executive Directors, namely Mr. Koo Fook Sun Louis ("Mr. Koo"), Mr. Lung Hung Cheuk ("Mr. Lung") and Ms. Yeung Wing Yan ("Ms. Yeung"), which schedules to meet at least once a year. The chairman of the Remuneration Committee is Mr. Lung and the quorum necessary for the transaction of business is two.

The latest terms of reference of the Remuneration Committee are posted on the websites of the Stock Exchange and the Company.

The roles and functions of the Remuneration Committee include to make recommendation to the Board on the remuneration packages of individual executive Directors, which include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of non-executive Directors.

The Remuneration Committee held 2 meetings during the Year to review the remuneration packages of all the Directors and senior management of the Company.

NOMINATION COMMITTEE

According to code provision A.5 of the CG Code, the Company has to set up a nomination committee comprising a majority of independent non-executive Directors. The nomination committee of the Company (the "Nomination Committee") was established on 12 November 2007 with the latest written terms of reference adopted on 30 March 2012. As at the date of this announcement, the Nomination Committee consists of three members, of which all are independent non-executive Directors, namely Mr. Koo, Mr. Lung and Ms. Yeung, which schedules to meet at least once a year. The chairwoman of the Nomination Committee is Ms. Yeung and the quorum necessary for the transaction of business is two.

The latest terms of reference of the Nomination Committee are posted on the websites of both the Stock Exchange and the Company.

The roles and functions of the Nomination Committee include nomination of the potential candidates for directorship, reviewing the nomination of the Directors, making recommendations to the Board for ensuring that all nominations are fair and transparent, reviewing and monitoring the implementation of the policy of diversity of the Board (the "Board Diversity Policy").

The Nomination Committee formulated the Board Diversity Policy. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

(A) at least one-third of the members of the Board shall be independent non-executive directors;

(B) at least three of the members of the Board shall be independent non-executive Directors; and

(C) at least one of the members of the Board shall have obtained accounting or other professional qualifications.

The Board has achieved the measurable objectives under Board Diversity Policy for the Year.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee also monitors the implementation of the Board Diversity Policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under the Board Diversity Policy.

The Nomination Committee held 2 meetings during the Year to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors, make recommendations to the Board relating to the renewal services of non-executive Director and independent non-executive Directors and to review the Board Diversity Policy.

AUDIT COMMITTEE

According to the Listing Rules, the Company has to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The audit committee of the Company (the "Audit Committee") was established on 2 May 2002 with the latest written terms of reference adopted on 3 June 2016. During the Year, the Audit Committee was chaired by Mr. Koo and as at the date of this announcement, all Audit Committee members are independent non-executive Directors, namely Mr. Koo, Mr. Lung and Ms. Yeung.

The latest terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee are to review and supervise the financial control, risk management and internal control systems of the Group and provide advice and comment on the Company's draft annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports to Directors.

The Audit Committee held 4 meetings during the Year and had reviewed the audited consolidated financial statements for the year ended 30 June 2016 and the unaudited consolidated financial statements for the three months ended 30 September 2016, six months ended 31 December 2016 and nine months ended 31 March 2017 respectively, with the recommendations to the Board for approval; and to review the accounting principles and policies adopted by the Group and its financial reporting functions and risk management and internal control systems. During the Year, the Audit Committee met the Company's auditor two times.

The Group's unaudited consolidated quarterly, interim results and audited consolidated annual results for the Year have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The Audit Committee has also reviewed the audited consolidated financial statements for the Year.

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

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

APPRECIATION

I would like to take this opportunity to express my appreciation to the Shareholders for their support, to the management and staff for their dedicated efforts to the Group and to our clients, consultants and partners for all their valuable assistance offered during this past year.

By order of the Board
PONG WILSON WAI SAN
Chairman

Hong Kong, 25 September 2017

As at the date of this announcement, the Company's executive Directors are Mr. Pong Wilson Wai San, Mr. Lee Wing Yin and Mr. Ngan Man Ho, the Company's non-executive Director is Mr. Lai Hin Wing Henry and the Company's independent non-executive Directors are Mr. Koo Fook Sun Louis, Ms. Yeung Wing Yan Wendy and Mr. Lung Hung Cheuk respectively.