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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 2016

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 2016 (the “Year”), together with the comparative figures for the year ended 30 June 2015:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2016

	Notes	2016 HK\$'000	2015 HK\$'000 (Re-presented)
Continuing operations			
Revenue	4	11,607	7,236
Cost of sales		(7,571)	(1,255)
Gross profit		4,036	5,981
Other income	5	10,734	25,732
Selling and distribution expenses		–	(220)
Administrative expenses and other operating expenses		(28,024)	(22,192)
Fair value (loss)/gain on investment properties		(16,858)	3,800
Loss on deregistration of a subsidiary		(10,409)	–
Finance costs		(351)	(588)
(Loss)/Profit before income tax	6	(40,872)	12,513
Income tax (expense)/credit	7	(976)	121
(Loss)/Profit for the year from continuing operations		(41,848)	12,634
Discontinued operations			
Loss for the year from discontinued operations	8	–	(41,525)
Loss for the year		(41,848)	(28,891)
(Loss)/Profit for the year attributable to:			
Owners of the Company			
(Loss)/Profit for the year from continuing operations		(41,259)	12,945
Loss for the year from discontinued operations		–	(41,525)
Loss for the year attributable to owners of the Company		(41,259)	(28,580)
Non-controlling interests			
Loss for the year from continuing operations		(589)	(311)
Loss for the year from discontinued operations		–	–
Loss for the year attributable to non-controlling interests		(589)	(311)
		(41,848)	(28,891)
			(Re-presented)
Losses per share from continuing and discontinued operations			
Basic and diluted	10	HK(1.43) cents	HK(0.84) cent
(Losses)/Earnings per share for (loss)/profit from continuing operations			
Basic and diluted	10	HK(1.43) cents	HK0.38 cent
Losses per share for losses from discontinued operations			
Basic and diluted	10	N/A	HK(1.23) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the year	(41,848)	(28,891)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net fair value (loss)/gain on available-for-sale financial assets	(6,200)	4,111
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	1,610	(11,367)
Exchange differences arising on translation of foreign operations	(6,569)	(10,223)
Release of exchange reserve upon deregistration of a subsidiary	10,409	–
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Other comprehensive income for the year, net of tax	305	(17,479)
	<hr/>	<hr/>
Total comprehensive income for the year	(41,543)	(46,370)
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Total comprehensive income for the year attributable to:		
Owners of the Company	(40,954)	(46,059)
Non-controlling interests	(589)	(311)
	<hr/>	<hr/>
	(41,543)	(46,370)
	<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	<i>Notes</i>	2016 HK\$'000	2015 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,157	1,915
Investment properties		408,852	228,800
Interests in associates		–	–
Interests in joint ventures		–	–
Available-for-sale financial assets		44,982	57,188
		454,991	287,903
Current assets			
Amounts due from associates		86,914	125,613
Amounts due from a joint venture		20	20
Available-for-sale financial assets		5,982	–
Properties held for trading		105,157	32,450
Properties under development		444,775	444,705
Trade receivables	11	3,384	1,011
Prepayments, deposits and other receivables		1,758	5,279
Financial assets at fair value through profit or loss		26,824	1,626
Cash and bank balances		410,936	589,283
		1,085,750	1,199,987
Current liabilities			
Accrued expenses and other payables		7,642	4,444
Borrowings		2,915	–
Amounts due to non-controlling shareholders		234,813	234,122
Provision for income tax		516	7,648
		245,886	246,214
Net current assets		839,864	953,773
Total assets less current liabilities		1,294,855	1,241,676

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current liabilities		
Borrowings	26,233	–
Deferred tax liabilities	739	325
	<u>26,972</u>	<u>325</u>
Net assets	<u>1,267,883</u>	<u>1,241,351</u>
EQUITY		
Share capital	31,385	27,185
Reserves	1,237,644	1,214,723
	<u>1,269,029</u>	<u>1,241,908</u>
Equity attributable to owners of the Company	1,269,029	1,241,908
Non-controlling interests	(1,146)	(557)
	<u>1,267,883</u>	<u>1,241,351</u>
Total equity	<u>1,267,883</u>	<u>1,241,351</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Equity attributable to owners of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium account	Translation reserve	Share-based payment reserve	Revaluation reserve	Other reserve	Retained profits			Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 July 2014	34,785	1,274,759	6,159	9,241	8,490	2,997	181,956	1,518,387	(59)	1,518,328
Repurchase and cancellation of shares	(7,600)	(224,200)	-	-	-	-	-	(231,800)	-	(231,800)
Disposal of interests in a subsidiary that does not result in loss of control	-	-	-	-	-	1,399	-	1,399	(187)	1,212
Expenses directly attributable to the disposal of interests in a subsidiary that does not result in loss of control	-	-	-	-	-	(19)	-	(19)	-	(19)
Lapse of share options	-	-	-	(1,159)	-	-	1,159	-	-	-
Transactions with owners	(7,600)	(224,200)	-	(1,159)	-	1,380	1,159	(230,420)	(187)	(230,607)
Loss for the year	-	-	-	-	-	-	(28,580)	(28,580)	(311)	(28,891)
Other comprehensive income:										
Net fair value gain on available-for-sale financial assets	-	-	-	-	4,111	-	-	4,111	-	4,111
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	-	-	-	-	(11,367)	-	-	(11,367)	-	(11,367)
Exchange differences arising on translation of foreign operations	-	-	(10,223)	-	-	-	-	(10,223)	-	(10,223)
Total comprehensive income for the year	-	-	(10,223)	-	(7,256)	-	(28,580)	(46,059)	(311)	(46,370)
At 30 June 2015	27,185	1,050,559	(4,064)	8,082	1,234	4,377	154,535	1,241,908	(557)	1,241,351

	Equity attributable to owners of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium account	Translation reserve	Share-based payment reserve	Revaluation reserve	Other reserve	Retained profits			Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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
Exchange differences arising on translation of foreign operations	-	-	(6,569)	-	-	-	-	(6,569)	-	(6,569)
Release of exchange reserve upon deregistration of a subsidiary	-	-	10,409	-	-	-	-	10,409	-	10,409
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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1. GENERAL INFORMATION

Winfull Group Holdings Limited 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 (the "Share(s)") 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.

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 "Listing Rules").

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.

The comparative figures of fair value change on investment properties and other income have been reclassified to conform with the current year's presentation.

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 2015:

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle

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

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 24 Related Party Disclosures. HKAS 24 Related Party Disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

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 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.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle ¹
Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
HKFRS 9 (2014)	Financial Instruments ²
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³

¹ Effective for annual periods beginning on or after 1 January 2016

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

HKFRSs (Amendments) – Annual Improvements 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

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 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.

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 ("FVTPL") should provide the disclosures related to investment entities as required by HKFRS 12.

Amendments to HKFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply all of the principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

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 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 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.

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/revised HKFRSs and the directors are not yet in a position to quantify the effects on the Group's financial statements.

2.3 Amendments to the Listing Rules

The Company has adopted the amendments to the Listing Rules relating to the disclosures of financial information with refer to the Hong Kong Companies Ordinance, Cap. 622, in this financial year.

The directors of the Company consider that there is no impact on the Group's financial position or performance, however the amendments impact on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

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 (2015: Nil).

	2016			Total HK\$'000
	Property Development Business HK\$'000	Property Investment and Trading Business HK\$'000	Renovation Business 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 investment properties	–	196,910	–	196,910
Reportable segment liabilities	218,960	52,439	322	271,721

	2015					
	Property Development Business HK\$'000 (Re-presented)	Continuing Operations			Discontinued operations	
	Property Investment and Trading Business HK\$'000 (Re-presented)	Renovation Business HK\$'000 (Re-presented)	Total HK\$'000 (Re-presented)	Property Assembly and Brokerage Business HK\$'000 (Re-presented)	Total HK\$'000 (Re-presented)	
Reportable segment revenue:						
From external customers	–	5,862	1,374	7,236	58,285	
Reportable segment profit/(loss)	(941)	8,209	107	7,375	(38,114)	
Bank interest income	–	1	–	1	231	
Depreciation	–	392	19	411	4,155	
Fair value gain on investment properties	–	3,800	–	3,800	–	
Reportable segment assets	578,535	266,969	1,503	847,007	–	
Additions to non-current assets during the year	–	3,800	–	3,800	26	
Reportable segment liabilities	226,503	2,922	883	230,308	–	

Certain comparative figures in segment information for the year ended 30 June 2015 have been re-presented. Previously, the segments of “Property Development Business – Hong Kong” and “Property Development Business – United Kingdom” were reported as the two separate segments. For the year ended 30 June 2016, they were reported under the single segment of “Property Development Business” as a result of the change in information reported internally for the purposes of resources allocation and assessment of business performance. Comparative figures have been re-presented accordingly.

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:

	2016 <i>HK\$’000</i>	2015 <i>HK\$’000</i> (Re-presented)
Revenue		
Reportable segment revenue	<u>11,607</u>	<u>65,521</u>
Consolidated revenue	<u>11,607</u>	<u>65,521</u>
Profit before income tax and discontinued operations		
Reportable segment loss	(21,521)	(30,739)
Reportable segment loss – discontinued operations	–	38,114
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	(1,610)	11,367
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	(1,055)	–
Interest income	6,023	13,422
Dividend income	571	613
Exchange loss, net	(7,720)	(6,826)
Equity-settled share-based payments	(5,790)	–
Corporate salaries and allowances	(4,554)	(4,025)
Depreciation on corporate property, plant and equipment	(420)	(706)
Corporate rent and rates	(2,965)	(5,503)
Unallocated corporate income	650	–
Unallocated corporate expenses	(2,481)	(3,204)
Consolidated (loss)/profit before income tax from continuing operations	<u>(40,872)</u>	<u>12,513</u>
Assets		
Reportable segment assets – continuing operations	1,061,982	847,007
Reportable segment assets – discontinued operations	–	–
Available-for-sale financial assets	50,964	57,188
Financial assets at fair value through profit or loss	26,824	1,626
Corporate cash and bank balances	399,907	577,271
Amounts due from a joint venture	20	20
Other corporate assets	1,044	4,778
Consolidated total assets	<u>1,540,741</u>	<u>1,487,890</u>
Liabilities		
Reportable segment liabilities – continuing operations	271,721	230,308
Reportable segment liabilities – discontinued operations	–	–
Other corporate liabilities	1,137	16,231
Consolidated total liabilities	<u>272,858</u>	<u>246,539</u>

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) (2015: Nil) nor non-current assets were located in the Cayman Islands (2015: Nil). The country of domicile is the country where the Company was incorporated.

Revenue from the major customers is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Customer A (<i>note i</i>)	5,807	–
Customer B (<i>note ii</i>)	2,416	–
Customer C (<i>note i</i>)	2,260	–
Customer D (<i>note iii</i>)	–	53,790
	<u>10,483</u>	<u>53,790</u>

Notes:

- (i) derived from the Property Investment and Trading Business.
- (ii) derived from the Renovation Business.
- (iii) derived from the Property Assembly and Brokerage Business.

4. REVENUE

Revenue from the Group's principal activities recognised during the year is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Continuing operations		
Rental income from investment properties	8,950	5,862
Renovation service income	2,657	1,374
	<u>11,607</u>	<u>7,236</u>
Discontinued operations		
Commission income	–	56,656
Lease management services income	–	1,629
	<u>–</u>	<u>58,285</u>
	<u>11,607</u>	<u>65,521</u>

5. OTHER INCOME

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Re-presented)
Continuing operations		
Interest income	6,024	13,423
Dividend income	571	613
Rental income from properties held for trading and properties under development	3,481	287
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	–	11,367
Sundry income	658	42
	<u>10,734</u>	<u>25,732</u>

6. (LOSS)/PROFIT BEFORE INCOME TAX

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Continuing operations		
(Loss)/Profit before income tax is arrived at after charging/(crediting) the following:		
Auditor's remuneration – current year provision	367	516
Cost of inventories recognised as expense, including:		
Write-down of properties held for trading to its net realisable value	4,575	–
Depreciation	815	1,117
Employee costs	10,344	4,324
Exchange losses, net	7,720	6,826
Fair value loss/(gain) on investment properties	16,858	(3,800)
Loss on deregistration of a subsidiary	10,409	–
Minimum lease payments under operating lease rentals for land and buildings	3,448	5,856
Reclassified from equity to profit or loss on disposals of available-for-sale financial assets	1,610	(11,367)
Reclassified from equity to profit or loss on significant decline in fair value of available-for-sale financial assets	1,055	–
	<u>1,055</u>	<u>–</u>

7. INCOME TAX EXPENSE/(CREDIT)

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 2016 and 2015. 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Continuing operations		
Current tax – Overseas		
Provision for the year	562	–
Over-provision in respect of prior years	–	(81)
	<u>562</u>	<u>(81)</u>
Deferred tax	<u>414</u>	<u>(40)</u>
Total income tax expense/(credit)	<u>976</u>	<u>(121)</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Continuing operations		
(Loss)/Profit before income tax	<u>(40,872)</u>	<u>12,513</u>
Notional tax on profit or loss before income tax, calculated at the rates applicable to profits/loss in the countries concerned	(6,758)	2,055
Tax effect of non-deductible expenses	6,774	1,251
Tax effect of non-taxable revenue	(835)	(4,208)
Tax effect of temporary difference not recognised	145	87
Tax effect of unused tax losses not recognised	1,650	775
Over provision in prior years	–	(81)
Income tax expense/(credit)	<u>976</u>	<u>(121)</u>

8. DISCONTINUED OPERATIONS

2015

On 11 December 2014, the Company entered into the conditional sale and purchase agreement with Richfield (Holdings) Limited (“RHL”) (which was incorporated in the Republic of Marshall Islands with limited liability and a substantial shareholder of the Company, Mr. Au Wing Wah, is the sole beneficial shareholder of RHL), pursuant to which (i) the Company conditionally agreed to sell and RHL conditionally agreed to purchase the entire share issued share capital of Vastwood Limited (together with its subsidiaries collectively referred to as the “Vastwood Group”) and all obligations, liabilities and debts owing or incurred by the Vastwood Group to the Group on or at any time prior to the completion of the disposal (the “Sale Loan”); and (ii) the Company conditionally agreed to repurchase and RHL conditionally agreed to sell 760,000,000 Shares. As a result, the disposal was completed on 27 February 2015, the date on which the control of the Vastwood Group passed to the acquirer. The consideration for the disposal was settled by RHL by 760,000,000 Shares at completion date.

As a result of the disposal, the Company effectively disposed of (i) 100% interest in the Vastwood Group, (ii) 49% interest in Brilliant Icon Limited (“Brilliant Icon”), (iii) an associate (i.e. 20% interest in Corporate Icon Limited); and (iv) a joint venture (i.e. 10% interest in Cosmo Reach Limited).

The Vastwood Group was principally engaged in provision of property brokerage services, provision of schemes for property consolidation, assembly and redevelopment business. As the Vastwood Group represented separate component of the Group’s businesses, the operations and cash flows of which could be clearly distinguished from the rest of the Group and which represented separate major line of businesses, the Group presented, in its financial statements, the operations of the disposal group as discontinued operations in accordance with HKFRS 5.

The results and cash flows from provision of property brokerage services, provision of schemes for property consolidation, assembly and redevelopment businesses included in the consolidated financial statements are as follows:

	<i>HK\$’000</i>
Revenue	58,285
Cost of sales	(16,999)
Other income	903
Selling and distribution expenses	(2,990)
Administrative expenses and other operating expenses	(22,121)
Finance costs	(801)
	<hr/>
Profit before income tax	16,277
Loss on disposal of subsidiaries, an associate and a joint venture	(54,391)
Income tax expense	(3,411)
	<hr/>
Loss for the year from discontinued operations	<u>(41,525)</u>

A loss of HK\$54,391,000 arose on the disposal of the Vastwood Group, its associate and its joint venture and a gain on HK\$1,380,000 arose on the disposal of 49% interest in Brilliant Icon, being the proceeds of disposal less the carrying amount of the Vastwood Group’s, its associate’s, its joint venture’s and 49% interest in Brilliant Icon’s net assets and attributable goodwill, which was recognised in profit or loss and in other reserve respectively. No tax charge or credit arose from the disposal.

2016

No discontinued operations were recognised during the year.

9. DIVIDENDS

The directors do not recommend the payment of final dividend for the year ended 30 June 2016 (2015: Nil).

10. (LOSSES)/EARNINGS PER SHARE**(a) From continuing and discontinued operations**

The calculations of basic and diluted (losses)/earnings per Share from continuing and discontinued operations are based on the following data:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the year, attributable to owners of the Company	<u>(41,259)</u>	<u>(28,580)</u>
Number of Shares	'000	'000 (Re-presented)
Weighted average number of ordinary shares for the purpose of basic (losses)/earnings per share	2,882,281	3,386,745
Effect of dilutive potential ordinary shares in respect of the Company's share option scheme	<u>7,755</u>	<u>7,540</u>
Weighted average number of shares for the purpose of diluted (losses)/earnings per share	<u>2,890,036</u>	<u>3,394,285</u>

For the year ended 30 June 2015, the weighted average number of ordinary shares in issue was re-presented, after adjusting for the bonus elements in the shares issued under the placing.

(b) From continuing operations

The calculations of basic and diluted (losses)/earnings per Share from continuing operations attributable to the owners of the Company are based on the following data:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(Loss)/Profit for the year from continuing operations	<u>(41,259)</u>	<u>12,945</u>

The denominators used are the same as those detailed above for both basic and diluted (losses)/earnings per Share from continuing and discontinued operations.

(c) **From discontinued operations**

The calculation of basic and diluted losses per Share from discontinued operations attributable to the owners of the Company is based on the following data:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss for the year from discontinued operations	<u>N/A</u>	<u>(41,525)</u>

The denominators used are the same as those detailed above for both basic and diluted (losses)/ earnings per Share from continuing and discontinued operations.

11. 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 2016 and 30 June 2015 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 2016 and 30 June 2015 was past due nor impaired.

As at 30 June 2016, there was no amount denominated in a currency other than the functional currency of the entity to which they relate (2015: 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 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.

12. MATERIAL RELATED PARTY TRANSACTIONS

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Equipment acquired from a related company controlled by one of the substantial shareholders of the Company	–	81
Renovation service income received from a related company controlled by one of the substantial shareholders of the Company	2,417	338
Renovation service income received from a closely family member of one of the substantial shareholders of the Company	–	999
Rental expenses paid to a related company owned by a director of a subsidiary of the Company	–	521
Rental expenses paid to a related company owned by one of the substantial shareholders of the Company	<u>1,680</u>	<u>3,660</u>
	<u>4,097</u>	<u>5,599</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Short-term employee benefits	<u>8,817</u>	<u>6,592</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group was principally engaged in property investment and trading, property development and provision of renovation services. Before the completion of the disposal of the entire equity interests of and all obligation, liabilities and debts owing or incurred by its wholly owned subsidiary, the Vastwood Group on 27 February 2015, the principal activities of the Group were provision of property brokerage services, provision of schemes for property consolidation, assembly and redevelopment, property trading, property development and property investment.

During the financial year, the Group was engaged in two property development projects, which are located in Hong Kong. The Group also has four investment properties, which are located in Hong Kong, and one trading property, which is located in the United Kingdom.

The Hong Kong economy regained momentum in the second half year of this financial year, improving from its sluggish performance in the first half year with the inflation eased further. The domestic demand remained the key source of the growth of economy and expanded further during the financial year while external demand was weakened. Although the residential property market rebounded slightly in the fourth quarter of this financial year after a period of consolidation since the fourth quarter of 2015. Trading still remained low by historical standards. Consistent with the trading volume, the residential property prices rebounded slightly in the fourth quarter of this financial year but were still down by 10% from the peak in 2015. The lingering uncertainties associated with the US interest rate normalization, monetary policy divergence of major central banks, the geopolitical tension in various parts of the world and the “Brexit” of United Kingdom. Those unexpected events have cast a shadow on Hong Kong and global economy over the already subdued global outlook.

FINANCIAL REVIEW

For the year ended 30 June 2016, the Group recorded a turnover (from continuing operations) of approximately HK\$11,607,000, representing an increase of approximately 60.4% comparing with that of approximately HK\$7,236,000 for the last financial year. The improvement in turnover was mainly attributed to the increase in turnover from the property investment and trading business and the renovation business.

Loss before income tax of the Group for the year ended 30 June 2016 from continuing operations was approximately HK\$40,872,000, but a profit before income tax of approximately HK\$12,513,000 was recognized for the last financial year. The loss for the current financial year was mainly attributable to the decrease in other income from interest income and profit on disposal of available-for-sale financial assets, the fair value loss on investment properties, loss on deregistration of a subsidiary and also the recognition of equity-settled share-based payment for the Year under review. Thus, the loss attributable to shareholders of the Company (“Shareholder(s)”) for the year ended 30 June 2016 amounted to approximately HK\$41,259,000, representing an increase of approximately 44.4% as compared with the loss attributable to Shareholders of approximately HK\$28,580,000 for the last financial year. The loss for the last financial year was mainly attributed to the loss from discontinued operations.

BUSINESS OVERVIEW

Property Development Business

During the Year under review, 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 ("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.

In respect of the redevelopment project at Nos. 142-154 Carpenter Road, Kowloon, Hong Kong ("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. It 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 for 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 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 additional costs 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 updated in the 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 fourth quarter of 2016.

The application regarding the redevelopment of the Carpenter Road Project Projects is still subject to be reviewed by the relevant government departments. The Group and its joint venture partner continue to evaluate the possible impact of the new practice note and the CFA judgment before deciding on the actions to be taken.

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

The Group has acquired four potential commercial and industrial properties for investment purpose, which are located in Hong Kong, and a potential commercial property in Cardiff, the United Kingdom, for property trading. Details of those properties 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.

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 signage has been reconstructed and strengthened for LED signage. The Group is looking for appropriate potential tenant for the signage.

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

This commercial property was acquired by the Group during the financial year and the transaction was completed on 30 September 2015. 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 an established Montessori kindergarten. The Group has also signed a new tenancy agreement with a church for leasing out the whole premises upon the expiry of the existing lease in October 2016.

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

Another industrial property was acquired by the Group during the financial year. The acquisition was completed on 16 November 2015. 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.

Atlantic House at Cardiff, United Kingdom

The Group has acquired another freehold commercial property in the United Kingdom on 18 December 2015. 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 central in the United Kingdom. The Group believes that it is a good opportunity for acquiring the property for short term trading purpose.

During the financial year, the segment from property investment and trading business recorded a revenue of approximately HK\$8,950,000, representing 77.1% of the Group's revenue for the period. 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 donation to a charity walk of the Community Chest for helping those in need and sponsor staff to participate in Hong Kong Marathon 2016 organized by Standard Chartered Bank, etc. We are keen to be a good and responsible 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 is no staff turnover and 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 Seoul 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 in the financial year and the property market shows some stabilization in 2016. 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. Combining a range of land supply sources, it is estimated that housing land supply will be increased continually in the foreseeable future.

With the purpose of offering better returns to the Shareholders, the Group decided to dispose of its property assembly and brokerage business in last financial year and concentrate on property investment and trading, and development businesses. The Group believed that the business of property developments and 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.

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. 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 2016, the Group had net current assets of approximately HK\$839,864,000 (2015: approximately HK\$953,773,000) including cash and bank balances of approximately HK\$410,936,000 (2015: approximately HK\$589,283,000).

The gearing ratio was 1.9% as at 30 June 2016 (2015: 0%). The gearing ratio is derived by dividing the total of borrowings and finance lease liabilities by total assets. The gearing ratio has increased for the financial year under review when compared to 30 June 2015 due to the new mortgage loan upon acquisition of the Atlantic House at Cardiff, United Kingdom.

During the Year, the Group financed its operations with its own working capital and bank borrowings. As at 30 June 2016, the unsecured and secured bank borrowing of the Group was approximately HK\$29,148,000, in which approximately HK\$14,574,000 are repayable within a period of not exceeding 5 years and approximately HK\$14,574,000 are repayable beyond 5 years (2015: no bank borrowing), and there was no other borrowing (2015: no other borrowing).

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

Save for those disclosed 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 2016, the property held for trading with carrying value of HK\$73,755,000 was pledged to secure bank borrowings for the Group (2015: none of the assets of the Group was pledged to secure banking facilities for the Group).

CONTINGENT LIABILITIES

As at 30 June 2016, the Company had given guarantees of HK\$210,000,000 (2015: HK\$144,000,000) in respect of the banking facilities of the associate for the Junction Road Property Project.

LEASE AND CONTRACTED COMMITMENTS

The Group leases a number of properties under operating leases. The leases run for an initial period ranging from one to two years. As at 30 June 2016 and 2015, none of the leases included contingent rentals.

At 30 June 2016, the total future minimum lease payments under non-cancellable operating leases payable by the Group are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within one year	560	2,515
In the second to fifth years	–	483
	560	2,998

CAPITAL COMMITMENTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Commitments for the acquisition for available-for-sale financial assets	2,517	3,626

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

During the year ended 30 June 2016, the Company issued totally 420,000,000 new Shares, the details are as follows:

1. On 21 July 2015, the Company entered into the agreement to place through Cheong Lee Securities Limited up to 271,848,000 existing Shares owned by Mr. Pong Wilson Wai San (“Mr. Pong”) at the placing price of HK\$0.46 per placing Share to not less than six placees who and whose beneficial owners shall be independent third parties. Subject to fulfillment of conditions of the subscription agreement between the Company and Mr. Pong, the Company intended to allot the same number of the placing Shares at the same price to Mr. Pong after the placing and apply the net proceeds as general working capital of the Group. The placing was completed on 22 July 2015 but subscription of new Shares by Mr. Pong was lapsed on 4 August 2015. Therefore, no new Shares were issued at that time. Details were set out in the announcements of the Company dated 21 July 2015, 24 July 2015 and 4 August 2015.

2. 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 at the placing price HK\$0.15 per placing Share to not less than six placees who and whose beneficial owners shall be independent third parties. The allotment of new Shares was completed on 25 May 2016. The net proceeds from the placing were intended to be used as to approximately HK\$12 million towards general working capital and as to the remaining of approximately HK\$50 million towards the costs, expenses and obligations of the property development project 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 returns of the Company dated 25 May 2016.

FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the Year were denominated in United States dollars ("US\$"), British Pound ("GBP") and HK\$, and most of the assets and liabilities as at 30 June 2016 were denominated in US\$, GBP 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 foreign exchange exposure and fluctuation of exchange rates of GBP against HK\$ could affect the Group's results of operations. During the Year, no hedging transaction or arrangement was made.

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 this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, the Group had 12 (2015: 10) employees, including the Directors. Total staff costs (including Directors' emoluments) were approximately HK\$10,344,000 for the Year (from continuing operations) as compared to approximately HK\$4,324,000 (from continuing operations and discontinued operations) 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.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2016 (2015: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 21 November 2016 to Thursday, 24 November 2016, both days inclusive, during which period no transfer of Shares will be registered. In order to attend the annual general meeting of the Company, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 18 November 2016.

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 Listing Rules. The Company has complied with all CG Code during the year ended 30 June 2016 except for the code provisions A.2.1 and A.2.7 of the CG Code.

Code provision A.2.1 of the CG Code specifies that the roles of chairman and chief executive officer (chief executive for the CG Code) should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer (chief executive for the CG Code) should be clearly established and set out in writing.

Code provision A.2.7 of the CG Code specifies that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. However, the post of chairman of the Company (the "Chairman") has been vacant until the appointment of Mr. Pong as the Chairman with effect from 17 May 2016 and therefore no meeting of the Chairman and non-executive Directors has been held during the year ended 30 June 2016. Mr. Pong took active role in overseeing the function of the Board, and worked closely with all the Directors including the non-executive Directors.

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 written terms of reference which were revised on 28 February 2011 and 30 March 2012 respectively. 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 Wendy (“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 revised 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 and termination of their office or appointment, and make recommendations to the Board of 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 written terms of reference which were revised on 28 February 2011 and 30 March 2012 respectively. 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 revised 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. 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 23 March 2007 with written terms of reference which were revised on 28 February 2011, 30 March 2012 and 3 June 2016 respectively. 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 revised 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 controls systems of the Group and provide advice and comments on the Company's draft annual reports and accounts, half-year reports and 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 2015 and the unaudited consolidated financial statements for the three months ended 30 September 2015, six months ended 31 December 2015 and nine months ended 31 March 2016 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 internal control system. During the Year, the Audit Committee met the Company's auditor three 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 ended 30 June 2016.

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, 30 September 2016

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.