Applied Development Holdings Limited

實力建業集團有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code : 519

Annual Report

2017

*For identification purpose only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-executive Director

Mr. Wang Bo *(Chairman)*

Executive Directors

Mr. Yuen Chi Ping *(Chief Executive Officer)*
Ms. Ng Kit Ling

Independent Non-executive Directors

Mr. Lau Chi Keung
Mr. Yu Tat Chi, Michael
Mr. Chiu Kit Man, Calvin

AUDIT COMMITTEE

Mr. Yu Tat Chi, Michael *(Chairman)*
Mr. Lau Chi Keung
Mr. Chiu Kit Man, Calvin

REMUNERATION COMMITTEE

Mr. Lau Chi Keung *(Chairman)*
Mr. Chiu Kit Man, Calvin
Mr. Wang Bo

NOMINATION COMMITTEE

Mr. Wang Bo *(Chairman)*
Mr. Lau Chi Keung
Mr. Chiu Kit Man, Calvin

COMPANY SECRETARY

Ms. Ng Kit Ling

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1801, 18th Floor
West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

SHARE REGISTRAR IN BERMUDA

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
Hang Seng Bank Limited
Bank of Communications Co., Ltd. Hong Kong Branch
Nanyang Commercial Bank, Limited
Industrial Bank Co., Ltd. Hong Kong Branch

AUDITOR

Mazars CPA Limited
Certified Public Accountants

SOLICITORS

Troutman Sanders
Reed Smith Richards Butler
Baker & McKenzie

STOCK CODE

The Stock Exchange of Hong Kong Limited: 519

WEBSITE

http://www.applieddev.com

On behalf of the Board, I am pleased to present to the shareholders results of the Group for FY2017.

RESULTS

The Group recorded a profit before tax for FY2017 of approximately HK$290,949,000 as compared to the corresponding FY2016 decline 21.4%. The decline in profit was primarily attributable to the fact that a non-recurring gain on disposal of subsidiaries amounting to approximately HK$318,937,000 was recognised during FY2016, but no such non-recurring gain was recognised during FY2017. The financial impact as a result of such fact was partially offset by (1) the net gain arising from the acquisition of a subsidiary amounting to approximately HK$171,654,000 and (2) the increase in fair value of investment properties amounting to approximately HK$115,000,000 for FY2017.

The Group's revenue also reported an 87.5% increase in FY2017 reaching approximately HK$14,293,000 (2016: HK$7,622,000), the increase was mainly contributed by the rental income generated by investment properties.

PROSPECTS

At the end of June 2017, after the Group completed the acquisition of the entire issued share capital of Wuxi Shengye Joint Stock Company Limited ("Wuxi Shengye") which holds the properties under development located in Wuxi City with the carrying value of approximately HK$756,037,000 as at 30 June 2017, the Board expects that the pre-sale of part of the properties under development will carry out in October 2017 and the completion will be expected in 2019.

Reference is made to the Company's announcement dated 21 July 2017, the Company entered into the termination agreement with Yancheng Herong Property Development Limited ("Yancheng Herong") and its shareholders. Though the termination of the capital injection agreement was mutually agreed by all parties of the capital injection agreement (the "Termination") as Yancheng Herong and its shareholders were and would not be capable of obtaining certain necessary government approvals required under the relevant laws and regulation in a short period of time. The Board believes that the Termination was decided with the best interest to the Group.

The Group will continue to look for the best opportunities or investments in but not limited to the investments in property investment, resort and property development and investment holding business.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my heartfelt thanks to all my fellow directors and staff for their hard work and dedication to make this financial year.

By Order of the Board

Wang Bo
Chairman

Hong Kong, 18 September 2017

BUSINESS REVIEW

During FY2017, the Group continued to engage in its principal business of property investment, resort and property development and investment holding.

PROPERTY INVESTMENT

For FY2017, the Group's investment properties located in Hong Kong generated rental income totaling HK$11,499,000 (2016: HK$2,590,000) which showed a significant increase of 344% over the previous year. The Group's investment properties comprises the office properties in Lippo Centre and China Merchants Tower which were valued at HK$503,000,000 and HK$52,000,000 respectively at 30 June 2017. Also, an increase in fair value of investment properties of approximately HK$115,000,000 (2016: HK$56,928,000) was recorded by the Group for FY2017.

RESORT AND PROPERTY DEVELOPMENT

Reference is made to the Company's circular dated 24 March 2017 and the Company's announcement(s) dated 24 February 2017 and 18 April 2017, the Company's two wholly owned subsidiaries completed the acquisition of entre issued share capital of Wuxi Shengye at the end of June 2017. After the acquisition, the Company recorded a net gain arising from the acquisition of a subsidiary of approximately HK$171,654,000 for FY2017 and the carrying value of the properties under development of Wuxi Shengye approximately HK$756,037,000 as at 30 June 2017. The pre-sale of the part of the properties under development will be expected to carry out in October 2017 and the completion will be expected in 2019.

Reference is made to the Company's announcement dated 21 July 2017, the Company entered into the Termination Agreement with Yancheng Herong and its shareholders. Though the Termination was mutually agreed by all parties as Yancheng Herong and its shareholders were and would not be capable of obtaining certain necessary government approvals required under the relevant laws and regulation in a short period of time. The Board believes that the Termination was decided with the best interest to the Group.

INVESTMENT HOLDING

During FY2017, the Group recorded a total investment income of approximately HK$2,794,000 (2016: HK$5,032,000) on all investments in corporate bonds, equity securities and other investments. After the disposal of all these investments of the Group during FY2017, the Group recognised a net gain on disposal of approximately HK$2,319,000 and further invested in "Green Asia Restructure Fund SPC" during FY2017. The Group recorded an increase in fair value of approximately HK$692,000 for FY2017 on "Green Asia Restructure Fund SPC"; the carrying value of "Green Asia Restructure Fund SPC" was approximately HK$50,692,000 as at 30 June 2017.

Reference is made to the Company's announcement dated 12 December 2016, the Company's wholly owned subsidiary subscribed 20% equity interest in an investment holdings company, Wealth Guide Global Limited ("Wealth Guide") for a nominal value of US$20 together with a shareholder's loan of HK$200,000,000 in proportion to the Group's interest in Wealth Guide. The carrying value of the 20% equity interest in Wealth Guide and the shareholder's loan were US$20 and HK$200,000,000 as at 30 June 2017 respectively.

FINANCIAL REVIEW

At 30 June 2017, the Group had current assets of approximately HK$1,202,931,000 (2016: HK$521,001,000) and current liabilities of approximately HK$594,884,000 (2016: HK$2,941,000), representing a current ratio of about 2.0 times (2016: 177.2 times). The Group's total equity and the total bank and other borrowings as at 30 June 2017 amounted to approximately HK$1,247,146,000 (2016: HK$956,173,000) and approximately HK$392,968,000 (2016: nil) respectively, representing a gearing ratio of approximately 31.5% for FY2017.

Foreign Currency Management

The majority of the Group's assets and liabilities were denominated in RMB, HK$ and US dollars, and hence the exposure to foreign exchange risk was insignificant to the Group. The Group does not engage in foreign exchange speculation activities. It is the Group's policy to manage foreign exchange risk through matching foreign exchange income with expenses, and where exposure to foreign exchange is anticipated, appropriate hedging instrument will be used.

Capital and Other Commitments

At 30 June 2017, the Group had no material capital commitments and had commitments for expenditure in respect of the properties under development contracted but not provided for amounting to approximately HK$319,089,000 (2016: nil).

Pledge of Assets

At 30 June 2017, the Group had provided the following security for banking facilities granted to the Company:

(i) pledge of investment properties of the Group with a carrying amount of HK$555,000,000;

(ii) assignment agreements in respect of rental income of the Group's investment properties duly executed by the Group in favour of the bank; and

(iii) assignment agreements in respect of insurance of the Group's investment properties duly executed by the Group in favour of the bank.

At 30 June 2016, the Group had no significant assets under pledge.

Litigation

Save as disclosed in note 34 to the consolidated financial statements, the Group has no other material litigation.

HUMAN RESOURCES AND REMUNERATION POLICY

At 30 June 2017, the Group had a total of 20 (2016: 6) full-time employees and executive directors. For FY2017, total staff costs including directors' emoluments amounted to HK$5,613,000 (2016: HK$3,303,000). The remuneration packages for directors and employees are normally reviewed annually and are structured by reference to market terms and individual competence, performance and experience. The Group also provides medical insurance coverage and operates a provident fund scheme or relevant fund scheme for its employees in Hong Kong and the PRC.

PRINCIPAL RISK AND UNCERTAINTIES

The Group is principally engaged in property investment, resort and property development and investment holding. The financial position, operations, businesses and prospects of the Group and its individual business segment are affected by the following significant risk and uncertainty factors:

Business Risk

The prospects of the Group's property business depend on the performance of the property market in Hong Kong and PRC. Also, the fair values of the Group's investment properties and financial results of property development segment directly link to the performance of the property market in Hong Kong and PRC. Any real estate market downturn in Hong Kong and PRC may materially and adversely affect the financial position, operations, businesses and prospects of the Group and may lead to fair value loss of the Group's investment properties and net loss from property development segment. The real estate markets in Hong Kong and PRC are affected by many factors, including but not limited to, changes in the local's economic, political, social and legal environment and changes in local's fiscal and monetary policy, all of which are beyond the control of the Group. The management policy to mitigate this risk is to diversify the Group's business in terms of asset composition, revenue and profitability.

Market Risk

The Group's property investment business is operating in a rather competitive environment as rental rate of properties are transparent in property leasing markets in Hong Kong. The transparency of the leasing markets put pressure on the revenue and profitability of the Group's property investment business. The management policy to mitigate this risk is to diversify its property investment portfolio (where possible) in terms of property type and location.

The real estate market in PRC is highly competitive. The area that are in competition include quality, design, brand, cost control and environment anciliary facilities. If the competitors of the Group keep on improving their products, the Group will improve its quality and cost control to catch the market and maintain the sales turnover.

Financial Risk

The Group is exposed to financial risks relating to foreign currency, interest rate, price, credit and liquidity risk in its ordinary course of business. For further details of such risks and relevant risk management policies (where required), please refer to note 3 to the consolidated financial statements for details.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the businesses and operations of the Group. During the financial year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH EMPLOYEES AND CUSTOMERS

The Group understands the importance of maintaining a good relationship with its employees and customers to meet its immediate, medium and long term business goals. During the financial year under review, there were no significant dispute between the Group and its employees and customers.

SUBSEQUENT EVENTS

As at 30 June 2017, details of the subsequent events of the Group are set out in note 35 to the consolidated financial statements attached to this annual report.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM of the Company to be held on 16 November 2017 (Thursday), the register of members of the Company will be closed from 13 November 2017 (Monday) to 16 November 2017 (Thursday), both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shop 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:00 p.m. on 10 November 2017 (Friday).

EXECUTIVE DIRECTORS

Mr. Yuen Chi Ping (“**Mr. Yuen**”), aged 38, Executive Director and Chief Executive Officer. Mr. Yuen is a qualified lawyer in both Hong Kong and England and Wales. Mr. Yuen has over 12 years of experience practicing as a lawyer in the PRC and Hong Kong, and has extensive experience in corporate law, China-related public and private mergers and acquisitions, and capital market transactions. Mr. Yuen obtained a bachelor’s degree in laws in 2001 and completed the PCLL programme in 2002 in the University of Hong Kong, then undertook his traineeship and worked as a lawyer in various leading international law firms. He worked as a special counsel in the Shanghai office of Baker & McKenzie from 2011 to 2014, responsible for the firm’s securities practice in Shanghai. Mr. Yuen has been appointed as the head of investment and legal of Fullshare International Group Limited since May 2014 and subsequently the chief operating officer of Fullshare Holdings Limited (stock code: 607) since October 2014, a company listed on the Stock Exchange. Mr. Yuen was appointed as a non-executive director of Hin Sang Group (International) Holding Co. Ltd. (stock code: 6893) since July 2016, a company listed on the Stock Exchange; and a non-executive director of China High Speed Transmission Equipment Group Co., Ltd. (stock code: 658) since December 2016, a company listed on the Stock Exchange. Mr. Yuen was appointed as a director of Pok Oi Hospital since April 2017.

Ms. Ng Kit Ling (“**Ms. Ng**”), aged 52, Executive Director and a director of subsidiaries of the Company. Ms. Ng is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and holds a Master’s degree in Accountancy from the Hong Kong Polytechnic University. She joined the Group in May 2005 and immediately prior to her appointment as an Executive Director in August 2012, Ms. Ng was the Financial Controller of the Company. She has over 31 years of experience in finance and accounting matters of companies listed in Hong Kong. Ms. Ng is also the Financial Controller and Company Secretary of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Wang Bo (“**Mr. Wang**”), aged 37, Chairman and Non-executive Director. Mr. Wang obtained a Juris doctor degree from Duke University, the United States of America (“USA”) in 2007, a master of laws degree from Nanjing University in 2004 and a bachelor of laws degree from Nanjing University of Finance & Economics in 2001. He also obtained Legal Profession Qualification of PRC in 2002. Mr. Wang worked as a manager of Legal Department of DBS Bank (China) Limited Shanghai Branch from 2010 to 2011 and an associate and a senior associate of King & Wood Mallesons from 2007 to 2010. Mr. Wang has been an executive director of Fullshare Holdings Limited (stock code: 607) since September 2014, a company listed on the Stock Exchange. Mr. Wang was appointed as a director of Pok Oi Hospital since April 2017.

Mr. Wang was the sole shareholder, the director and the legal representative of 南京美迅工貿實業有限公司 (Nanjing Mei Xun Industrial and Trade Co., Ltd.*) (“Nanjing Mei Xun”), a company which was established in Nanjing in June 2004 and remained dormant then. The business licence of Nanjing Mei Xun was revoked by Nanjing Administration for Industry and Commerce due to its failure to participate in the annual inspection carried out by Xuanwu Branch of Nanjing Administration for Industry and Commerce for the year of 2010 within the prescribed time. To the best knowledge and belief of Mr. Wang, the local staff of Nanjing Mei Xun was responsible for handling daily operation including the annual inspection of Nanjing Mei Xun. Mr. Wang was not aware of any such information that the annual inspection had not been done by the local staff. To the best knowledge of Mr. Wang, Nanjing Mei Xun had not received any fine or penalty as a result of such revocation of business licence.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Chi Keung ("**Mr. Lau**"), aged 68, Independent Non-executive Director. Mr. Lau has over 38 years of management experience in the real estate industry in the PRC and in Hong Kong. Mr. Lau obtained a higher diploma majoring in surveying/building technology issued by Hong Kong Technical College (currently known as Hong Kong Polytechnic University) in 1970. Mr. Lau was admitted fellow member of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors respectively in 1987. Mr. Lau was appointed as a director of Henderson Investment Limited in 1995 and was appointed as a director of Henderson China Development Limited in 2005. Mr. Lau served in many social positions, including a member of the Construction Industry Training Authority, a member of the Administrative Appeals Board from 2003 to 2009 and an external examiner respectively of the Hong Kong University – B.Sc. (Hons) Degree in Surveying from 1998 to 2001 and of the Hong Kong Polytechnic University – B.Sc. (Hons) programme in Building Surveying from 2005 to 2007. Mr. Lau currently holds several social positions, including a member of the Disciplinary Panel of Hong Kong Institute of Surveyors, a member of the Appeal Tribunal Panel of Planning and Lands Branch, Development Bureau of Government Secretariat. Mr. Lau was awarded with "Justice of the Peace" issued by the Hong Kong government in 2001 and "Medal of Honour" issued by the Hong Kong government in 2005. Mr. Lau has been an independent non-executive director of Fullshare Holdings Limited (stock code: 607) since December 2013, a company listed on the Stock Exchange.

Mr. Yu Tat Chi, Michael ("**Mr. Yu**"), aged 52, Independent Non-executive Director. Mr. Yu holds a bachelor of commerce degree from the University of New South Wales, Australia. He is a fellow member of the CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yu is also a founding member of The Hong Kong Independent Non-Executive Director Association. Mr. Yu has many years of experience in accounting, corporate finance and asset management. He had held senior management positions in listed companies in Hong Kong. Mr. Yu is an independent non-executive director of Golden Resources Development International Limited (sock code: 677) and EVOC Intelligent Technology Company Limited (stock code: 2308), both companies are listed in Hong Kong. Mr. Yu was appointed as an Independent Non-executive Director of China Netcom Technology Holdings Limited (a listed company in Hong Kong, stock code: 8071) on 31 August 2017.

Mr. Chiu Kit Man, Calvin ("**Mr. Chiu**"), aged 40, Independent Non-executive Director. Mr. Chiu holds a Bachelor of Business Administration degree from the Indiana University at Bloomington in the USA. He was selected as one of the Ten Outstanding Young Persons in 2011 and is now the vice chairman of The Outstanding Young Persons' Association. On social service front, he is the founder and chairman of The Against Elderly Abuse of Hong Kong, a government-recognised charitable organisation. Mr. Chiu was a senior sales manager with Synergy Group Holdings International Limited (stock code: 8105), a company listed in Hong Kong. He is currently a director of Sum Po International Company Limited, which is principally engaged in energy saving products and consultancy services. In 2016, he was appointed by the Hong Kong government as a member of The Advisory Committee on Built Heritage Conservation. Mr. Chiu is now a committee member of the Chinese People's Political Consultative Conference of Doumen District, Zhuhai City, vice chairman of Doumen Clan's Association, managing director of Sai Kung District Industries and Commerce Association Ltd., an executive committee member of VQ Foundation Limited and a member of the Youth Committee of New Territories General Chamber of Commerce.

* *for identification purpose only*

DIRECTORS' REPORT

The Directors have the pleasure to present the annual report and the audited consolidated financial statements of the Company for the year ended 30 June 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The Group is principally engaged in (i) resort and property development; (ii) property investment and (iii) investment holding. Details of the principal activities of the principal subsidiaries are set out in note 32 to the consolidated financial statements.

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year and an indication of likely future developments in the Group's business, can be found in the "Chairman's Statement" and "Management Discussion and Analysis" sections set out on pages 3 to 7 of this annual report. This discussion forms part of this directors' report.

RESULTS

The results of the Group for the year ended 30 June 2017 are set out in the consolidated statement of comprehensive income on page 40.

FINAL DIVIDEND

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 107. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year are set out in note 13 to the consolidated financial statements. Details of the investment properties of the Group as at 30 June 2017 are set out on page 108.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 23 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the Companies Act 1981 of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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

During the year ended 30 June 2017, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 32(b) to the consolidated financial statements and in the consolidated statement of changes in equity on pages 42 to 43, respectively.

DISTRIBUTABLE RESERVES

As at 30 June 2017, the Company had reserves (including capital reserve and accumulated losses) totalling approximately HK$140,457,000 (2016: nil) available for distribution to shareholders.

MAJOR SUPPLIERS AND CUSTOMERS

Except for the acquisition of Wuxi Shengye completed on 26 June 2017, the Group did not have any purchases and suppliers during the year and at the end of the reporting period. During the year, the aggregate revenue attributable to the five largest customers and the largest customer of the Group were 100% and 88% of the revenue arising from the property investment segment of the Group, respectively. The major customers are independent parties to the Company during the year.

To the knowledge of the Directors, none of the directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the number of issued shares of the Company) had any beneficial interest in the Group's five largest customers during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. Yuen Chi Ping *(appointed on 14 September 2016)*
Ms. Wang Jingyu *(resigned on 14 September 2016)*
Ms. Ng Kit Ling
Mr. Tsao Hoi Ho *(resigned on 14 September 2016)*

DIRECTORS *(Continued)*

Non-Executive Director:

Mr. Wang Bo *(appointed on 14 September 2016)*

Independent Non-Executive Directors:

Mr. Lau Chi Keung *(appointed on 14 September 2016)*
Mr. Yu Tat Chi, Michael *(appointed on 14 September 2016)*
Mr. Chiu Kit Man, Calvin *(appointed on 14 September 2016)*
Mr. Su Ru Jia *(resigned on 14 September 2016)*
Mr. Lo Yun Tai *(resigned on 14 September 2016)*
Mr. Chan Ming Fai, Terence *(resigned on 14 September 2016)*

In accordance with Bye-law 87(1) of the Company's Bye-Laws, Mr. Yu Tat Chi, Michael and Ms. Ng Kit Ling will retire by rotation at the forthcoming annual general meeting of the Company (the "AGM") and, being eligible, offer themselves for re-election.

All other Directors will continue in office. All the Independent Non-executive directors are appointed for a term of three years, and are subject to retirement by rotation in accordance with the Company's Bye-Laws.

PERMITTED INDEMNITY PROVISIONS

During the year ended 30 June 2017 and up to the date of this annual report, the Company has maintained directors' and officers' liability insurance coverage for the Directors and officers of the Company to provide protection against claims arising from lawful discharge of duties by the Directors and officers.

DIRECTORS' SERVICE CONTRACTS

None of the directors being proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

Details of the directors' remuneration for the year ended 30 June 2017 are set out in note 11 to the consolidated financial statements.

UPDATES ON DIRECTORS' INFORMATION

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

1. Mr. Yu Tat Chi, Michael ("Mr. Yu") was appointed as an Independent Non-executive Director of China Netcom Technology Holdings Limited (a listed company in Hong Kong, stock code: 8071) on 31 August 2017.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" in this Directors' Report and in note 29 to the consolidated financial statements, no contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30 June 2017, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in the shares of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Approximate percentage of the Company's issued share capital
Ms. Ng Kit Ling	Beneficial owner	15,000	0.001%

Save as disclosed above, as at 30 June 2017, none of the directors or chief executive of the Company had registered an interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in note 24 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share option scheme as mentioned above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors of the Company or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2017, the following interests of more than 5% of the issued shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company

	Number of ordinary shares		
Name of shareholder	**Capacity and Nature of interest**	**Number of issued shares held**	**Approximate percentage of the Company's issued share capital of the Company**
Rich Unicorn Holdings Limited	Beneficial owner	559,865,959	26.82%
Fullshare Holdings Limited ("Fullshare")	Interests of Controlled Corporation	559,865,959	26.82%
Magnolia Wealth International Limited	Interests of Controlled Corporation	559,865,959	26.82%
Ji Changqun ("Mr. Ji")	Interests of Controlled Corporation	559,865,959	26.82%

Note: These interests were held by Rich Unicorn Holdings Limited, which was a wholly owned subsidiary of Fullshare. Magnolia Wealth International Limited which was wholly owned by Mr. Ji who holds 9,188,860,454 shares in Fullshare representing 46.58% of the issued share capital of Fullshare. Accordingly, Mr. Ji is interested in 10,126,770,454 shares in Fullshare representing 51.33% of the issued share capital of Fullshare.

CONNECTED TRANSACTIONS

During the year, the Group has not entered into the material connected transactions and the Company had complied with the reporting, announcement and independent shareholders' approval requirements in accordance with Chapter 14A of the Listing Rules:

RELATED PARTY TRANSACTIONS

The related party transactions are set out in note 29 to the consolidated financial statements. Apart from the connected transactions disclosed above, the other related party transactions as disclosed in notes 29(a)(i) and 29(b) fall under the scope of connected transactions under Chapter 14A of the Listing Rules but are exempted from reporting, annual review, announcement or independent shareholders' approval requirements.

REMUNERATION POLICY

The Group remunerates its employees based on their competence, performance, experience and prevailing market terms. Other employee benefits included provident fund scheme, medical insurance, subsidised training programme as well as discretionary bonuses.

The determination of directors' remuneration has taken into consideration of their respective responsibilities and contributions to the Company and with reference to market terms.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this annual report, none of the directors, or any of their respective associates (as defined in the Listing Rules) had any material interest in a business that competes or may compete with the business of the Group.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company as disclosed in note 24 to the consolidated financial statements, no equity-linked agreements were entered into by the Group, or existed during the year.

MANAGEMENT CONTRACTS

During the year, the Company had not entered into any contract in respect of the management or administration of any business of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital is held by the public as at the date of this report.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 30 June 2017 have been reviewed by the Audit Committee before they are duly approved by the Board under the recommendation of the Audit Committee.

AUDITOR

The consolidated financial statements of the Company for the year ended 30 June 2017 have been audited by Mazars CPA Limited. A resolution will be proposed at the AGM to re-appoint Mazars CPA Limited as auditor of the Company.

On behalf of the Board

Wang Bo
Chairman

Hong Kong, 18 September 2017

The Board is committed to maintaining high standards of corporate governance practices at all times. The Board believes that good corporate governance helps the Company to safeguard the interests of its shareholders and to enhance the performance of the Group.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions ("Code Provisions") of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 30 June 2017, save in respect of Code Provisions (i) A.4.2 (ii) A.2.1. Details of the deviations with reasons are set out in the paragraphs below:

(I) Code Provision A.4.2

Under Code Provision A.4.2 of the CG Code, all directors who are appointed to fill casual vacancies are subject to re-election at the first general meeting after their appointments by the Board, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Bye-laws of the Company (the "Bye-laws") deviates from this Code Provision in the following aspects:

(a) Under Bye-law 86(2) of the Bye-laws, amongst other things, the directors have the power to appoint any person as a director, either to fill a casual vacancy on the Board, or, subject to authorisation by the shareholders in general meeting, as an addition to the existing Board. Any director so appointed by the Board shall hold office until the next following annual general meeting of the Company.

The reason for retaining this Bye-law is for the purpose of compliance with paragraph 4(2) of Appendix 3 of the Listing Rules. The requirement for directors appointed to fill casual vacancies or as additional members of the Board to retire only at the next annual general meeting, rather than at the next general meeting also allows the shareholders to consider re-election of such new directors at the same time as the re-election of the directors who are subject to retirement by rotation, at the same general meeting.

(b) Under Bye-law 87(1) of the Bye-laws, at the annual general meetings of the Company, one third of the directors for the time being (or where the number is not a multiple of three, the number nearest to, but not greater than one third), including the independent non-executive directors, shall retire from office by rotation provided that the chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. Notwithstanding the provisions of Bye-law 87(1), in practice, the Chairman of the Board of the Company, Mr. Wang Bo will voluntarily submit himself for re-election by the shareholders at the annual general meeting of the Company at least once every three years. Accordingly in practice, all directors of the Company (including the independent non-executive directors), are subject to retirement by rotation at least once every three years. All independent non-executive directors are appointed for a term of three years, and are subject to retirement by rotation in accordance with the Bye-laws.

CORPORATE GOVERNANCE *(Continued)*

(II) Code Provision A.2.1

Ms. Wang Jingyu has been appointed as the Chairlady and Managing Director of the Company since 15 July 2015 and was not in compliance with the requirement of Code Provision A.2.1 of the CG Code. Subsequent to resignation of Ms. Wang Jingyu as the Chairlady and the Managing Director of the Company on 14 September 2016, the Code Provision A.2.1 of the CG Code was no longer deviated.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transaction by directors of the Company. Having made specific enquiries with the Directors, all the Directors have confirmed that they had complied with the required standards set out in the Model Code during the year ended 30 June 2017.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company. The Board reviews and approves the objectives, strategies, direction and policies of the Group, the annual budget, annual and interim results, the management structure of the Company as well as other significant policy and financial matters. The Board has delegated the responsibility of day-to-day operations of the Group to the management of the Company.

As at 30 June 2017, the date of this annual report, the Board comprises six directors, two of which are Executive Directors, namely Mr. Yuen Chi Ping and Ms. Ng Kit Ling and a Non-executive Director, namely Mr. Wang Bo and three are Independent Non-executive Directors, namely Mr. Lau Chi Keung, Mr. Yu Tat Chi, Michael and Mr. Chiu Kit Man, Calvin. The Company has received from each of the Independent Non-Executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors are independent in accordance with the independence guidelines set out in the Listing Rules. Biographical details of the Directors are set out under the section headed "Biographies of Directors and Senior Management" on pages 8 to 9 of this annual report.

Save for the aforesaid, there is no other financial, business, family or other material/relevant relationships between the Chairman and the Managing Director and among members of the Board.

The Company will provide a comprehensive, formal and tailored induction to each newly appointed director on his/her first appointment in order to enable him/her to have appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

BOARD OF DIRECTORS *(Continued)*

All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including the briefing on the amendments on the Listing Rules and the news release published by the Stock Exchange to the directors. Continuing briefing and professional development for directors are arranged where necessary.

During the year ended 30 June 2017, 18 regular Board meetings and 3 general meetings were held and the attendance of each director is set out as follows:

	Number of attendance	
	Board meetings	**General meetings**
Executive Directors		
Yuen Chi Ping *(appointed on 14 September 2016)*	15/15	3/3
Ng Kit Ling	18/18	3/3
Wang Jingyu *(resigned on 14 September 2016)*	3/3	N.A.
Tsao Hoi Ho *(resigned on 14 September 2016)*	3/3	N.A.
Non-executive Director		
Wang Bo *(appointed on 14 September 2016)*	13/15	3/3
Independent Non-executive Directors		
Lau Chi Keung *(appointed on 14 September 2016)*	12/15	3/3
Yu Tat Chi, Michael *(appointed on 14 September 2016)*	12/15	3/3
Chiu Kit Man, Calvin *(appointed on 14 September 2016)*	12/15	3/3
Su Ru Jia *(resigned on 14 September 2016)*	3/3	N.A.
Lo Yun Tai *(resigned on 14 September 2016)*	3/3	N.A.
Chan Ming Fai, Terence *(resigned on 14 September 2016)*	3/3	N.A.

CHAIRMAN AND CHIEF EXECUTIVE

The Managing Director is responsible for day-to-day management of the business of the Group, whilst the Chairman provides leadership for the Board to ensure that the Board acts diligently and in the best interests of the Group, and that meetings are planned and conducted effectively. The Chairman is also responsible for approving the agenda for each Board meeting, taking into account, where appropriate, matters proposed by the Directors. The Chairman also actively encourages the Directors to make full contributions and actively participate in the Board’s affairs. It is also the responsibility of the Chairman to ensure that good corporate governance practices and procedures are established.

INDEPENDENT NON-EXECUTIVE DIRECTORS

All Independent Non-executive Directors of the Company are appointed for a fixed term of three years and are subject to retirement by rotation in accordance with the Company's Bye-laws.

REMUNERATION COMMITTEE

The Remuneration Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Remuneration Committee comprises three members, including two Independent Non-executive Directors, namely Mr. Lau Chi Keung and Mr. Chiu Kit Man, Calvin, and one Non-executive Director, namely Mr. Wang Bo. Mr. Lau Chi Keung is the Chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all directors' and senior management's remuneration; determining the remuneration packages of individual executive directors and senior management and making recommendations to the Board on the remuneration of non-executive directors. The full terms of reference are available on the Company's website and the Stock Exchange's website.

The Remuneration Committee met 3 times during the year ended 30 June 2017 to review the remuneration of the directors. The attendance of each member is set out as follows:

Members	**Number of attendance**
Mr. Lau Chi Keung *(appointed on 14 September 2016)*	2/2
Mr. Chiu Kit Man, Calvin *(appointed on 14 September 2016)*	2/2
Mr. Wang Bo *(appointed on 14 September 2016)*	2/2
Mr. Lo Yun Tai *(resigned on 14 September 2016)*	1/1
Mr. Su Ru Jia *(resigned on 14 September 2016)*	1/1
Mr. Chan Ming Fai, Terence *(resigned on 14 September 2016)*	1/1
Ms. Wang Jingyu *(resigned on 14 September 2016)*	1/1

NOMINATION COMMITTEE

The Nomination Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Nomination Committee comprises three members, including two Independent Non-executive Directors, namely Mr. Lau Chi Keung and Mr. Chiu Kit Man, Calvin, and one Non-executive Director, namely Mr. Wang Bo. Mr. Wang Bo is the Chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of directors, evaluation of board composition, assessment of the independence of independent non-executive directors and the management of board succession. The full terms of reference are available on the Company's website and the Stock Exchange's website.

NOMINATION COMMITTEE *(Continued)*

The Nomination Committee met once during the year ended 30 June 2017 to review the structure, size and composition of the Board; assess the independence of the Independent Non-executive Directors of the Company; review and make recommendations to the Board on the re-election of directors; and review and make recommendations to the Board on the appointment of a director. The attendance of each member is set out as follows:

Members	**Number of attendance**
Mr. Wang Bo *(appointed on 14 September 2016)*	N.A.
Mr. Lau Chi Keung *(appointed on 14 September 2016)*	N.A.
Mr. Chiu Kit Man, Calvin *(appointed on 14 September 2016)*	N.A.
Mr. Lo Yun Tai *(resigned on 14 September 2016)*	1/1
Mr. Chan Ming Fai, Terence *(resigned on 14 September 2016)*	1/1
Ms. Wang Jingyu *(resigned on 14 September 2016)*	1/1

BOARD DIVERSITY POLICY

The Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factor.

The Company continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and enhance the benefits of diversity in the boardroom. The Company sees diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors, including but not limited to skills, regional and industrial experiences, background, race, gender and other qualities. In infusing its perspective on diversity, the Company will also take into account facts based on its own business model and specific needs from time to time.

The Company endeavors to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and in order for the Board to be effective.

Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Board believes that such merit-based appointments will best enable the Company to make sure that its Board is able to act in the best interests of the Company and its shareholders going forward.

The Nomination Committee is primarily responsible for identifying suitably qualified candidates to become members of the Board and in carrying out this responsibility, will give adequate consideration to the Company's diversity policy.

The Company will review the policy on a regular basis to ensure its continued effectiveness.

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their responsibilities on the Company's consolidated financial statements for the year ended 30 June 2017 is set out in the "Independent Auditor's Report" on pages 34 to 39 of this annual report.

For the year ended 30 June 2017, remuneration payable to the Company's auditor, Mazars CPA Limited, for the provision of audit services was HK$530,000. During the year, HK$1,385,000 was paid as remuneration to Mazars CPA Limited for the provision of non-audit related services including professional services for potential acquisition of/capital injection into subsidiaries and announcement of interim and final results.

AUDIT COMMITTEE

The Audit Committee has specific written terms of reference as set out in the CG Code. As at the date of this annual report, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Yu Tat Chi, Michael, Mr. Lau Chi Keung and Mr. Chiu Kit Man, Calvin. Mr. Yu Tat Chi, Michael is the Chairman of the Audit Committee.

The Audit Committee is mainly responsible for assisting the Board in applying financial reporting and internal control principles and in maintaining an appropriate relationship with the Company's auditor. The Audit Committee is also delegated the corporate governance function of the Board to monitor, procure and manage corporate governance compliance within the Group. The full terms of reference are available on the Company's website and the Stock Exchange's website.

The Audit Committee met 3 times during the year ended 30 June 2017 and the attendance of each member is set out as follows:

Members	**Number of attendance**
Mr. Yu Tat Chi, Michael *(appointed on 14 September 2016)*	2/2
Mr. Lau Chi Keung *(appointed on 14 September 2016)*	2/2
Mr. Chiu Kit Man, Calvin *(appointed on 14 September 2016)*	2/2
Mr. Chan Ming Fai, Terence *(resigned on 14 September 2016)*	1/1
Mr. Su Ru Jia *(resigned on 14 September 2016)*	1/1
Mr. Lo Yun Tai *(resigned on 14 September 2016)*	1/1

AUDIT COMMITTEE *(Continued)*

The following is a summary of work performed by the Audit Committee during the year:

1. reviewed and discussed the audited financial statements of the Group for the year ended 30 June 2016 and recommended to the Board for approval;

2. reviewed and discussed the unaudited financial statements of the Group for the six months ended 31 December 2016 and recommended to the Board for approval;

3. reviewed and discussed with the management and auditor of the Company the accounting policies and practices which may affect the Group and the scope of the audit;

4. reviewed the effectiveness of risk management and the internal control system of the Group; and

5. reviewed and approved the remuneration and the terms of engagement of the Company's auditor; and reviewed and made recommendations to the Board on the re-appointment of the Company's auditor.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

The directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for FY2017.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

1. to develop and review the Group's policies and practices on corporate governance and make recommendations;

2. to review and monitor the training and continuous professional development of directors and senior management;

3. to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual applicable to the employees and directors of the Group; and

5. to review the Group's compliance with the CG Code and disclosure requirements in the corporate governance report.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Structure

The Board is responsible to maintain a sound and effective risk management and internal control system, in order to protect the interest of the Company and its shareholders. The risk management and internal control systems are designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives, and can only provide reasonable, but not absolute assurance against material misstatements or losses.

The Company has established an Enterprise Risk Management Framework (the "ERM Framework") in order to implement risk management effectively. Our ERM Framework comprises two key elements: risk management structure and risk management process.

Board of directors

The Board has a duty to ensure the effectiveness of the risk management and internal control systems of the Group (the "ERM system"). The Board oversees the ERM system, assess and evaluate the Group's business strategies and risk tolerance. The Board, with assistance from the Audit Committee, reviews at least annually the effectiveness of the ERM system, the Board also monitors the ERM system in an on-going manner.

Audit Committee

Audit Committee has the second highest responsibility to risk management and internal control. Audit Committee assists the Board in overseeing the Group's ERM system by providing support and advice, including on-going monitoring of the execution of risk management processes, reviewing the Group's risk register, reviewing and approving the internal control review plan and results.

Management

The management of the Group, comprises the chief executive officer, chief financial officer and senior managers, is responsible for identifying and monitoring the risks relevant to daily operations of the Group. The Management reports to the Board and Audit Committee on the risks identified including strategic, operational, financial, reporting and compliance risks and its changes during the Year. The management is also responsible to develop appropriate internal control measures to mitigate the risk, identify and resolve material internal control defects.

Independent internal control consultant and auditors

To ensure the independent of the internal control review, the Group has outsourced the internal audit function to an independent internal control consultant (the "IC consultant"), the scope of work includes reviewing the effectiveness of the Group's risk management and internal control systems. The scope of the internal control review is risk-based and is reviewed by the Audit Committee, the IC consultant is able to communicate with the Audit Committee directly regarding the results of their review. The Auditor is also able to communicate the internal control issues they noticed during their audit to Audit Committee directly.

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Risk Management Process

Our ERM framework defined the procedures for identifying, assessing, responding and monitoring risks and their changes. Through regular discussion with each operating functions, the Group strengthen the understanding of risk management such that all employees will understand and report various risks identified to the Management in a timely manner. It enhanced the Group's ability to identify and management risk.

To identify and prioritize material risks throughout the Group, Management communicate with each operating functions, collect significant risk factors that affect the Group from bottom to top, including strategic, operational, financial, reporting and compliance risks. After identified all relevant risks, Management assess the potential impact and possibilities of the risks and prioritize the risks, appropriate internal control measures are then developed to mitigate the risks identified and the changes of risks in an on-going manner.

Main Features of Our Risk Management and Internal Control Systems

Maintain an effective internal control system (operational level)

- Establish clear internal control policies and procedures, clearly define the responsibilities, authorities and accountabilities of each key positions;
- Establish code of conduct, explain the Group's requirements on integrity and ethical value to all staffs;
- Establish whistle blowing mechanism, encourage employees to report incidents of misconduct or fraud;
- Establish appropriate level of information technology assess rights, avoid leakage of price sensitive information;
- Establish insider information disclosure policy, including reporting channel and responsible person of disclosure, unified response to external enquiries and obtain advice from professionals or the Stock Exchange of Hong Kong Limited, if necessary.

During FY2017, the Board has reviewed the effectiveness of internal control policies and procedures, including those related to financial reporting and Listing Rule compliance. The Board has considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions during the evaluation the effectiveness of the review the effectiveness of risk management and internal control systems.

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Main Features of Our Risk Management and Internal Control Systems *(Continued)*

On-going risk monitoring (risk management level)

Based on the ERM framework and risk management policies established by the Board, the Management communicate with each operating functions, collect significant risk factors that affect the Group from bottle to top. The Group has established a risk register to record the risks identified, the Management assess the potential impact and possibilities of the risks and develop appropriate internal control measures to mitigate the risks identified.

During the Year, the Management conducted evaluation of risk management structure and procedures and submitted a risk assessment report to the Board and Audit Committee, including a 3-years internal control review plan, to enable the Board and Audit Committee effectively monitor and mitigate the major risks of the Group.

Independent review

The Group has appointed the IC consultant to conduct an Internal control review for FY2017, the scope of review has covered the period from 1 July 2016 to 30 June 2017. An internal control review report has been provided to Audit Committee.

The Management has established remediation and improvement plan for internal control weaknesses identified. Nothing has come to the Audit Committee's or Board's attention to believe that risk management and internal control systems of the Group are inadequate or ineffective.

COMPANY SECRETARY

Ms. Ng Kit Ling ("Ms. Ng") was re-appointed the Company Secretary of the Company on 14 November 2013. The biographical details of Ms. Ng are set out under the section headed "Biographies of Directors and Senior Management" on pages 8 to 9 of this annual report. Ms. Ng has taken no less than 15 hours of the relevant professional training during FY2017.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meeting are contained in the Bye-laws. The Bye-laws have been made available on the website of the Stock Exchange and the Company's website. Amendments to the Listing Rules which came into force on 1 January 2009 have made it mandatory for all voting at meetings of shareholders of the Company to be taken by way of poll. Effective from 1 January 2012, the Listing Rules have been amended to allow voting by poll on procedural and administrative matters to be dispensed with by the chairman of the meeting. The Company has taken steps to ensure compliance with the requirements about voting by poll and arrangements have been made for the voting of each of the resolutions being put to the meetings to be dealt with by means of poll pursuant to the Listing Rules.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS *(Continued)*

Pursuant to Bye-law 58 of the Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. The purposes of convening the meeting must be stated in the relevant requisition, signed by all the shareholders concerned in one or more documents in like form and deposited at the Company's head office and principal place of business in Hong Kong.

At general meetings, the Board and the respective committee members of the Audit Committee, Remuneration Committee and Nomination Committee are responsible for answering questions raised by the shareholders. The auditor of the Company will also attend the annual general meeting to answer questions raised by the shareholders on the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

In order to provide detailed and up-to-date information to our shareholders, the Company has a range of communication channels to ensure its shareholders are kept well-informed. These comprise communication by way of general meetings, annual reports, public notices, announcements and circulars.

The Company seeks to enhance communications and positive relationships with investors by maintaining regular dialogues with institutional investors and analysts to keep them updated about the business, operations and development of the Group, and by replying to any enquiries from investors appropriately. Investors are welcome to make enquiries to the Company at its office in Hong Kong or visit the Company's website (www.applieddev.com) directly for updated corporate and financial information on the Group.

ABOUT THIS REPORT

This is Applied Development Holdings Limited's (hereafter refer as the "Company" or "We") first Environmental, Social and Governance ("ESG") Report (the "Report") with an objective to outline our strategies, objective, target, achievement and performance regarding our sustainability development. This Report covers the period from 1 July 2016 to 30 June 2017 (the "Reporting Period"), and explained how the Company complied with the disclosure requirements of ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities published by Hong Kong Exchanges and Clearing Limited (the "ESG Guide") during the Reporting Period.

This Report focuses on our core business segment – namely property investment in Hong Kong, we seek to expand our reporting scope in the future. This Report highlighted our sustainability efforts in environmental and social aspects including emission, use of resources, natural resources, employment, health and safety, development and training, labor standards, supply chain management, product responsibility, anti-corruption and community investment. For details of our corporate governance, please refer to the Corporate Governance Report.

We welcome any feedback and opinions with regards to this Report and our sustainability performances. Please send us your comments to info@applieddev.com.

COMMUNICATION WITH OUR STAKEHOLDERS

Stakeholders are key drivers in the continuous improvement of our ESG performance. Our stakeholders include shareholders and investors, customers, employees, suppliers, government and regulatory bodies, business partners and other interested parties. We endeavor to communicate with our stakeholders through daily operations to collect their view and concern, and base on that we provide our stakeholders clear information about our approach and performance in sustainability development.

OUR APPROACH TO SUSTAINABILITY DEVELOPMENT

We pay attention to sustainability and the global climate change. We commit to incorporating ESG principles into our daily operations and seek for opportunities to further enhance our performance in environmental protection, reduce the resource consumption, reduce our waste production and ensure proper handling.

ENVIRONMENTAL ASPECTS

We recognize the importance of environmental protection and we commit to reducing our impact on environment during our operation. We have established different objectives and policies/actions to help us contribute to the sustainability of our precious environment.

Our Objectives:	**Our Policies/Actions**
• Reduce indirect carbon emission through use of electricity; • Encourage recycling; • Encourage use of electronic communication; and • Compliance with all relevant laws and regulations regarding emission.	• Turn off unnecessary light and air-conditioning • Promote paperless office • Reduce air-travelling • Not to print out email • Double side printing • Donate old computers

Aspect A1: Emissions

Our operation is office based and therefore our major source of carbon emissions comes indirectly from the use of electricity. We manage carbon emissions and other air emissions through reducing energy consumption. We try our best to communicate through electronic media to reduce air travelling and use of paper.

We advocate the principle of 3Rs (Reduce, Reuse & Recycle) in our office so as to reduce the amount of solid waste. Old computers and electronic machines in our office will also be donated to charity organizations after all data and information have been safely wiped by our IT technician.

We fully complied with all relevant laws and regulations regarding emission and did not receive any complaint during the Reporting Period.

ENVIRONMENTAL ASPECTS *(Continued)*

Aspect A2: Use of Resources

We adopt and promote energy conservation policies to achieve high level of energy efficiency, includes monitoring our use of electricity continuously, setting air-conditioning at optimal level, reminding our staff to turn off unnecessary light and air conditioners, allowing employees to dress casually and reducing/combining business travels, etc.

We promote "paperless office" and encourage our employees to reduce the paper usage by using electronic document, duplex printing, avoiding to use paper cup and collecting waste papers for recycling.

Aspect A3: The Environment and Natural Resources

We believe education is the fundamental component in environmental sustainability. We need to bring up our staff's awareness towards environmental protection, such that our policies can be implemented properly, receive feedback from staff from on-going improvement and even bring our approach to sustainability to their daily life.

SOCIAL ASPECTS

EMPLOYMENT AND LABOUR PRACTICES

Our Objectives:	**Our Policies/Actions**
• Attract and retain talents for accomplishing our corporate missions and strategies • Comply with all relevant labor laws and regulations	• Reasonable remuneration and benefits • Keen communication with staff • Frequent short staff gathering functions to strengthen employee relationship • Care employee's health • Work-life balance

We do not have a lot of employees, but each and every one of them are our valuable assets. They support and help accomplishing our corporate missions and strategies. We treat our employees as family members, in addition to offering reasonable remunerations and benefits, we talk and communicate with them to understand how they think, what they want and what difficulties they encountered. We work together to solve problems and share achievements.

From time to time we organize tea or lunch gathering with our employees as a short break during their work, allowing them to relax and talk freely, share life and work with other colleagues. It helps strengthen relationship among employees and to develop team spirit and sense of belonging.

We strictly abide by all relevant labor laws and regulations and did not receive any complaint during the Reporting Period.

SOCIAL ASPECTS *(Continued)*

Aspect B1: Employment

We regularly review our remuneration package and benefits (include mandatory provident fund, annual leave, travel and meal allowance) to ensure it is competitive to market. We talk to each resigned staff to understand their reason and look for improvement opportunity. We also implemented five-day work week and do not encourage overtime work, allow staff to leave early on festival day to let our staff reserve their leisure time with their family.

We are equal opportunity employer, treating everyone fairly regardless their ethnicity, gender, creed, religion, age, disability and sexual preference during recruitment and promotion. We only consider their work performance, competency, experience and qualifications. We do not tolerate any kind of workplace discrimination and harassment, we would take serious disciplinary actions and report to police or relevant regulatory bodies if any workplace discrimination or harassment were found.

Aspect B2: Health and Safety

We always put occupational health and safety as top priorities. We make our best endeavors to provide a healthy and safe work environment in order to protect our employees from occupational hazards. We maintain a hygienic workplace, adequate ventilation and proper lighting to reduce visual strain and discomfort. We also educate our staff for fire safety and perform fire drill periodically.

We comply with relevant standards and regulations related to occupation health and safety and are not aware of any material non-compliance. We also did not receive any reports on work-related injuries or causalities during the Reporting Period.

Aspect B3: Development and Training

Enhancing skills and knowledge of our employees through training and development is important to the sustainability of our business. We offer both internal and external training to our staff to make sure they are well equipped for accomplishing their tasks. We hold regular briefing section to our employees and discuss the improvement areas and development opportunities with them. We also encourage our staff to participate in a wide range of training programs to gain and update their knowledge. Attendance record of training is kept for our future evaluation.

Aspect B4: Labour Standards

We do not tolerate any violation to labor’s right and have adopted a zero-tolerance approach towards the use of child labor and forced labor in our operations, and we expect the same to our suppliers. We comply with all relevant laws and regulations. During the Reporting Period, we are not aware of any issue associated with child labor or forced labor.

OPERATING PRACTICES

Our Objectives:	Our Policies/Actions
• High quality supplier • Green purchase • Zero tolerance to bribery and corruption • Protect customer and employee data • Foster positive relationships with the communities	• Supplier assessment • Give higher priority to environmental friendly products • Staff code of conduct • Data protection policy • Participate in community services

Aspect B5: Supply Chain Management

We assess our suppliers to ensure they offer high quality products and services at reasonable cost, we also require our suppliers to act responsibly and align with our sustainability values. We expect our suppliers can follow the best environmental and social practices including but not limited to upholding integrity, treating their employees fairly, adapting a zero-tolerance approach to child labor and force labor and protecting the environment.

In selecting products and services during our daily operations, we give higher priority to environmental friendly products. We hope that through our green purchasing, we can reduce our impact to environment and reduce energy, which could also at the same time reduce our energy cost to achieve win-win situation.

To enable monitoring to our suppliers' performance, we conduct supplier performance review regularly. If the assessment result is unsatisfactory, we will ask the relevant supplier(s) for rectification or improvement, and make sure they have remediated before placing new orders to them.

We do not accept any kind of bribery and corruption, we will report to relevant regulatory body such as police or ICAC if we notice any acts of bribery and corruption. We also require our staff and directors to actively declare if conflict of interest exists.

Aspect B6: Product Responsibility

We provide our customers with high service quality, we have established complaint handling channel and appointed responsible staff to ensure quick handling of any complaint or enquiries raised such as repair and maintenance.

We handle sensitive customer information with extra care to prevent leakage of information. Privacy data and information are accessible by authorized staff only. We continue to enhance our service in order to meet customers' expectation and build trust with them. During the Reporting Period, we did not receive any report for violation of laws and regulations related to our service quality or leakage of customer information.

OPERATING PRACTICES *(Continued)*

Aspect B7: Anti-corruption

We committed to high level of corporate governance and maintain a high level of integrity and ethical standard. We established Code of Conducts to our employees and have established whistle-blowing channel for reporting misconduct to enhance our control environment. Employees are required to follow the rules and guidance outlined in Internal Control Policy. They are required to decline any advantages offered when performing their duties and responsibilities and immediately report such situation to directors. We educate our staff that we have zero tolerance in bribery, extortion, fraud, money laundering, etc. and how to report if they have noticed any misconducts. During the Reporting Period, we did not receive any report in relation to corruption, bribery, extortion, fraud and money laundering related to our employees and directors.

Aspect B8: Community Investment

We foster positive relationships with our communities and actively participate in different activities that could contribute to our society.

During the Reporting Period, we have participated in a few social activities, including an elderly visiting which brought fun moment to the elders.

MAZARS

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To the members of
Applied Development Holdings Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Applied Development Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 40 to 106, which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2017, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the year ended 30 June 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Acquisition accounting for Wuxi Shengye Joint Stock Company Limited* (無錫盛業海港股份有限公司) ("Wuxi Shengye") *Refer to significant accounting policies in note 2 and the disclosure of acquisition of a subsidiary in note 30 to the consolidated financial statements.*	
The Group completed the acquisition of Wuxi Shengye on 26 June 2017 at a consideration of RMB234 million (equivalent to approximately HK$270 million) (the "Wuxi Acquisition"). The acquisition constituted a business combination for accounting purposes. The initial accounting for the Wuxi Acquisition requires the Group to identify the assets acquired and liabilities assumed and measure their amounts. In particular, an independent valuer was appointed by the Group to provide assistance in measuring the values of identifiable assets and liabilities. A net gain of approximately HK$172 million arising from the Wuxi Acquisition was credited to profit or loss. We considered this matter to be a Key Audit Matter because of the significant impact of the Wuxi Acquisition on the consolidated financial statements, and the inherent judgement involved in estimating the value of the assets acquired and liabilities assumed.	Our audit procedures, among others, included: – evaluating management's assessment of the terms of the acquisition agreement; – understanding the valuation processes and methodology, significant assumptions adopted and key inputs used in the valuation of assets and liabilities; – challenging the reasonableness of key assumptions based on our knowledge and understanding of the businesses of Wuxi Shengye and markets; – assessing the appropriateness of the methodology and the reasonableness of significant assumptions used by management in determining the value of assets acquired and liabilities assumed including fair value adjustments as at date of acquisition; – evaluating the competence, capabilities and objectivity of the independent professional valuer; and – performing legal search on Wuxi Shengye and obtaining confirmation from the Group's lawyer in the People's Republic of China to identify any contingent liabilities and evaluate the impact.

* *English name for identification purpose only*

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties *Refer to significant accounting policies in note 2 and the disclosure of investment properties in note 13 to the consolidated financial statements.*	
The Group's investment properties measured at fair value amounted to HK$555 million at 30 June 2017. The fair value was determined by the Group with reference to the valuations performed by an independent professional valuer engaged by the Group. We considered this matter to be a Key Audit Matter because of its significance to the consolidated financial statements, and the significant judgements and estimates involved in the valuation including the determination of valuation techniques and different inputs in the models.	Our audit procedures, among others, included: – evaluating the competence, capabilities and objectivity of the independent professional valuer; – understanding the valuation processes and methodologies, the performance of the property market, significant assumptions adopted, critical judgemental areas used in the valuation of investment properties; and – evaluating the reasonableness of the methodologies and assumptions.
Recoverability of available-for-sale investments measured at cost *Refer to significant accounting policies in note 2 and the disclosure of available-for-sale investments in note 16 to the consolidated financial statements.*	
At 30 June 2017, the Group recorded a shareholder's loan of HK$200 million to Wealth Guide Global Limited, a company in which the Group has 20% equity interest. The shareholder's loan is accounted for as available-for-sale investments measured at cost less impairment loss. We considered this matter to be a Key Audit Matter because of its significance to the consolidated financial statements. The assessment of impairment loss requires the management's use of judgement and estimates.	Our audit procedures, among others, included: – obtaining an understanding of how assessment of impairment loss was conducted by the management; – assessing the appropriateness of the methodologies and critical judgements made by management leading to the conclusion of the recoverability assessment; and – evaluating the judgements made by management over the occurrence of the impairment event against the evidence available.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2017 annual report of the Company other than the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda (as amended), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 18 September 2017

The engagement director on the audit resulting in this independent auditor's report is:

Chan Wai Man
Practising Certificate number: P02487

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	5	**14,293**	7,622
Other revenue	5	**3,198**	690
Other income	6	**–**	226
Other operating expenses		**(154)**	–
Net gain on disposal of financial assets at fair value through profit or loss		**2,319**	1,233
Net increase (decrease) in fair value of financial assets at fair value through profit or loss		**692**	(571)
Net increase in fair value of investment properties	13	**115,000**	56,928
Net gain arising from the acquisition of a subsidiary	30	**171,654**	–
Gain on disposal of subsidiaries	31	**–**	318,937
Administrative expenses		**(15,644)**	(13,250)
Finance costs	8	**(409)**	(1,819)
Interest income on promissory note receivable from a joint venture		**–**	5,713
Impairment loss on amount due from a joint venture		**–**	(5,607)
Profit before tax	9	**290,949**	370,102
Taxation	10	**31**	(66)
Profit for the year, attributable to equity holders of the Company		**290,980**	370,036
Other comprehensive (loss) income			
Items that are reclassified or may be reclassified subsequently to profit or loss			
– Change in fair value of available-for-sale investments		**(28)**	(96)
– Exchange difference arising on translation of foreign operations		**21**	–
– Release of translation reserve upon disposal of a subsidiary	31	**–**	276
Other comprehensive (loss) income for the year, net of tax		**(7)**	180
Total comprehensive income for the year, attributable to equity holders of the Company		**290,973**	370,216
EARNINGS PER SHARE	12		
Basic		**13.94 HK cents**	19.27 HK cents
Diluted		**13.94 HK cents**	19.27 HK cents

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Investment properties	13	**555,000**	440,000
Property, plant and equipment	14	**224**	100
Other assets	15	**–**	174
Available-for-sale investments	16	**200,147**	175
		755,371	440,449
Current assets			
Properties under development	17	**756,037**	–
Financial assets at fair value through profit or loss	18	**50,692**	72,809
Other receivables	19	**52,975**	25,770
Bank balances and cash	20	**343,227**	422,422
		1,202,931	521,001
Current liabilities			
Trade and other payables	21	**201,916**	2,941
Interest-bearing borrowings	22	**392,968**	–
		594,884	2,941
Net current assets		**608,047**	518,060
Total assets less current liabilities		**1,363,418**	958,509
Capital and reserves			
Share capital	23	**20,876**	20,876
Share premium and reserves		**1,226,270**	935,297
Total equity		**1,247,146**	956,173
Non-current liabilities			
Deferred tax liabilities	25	**116,272**	2,336
		1,363,418	958,509

The consolidated financial statements on pages 40 to 106 were approved and authorised for issue by the Board of Directors on 18 September 2017 and signed on its behalf by:

Yuen Chi Ping
Executive Director

Ng Kit Ling
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000 (Note i)	Investment revaluation reserve HK$'000 (Note ii)	Other reserve HK$'000 (Note vi)	Capital redemption reserve HK$'000 (Note iii)	Capital reserve HK$'000 (Note iv)	Translation reserve HK$'000 (Note v)	Retained profits HK$'000	Total HK$'000
At 1 July 2015	17,397	139,846	(300)	2,606	11,931	204,610	(276)	101,724	477,538
Profit for the year	–	–	–	–	–	–	–	370,036	370,036
Other comprehensive (loss) income									
Items that are reclassified or may be reclassified subsequently to profit or loss									
– Change in fair value of available-for-sale investments	–	–	(96)	–	–	–	–	–	(96)
– Release of translation reserve upon disposal of a subsidiary (Note 31)	–	–	–	–	–	–	276	–	276
Total other comprehensive income	–	–	(96)	–	–	–	276	–	180
Total comprehensive income for the year	–	–	(96)	–	–	–	276	370,036	370,216
Transactions with equity holders									
Contributions and distributions									
– Issue of shares upon placing of shares (Note 23(a))	3,479	104,940	–	–	–	–	–	–	108,419
Change in ownership interest									
– Derecognition of other reserve upon disposal of a subsidiary	–	–	–	(2,606)	–	–	–	2,606	–
	3,479	104,940	–	(2,606)	–	–	–	2,606	108,419
At 30 June 2016	20,876	244,786	(396)	–	11,931	204,610	–	474,366	956,173

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Attributable to equity holders of the Company							
	Share capital HK$'000	Share premium HK$'000 (Note i)	Investment revaluation reserve HK$'000 (Note ii)	Capital redemption reserve HK$'000 (Note iii)	Capital reserve HK$'000 (Note iv)	Translation reserve HK$'000 (Note v)	Retained profits HK$'000	Total HK$'000
At 1 July 2016	20,876	244,786	(396)	11,931	204,610	–	474,366	956,173
Profit for the year	–	–	–	–	–	–	290,980	290,980
Other comprehensive loss (income)								
Items that may be reclassified subsequently to profit or loss								
– Change in fair value of available-for-sale investments	–	–	(28)	–	–	–	–	(28)
– Exchange difference arising on translation of foreign operations	–	–	–	–	–	21	–	21
Total other comprehensive loss	–	–	(28)	–	–	21	–	(7)
Total comprehensive income for the year	–	–	(28)	–	–	21	290,980	290,973
At 30 June 2017	20,876	244,786	(424)	11,931	204,610	21	765,346	1,247,146

Notes:

(i) Share premium represents the excess of the net proceeds or consideration from issuance of the Company's shares over their par value. The application of the share premium account is governed by Section 46(2) of the Companies Act 1981 of Bermuda (as amended).

(ii) Investment revaluation reserve comprises the accumulated gains and losses arising on the revaluation of available-for-sale investments that have been recognised in other comprehensive income, net of the amounts reclassified to profit or loss when those investments are disposed of or are determined to be impaired.

(iii) Capital redemption reserve has been set up and is dealt with on repurchases and cancellations of the Company's own shares. The application of the capital redemption reserve is governed by Section 42A of the Companies Act 1981 of Bermuda (as amended).

(iv) Capital reserve represents contributed surplus arising from the cancellation of share premium account of the Company pursuant to a special resolution passed by the Company on 22 February 1999 and waivers of loans from the then minority shareholders of subsidiaries of the Company during the years ended 30 June 2006 and 2008.

(v) Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(vi) Other reserve represented the revaluation adjustments of properties under property, plant and equipment and prepaid lease payments upon transfer to investment properties. Following the disposal of certain investment properties previously transferred from property, plant and equipment and prepaid lease payments through disposal of a subsidiary, the revaluation surplus attributable to these investment properties included in the other reserve was released to retained profits during the year ended 30 June 2016.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES			
Profit before tax		**290,949**	370,102
Adjustments for:			
Depreciation of property, plant and equipment		**21**	617
Finance costs		**409**	1,819
Write-off of property, plant and equipment		**70**	–
Net gain arising from the acquisition of a subsidiary	30	**(171,654)**	–
Gain on disposal of subsidiaries	31	**–**	(318,937)
Net gain on disposal of financial assets at fair value through profit or loss		**(2,319)**	(1,233)
Loss on disposal of other assets		**154**	–
Interest income		**(3,198)**	(690)
Interest income from financial assets at fair value through profit or loss		**(2,560)**	(4,391)
Foreign exchange losses		**21**	–
Dividend income from financial assets at fair value through profit or loss		**(234)**	(641)
Interest income on promissory note receivable from a joint venture		**–**	(5,713)
Impairment loss on amount due from a joint venture		**–**	5,607
Net increase in fair value of investment properties		**(115,000)**	(56,928)
Net (increase) decrease in fair value of financial assets at fair value through profit or loss		**(692)**	571
Operating cash flows before changes in working capital		**(4,033)**	(9,817)
Changes in working capital:			
Other receivables		**24,686**	(24,553)
Other payables		**367**	(2,991)
Net cash from (used in) operating activities		**21,020**	(37,361)

	Notes	**2017 HK$'000**	2016 HK$'000
INVESTING ACTIVITIES			
Interest received		**6,326**	4,805
Dividend received from financial assets at fair value through profit or loss		**234**	641
Additions to investment properties		**–**	(51,784)
Purchase of financial assets at fair value through profit or loss		**(126,133)**	(98,410)
Purchase of property, plant and equipment		**(15)**	(335)
Net cash outflow on acquisition of subsidiaries	30	**(269,048)**	(377,370)
Net cash inflow on disposal of subsidiaries	31	**–**	873,516
Proceeds from disposal of financial assets at fair value through profit or loss		**150,651**	49,907
Provision of shareholder's loan to an affiliate company		**(200,000)**	–
Advance to other borrower		**(50,250)**	–
Proceeds from disposal of other assets		**20**	–
Net cash (used in) from investing activities		**(488,215)**	400,970
FINANCING ACTIVITIES			
Interest paid in respect of bank and other borrowings		**–**	(1,819)
Proceeds from issue of shares upon placing of shares		**–**	108,419
New bank borrowing raised		**388,000**	–
New other borrowing raised (Remark)		**–**	140,000
Repayment of bank borrowings		**–**	(75,181)
Repayment of other borrowing (Remark)		**–**	(140,000)
Net cash from financing activities		**388,000**	31,419
Net (decrease) increase in cash and cash equivalents		**(79,195)**	395,028
Cash and cash equivalents at the beginning of the reporting period		**422,422**	27,394
Cash and cash equivalents at the end of the reporting period		**343,227**	422,422
Analysis of the balances of cash and cash equivalents			
Cash at bank and in hand		**317,953**	22,405
Non-pledged time deposits with original maturity of three months or less		**25,274**	400,017
		343,227	422,422

Remark:

The other borrowing of HK$140,000,000 was unsecured and bearing interest rate at 12% per annum, which was raised from an independent financial institution for financing acquisition of subsidiaries and fully settled upon completion of disposal of a subsidiary during the year ended 30 June 2016 as set out in notes 30(b) and 31(f) to the consolidated financial statements respectively.

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and the principal place of business of the Company are disclosed in the section headed "Corporate Information" in the annual report.

The consolidated financial statements are presented in Hong Kong Dollar ("HK$"), which is the functional currency of the Company.

The Company acts as an investment holding company. The Company and its subsidiaries (collectively the "Group") are principally engaged in resort and property development, property investment and investment holding. The activities of the principal subsidiaries of the Company are set out in note 32(a) to the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2016 consolidated financial statements except for the adoption of the following new / revised HKFRSs that are relevant to the Group and effective from the current year.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Adoption of new / revised HKFRSs

Amendments to HKAS 1: Disclosure Initiative

The amendments include changes in the following five areas: (1) materiality; (2) disaggregation and subtotals; (3) structure of notes; (4) disclosure of accounting policies; (5) presentation of items of other comprehensive income arising from investments accounted for using equity method. It is considered that these amendments are clarifying amendments that do not directly affect an entity's accounting policies or accounting estimates.

The adoption of the amendments did not have any significant impact on the consolidated financial statements.

Amendments to HKASs 16 and 38: Clarification of Acceptable Methods of Depreciation and Amortisation

HKAS 16 and HKAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The amendments to HKAS 16 clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendments to HKAS 38 clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The adoption of the amendments did not have any significant impact on the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Adoption of new / revised HKFRSs *(Continued)*

Amendments to HKAS 27 (2011): Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amendments did not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011): Investment Entities – Applying the Consolidation Exception

The amendments:

(1) introduce relief to permit a non-investment entity investor, that has an interest in an associate or joint venture that is an investment entity, to retain the fair value through profit or loss measurement applied by the associate or joint venture to its interests in its subsidiaries.

(2) amend HKAS 28 (2011) and HKFRS 10 respectively so that the exemption from applying the equity method and preparing consolidated financial statements as set out in paragraph 17 of HKAS 28 (2011) and paragraph 4(a) of HKFRS 10 is available to an entity that is a subsidiary of an investment entity which measures all of its subsidiaries at fair value through profit or loss in accordance with HKFRS 10.

(3) amend HKFRS 10 to clarify that only subsidiaries of an investment entity that are not themselves an investment entity and whose main purpose and activities are providing services that relate to the investment entity's investment activities are consolidated by the investment entity.

(4) amend HKFRS 12 to clarify that the relevant disclosure requirements therein apply to an investment entity.

The adoption of the amendments did not have any significant impact on the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Adoption of new / revised HKFRSs *(Continued)*

Annual Improvements Project: 2012-2014 Cycle

(1) HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Changes in Methods of Disposal

These amendments clarify the accounting for a change in an entity's disposal plan from a plan to sell to a plan to distribute a dividend in kind to its shareholders (or vice versa). Such a reclassification shall not be treated as a change to a plan of sale (or distribution to owners) and accounted for as such. Consequently, such a change in classification is considered as a continuation of the original plan of disposal and the entity will not follow the accounting for a change to the plan. Besides, to address the lack of guidance in circumstances when an asset no longer meets the criteria for held for distribution to owners, the amendments clarify that an entity should cease to apply held-for-distribution accounting in the same way as it ceases to apply the held-for-sale accounting when the asset no longer meets the held-for-sale criteria. The adoption of the amendments did not have any significant impact on the consolidated financial statements.

(2) HKFRS 7 Financial Instruments: Disclosures – Servicing contracts

These amendments clarify what kind of servicing contracts may constitute continuing involvements for the purposes of applying the disclosure requirements for transferred financial assets that are derecognised in their entirety. The adoption of the amendments did not have any significant impact on the consolidated financial statements.

(3) HKAS 19 Employee Benefits: Discount Rate – Regional Market Issue

The amendment clarifies that the depth of the market for high quality corporate bonds used to determine the discount rate for post-employment benefit obligations should be assessed at a currency level and not at country level. The adoption of the amendment did not have any significant impact on the consolidated financial statements.

A summary of the principal accounting policies adopted by the Group is set out below.

Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost, except for investment properties and certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June each year. The financial statements of its subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured initially either at fair value or at the present ownership instrument's proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis.

Allocation of total comprehensive income

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

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented in note 32 to the consolidated financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

– Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

– Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and

– Assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if applicable), and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if applicable) and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interests were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are land and / or building that are held by owner to earn rental income and / or for capital appreciation. These include properties held for a currently undetermined future use, properties that are being constructed or developed for future use as investment properties and properties that are held under operating lease, which satisfy the definition of investment property and are carried at fair value.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Leasehold improvements	20%
Furniture, fixtures and equipment	10% to 25%
Motor vehicles	10% to $33^1/_3$%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, whereas shorter, the terms of the relevant leases.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion. Development cost of property comprises mainly construction costs, cost of land use rights, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) the Group transfers substantially all the risks and rewards of ownership of the financial asset, or (b) the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Classification and measurement *(Continued)*

1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. They are carried at fair value, with any resultant gain and loss recognised in profit or loss.

Financial assets are classified as held for trading if they are (i) acquired principally for the purpose of selling in the near future; (ii) part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) derivatives that are not financial guarantee contracts or not designated and effective as hedging instruments.

Financial assets are designated at initial recognition as at fair value through profit or loss only if (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis; or (ii) they are part of a group of financial assets and / or financial liabilities that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

2) Loans and receivables

Loans and receivables including other receivables and bank balances and cash are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Classification and measurement *(Continued)*

3) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated at this category or not classified in any of the other categories of financial assets. They are measured at fair value with changes in value recognised as a separate component of equity until the assets are sold, collected or otherwise disposed of, or until the assets are determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income shall be reclassified to profit or loss as a reclassification adjustment.

Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less impairment loss.

4) Financial liabilities

The Group's financial liabilities include trade and other payables and interest-bearing borrowings. All financial liabilities except for financial liabilities at fair value through profit or loss are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

5) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds, net of direct issue costs.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets, other than those at fair value through profit or loss, are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss by using the discounted cash flow, interest income (i.e. the discount unwinding) is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

When an available-for-sale financial asset stated at fair value is impaired, a cumulative loss comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and current fair value, less any previously recognised impairment loss in profit or loss, is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss in respect of available-for-sale equity instrument are not reversed through profit or loss. Any subsequent increase in fair value of available-for-sale equity instrument after recognition of impairment loss is recognised in equity. Reversal of impairment loss of available-for-sale debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment and investments in subsidiaries may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably, with reference to fair value of consideration received or receivable, and on the following bases:

Rental income from operating leases is recognised when the properties are let out and on a straight-line basis over the lease terms.

Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessor

Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms.

As lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the terms of the relevant lease.

Lease incentives are recognised in profit or loss as an integral part of the net consideration agreed for the use of the leased asset. Contingent rentals are recognised as expenses in the accounting period in which they are incurred.

Foreign currency translation

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (the "foreign currencies") are translated and recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currency translation *(Continued)*

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation on non-monetary items in respect of which gain and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Retirement benefit scheme

Payment to defined contribution retirement benefit scheme is charged as expenses when employees have rendered service entitling them to the contributions.

Details of the retirement benefit scheme are set out in note 33 to the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Equity-settled share-based payment transactions

Share options granted to employees of the Group

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in share options reserve in equity.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

Borrowings costs

Borrowings costs which are directly attributable to the acquisition, construction and production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as and included in finance costs in profit or loss in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for.

The deferred tax assets or liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or liability is settled, based on the tax rates and the tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, net of bank overdrafts (if any).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

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

(i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made various estimates and judgements which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and judgements are continually evaluated. The key source of estimation uncertainty and critical judgements made in applying accounting policies that result in significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial period or significantly affect the amounts recognised in the consolidated financial statements are discussed below:

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Critical accounting estimates and judgements *(Continued)*

Key sources of estimation uncertainty

Valuation of investment properties

The Group's investment properties are stated at fair value based on the valuation carried out by an independent firm of qualified professional valuer on an open market basis by the direct comparison approach assuming sale with the benefit of vacant possession or by making reference to comparable sale evidence as available in the relevant market.

In determining the fair value of investment properties, the valuer has based on a method of valuation which involves, inter alia, sales price of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size and age. In relying on the valuation report, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions as at the end of each reporting period. Particulars of the investment properties of the Group are set out in note 13 to the consolidated financial statements.

Impairment of loans and receivables

The management determines the provision for impairment of the Group's loans and receivables based on the current creditworthiness and the past collection history of each customer and other debtors and the current market condition. If the financial conditions of the Group's customers and other debtors were to deteriorate, resulting in an impairment of their ability to make payments, provision may be required.

Impairment of investments and receivables

The Company and the Group assess annually if their investments in subsidiaries and available-for-sale investments measured at cost have suffered any impairment in accordance with HKAS 36 and follow the guidance of HKAS 39 in determining whether amounts due from those entities and loan to an affiliate company are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

Estimation of net realisable value of properties under development

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices and internal estimates such as future selling prices and costs to completion of the properties. Particulars of the properties under development of the Group are set out in note 17 to the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Future changes in HKFRSs

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new / revised HKFRSs that are relevant to the Group and are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 7	Disclosure Initiative [1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses [1]
Annual Improvements to HKFRSs	2014-2016 Cycle [2]
Amendments to HKAS 40	Transfers of Investment Property [3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions [3]
HKFRS 9 (2014)	Financial Instruments [3]
HKFRS 15	Revenue from Contracts with Customers [3]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration [3]
HKFRS 16	Lease [4]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments [4]

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

[2] Effective for annual periods beginning on or after 1 January 2017 or 2018 where applicable

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

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

The directors do not anticipate that the adoption of the *Amendments to HKAS 7, Amendments to HKAS 12 and certain Annual Improvements Project – 2014-2016 Cycle* that are effective for annual periods beginning on or after 1 January 2017 in future periods will have any material impact on the results of the Group.

The directors are in the process of assessing the possible impact on the future adoption of the remaining new / revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group's consolidated financial statements.

3. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial instruments include available-for-sale investments, financial assets at fair value through profit or loss, other receivables, bank balances and cash, trade and other payables and interest-bearing borrowings. Details of these financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group is exposed to foreign currency risk primarily on financial assets at fair value through profit or loss. The currency giving rise to this risk is United States Dollar ("US$"). The Group does not hedge its foreign currency risks because the rate of exchange between HK$ and US$ is stable under current market condition and the existing currency exchange policies adopted by the Government of Hong Kong Special Administrative Region.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's secured bank borrowings with floating interest rates as at the end of the reporting period. The interest rates and terms of repayment have been disclosed in note 22 to the consolidated financial statements. The Group currently does not have a policy to hedge against the interest rate risk as management does not expect any significant interest rate risk as at the end of the reporting period.

At the end of the reporting period, if interest rates had been 100 basis points *(2016: Nil)* higher / lower and all other variables were held constant, the Group's net profit would decrease / increase by approximately HK$3,880,000 *(2016: Nil)*, but there would be no impact on the other equity reserves.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the secured bank borrowings in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of the reporting period.

3. FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Price risk

The Group is exposed to price risks principally arising from the unlisted investment fund held under financial assets at fair value through profit or loss in the consolidated financial statements.

The sensitivity analysis has been determined based on the exposure to price risk. At the end of the reporting period, if the market price had been 5% *(2016: 5%)* higher / lower while all other variables were held constant, the Group's net profit would increase / decrease by approximately HK$2,535,000 *(2016: HK$3,640,000)* due to change in the fair value of investments held under financial assets at fair value through profit or loss.

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. The Group's credit risk is mainly attributable to bank balances and loan receivable included in other receivables.

The management considers the credit risk in respect of bank balances is minimal because the counter-parties are authorised financial institutions in Hong Kong and the PRC with low default risks.

In respect of loan to other borrower, individual credit evaluations are performed taking into account of the counterparties' repayment ability. Monitoring procedures are in place on an ongoing basis in order to reduce credit risk.

3. FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial risk management objectives and policies *(Continued)*

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through banking facilities available. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The maturity profile of the financial liabilities of the Group at the end of the reporting period based on remaining contractual undiscounted payments is summarised below:

	2017		
	Total carrying value HK$'000	**Total contractual undiscounted cash flow HK$'000**	**On demand or less than 1 year HK$'000**
Trade and other payables	**201,916**	**201,916**	**201,916**
Interest-bearing borrowings	**392,968**	**393,767**	**393,767**
	594,884	**595,683**	**595,683**

	2016		
	Total carrying value HK$'000	Total contractual undiscounted cash flow HK$'000	On demand or less than 1 year HK$'000
Other payables	2,941	2,941	2,941

3. FINANCIAL INSTRUMENTS *(Continued)*

(b) Categories and fair value of financial instruments

Fair value measurements

The following table presents the carrying value of financial instruments measured at fair value at 30 June 2017 and 2016 across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level of input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical financial instruments that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the financial instruments, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the financial instruments.

(i) *Financial assets measured at fair value*

	At 30 June 2017			
	Total HK$'000	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**
Financial assets at fair value through profit or loss:				
Unlisted investment funds	**50,692**	**–**	**50,692**	**–**
Available-for-sale investments:				
Equity investments listed in Hong Kong	**147**	**147**	**–**	**–**

	At 30 June 2016			
	Total HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Financial assets at fair value through profit or loss:				
Debt instruments listed overseas	35,661	35,661	–	–
Debt instruments listed in Hong Kong	7,891	7,891	–	–
Equity securities listed in Hong Kong	9,470	9,470	–	–
Equity-linked notes	19,787	19,787	–	–
	72,809	72,809	–	–
Available-for-sale investments:				
Equity investments listed in Hong Kong	175	175	–	–

3. FINANCIAL INSTRUMENTS *(Continued)*

(b) Categories and fair value of financial instruments *(Continued)*

Fair value measurements *(Continued)*

(i) Financial assets measured at fair value (Continued)

During the years ended 30 June 2017 and 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

(ii) Financial assets and liabilities not measured at fair value

The carrying amounts of the financial assets and liabilities of the Group carried amounts at other than their fair values are not materially different from their fair values as at 30 June 2017 and 2016.

The carrying amounts of each of the following categories of financial assets and financial liabilities are set out as follows:

	2017	2016
	HK$'000	HK$'000
Loans and receivables measured at cost / amortised cost:		
Other receivables (excluding prepayments)	**51,718**	25,387
Bank balances and cash	**343,227**	422,422
	394,945	447,809
Available-for-sale financial assets:		
Equity securities listed in Hong Kong, at fair value	**147**	175
Unlisted shares, at cost	**–**	–
Loan to an affiliate company, at cost	**200,000**	–
	200,147	175
Financial assets at fair value through profit or loss measured at fair value:		
Financial assets at fair value through profit or loss	**50,692**	72,809
Financial liabilities measured at cost / amortised cost:		
Trade and other payables	**201,916**	2,941
Interest-bearing borrowings	**392,968**	–
	594,884	2,941

4. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure, to reduce the cost of capital and to support the Group's stability and growth.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders. No changes were made in the objectives, policies or processes during the years ended 30 June 2017 and 2016.

5. REVENUE

	2017	2016
	HK$'000	HK$'000
Revenue		
Gross rental income from investment properties	**11,499**	2,590
Interest income from financial assets at fair value through profit or loss	**2,560**	4,391
Dividend income from financial assets at fair value through profit or loss	**234**	641
	14,293	7,622
Other revenue		
Bank interest income	**1,458**	690
Loan interest income	**1,740**	–
	3,198	690
Total revenue	**17,491**	8,312

6. OTHER INCOME

	2017	2016
	HK$'000	HK$'000
Sundry income	**–**	226

7. SEGMENT INFORMATION

Management identifies operating segments based on internal reports that are regularly reviewed by the chief operating decision maker, who are the directors, for the purposes of allocating resources to segments and assessing their performance. The directors consider resort and property development, property investment and investment holding are the Group's major operating segments. The Group's resort and property development segment includes properties under development for commercial purposes acquired during the year ended 30 June 2017 through acquisition of a subsidiary as described in note 30(a) to the consolidated financial statements. No revenue has been earned by the resort and property development segment as the properties under development was not yet completed. The property investment segment includes mainly commercial properties that are held for capital appreciation or to earn rental income. The investment holding segment includes holding of unlisted investment fund, equity securities, debt instruments, equity-linked notes and other assets. No operating segments have been aggregated.

Segment revenue and results for the year ended 30 June 2017 are presented below:

	Resort and property development HK$'000	Property investment HK$'000	Investment holding HK$'000	Total HK$'000
Revenue	**–**	**11,499**	**2,794**	**14,293**
Other revenue and income	**–**	**–**	**272**	**272**
	–	**11,499**	**3,066**	**14,565**
Results				
Segment results	**(1,683)**	**126,077**	**5,178**	**129,572**
Unallocated corporate income				**2,926**
Unallocated corporate expenses				**(12,794)**
Net gain arising from the acquisition of a subsidiary	**171,654**			**171,654**
Finance costs				**(409)**
Profit before tax				**290,949**
Taxation				**31**
Profit for the year				**290,980**

7. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities as at 30 June 2017 and other segment information for the year ended 30 June 2017 are presented below:

	Resort and property development HK$'000	Property investment HK$'000	Investment holding HK$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'000
Assets	**770,738**	**556,363**	**250,866**	**1,577,967**	**380,335**	**1,958,302**
Liabilities	**317,151**	**4,946**	**1,027**	**323,124**	**388,032**	**711,156**
Other segment information:						
Additions to property, plant and equipment	–	–	15	15	–	15
Depreciation of property, plant and equipment	–	–	21	21	–	21
Write-off of property, plant and equipment	–	–	70	70	–	70
Loss on disposal of other assets	–	–	154	154	–	154
Net gain arising from the acquisition of a subsidiary	171,654	–	–	171,654	–	171,654
Increase in fair value of financial assets at fair value through profit or loss	–	–	692	692	–	692
Increase in fair value of investment properties	–	115,000	–	115,000	–	115,000
Net gain on disposal of financial assets at fair value through profit or loss	–	–	2,319	2,319	–	2,319

7. SEGMENT INFORMATION *(Continued)*

Segment revenue and results for the year ended 30 June 2016 are presented below:

	Resort and property development HK$'000	Property investment HK$'000	Investment holding HK$'000	Total HK$'000
Revenue	–	2,590	5,032	7,622
Other revenue and income	–	116	190	306
	–	2,706	5,222	7,928
Results				
Segment results	(1,305)	58,684	5,307	62,686
Unallocated corporate income				610
Unallocated corporate expenses				(10,418)
Gain on disposal of subsidiaries	4,067	313,168		317,235
Gain on disposal of subsidiaries – unallocated				1,702
Interest income on promissory note receivable from a joint venture	5,713			5,713
Finance costs				(1,819)
Impairment loss on amount due from a joint venture	(5,607)			(5,607)
Profit before tax				370,102
Taxation				(66)
Profit for the year				370,036

7. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities as at 30 June 2016 and other segment information for the year ended 30 June 2016 are presented below:

	Resort and property development HK$'000	Property investment HK$'000	Investment holding HK$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'000
Assets	87	441,165	95,882	537,134	424,316	961,450
Liabilities	10	4,680	565	5,255	22	5,277
Other segment information:						
Additions to property, plant and equipment	–	335	–	335	–	335
Additions to investment properties	–	51,784	–	51,784	–	51,784
Depreciation of property, plant and equipment	–	165	95	260	357	617
Gain on disposal of subsidiaries	4,067	313,168	–	317,235	1,702	318,937
Net decrease in fair value of financial assets at fair value through profit or loss	–	–	571	571	–	571
Net increase in fair value of investment properties	–	56,928	–	56,928	–	56,928
Net gain on disposal of financial assets at fair value through profit or loss	–	–	1,233	1,233	–	1,233

There was no revenue generated from inter-segment transactions for both years. Revenue from the property investment segment reported above represents rental income earned from external customers. Segment results represent profit or loss attributable to each segment without allocation of corporate income, central administration costs, net gain arising from the acquisition of a subsidiary, gain on disposal of subsidiaries, finance costs, interest income on promissory note receivable from a joint venture, impairment loss on amount due from a joint venture and income tax credit / expense. Total assets and liabilities represent all assets and liabilities under each segment together with unallocated corporate assets and liabilities other than those that have been eliminated in consolidation.

7. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operations are principally located in Hong Kong, Singapore and the People's Republic of China other than Hong Kong (the "PRC").

The following table provides an analysis of the Group's revenue from external customers by geographical market, which interest income from financial assets at fair value through profit or loss is based on the location of the markets of the respective investments:

	Revenue by geographical market	
	2017	2016
	HK$'000	HK$'000
Hong Kong	**12,967**	5,405
Singapore	**1,326**	2,217
	14,293	7,622

The following is an analysis of the carrying amounts of non-current assets by geographical area in which the assets are located:

	Carrying amounts of non-current assets	
	2017	2016
	HK$'000	HK$'000
Hong Kong	**555,024**	440,274
The PRC	**200**	–
	555,224	440,274

Non-current assets presented above exclude financial instruments. The Group does not have deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

7. SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue from two external customers *(2016: three)* individually contributing over 10% of the revenue from the Group's property investment segment is as follows:

	2017	2016
	HK$'000	HK$'000
Customer A	**10,068**	1,191
Customer B	**1,431**	–
Customer C	**–**	730
Customer D	**–**	423

8. FINANCE COSTS

	2017	2016
	HK$'000	HK$'000
Interest expenses on bank borrowings	**409**	1,635
Interest expenses on other borrowing	**–**	184
	409	1,819

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	2017 **HK$'000**	2016 HK$'000
Staff costs, including directors' emoluments		
Salaries and other benefits	**5,537**	3,221
Retirement benefit scheme contributions	**76**	82
Total staff costs	**5,613**	3,303
Other operating expenses		
Loss on disposal of other assets	**154**	–
Other items		
Auditor's remuneration	**530**	460
Depreciation of property, plant and equipment	**21**	617
Direct operating expenses relating to investment properties that generated rental income	**11**	301
Direct operating expenses relating to investment properties that did not generate rental income	**4**	1,010
Exchange (gain) loss, net	**(100)**	77
Legal and professional fees	**5,620**	2,555
Operating lease payments on premises	**2,059**	1,962
Write-off of property, plant and equipment	**70**	–

10. TAXATION

Hong Kong Profits Tax has not been provided as the Group's estimated assessable profits for the years ended 30 June 2017 and 2016 are wholly absorbed by unrelieved tax losses brought forward from previous years.

Taxation arising in the PRC, if applicable, is calculated at the rates based on existing legislation, interpretations and practices in respect thereof.

The tax (credit) charge comprises:

	2017 **HK$'000**	2016 HK$'000
Current tax	**–**	–
Deferred taxation		
(Reversal) Recognition of temporary differences (Note 25)	**(31)**	66
Total tax (credit) charge for the year	**(31)**	66

Reconciliation of taxation	**2017** **HK$'000**	2016 HK$'000
Profit before tax	**290,949**	370,102
Tax at Hong Kong Profits Tax rate of 16.5% *(2016: 16.5%)*	**48,007**	61,067
Tax effect of expenses not deductible in determining taxable profit	**465**	1,590
Tax effect of income not taxable in determining taxable profit	**(47,309)**	(63,266)
Unrecognised tax losses	**129**	922
Unrecognised temporary differences	**10**	–
Utilisation of previously unrecognised tax losses	**(1,677)**	(329)
Others	**344**	82
Tax (credit) expenses for the year	**(31)**	66

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

For the years ended 30 June 2017 and 2016, the emoluments paid or payable to each of the eleven *(2016: eight)* directors were as follows:

	Wang Bo HK$'000 (Note i)	Yuen Chi Ping HK$'000 (Note i)	Ng Kit Ling HK$'000	Wang Jingyu HK$'000 (Notes i,iii)	Tsao Hoi Ho HK$'000 (Note i)	Meng Song HK$'000 (Note ii)	Hung Kin Sang, Raymond ("Mr. Hung") HK$'000 (Note iii)	Lau Chi Keung HK$'000 (Note i)	Yu Tat Chi, Michael HK$'000 (Note i)	Chiu Kit Man, Calvin HK$'000 (Note i)	Su Ru Jia HK$'000 (Note i)	Chan Ming Fai HK$'000 (Note i)	Lo Yun Tai HK$'000 (Note i)	Total HK$'000
Year ended 30 June 2017														
Fees	**383**	**191**	**191**	**–**	**–**	**–**	**–**	**191**	**191**	**191**	**131**	**131**	**131**	**1,731**
Other emoluments														
Salaries and other benefits	**–**	**574**	**1,406**	**–**	**524**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,504**
Retirement benefit scheme contributions	**–**	**15**	**20**	**–**	**5**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**40**
Discretionary bonus	**–**	**18**	**75**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**93**
Total emoluments	**383**	**798**	**1,692**	**–**	**529**	**–**	**–**	**191**	**191**	**191**	**131**	**131**	**131**	**4,368**
Year ended 30 June 2016														
Fees	–	–	–	–	–	–	–	–	–	–	150	150	150	450
Other emoluments														
Salaries and other benefits	–	–	1,033	–	360	302	24	–	–	–	–	–	–	1,719
Retirement benefit scheme contributions	–	–	18	–	18	–	–	–	–	–	–	–	–	36
Discretionary bonus	–	–	86	–	30	–	–	–	–	–	–	–	–	116
Total emoluments	–	–	1,137	–	408	302	24	–	–	–	150	150	150	2,321

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

Notes:

(i) On 14 September 2016, Mr. Wang Bo was appointed as the chairman and a non-executive director of the Company, Mr. Yuen Chi Ping was appointed as an executive director of the Company and Mr. Lau Chi Keung, Mr. Yu Tat Chi, Michael and Mr. Chiu Kit Man, Calvin were appointed as independent non-executive directors of the Company. On the same date, Ms. Wang Jingyu resigned as the chairlady and the managing director of the Company, Mr. Tsao Hoi Ho resigned as an executive director of the Company and Mr. Su Ru Jia, Mr. Chan Ming Fai and Mr. Lo Yun Tai resigned as independent non-executive directors of the Company.

(ii) On 30 December 2015, Mr. Meng Song retired as an executive director of the Company.

(iii) On 15 July 2015, Mr. Hung resigned as the chairman and the managing director of the Company and Ms. Wang Jingyu was appointed as the chairlady and the managing director of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 30 June 2017 and 2016. In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the years ended 30 June 2017 and 2016.

(b) Employees' emoluments

The five highest paid individuals included three *(2016: three)* directors of the Company, details of whose emoluments are set out in (a) above. The emoluments of the remaining two *(2016: two)* individuals are as follows:

	2017	2016
	HK$'000	HK$'000
Salaries and other benefits	**833**	673
Retirement benefits scheme contributions	**33**	31
	866	704

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments *(Continued)*

The two *(2016: two)* highest paid individuals' remuneration falls within the following band:

	Number of employees	
	2017	2016
Nil to HK$1,000,000	**2**	2

During the years ended 30 June 2017 and 2016, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as a compensation for loss of office. During the years ended 30 June 2017 and 2016, no such highest paid individuals waived or agreed to waive any emoluments.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity holders of the Company is based on the following data:

	2017	2016
	HK$'000	HK$'000
Profit for the year for the purposes of calculating basic earnings per share	**290,980**	370,036

	2017	2016
	No. of shares	No. of shares
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**2,087,590,739**	1,920,280,138

For the years ended 30 June 2017 and 2016, diluted earnings per share is the same as basic earnings per share. The Company did not have any dilutive potential ordinary shares during the years ended 30 June 2017 and 2016.

13. INVESTMENT PROPERTIES

	HK$'000
Fair value	
At 1 July 2015	356,320
Additions – acquisition	51,784
Acquisition of subsidiaries (Note 30(b))	380,288
Disposal of subsidiaries (Note 31)	(405,320)
Net increase in fair value	56,928
At 30 June 2016	440,000
Increase in fair value	115,000
At 30 June 2017	**555,000**

The fair value of the investment properties held in Hong Kong has been arrived at on the basis of valuation as at the end of the reporting period carried out by Crowe Horwath (HK) Consulting & Valuation Limited *(2016: Jones Lang LaSalle Corporate Appraisal and Advisory Limited)*, an independent firm of qualified professional valuer which is a member of the Hong Kong Institute of Surveyors ("HKIS") and has appropriate qualifications and recent experience in the valuation of similar properties at the relevant locations. The valuation, which conforms to the HKIS Valuation Standards on Properties, was conducted on an open market basis by the direct comparison approach assuming sale with the benefit of vacant possession or by making reference to comparable sale evidences as available in the relevant market. Sales prices of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size and age, were used to value the properties. The most significant input into this valuation approach is price per square foot.

The fair value measurement of the Group's investment properties has been categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair Value Measurement*. The fair values of the investment properties as at 30 June 2017 and 2016 are classified as Level 2 fair value measurement, which uses significant observable inputs in arriving at fair value. During the years ended 30 June 2017 and 2016, there were no transfers between Level 1 and Level 2 fair value measurement, or transfers into or out of Level 3 fair value measurement.

All of the Group's property interests held under operating leases to earn rental or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 1 July 2015	13,356	1,000	11,496	25,852
Additions	324	11	–	335
Disposal	(10,933)	(74)	–	(11,007)
Disposal of a subsidiaries (Note 31)	(2,404)	(306)	(11,496)	(14,206)
At 30 June 2016	343	631	–	974
Additions	–	15	–	15
Written off	(343)	(448)	–	(791)
Acquisition of a subsidiary (Note 30(a))	–	200	–	200
At 30 June 2017	**–**	**398**	**–**	**398**
Accumulated depreciation and impairment				
At 1 July 2015	12,741	891	10,068	23,700
Charge for the year	191	69	357	617
Disposal	(10,933)	(74)	–	(11,007)
Disposal of a subsidiaries (Note 31)	(1,756)	(255)	(10,425)	(12,436)
At 30 June 2016	243	631	–	874
Charge for the year	1	20	–	21
Written off	(244)	(477)	–	(721)
At 30 June 2017	**–**	**174**	**–**	**174**
Carrying values				
At 30 June 2017	**–**	**224**	**–**	**224**
At 1 July 2016	100	–	–	100

15. OTHER ASSETS

Other assets represent antiques and artworks held for long-term investment purposes, which had been fully disposed of during the year ended 30 June 2017.

16. AVAILABLE-FOR-SALE INVESTMENTS

	Notes	**2017 HK$'000**	2016 HK$'000
Equity securities listed in Hong Kong, at fair value	a	**147**	175
Unlisted share, at cost	b	**–**	–
Loan to an affiliate company, at cost	b	**200,000**	–
		200,147	175

Notes:

(a) The fair value of the listed securities is determined on the basis of quoted market price at the end of the reporting period.

(b) At 30 June 2017, the Group held 20% interest in the ordinary share capital of Wealth Guide Global Limited ("Wealth Guide") amounting to US$20 (equivalent to approximately HK$156) and provided a shareholder's loan to Wealth Guide amounting to HK$200 million in proportion to the Group's interest in Wealth Guide. The shareholder's loan is unsecured, interest-free and has no fixed repayment term and it is to be repaid upon the agreement of the Group and the majority shareholder of Wealth Guide. The majority shareholder of Wealth Guide also provided the loan in the proportion to its shareholding. The shareholder's loan is considered as quasi-capital investment and forms part of the Group's investment in Wealth Guide.

In the opinion of the directors, the Group has no significant influence on Wealth Guide in accordance with HKAS 28 (2011) because no representative can be appointed in the board of directors of Wealth Guide by the Group and the Group did not participate in any policy making processes of Wealth Guide. Accordingly, the equity investments and provision of shareholder's loan are accounted for as available-for-sale investments measured at cost less impairment loss.

Wealth Guide is a company incorporated in the British Virgin Islands. The principal activity of Wealth Guide is investment holdings and the major investments are certain equity securities and other investments.

17. PROPERTIES UNDER DEVELOPMENT

	2017 HK$'000	2016 HK$'000
Properties under development	**756,037**	–

The properties under development are located in the PRC held under lease term of 40 years from 2014 to 2053.

The development of the properties at the end of the reporting period is expected to be completed after more than one year.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	**2017** **HK$'000**	2016 HK$'000
At fair value, designated upon initial recognition			
Unlisted investment fund	a	**50,692**	–
Debt instruments listed overseas	b	**–**	35,661
Debt instruments listed in Hong Kong	c	**–**	7,891
Equity securities listed in Hong Kong	d	**–**	9,470
Equity-linked notes	e	**–**	19,787
		50,692	72,809

Notes:

(a) The unlisted investment fund represented the Class A Shares of Green Asia Restructure SP, a segregated portfolio of Green Asia Restructure Fund SPC (the "Fund") at a total subscription amount of HK$50,000,000.

The Fund is an exempted company incorporated with limited liability and registered as a segregated portfolio company in the Cayman Islands. The investment objective of the Fund is capital appreciation by engaging in the business of originating, underwriting, acquiring and trading, debt securities and loans in listed and unlisted corporate, which may be publicly traded or privately placed.

The fair value of this unlisted investment fund amounted to approximately HK$50,692,000, which was established by reference to the prices quoted by the administrator based on the net assets value of the Fund.

(b) At 30 June 2016, the Group held debt instruments listed overseas with aggregate principal amount of US$4,200,000 which bore fixed interest rate of 8.50% to 10.125% per annum and were fully disposed of during the year ended 30 June 2017. The fair value of these debt instruments at 30 June 2016 amounting to approximately HK$35,661,000 was determined on the basis of quoted market price.

(c) At 30 June 2016, the Group held debt instruments listed in Hong Kong with aggregate principal amount of US$1,000,000 which bore fixed interest rate of 8.75% per annum and were fully disposed of during the year ended 30 June 2017. The fair value of these debt instruments at 30 June 2016 amounting to approximately HK$7,891,000 was determined on the basis of quoted market price.

(d) The fair value of equity securities listed in Hong Kong held by the Group at 30 June 2016 amounting to approximately HK$9,470,000 was determined on the basis of quoted market price and these equity securities were fully disposed of during the year ended 30 June 2017.

(e) At 30 June 2016, the Group held equity-linked notes with aggregate principal amount of HK$20,000,000 which bore fixed interest rate of 6% per annum and were fully disposed of during the year ended 30 June 2017. These equity-linked notes were linked with various securities listed in Hong Kong at various strike prices. The fair value of these equity-linked notes at 30 June 2016 amounting to approximately HK$19,787,000 was determined on the basis of quoted market price.

The above financial instruments were designated at fair value upon initial recognition as they are managed and evaluated on a fair value basis.

19. OTHER RECEIVABLES

	Note	2017 HK$'000	2016 HK$'000
Deposits, prepayments and other debtors		**2,725**	1,288
Loan receivable	a	**50,250**	–
Amount due from security brokers		**–**	24,482
		52,975	25,770

Note:

(a) Loan granted to a borrower, which is an independent third party, is unsecured, bearing fixed interest rate of 1.5% per annum and repayable in September 2017.

20. BANK BALANCES AND CASH

	2017 HK$'000	2016 HK$'000
Cash at bank and in hand	**317,953**	22,405
Time deposits	**25,274**	400,017
	343,227	422,422

Bank balances and cash comprise bank balances and cash held by the Group that bear interest at prevailing market interest rates. Short-term time deposits are made between one month and three months depending on the immediate cash requirement of the Group and earn interest at the prevailing short-term deposit rates.

21. TRADE AND OTHER PAYABLES

	Note	2017 HK$'000	2016 HK$'000
Trade payables			
To third parties	a	**173,380**	–
Other payables			
Accrued charges and other creditors		**6,686**	2,941
Provision for land transfer fees		**21,850**	–
		201,916	2,941

Note:

(a) The ageing analysis of trade payables of the Group is presented based on recognition date at the end of the reporting period as follows:

	2017 HK$'000	2016 HK$'000
Trade payables		
Over 365 days	**173,380**	–

Included in the trade payables at 30 June 2017 was outstanding construction cost of approximately RMB130 million (equivalent to approximately HK$150 million) due to a contractor for construction work of the properties under development from years 2013 to 2016 which was in the litigation process and a settlement agreement was entered with the contractor in September 2017. Details are set out in note 34(a) to the consolidated financial statements.

22. INTEREST-BEARING BORROWINGS

	Notes	2017 HK$'000	2016 HK$'000
Current portion			
Bank borrowings, secured	a	**388,000**	–
Other borrowings, unsecured	b	**4,968**	–
		392,968	–

22. INTEREST-BEARING BORROWINGS *(Continued)*

Notes:

(a) At 30 June 2017, the Group's bank borrowings carry interest rates at 3.5% per annum above three-month Hong Kong Inter-bank Offered Rate. The effective interest rate during the year ended 30 June 2017 was 4.27% per annum. The bank borrowings at 30 June 2017 are secured by the assets of the Group as follows:

(i) pledge of investment properties of the Group with a carrying amount of HK$555,000,000 at 30 June 2017;

(ii) assignment agreements in respect of rental income of the Group's investment properties duly executed by the Group in favour of the bank. During the year ended 30 June 2017, rental income of approximately HK$11,499,000 was generated from these investment properties; and

(iii) assignment agreements in respect of insurance of the Group's investment properties duly executed by the Group in favour of the bank.

(b) At 30 June 2017, the Group's other borrowings are unsecured and bearing interest at 24% per annum.

All bank and other borrowings are repayable on demand or within 1 year from 30 June 2017.

23. SHARE CAPITAL

	Note	**Number of shares**	**HK$'000**
Authorised:			
At 1 July 2015, 30 June 2016 and 30 June 2017, ordinary shares of HK$0.01 each		6,000,000,000	60,000
Issued and fully paid:			
At 1 July 2015, ordinary shares of HK$0.01 each		1,739,660,739	17,397
Issue of shares upon placing of shares	a	347,930,000	3,479
At 30 June 2016 and 2017, ordinary shares of HK$0.01 each		**2,087,590,739**	**20,876**

Note:

(a) On 24 December 2015, the Company issued 347,930,000 placing shares by way of placing (the "Placing"), at a placing price of HK$0.32 per share. The net proceeds from the Placing after deducting related expenses were approximately HK$108,419,000. These shares rank pari passu with all existing shares in all respects.

24. SHARE-BASED PAYMENTS

The Company adopted a share option scheme on 15 November 2012 (the "Scheme") for the primary purpose of providing incentives to directors and eligible employees. Under the Scheme, the Board of Directors may, at its discretion, grant options to any employees, including executive directors, or consultants of the Company and/or its subsidiaries, to subscribe for shares of the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date of adoption of the Scheme (the "Scheme Mandate Limit") or the date of any shareholders' meeting in refreshing the Scheme Mandate Limit, if applicable. Unless approved by the shareholders of the Company, the number of shares in respect of which options may be granted to any individual is not permitted to exceed the higher of 1% of the number of shares issued and issuable under the Scheme or any other limit as may be permitted under the Listing Rules.

Any grant of options under the Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). Any share options granted to a substantial shareholder or an independent non-executive director of the Company or to any of their respective associates, in excess of 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of grant) in excess of HK$5 million, in any 12-month period, are subject to shareholders' approval in a general meeting of the Company.

Options granted must be taken up within 30 days of the date of grant, upon payment of HK$1 by the grantee on each acceptance of grant. Options may be exercised at any time from the date of grant to the 10th anniversary of the date of grant. In each grant of options, the Board of Directors may at its discretion to determine the specific exercise period. The exercise price is determined by the Board of Directors, and will be the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Pursuant to an ordinary resolution passed in Annual General Meeting ("AGM") on 4 November 2014, the refreshment of the Scheme Mandate Limit (the "Refreshment") was proposed and passed by shareholders. The total number of shares which may be issued upon exercise of the options to be granted under the Refreshment must not exceed 173,966,073 shares, representing 10% of the issued share capital of the Company at the date of the AGM approving the proposed Refreshment.

The directors and employees of the Company and its subsidiaries are entitled to participate in the Scheme. As at 30 June 2017, the total number of shares available for issue under the Scheme was 173,966,073 *(2016: 173,966,073)* shares, which represented approximately 8% *(2016: 8%)* of the Company's issued share capital.

During the years ended 30 June 2017 and 2016, no share options had been granted. There were no share options outstanding as at 30 June 2017 and 2016.

25. DEFERRED TAXATION

The movements for the year in the Group's net deferred tax liabilities are as follows:

	2017	2016
	HK$'000	HK$'000
At the beginning of the reporting period	**2,336**	1,088
Disposal of a subsidiary (Note 31)	**–**	(1,088)
Acquisition of subsidiaries (Note 30)	**113,967**	2,270
(Credit) Charge to profit or loss (Note 10)	**(31)**	66
At the end of the reporting period	**116,272**	2,336

Recognised deferred tax assets (liabilities) at the end of the reporting period represent the following:

	Assets		**Liabilities**	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Depreciation allowances	**–**	–	**(2,602)**	(2,374)
Fair value adjustment	**–**	–	**(113,967)**	–
Tax losses	**297**	38	**–**	–
Deferred tax assets (liabilities)	**297**	38	**(116,569)**	(2,374)
Offsetting	**(297)**	(38)	**297**	38
Net deferred tax liabilities	**–**	–	**(116,272)**	(2,336)
Amount expected to be recovered / settled after 12 months	**–**	–	**(116,272)**	(2,336)

The balance represented deferred tax on the fair value adjustment on the properties under development arising from the acquisition of a subsidiary and accelerated tax depreciation offsetting against unused tax losses recognised.

25. DEFERRED TAXATION *(Continued)*

Unrecognised deferred tax assets arising from

	2017	2016
	HK$'000	HK$'000
Depreciation allowances	**61**	–
Tax losses arising in Hong Kong	**251,308**	260,692
Tax losses arising in the PRC	**12,346**	–
At the end of the reporting period	**263,715**	260,692

At the end of the reporting period, the Group had unused tax losses of approximately HK$263,654,000 *(2016: HK$260,692,000)* available for offset against future taxable profits. No deferred tax assets in respect of these items have been recognised due to the unpredictability of future profit streams. The tax losses arising in Hong Kong can be carried forward indefinitely while the tax losses arising in the PRC will expire in one to five years of which approximately HK$768,000 will expire within one year.

26. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2017	2016
	HK$'000	HK$'000
Within one year	**150**	567

Operating lease payments represent rentals payable by the Group for its offices. Leases are negotiated for a term of 1 year *(2016: 2 years)*. Rentals are fixed over the lease period and no arrangements have been entered into for contingent rental payments.

27. OPERATING LEASE ARRANGEMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for future minimum lease payments, which represent rentals receivable by the Group under non-cancellable operating leases which fall due as follows:

	2017	2016
	HK$'000	HK$'000
Within one year	**2,387**	10,338
In the second to fifth years inclusive	**387**	839
	2,774	11,177

28. OTHER COMMITMENTS

At the end of the reporting period, the Group had the following commitments for expenditure:

	2017	2016
	HK$'000	HK$'000
Expenditure in respect of the properties under development contracted but not provided for	**319,089**	–

29. RELATED PARTY TRANSACTIONS

In addition to the transactions / information disclosed elsewhere in the consolidated financial statements, during the year, the Group had the following transactions with related parties:

(a) Transactions

(i) In January 2017, the Group had entered into a loan agreement with an entity ultimately controlled by Mr. Ji Changqun ("Mr. Ji"), the substantial shareholder of the Company (the "Lender"), to borrow RMB15,000,000 (equivalent to approximately HK$17,250,000) for payment of the earnest money (the "Earnest Money") in relation to the proposed capital injection of RMB150,000,000 (equivalent to HK$172,500,000) (the "Capital Injection") into Yancheng Herong Property Development Limited* (鹽城和融房地產開發有限公司) ("Yancheng Herong") pursuant to the capital injection agreement (the "Capital Injection Agreement") entered on 23 January 2017. The loan was unsecured, bearing interest at 4.3% per annum and repayable within 1 year.

In view that Yancheng Herong and its shareholders were unable to obtain necessary government approvals for the Capital Injection in a short period of time in June 2017, the Company started the discussion with Yancheng Herong and its shareholders for termination of the Capital Injection Agreement. On 29 June 2017, the principal amount of the loan together with interest of approximately RMB656,000 (equivalent to approximately HK$743,000) was fully settled through refund of the Earnest Money together with associated interest by Yancheng Herong to the Lender due to proposed termination of the Capital Injection Agreement.

On 21 July 2017, the Company, Yancheng Herong and its shareholders finalised the terms and signed a termination agreement, pursuant to which the parties agreed to terminate the Capital Injection Agreement. Details of the termination of transaction in relation to the capital injection were set out in the Company's announcement dated 21 July 2017.

(ii) In December 2015, Applied Enterprises Limited ("Applied Enterprises") and Beachside Investments Limited ("Beachside") were disposed of to Mr. Hung at total consideration of HK$255,000,000. Details of which are set out in note 31 to the consolidated financial statements.

(b) Remuneration to key management personnel

There was no remuneration to members of key management other than directors as disclosed in note 11(a) to the consolidated financial statements for the year ended 30 June 2017 *(2016: Nil)*.

* *English name for identification purpose only*

30. ACQUISITION OF SUBSIDIARIES

(a) Year ended 30 June 2017

On 24 February 2017, the Company, The National Trust Limited ("National Trust") and Mr. Wang (collectively referred to as the "Vendors") and Wuxi Shengye Joint Stock Company Limited* (無錫盛業海港股份有限公司) ("Wuxi Shengye") entered into an agreement, pursuant to which the Company (or indirectly through its wholly-owned subsidiary) has agreed to purchase, and the Vendors have agreed to sell 100% equity interest in Wuxi Shengye at total consideration of RMB234 million (equivalent to approximately HK$270 million) (the "Wuxi Acquisition"). The major asset of Wuxi Shengye is the land located in the PRC which is classified as properties under development. The Wuxi Acquisition was completed on 26 June 2017. Further details of the Wuxi Acquisition were set out in the Company's circular dated 24 March 2017.

Acquisition-related costs amounting to approximately HK$1,088,000 have been excluded from the consideration transferred and have been recognised as an expense for the year ended 30 June 2017 in the consolidated statement of comprehensive income.

The directors of the Company consider that the Wuxi Acquisition will benefit the Group through penetration in the PRC property development. The Wuxi Acquisition constituted a business combination and had been accounted for using the acquisition method under HKFRS 3.

The following summarises the consideration paid and the amounts of the assets acquired and liabilities assumed at the date of acquisition:

	HK$'000
Consideration – cash paid	**270,036**

	HK$'000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	**200**
Properties under development	**756,037**
Other receivables	**1,599**
Bank balances	**2,076**
Trade and other payables	**(198,199)**
Interest-bearing borrowings	**(4,968)**
Deferred tax liabilities	**(113,967)**
Total identifiable net assets	**442,778**
Consideration – cash paid	**(270,036)**
Gain on bargain purchase arising from the acquisition of Wuxi Shengye	**172,742**
Direct expenses	**(1,088)**
Net gain arising from the acquisition of Wuxi Shengye	**171,654**

* *English name for identification purpose only*

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Year ended 30 June 2017 *(Continued)*

	HK$'000
Net cash outflow on acquisition of a subsidiary	
Net cash acquired from Wuxi Shengye	**(2,076)**
Consideration – cash paid	**270,036**
Direct expenses	**1,088**
	269,048

The directors have engaged a professional valuer to provide assistance in determining the fair values of the identifiable net tangible assets and intangible assets (if any) of Wuxi Shengye in accordance with HKFRS 13. The professional valuer has reviewed the methodologies and the key valuation parameters and business assumptions adopted.

Apart from the properties under development, the carrying values of all identifiable net assets of Wuxi Shengye approximate their fair values at 26 June 2017.

The Group recognised a net gain arising from acquisition of a subsidiary (included a gain on bargain purchase) of approximately HK$171,654,000 in the consolidated statement of comprehensive income for the year ended 30 June 2017. In the opinion of the directors, the gain on bargain purchase is mainly attributable to the immediate cash realisation and business risk mitigation opportunity offered to the Vendors and the Group's capability in negotiating the terms of the transaction in favour of the Group with the Vendors.

In respect of the Wuxi Acquisition, the fair value of other receivables acquired amounted to approximately HK$1,599,000. The total gross contractual amount of other receivables is approximately HK$1,599,000, of which no balance is expected to be uncollectible.

Since acquisition and up to 30 June 2017, Wuxi Shengye has not contributed any revenue and profit or loss to the Group. If the business combination of Wuxi Shengye effected during the year ended 30 June 2017 had been taken up at 1 July 2016, the consolidated revenue and profit for the Group would have been approximately HK$14,293,000 and approximately HK$297,891,000 respectively.

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) Year ended 30 June 2016

In May 2016, Advantage Performance Limited, a wholly owned subsidiary of the Company, acquired the entire equity interests in and shareholder's loans to Legacy Billion Limited and Superform Investment Limited ("Superform") (together the "Acquired Group") from independent third parties at total consideration of HK$374,352,000. The principal activity of Legacy Billion Limited and Superform is investment holding and property investment respectively. The major asset owned by Superform is the whole 24th office floor of Lippo Centre Tower One in Admiralty, Hong Kong. Further details of the transaction were set out in the Company's circular dated 27 April 2016.

In the opinion of directors, the acquisition did not constitute business combinations as defined in HKFRS 3, therefore, the acquisition had been accounted for as acquisition of assets and liabilities during the year ended 30 June 2016.

The following summarises the consideration paid and the amounts of the assets acquired and liabilities assumed at the date of acquisition:

	HK$'000
Consideration – cash paid:	
Total cash consideration	374,352
Direct expenses capitalised in investment properties	3,018
	377,370

	HK$'000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Investment property	380,288
Other receivables	240
Other payables	(888)
Deferred tax liabilities	(2,270)
Total identifiable net assets	377,370

	HK$'000
Net cash outflow on acquisition of subsidiaries – cash paid	377,370

31. DISPOSAL OF SUBSIDIARIES

Year ended 30 June 2016

(a) In September 2015, Applied Enterprises entered into sale and purchase agreements with an independent third party to dispose of the entire issued share capital of and shareholder's loan to Applied Toys Limited ("Applied Toys") and Applied Mission Limited ("Applied Mission"), both were wholly owned subsidiaries of the Company, for cash considerations of HK$1,550,000 and HK$4,600,000 respectively. At the time of disposal, the major asset of Applied Toys was a motor vehicle whereas the major assets of Applied Mission were investment properties in the PRC. The aggregate gain on disposal of these subsidiaries was approximately HK$1,557,000.

(b) In September 2015, Applied Enterprises entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interest in and shareholder's loan to Quorum Electronics (Shenzhen) Company Limited* (盈聯多科技企業(深圳)有限公司) ("Quorum Electronics") for a cash consideration of HK$620,000. The major assets of Quorum Electronics at the time of disposal were two motor vehicles. The gain on disposal of this subsidiary was approximately HK$331,000.

(c) In September 2015, Supreme Success Company Holdings Limited ("Supreme Success"), a wholly owned subsidiary of the Company, disposed of the entire equity interest in and shareholder's loan to a wholly owned subsidiary to an independent third party for a cash consideration of HK$210,000. The major asset of this subsidiary and its subsidiaries which had not commenced business at the time of disposal was bank balances of HK$124,000. The gain on disposal of these subsidiaries was approximately HK$86,000.

(d) In October 2015, the Company entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interest in and shareholder's loan to Supreme Success for a cash consideration of HK$300,000. The major asset of Supreme Success and its subsidiaries at the time of disposal was bank balances of HK$221,000. The gain on disposal of these subsidiaries was approximately HK$79,000.

(e) In November 2015, the Company entered into a disposal agreement with a purchaser, which is wholly and beneficially owned by Mr. Hung, to dispose of the entire issued share capital of and shareholder's loan to Applied Enterprises and Beachside and its wholly owned subsidiaries, Playa Grande Development Holdings Inc., Playa Grande Hot Spring Development Holdings, Inc. and Playa Grande Management Company Limited Inc. (together the "Beachside Group"), all were wholly owned subsidiaries of the Company, for cash considerations of HK$153,000,000 and HK$102,000,000 respectively. At the time of disposal, the major assets of Applied Enterprises were its 50% interest in Quorum Island (BVI) Limited ("Quorum"), which was incorporated in the British Virgin Islands and engaged in resort and property development and the promissory note receivable from Quorum whereas the major assets of the Beachside Group were investment properties in the Republic of Panama. The gain on disposal of Applied Enterprises and the Beachside Group was approximately HK$1,706,000 and approximately HK$2,361,000 respectively. The disposals were completed in December 2015.

* *English name for identification purpose only*

31. DISPOSAL OF SUBSIDIARIES *(Continued)*

Year ended 30 June 2016 *(Continued)*

(f) In January 2016, Applied Investment (Asia) Limited ("Applied Investment") and Applied International Holdings Limited, both are wholly owned subsidiaries of the Company, as vendors (the "Sellers"), entered into a sale and purchase agreement with the purchaser, who is an independent third party, pursuant to which (i) the Sellers have conditionally agreed to sell, and the purchaser has conditionally agreed to purchase, the entire issued share capital of Severn Villa Limited; and (ii) Applied Investment has conditionally agreed to sell and the purchaser has conditionally agreed to purchase a shareholder's loan owed by Severn Villa Limited to Applied Investment, at a total consideration of HK$636,800,000. At the time of disposal, the major assets of Severn Villa Limited are four residential apartments, one roof area, one whole garden area and part of another garden area, and six parking spaces located at Severn Villa, No.3 Severn Road, Hong Kong. The gain on disposal of Severn Villa Limited was approximately HK$312,817,000. The disposal was completed in May 2016.

The aggregated net assets of the subsidiaries as at the date of disposal are set out as follows:

	HK$'000
Net assets disposed of:	
Investment properties	405,320
Property, plant and equipment	1,770
Promissory note receivable from a joint venture	138,101
Other receivables	991
Amount due from a joint venture	11,156
Bank balances and cash	1,151
Other payables	(1,947)
Deferred tax liabilities	(1,088)
	555,454

	HK$'000
Gain on disposal of subsidiaries:	
Consideration received	899,080
Net assets disposed of	(555,454)
Release of translation reserve upon disposal of a subsidiary	(276)
Direct expenses	(24,413)
Gain on disposal of subsidiaries	318,937

31. DISPOSAL OF SUBSIDIARIES *(Continued)*

Year ended 30 June 2016 *(Continued)*

Analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries:

	HK$'000
Total cash consideration	899,080
Cash and cash equivalents in subsidiaries disposed of	(1,151)
Direct expenses	(24,413)
Net inflow of cash and cash equivalents	873,516

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Notes	**2017** **HK$'000**	2016 HK$'000
Non-current assets			
Interests in subsidiaries	(a)	**527,566**	521,251
Current assets			
Other receivables		**50,592**	416
Bank balances and cash		**228,895**	309,759
		279,487	310,175
Current liabilities			
Other payables		**1,003**	466
Interest-bearing borrowings		**388,000**	–
Amount due to a subsidiary	(a)	**–**	553,473
		389,003	553,939
Net current liabilities		**(109,516)**	(243,764)
Total assets less current liabilities		**418,050**	277,487
Capital and reserves			
Share capital	23	**20,876**	20,876
Share premium and reserves	(b)	**397,174**	256,611
Total equity		**418,050**	277,487

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) Interests in subsidiaries

	2017	2016
	HK$'000	*HK$'000*
Unlisted shares, at cost	**89,046**	77,549
Amount due from subsidiaries	**475,699**	480,881
	564,745	558,430
Accumulated impairment losses	**(37,179)**	(37,179)
	527,566	521,251
Amount due to a subsidiary	**–**	553,473

The amounts due from / to subsidiaries are unsecured, interest-free and have no fixed repayment term. At the end of the reporting period, the carrying amounts of the amounts due approximate their fair values. The amounts due from subsidiaries are not expected to be realised in the next twelve months from the end of the reporting period.

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) Interests in subsidiaries *(Continued)*

Particulars of the principal subsidiaries of the Company at the end of the reporting period are as follows:

Name of subsidiaries	Place of incorporation/ registration	Nominal value of issued and paid up share capital/ registered capital	Proportion of issued/ paid up share capital/ registered capital held by the Company Directly	Indirectly	Principal activities
Applied Investment	Hong Kong	Ordinary HK$574,630,911	100%	–	Investing in securities
Applied Hong Kong Properties Limited	Hong Kong	Ordinary HK$500,000	–	100%	Investing in equity securities and property investment
Applied Talent Management Limited	Hong Kong	Ordinary HK$1	–	100%	Provision of administrative and secretarial services
Dragon Gainer Investment Limited	Hong Kong	Ordinary HK$1	–	100%	Provision of administrative and secretarial services
Superform	Hong Kong	Ordinary HK$102	–	100%	Property investment
Wuxi Shengye (Note ii)	The PRC	Registered capital RMB380,000,000	–	100%	Property development

Notes:

(i) None of the subsidiaries had any debt securities outstanding at the end of the reporting period, or at any time during the reporting period.

(ii) Wuxi Shengye is a wholly foreign owned enterprise.

The above list includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or assets and liabilities of the Group. To give details of all other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(b) Movements of the share premium and reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2015	139,846	11,931	204,610	(171,169)	185,218
Loss for the year and total comprehensive loss for the year	–	–	–	(33,547)	(33,547)
Transaction with equity holders					
Contributions and distributions					
– Issue of shares upon placing of shares	104,940	–	–	–	104,940
At 30 June 2016	244,786	11,931	204,610	(204,716)	256,611
Profit for the year and total comprehensive income for the year	–	–	–	140,563	140,563
At 30 June 2017	**244,786**	**11,931**	**204,610**	**(64,153)**	**397,174**

The capital reserve of the Company represents contributed surplus arising from the cancellation of share premium account of the Company pursuant to a special resolution passed by the Company on 22 February 1999 and waivers of loans from the then minority shareholders of subsidiaries of the Company during the years ended 30 June 2006 and 2008. Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

Subject to the conditions mentioned in the foregoing paragraph, the Company had reserves (including capital reserve and accumulated losses) totalling approximately HK$140,457,000 *(2016: Nil)* available for distribution to shareholders at the end of the reporting period.

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

33. RETIREMENT BENEFIT SCHEME

With effect from 1 December 2000, the Group has enrolled all its qualifying employees into a mandatory provident fund scheme (the "MPF Scheme"). The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contributions payable in future years.

The retirement benefits cost of the MPF Scheme charged to profit or loss, as set out in note 9 to the consolidated financial statements, represents contributions payable to the fund by the Group at rates specified in the rules of the MPF Scheme.

34. LITIGATIONS

At the end of the reporting period, there were following material outstanding litigations:

(a) From 2013 to 2016, Wuxi Shengye entered into several agreements (the "Construction Agreements") with a contractor (the "Contractor") for construction work of the properties under development.

In June 2016, the Contractor submitted an application for civil case proceedings at Jiangsu Wuxi Intermediate People's Court (the "Court") for termination of the Construction Agreements with effect from 7 June 2016, and claiming for outstanding receivable from Wuxi Shengye (the "Construction Cost") of approximately RMB170 million (equivalent to approximately HK$196 million) together with related interest, refund of guarantee deposit of RMB20 million (equivalent to approximately HK$23 million) and being the first rank of creditors among all creditors.

On 5 September 2017, Wuxi Shengye and the Contractor entered into a conditional settlement agreement (the "Settlement Agreement"). Pursuant to the Settlement Agreement, among other things, Wuxi Shengye would pay the Construction Cost of approximately RMB130 million (equivalent to approximately HK$150 million) with reference to the professional consultancy report issued by an independent registered engineer which was appointed by the Court, which was recognised under trade payable in the consolidated statement of financial position as at 30 June 2017. It was also agreed that the repayment of the Construction Cost, based on the mutual understanding the Contractor would continue to carry out the future construction work, approximately RMB95 million (equivalent to approximately HK$109 million) and RMB14 million (equivalent to approximately HK$16 million) will be payable on or before 30 June 2018 and 31 January 2019 respectively and the remaining balance will be payable upon issuance of completion certificate of the construction.

34. LITIGATIONS *(Continued)*

(b) In 2013, 無錫市盛業房地產開發有限公司 ("Shengye Property"), a former shareholder of Wuxi Shengye until 2015 and currently controlled by the founder, an ex-director and a former controlling party of Wuxi Shengye, entered into loan agreements with two borrowers. Wuxi Shengye is one of guarantors of the loan agreements.

Due to default payment by Shengye Property in respect of the loan agreements, being one of the guarantors, the Xinwu District People's Court in Wuxi had imposed a freezing order in respect of the assets of Wuxi Shengye (mainly the properties under development) from 25 May 2017 to 24 May 2020. The frozen assets will be realised for the settlement of the outstanding loan balances and associated interest and cost.

On 1 September 2017, the freezing order was released.

With reference to the legal opinion from the PRC lawyers, the directors of the Company assessed the impact of the freezing order and believed that the financial impact of the freezing order have been reflected on the value of the identifiable net assets acquired in the initial acquisition accounting of Wuxi Shengye. Other than that, there would not be any material impact to the financial position of the Group. No further provision has been made for the freezing order in the consolidation financial statements.

35. EVENTS AFTER REPORTING PERIOD

In addition to the events disclosed elsewhere in these consolidated financial statements, the Group had the following subsequent events:

(a) On 14 July 2017, the Group entered into the subscription agreement to subscribe the Class A Shares of Green Asia Restructure SP II, a segregated portfolio of the Fund at total subscription amount of HK$150,000,000 for investment purpose. Mr. Ji has provided personal guarantee in favour of the Group to guarantee the settlement of all liabilities and obligations of the Fund due and payable to the Group under the subscription agreement.

(b) On 6 September 2017, the Company and the placing agent entered into a placing agreement pursuant to which the placing agent will place a maximum of 417,515,000 new ordinary shares of HK$0.01 each in the share capital of the Company (the "Placing Shares"), on a best effort basis, at the price of HK$0.4 per Placing Share. Details of the placing were set out in the Company's announcement dated 6 September 2017.

The following is a summary of the published results of and the assets and liabilities of the Group:

RESULTS

	For the year ended 30 June				
	2013	2014	2015	2016	**2017**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	–	279	2,652	7,622	**14,293**
(Loss) Profit before tax	(3,420)	(94,749)	7,679	370,102	**290,949**
Tax credit (charge)	1,146	(1,319)	–	(66)	**31**
(Loss) Profit for the year	(2,274)	(96,068)	7,679	370,036	**290,980**
Attributable to equity holders of the Company	(2,274)	(96,068)	7,679	370,036	**290,980**

ASSETS AND LIABILITIES

	At 30 June				
	2013	2014	2015	2016	**2017**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	587,273	509,750	560,798	961,450	**1,958,302**
Total liabilities	(167,317)	(121,010)	(83,260)	(5,277)	**(711,156)**
	419,956	388,740	477,538	956,173	**1,247,146**
Equity attributable to equity holders of the Company	419,956	388,740	477,538	956,173	**1,247,146**

PARTICULARS OF INVESTMENT PROPERTIES

Particulars of investment properties held by the Group at 30 June 2017 are as follows:

Name/location	Approximate gross floor area	Lease expiry	Type	Effective % held
Hong Kong				
24th Floor, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong	14,984 sq.ft.	2059	Commercial	100
Office No. 3316 on 33rd Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong	2,062 sq.ft.	2055	Commercial	100

PARTICULARS OF PROPERTIES UNDER DEVELOPMENT

Particulars of properties under development held by the Group at 30 June 2017 are as follows:

Name/location	Construction progress of the properties	Expected completion date	Approximate site area	Approximate gross floor area under construction	Lease expiry	Type	Effective % held
The PRC							
The side of Tianhe Road, Tianyi New Town, Huishan District, Wuxi City, Jiangsu Province, the PRC	Under construction	The fourth quarter of 2019	29,326 sq.m.	191,984 sq.m.	2053	Commercial	100

DEFINITIONS

In this annual report, the following definitions have the following meanings unless otherwise specified:

"Board"	the Board of Directors of the Company
"Company"	Applied Development Holdings Limited
"Directors"	the directors of the Company
"FY2017"	the financial year ended 30 June 2017
"FY2016"	the financial year ended 30 June 2016
"Group"	the Company and its subsidiaries
"Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"sq.ft."	square feet
"sq.m."	square meter
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$" and "HK cents"	Hong Kong dollars and cents
"US dollars"	United States dollars
"RMB"	Renminbi
"%"	per cent.