



APPLIED DEVELOPMENT HOLDINGS LTD.

實力建業集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 519

American Depositary Receipt : ADHLY



**2015**  
ANNUAL REPORT

# Contents

| 1

Corporate Information	2
Chairlady's Statement	3
Biographies of Directors and Senior Management	9
Directors' Report	11
Corporate Governance Report	16
Independent Auditor's Report	26
Consolidated Statement of Comprehensive Income	28
Consolidated Statement of Financial Position	29
Consolidated Statement of Changes in Equity	31
Consolidated Statement of Cash Flows	33
Notes to the Consolidated Financial Statements	35
Financial Summary	89
Particulars of Major Properties	90

## 2 | Corporate Information

### BOARD OF DIRECTORS

#### EXECUTIVE DIRECTORS:

Wang Jingyu (*Chairlady and Managing Director*)

Ng Kit Ling

Tsao Hoi Ho

Meng Song

#### INDEPENDENT NON-EXECUTIVE DIRECTORS:

Su Ru Jia

Lo Yun Tai

Chan Ming Fai, Terence

### AUDIT COMMITTEE

Chan Ming Fai, Terence (*Chairman*)

Su Ru Jia

Lo Yun Tai

### REMUNERATION COMMITTEE

Lo Yun Tai (*Chairman*)

Su Ru Jia

Chan Ming Fai, Terence

Wang Jingyu

### NOMINATION COMMITTEE

Lo Yun Tai (*Chairman*)

Chan Ming Fai, Terence

Wang Jingyu

### COMPANY SECRETARY

Ng Kit Ling

### REGISTERED OFFICE

#### IN HONG KONG

Units 3402-3, 34th Floor

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

### IN BERMUDA

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

The Bank of East Asia, Limited

Nanyang Commercial Bank, Ltd.

The Hongkong and Shanghai Banking

Corporation Limited

Hang Seng Bank Limited

### AUDITOR

Mazars CPA Limited

*Certified Public Accountants*

### SOLICITORS

Baker & McKenzie

Reed Smith Richards Butler

Morgan and Morgan

Harneys

### STOCK CODE

The Stock Exchange of Hong Kong Limited: 519

American Depository Receipt: ADHLY

### WEBSITE

<http://www.applieddev.com>



## RESULTS

Applied Development Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") recorded a profit of approximately HK\$7.7 million for the year ended 30 June 2015 as compared to a loss of approximately HK\$96.1 million recorded for the year ended 30 June 2014. The turnaround of the Group's results is mainly attributable to (i) an interest income on promissory note receivable from a joint venture of approximately HK\$10.9 million (non-cash item); (ii) an increase in fair values of investment properties of approximately HK\$23.4 million (non-cash item); and (iii) a decrease in administrative expenses of approximately HK\$14.2 million recorded for the year ended 30 June 2015 as compared to (i) an impairment loss on promissory note receivable from a joint venture of approximately HK\$22.9 million (non-cash item) and (ii) a decrease in fair values of investment properties of approximately HK\$32.1 million (non-cash item) recorded for the year ended 30 June 2014. Earnings per share were HK0.45 cent as compared to a loss per share of HK7.26 cents in the previous year.

## BUSINESS REVIEW

The Group has two resort projects, one in the British Virgin Islands (the "BVI") and one in the Republic of Panama (the "Panama"), which are under development (the "Projects"). The investment properties held by the Group in Hong Kong as well as the holding of listed debt instruments for investment purposes continues to generate income to the Group. The Group continues to look for any investment opportunities which may provide a good return to the shareholders of the Company (the "Shareholders").

Upon the resignation of Mr. Hung Kin Sang, Raymond ("Mr. Hung") as announced by the Company on 15 July 2015, Mr. Hung has indicated in his resignation letter that he is interested in discussing the possibility of acquiring all or part of the Company's interest in the Projects. The Company is now considering Mr Hung's proposal and if a transaction culminates, the Company will make appropriate announcement to the Shareholders in due course.

## RESORT AND PROPERTY DEVELOPMENT

### BVI PROJECT

The BVI project is located at Beef Island, Tortola (the "BVI Project"), and comprises approximately 267 hectares (approximately 660 acres or 28.75 million square feet) of land and is envisioned to be a master-planned resort community which will include: a five-star luxury resort hotel with approximately 200 hotel and condo-hotel units, destination spa, signature restaurants and conference rooms; a first-class marina with approximately 135 ships, including facilities for 15 mega-yachts over 80 feet; a golf course and up to 600 high-end residential units including townhomes, beachfront residences, ocean-view villas, and secluded mountain estate homes; as well as a unique artisan and retail village at Trellis Bay.

In December 2012, Applied Enterprises Limited ("Applied Enterprises"), commenced legal proceedings in the High Court of the BVI (the "BVI High Court") and filed (i) a claim against InterIsle Holdings Limited ("InterIsle") and relevant parties for the transfer of over 30% interest in Quorum Island (BVI) Limited ("Quorum") to Applied Enterprises (the "Transfer Claim") and (ii) a claim against Quorum for the non-payment of the promissory note in the principal amount of US\$22 million (approximately HK\$171.6 million). In response, InterIsle filed its application for stay of the Transfer Claim and sought an order for the Transfer Claim to be dealt with by way of arbitration proceedings. The BVI High Court granted the application for stay in favour of InterIsle and ordered that the parties should commence arbitration to determine the substantive outcome of the Transfer Claim. Following the decision of the BVI High Court, Applied Enterprises applied to the Court of Appeal of the BVI (the "BVI Court of Appeal") to appeal the decision of the BVI High Court. On 1 May 2014, the BVI Court of Appeal made public its decision to dismiss Applied Enterprises' appeal against InterIsle and maintain the decision of the BVI High Court which granted the application for stay in favour of InterIsle and ordered that the parties should commence the arbitration to determine the substantive outcome of the Transfer Claim. Applied Enterprises was advised by its legal counsel to proceed with the arbitration proceedings instead of pursuing the right to commence litigation proceedings, as Applied Enterprises'

## 4 | Chairlady's Statement

position in pursuing the Transfer Claim through arbitration remains strong. Upon obtaining a favourable outcome, Interisle's interests in Quorum will be diluted from 50% to approximately 19.6% (the "Dilution"). Subject to completion of the Dilution, Quorum will become a subsidiary of the Company. The Company will keep the Shareholders updated on any significant progress of the proceedings.

Whilst the master plan for the BVI Project has already been approved by the relevant authorities based on which the development of the BVI Project can commence, the actual commencement of development depends on the progress and outcome of the litigation/arbitration in connection with the ownership of Quorum as mentioned above and market conditions (including the economic conditions in the United States). With the ongoing litigation/arbitration, the Company believes that its ability to realise or monetise its investment in the BVI Project in the near term to be unlikely. The carrying value of the Group's total investments in the BVI project amounted to approximately HK\$149.2 million as at 30 June 2015.

### PANAMA PROJECT

The Group also has a resort project located in Panama (the "Panama Project"), which comprises two pieces of land: (i) a piece of land of approximately 494 hectares (approximately 1,223 acres or 53.27 million square feet) named Playa Grande in Boca Chica, District of San Lorenzo, Province of Chiriqui in Panama (the "Panama Land"); and (ii) a hot spring with a land size of approximately 9 hectares (approximately 22.3 acres or 0.97 million square feet) in the Borough of San Felix, Province of Chiriqui in Panama (the "Hot Spring Property"). The management of the Company has worked with professionals and architects on the relevant plans for the sub-lot region of the Panama Land for submission to the relevant authorities of Panama.

The Panama Project plans to feature a luxury hotel, a marina facility and a marina village, a 18-hole golf course, a branded fractional ownership club, branded ocean-view villas and branded residential lots. After completion of the Panama Project, it is expected that 2,000 residential units in the various branded residential lots will be offered for sale.

The Group intends to adopt for the Panama Project the business model as used for the BVI Project, and intends to partner with renowned experts in the resort development industry to develop the Panama Project subject to the prevailing economic climate and conditions of the property market. The Company is studying and developing plans for pre-development works for the Panama Project and at the same time is seeking for partners to develop the Panama Project. Application for the hot spring concession was made in 2013 and the concession was expected to be granted in 2015. The commencement of development works is subject to approval of the relevant authorities of a master development plan and to market conditions. Alternatively, if a suitably attractive offer is made by potential buyers, the board of directors of the Company (the "Board") may consider the disposal of all or part of its interest in the Panama Land and/or the Hot Spring Property. The carrying value of investment properties under the Panama Project amounted to approximately HK\$99.7 million as at 30 June 2015.

### PROPERTY INVESTMENT

The Group's investment properties in Hong Kong continue to generate rental income amounting to approximately HK\$817,000 for the year ended 30 June 2015 (2014: HK\$279,000). The Group's investment properties in Hong Kong were valued at HK\$251 million as at 30 June 2015.



In September 2015, the Group disposed of its 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") to an independent third party and recorded a gain on disposal of approximately HK\$607,000. As stated in the Company's 2015 Interim Report, Quorum Electronics held an investment property in the People's Republic of China (other than Hong Kong, the "PRC") that was subject to litigation. In September 2015, the Group also disposed of its entire equity interest in and shareholder's loan to Applied Mission Limited ("Applied Mission") which held two investment properties in the PRC to an independent third party and a gain on disposal of approximately HK\$15,000 was recorded. Further details of the disposal of Quorum Electronics and Applied Mission are set out in note 43 to the consolidated financial statements.

## INVESTMENT HOLDING

During the year ended 30 June 2015, the Group had invested in listed debt instruments issued by properties developers listed in Hong Kong which contributed a total interest income of approximately HK\$1.8 million to the Group. However, the Group recorded net realised loss of approximately HK\$3.8 million due to disposal of part of the debt instruments portfolio during the year and unrealised loss of approximately HK\$0.5 million due to the net decrease in fair values of these debt instruments measured at year end date. The carrying value of the Group's listed debt instruments portfolio amounted to approximately HK\$23.5 million as at 30 June 2015.

## BUSINESS OUTLOOK

As mentioned above, the Company is now considering Mr Hung's proposal for acquisition of interests in the Projects. Nevertheless, it is the intention of the Group to continue carrying on its existing principal business in property investment and investment holding irrespective of the Board's decision on Mr. Hung's proposal. If a transaction does culminate, the Company will make appropriate announcement to the Shareholders at the earliest practicable time.

As stated in the announcements of the Company dated 20 April 2015 and 13 May 2015, the Group is considering and is in preliminary confidential discussions with independent third parties on various potential projects involving the acquisition of interests or other forms of co-operation in property and/or resources sectors in China. It is the intention of the Board that the Group will continue to look for investment opportunities with attractive returns that can bring significant values to the Shareholders, and the management to step up its effort in improving the financial performances of the Group in the near term.

## CONNECTED TRANSACTIONS

The related party transactions as set out in note 37(A) to the consolidated financial statements fall under the scope of "Connected Transactions" under Chapter 14A of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") but are exempted from reporting, annual review, announcement or independent shareholders' approval requirements.

## LITIGATION

Apart from the legal proceedings described above and set out in note 42 to the consolidated financial statements, the Group is not a party to any other significant legal proceedings.

## 6 | Chairlady's Statement

### PLEDGE OF ASSETS

At the end of the reporting period, the Group and the Company had provided the following security for banking facilities granted to a subsidiary of the Company:

- (i) pledge of investment properties of the Group with a carrying amount of HK\$251 million (2014: HK\$231 million);
- (ii) all monies earned by the above pledged investment properties of the Group. During the year, rental income of approximately HK\$817,000 (2014: HK\$279,000) was generated from these investment properties;
- (iii) property insurance on the pledged investment properties executed by the Group in favour of the bank. At the end of the reporting period, the property insurance coverage amounted to approximately HK\$20.5 million (2014: HK\$16.5 million); and
- (iv) unconditional and irrevocable corporate guarantee given by the Company in respect of all amounts owing by the subsidiary to the bank under the facilities.

### PORTAL OPERATION

The Group website at [www.applieddev.com](http://www.applieddev.com) serves as a channel to facilitate the communication between the Company and its shareholders and includes updated corporate and investor information.

### LIQUIDITY AND FINANCIAL INFORMATION

On 15 August 2014, the Company successfully completed a rights issue (the "Rights Issue") (details of which were set out in the Company's prospectus dated 25 July 2014) and raised net proceeds of approximately HK\$78.4 million.

The directors of the Company (the "Directors") considered that it was prudent to finance the Group's long term growth by way of the Rights Issue to strengthen the Group's capital base and enhance its financial position without increasing finance costs. The Rights Issue also enabled the Shareholders which qualified to participate in the Rights Issue to maintain their respective pro-rata shareholding in the Company and participate in the growth of the Group.

As disclosed in the prospectus of the Company dated 25 July 2014, the Company intended to apply the net proceeds from the Rights Issue (i) as to approximately HK\$15 million for the payment of pre-development costs of existing overseas projects comprising approximately HK\$9 million towards estimated property tax payable up to December 2015, estimated operating costs including costs associated with the Group's application for hot spring concession approval in relation to the Panama Project, approximately HK\$2 million being set aside in and towards estimated litigation costs involving the ownership of the BVI Project and approximately HK\$4 million for the estimated pre-development expenses expected to be incurred in connection with the Panama Project and the BVI Project; and (ii) as to approximately HK\$22 million for opportunistic investment by the Group in properties and/or other businesses that operate within the same business segments of the Group. The balance of the net proceeds of approximately HK\$40 million was earmarked as general working capital of the Group.





As at the date of this Annual Report, the intended use of the net proceeds from the Rights Issue, and the actual use of the fund are as follows:

Intended use of proceeds	Intended allocation (approximately) HK\$'000	Actual deployment as at the date of this Annual Report (approximately) HK\$'000
Pre-development costs of overseas projects		
• 2015 tax and operating/application costs (Panama Project)	9,000	2,000
• Litigation costs (BVI Project)	2,000	2,000
• Pre-development costs (Panama Project & BVI Project)	4,000	1,000
Opportunistic investment	22,000	22,000
General working capital	40,000	24,700
Total	77,000	51,700

To the extent that the net proceeds of the Rights Issue have not yet been deployed, the funds are mainly placed with banks as short term deposits.

As at 30 June 2015, the Group's total equity and borrowings amounted to approximately HK\$477.5 million and approximately HK\$75.2 million respectively, representing a gearing ratio, calculated by dividing the Group's total borrowings over equity, of approximately 15.7% as compared to approximately 25.6% as at 30 June 2014. As at 30 June 2015, the Group's current assets and current liabilities, excluding bank borrowings over one year (based on scheduled payment date) amounted to approximately HK\$69.5 million and approximately HK\$20.6 million respectively, representing a current ratio of 3.4 times as compared to 1.0 times as at 30 June 2014.

## EXPOSURE TO EXCHANGE RATE FLUCTUATIONS

The Group does not engage in interest rate or foreign exchange speculative 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 instruments will be used.

## EMPLOYEE INFORMATION

As at 30 June 2015, the Group employed a total of 8 (2014: 9) full-time employees.

The Group's emolument policies are formulated on the basis of the performance of individual employees and are reviewed annually. The Group also provides medical insurance coverage and a provident fund scheme to its employees.



## 8 | Chairlady's Statement

### ACKNOWLEDGEMENTS

On behalf of the Board, I would like to take this opportunity to express my thanks to all of the staff and business partners for their hard work and dedication.

By Order of the Board

**Wang Jingyu**

*Chairlady*

Hong Kong, 29 September 2015



## EXECUTIVE DIRECTORS

**Ms. Wang Jingyu (“Ms. Wang”)**, aged 35, Chairlady, Managing Director and a director of various subsidiaries of the Company, Ms. Wang graduated from Southwestern University of Finance and Economics in the People’s Republic of China (the “PRC”) with a Bachelor’s degree in Economics and specialised in International Finance. She has joined the Group since 15 July 2015. She has over 10 years of experience in financial management and investments in the PRC. Ms. Wang was an executive director of Winshine Entertainment & Media Holding Company Limited (stock code: 209) from 25 November 2009 to 10 November 2014.

**Ms. Ng Kit Ling (“Ms. Ng”)**, aged 50, Executive Director and a director of various subsidiaries of the Company, 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 she holds a Master Degree in Accountancy from the Hong Kong Polytechnic University. She joined the Group in 2005 and immediately prior to her appointment as an Executive Director, Ms. Ng was the Financial Controller and Company Secretary of the Company. She has over 29 years of experience in finance and accounting matters of companies listed in Hong Kong. Ms. Ng is also the Company Secretary of the Company.

**Mr. Tsao Hoi Ho (“Mr. Tsao”)**, aged 50, Executive Director and a director of various subsidiaries of the Company, is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants, an associate of The Institute of Chartered Secretaries and Administrators, an associate of the Australasian Institute of Banking & Finance and an associate of the Bankers’ Institute of New Zealand. Mr. Tsao graduated from the University of Warwick with a Master of Business Administration degree. Mr. Tsao has joined the Group since 18 December 2014. He has over 20 years’ extensive experience in auditing, corporate finance and company secretarial practice. Mr. Tsao is an independent non-executive director of Uni-Bio Science Group Limited (stock code: 690), whose shares are listed on the Main Board of the Stock Exchange. He has worked for international accounting firms for 5 years and is currently the Financial Controller, Company Secretary and authorised representative of Ningbo WanHao Holdings Company Limited, a joint stock limited company incorporated in the PRC whose shares are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8249).

**Mr. Meng Song (“Mr. Meng”)**, aged 42, Executive Director and a director of various subsidiaries of the Company, holds a Bachelor of Economics degree from Nankai University and a Master of Business Administration degree from The University of Western Ontario, Canada. He has joined the Group since 22 December 2014. He had worked for reputable national enterprise in the PRC and international investment and commercial banks overseas. Mr. Meng has extensive experience in capital markets, corporate merger and acquisition, credit and finance as well as industrial projects.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Su Ru Jia**, aged 65, Independent Non-executive Director, holds a Master in Business Administration degree from International East-West University of America (美國國際東西方大學) and graduated from Nanjing Senior Army Command College (南京高級陸軍指揮學院) and South China Normal University (華南師範大學) in 1983 and 1989 respectively. He has been appointed as a Committee Member of The Communist Party of Committee of Shenzhen (中共深圳市委委員), a Committee Member of Political of Association Shenzhen Committee (政協深圳市委員會常委) and a Deputy Director of Main Branch of Economic Technology Committee (經濟科技委員會正局級副主任) since 2007. Before that, he was appointed as a Deputy Chief of Shenzhen Trade Development Council (深圳貿易發展局副局長) and a Secretary of The Communist Party of Committee of Shenzhen Unit Work Committee (中共深圳市委駐深圳單位工作委員會書記) in 1998 and 2001 respectively. He has worked for the Community State of the PRC for over 45 years. During the course of working for the military of the PRC, he was promoted from Deputy Squad Leader to the Commander of the military, he achieved three third-class merit rewards and was praised for his excellent performance over 20 times. He has extensive and professional experience in the economic and property development of the PRC, especially management and administration in the PRC State Committee. He joined the Company as an Independent Non-executive Director in February 2010.

## 10 | Biographies of Directors and Senior Management

**Mr. Lo Yun Tai**, aged 69, Independent Non-executive Director, holds a Bachelor of Science degree in Mechanical Engineering from National Taiwan University. He has over 45 years extensive experience in corporate management and operation of his chain of private companies of which he is the sole-proprietor. He is also familiar with the business, operations and development of the Company and its subsidiaries acquired during the time when he was an Independent Non-executive Director of the Company from 1998 to 2009. He rejoined the Company as an Independent Non-executive Director in December 2011.

**Mr. Chan Ming Fai, Terence**, aged 45, Independent Non-executive Director, holds a Master in Business Administration degree in E-Commerce from University of Ballarat, Australia and a Bachelor of Business Administration degree in Economics from Hong Kong Baptist University. He is also a member of the Association of Chartered Certified Accountants. He has been working as a financial consultant since 2008, before which he was a director of Zap Financial Consultancy Ltd, providing financial consulting or advisory services. He has over 22 years of experience in financial consulting, corporate restructuring, mergers and acquisitions, raising capital and financing, strategic financial planning, especially assisting over 100 Chinese enterprises in the obtaining of leasing finance and trade finance through banks in Hong Kong and the PRC. He joined the Company as an Independent Non-executive Director in December 2011.



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 2015.

## PRINCIPAL ACTIVITIES

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. The activities of the principal subsidiaries of the Company and a joint venture of the Group are set out in notes 40 and 17, respectively, to the consolidated financial statements.

## RESULTS

The results of the Group for the year ended 30 June 2015 are set out in the consolidated statement of comprehensive income on page 28.

The Directors do not recommend the payment of a dividend.

## MAJOR SUPPLIERS AND CUSTOMERS

The Group did not have any purchases and suppliers during the year and at the end of the reporting period, respectively. During the year, the aggregate revenue attributable to the five largest customers and the largest customer of the Group were 100% and 59% 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, their close associates or any shareholders of the Company which, to the knowledge of the Directors, owned more than 5% of the issued share capital of the Company, had any beneficial interest in the share capital of any of the five largest customers of the Group.

## INVESTMENT PROPERTIES

Details of movements during the year ended 30 June 2015 in the investment properties of the Group are set out in note 14 to the consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year ended 30 June 2015 in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

## MAJOR PROPERTIES

Details of the major properties of the Group as at 30 June 2015 are set out on page 90.

## SHARE CAPITAL

Details of movements during the year ended 30 June 2015 in share capital of the Company are set out in note 29 to the consolidated financial statements.

### DISTRIBUTABLE RESERVES OF THE COMPANY

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium.

In the opinion of the Directors, the reserves of the Company available for distribution to shareholders as at 30 June 2015 amounted to HK\$33,441,000 (2014: HK\$40,095,000).

### DIRECTORS

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

#### EXECUTIVE DIRECTORS:

Ms. Wang Jingyu (*Chairlady and Managing Director (appointed on 15 July 2015)*)  
Mr. Hung Kin Sang, Raymond (*Chairman (appointed on 18 December 2014 and resigned on 15 July 2015)*  
*and Managing Director (resigned on 15 July 2015)*)  
Mr. Hung Kai Mau, Marcus (*Chairman (resigned on 18 December 2014)*)  
Ms. Ng Kit Ling  
Mr. Tsao Hoi Ho (*appointed on 18 December 2014*)  
Mr. Meng Song (*appointed on 22 December 2014*)

#### INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Su Ru Jia  
Mr. Lo Yun Tai  
Mr. Chan Ming Fai, Terence  
Mr. Lun Tsan Kau (*resigned on 31 December 2014*)

In accordance with Bye-law 86(2) and 87(1) of the bye-laws of the Company (the "Bye-Laws") and the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules, Ms. Wang Jingyu, Mr. Tsao Hoi Ho, Mr. Meng Song, Ms. Ng Kit Ling and Mr. Lo Yun Tai shall retire at the forthcoming Annual General Meeting of the Company and they will be eligible to 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 Bye-Laws.

The Directors being proposed for re-election at the forthcoming Annual General Meeting do not have any service contract in writing with the Company or any of its subsidiaries which is not determinable by the relevant members of the Group within one year without payment of compensation, other than statutory compensation.



## CONNECTED TRANSACTIONS

The related party transactions as disclosed in note 37(A) to the consolidated financial statements are connected transactions for the Company under Chapter 14A of the Listing Rules but are exempted from reporting, annual review, announcement or independent shareholders' approval requirements.

The related party transactions as disclosed in note 37(B) to the consolidated financial statements do not fall under the definition of connected transaction or continuing connected transaction under the Listing Rules.

## DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed above, no contracts of significance to which the Company or any of its subsidiaries is/was a party and in which a Director has/had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interests and short positions of the Directors in the ordinary shares of the Company (the "Shares"), underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register of members 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 and the SFO, were as follows:

### (I) LONG POSITION IN SHARES

Name of Director	Number of Shares		Total	Approximate % of shareholding
	Beneficial owner	held by controlled corporation		
Hung Kin Sang, Raymond* ("Mr. Hung")	453,191,635	12,534,324 (Note)	465,725,959	26.77
Ng Kit Ling	15,000	–	15,000	0.001

Note: These Shares were held by the following companies:

	Number of Shares
Malcolm Trading Inc.	11,544,324
Jaytime Overseas Ltd.	990,000
	<hr/>
	12,534,324
	<hr/>

Malcolm Trading Inc. and Jaytime Overseas Ltd. are wholly owned and controlled by Mr. Hung.

On 15 July 2015, Mr. Hung resigned as Executive Director, Chairman and Managing Director and sold his entire holding of 465,725,959 Shares to Millennium Capital Asia Limited, a company which is wholly owned by Peak Access International Limited, which in turn is beneficially owned by Ms. Wang Jingyu, the Chairlady and Managing Director of the Company.

## 14 | Directors' Report

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code and which were required to be entered into and kept under the register pursuant to Section 352 of the SFO.

So far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to section 336 of the SFO, as at 30 June 2015, no persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

The directors and employees of the Company and its subsidiaries are entitled to participate in the share option scheme of the Company adopted by the Company on 15 November 2012 (the "Scheme"). Particulars of the Scheme are set out in note 30 to the consolidated financial statements.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares or debentures of the Company or any other associated corporations (within the meaning of Part XV of the SFO) and none of the Directors or their spouses or children under the age of 18 had any right to subscribe for securities of the Company or had exercised any such rights during the year.

### **SUBSTANTIAL SHAREHOLDERS**

Save as disclosed above and under the section headed "Directors' Interests in Shares, Underlying Shares and Debentures", as at 30 June 2015, the Company has not been notified of any other person having interests representing 5% or more in the Company's issued share capital and recorded in the register maintained under Section 336 of the SFO.

### **APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to the guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

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

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

### **RELATED PARTY TRANSACTIONS**

Details of related party transactions of the Group during the year ended 30 June 2015 are set out in note 37 to the consolidated financial statements.





## DONATIONS

During the year ended 30 June 2015, the Group did not make any charitable and other donations (2014: HK\$17,500).

## PRE-EMPTIVE RIGHTS

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

## SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 30 June 2015.

## AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Mazars CPA Limited, Certified Public Accountants, as auditor of the Company.

On behalf of the Board

**Wang Jingyu**

*Chairlady*

Hong Kong, 29 September 2015

The Board is pleased to present the Corporate Governance Report for the year ended 30 June 2015.

The Company has complied with the 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 2015, save in respect of Code Provisions (i) A.4.2, (ii) E.1.3, (iii) A.6.7 and (iv) A.2.1. Details of the deviations with reasons are set out in the paragraphs below:

## (I) 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 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 Chairlady of the Board and the Managing Director of the Company, Ms. Wang Jingyu will voluntarily submit herself 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.

## (II) E.1.3

During the year ended 30 June 2015, the Company was unable to arrange for the notice of the annual general meeting of the Company which was held on 4 November 2014 (the “AGM”) to be sent to the shareholders at least 20 clear business days before the AGM in accordance with Code Provision E.1.3. This was due to the disruption caused by the “Occupy Central” movement, which started on 28 September 2014. The Occupy Central movement caused the postponement of the delivery date of the relevant circular and notice to the shareholders from 3 October 2014 to 9 October 2014. Therefore, the Company could not deliver the relevant circular and notice to the shareholders at least 20 clear business days before the AGM. However, the delivery of the circular and notice was in compliance with Bye-law 59(1) of the Bye-laws which requires notice of an annual general meeting to be sent to shareholders not less than 21 clear days before the annual general meeting.



## (III) A.6.7

Under Code Provision A.6.7 of the CG Code, the Independent Non-executive Directors and other Non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. However, one of the Independent Non-executive Directors, Mr. Su Ru Jia was unable to attend the AGM due to illness. All other directors including the other three Independent Non-executive Directors attended the AGM.

## (IV) A.2.1

During the year ended 30 June 2015, Mr. Hung took the roles of both Chairman and Managing Director of the Company for the period from 18 December 2014 to 15 July 2015 which was not in compliance with Code Provision A.2.1 of the CG Code which requires the roles of chairman and chief executive to be separate and not performed by the same person. Subsequent to the year ended 30 June 2015, Ms. Wang Jingyu has been appointed as the Chairlady and the Managing Director of the Company following the resignation of Mr. Hung on 15 July 2015 and still deviates from the requirement of Code Provision A.2.1 of the CG Code. As such, the Company will continue to identify suitable candidate in order to separate the roles of chairman and managing director of the Company.

The Company has always been committed to good corporate governance principles and practices to safeguard the interests of its shareholders and uphold accountability, transparency and responsibility of the Company.

The Company regularly reviews its corporate governance practices to ensure that the Company continues to meet the requirements of the CG Code. A narrative summary of how the Company has applied the key corporate governance principles as set out in the CG Code, and explanations of any deviations thereto, is set out below.

## THE BOARD

### (I) BOARD COMPOSITION

#### *EXECUTIVE DIRECTORS*

1. Ms. Wang Jingyu (Chairlady and Managing Director (appointed on 15 July 2015))
2. Mr. Hung Kin Sang, Raymond (Chairman (appointed on 18 December 2014 and resigned on 15 July 2015) and Managing Director (resigned on 15 July 2015) and father of Mr. Hung Kai Mau, Marcus)
3. Mr. Hung Kai Mau, Marcus (Chairman (resigned on 18 December 2014) and son of Mr. Hung Kin Sang, Raymond)
4. Ms. Ng Kit Ling
5. Mr. Tsao Hoi Ho (appointed on 18 December 2014)
6. Mr. Meng Song (appointed on 22 December 2014)

#### *INDEPENDENT NON-EXECUTIVE DIRECTORS*

1. Mr. Su Ru Jia
2. Mr. Lo Yun Tai
3. Mr. Chan Ming Fai, Terence
4. Mr. Lun Tsan Kau (resigned on 31 December 2014)

Save as stated above, there is no relationship (including financial, business, family or other material relevant relationship(s)), among members of the Board.

None of the Independent Non-executive Directors of the Company have served on the Board for more than nine years.

**(II) RESPONSIBILITY**

The business and affairs of the Group are under the direction of and vested with the Board pursuant to the By-laws. The Board is the ultimate decision-making body of the Group except in respect of matters reserved for the shareholders. The Board is ultimately accountable and responsible for the performance and affairs of the Group and for the preparation of the accounts of the Company. The Board retains overall responsibility for all major matters of the Group, which include approving and monitoring all policy matters, managing overall strategies and budgets, internal control and risk management systems, entering into material transactions (especially any transactions which may involve a conflict of interest within the Board), providing financial information, appointing the Directors and other significant financial and operational matters. Certain authority is delegated by the Board to the management of the Company (led by the Managing Director) in order to enable the management to develop and implement the Group's strategic plans and operations, and to conduct the Group's day-to-day activities. The Company maintains a formal schedule of matters specifically reserved for Board approval. The Board also informs and gives clear directions to management on the matters that must be approved by the Board before decisions are made on the Company's behalf. The Board diligently monitors the management's performance in that regard but responsibility for conducting the Group's daily operations rests with the management.

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. The roles and duties of the Chairman and that of the Managing Director should be carried out by different people. As mentioned above, Mr. Hung, who was the Managing Director of the Company at the time, took on the role as Chairman of the Company upon the resignation of Mr. Hung Kai Mau, Marcus. Following the resignation of Mr. Hung on 15 July 2015, Ms. Wang Jingyu has been appointed as the Chairlady and Managing Director of the Company in place of Mr. Hung. The Company will seek to appoint another person as the Managing Director of the Company once an appropriate candidate has been identified so that the roles of Chairlady and that of the Managing Director can be carried out by different people.

The Board has established three Board committees, namely the Audit Committee, Remuneration Committee and Nomination Committee, to oversee particular aspects of the Group's affairs. The Company reviews the authorities of the above committees on a regular basis to ensure that they remain appropriate to the needs of the Company. The Board and the Board committees work under the well established corporate governance practices in accordance with the requirements of the Listing Rules and relevant statutory requirements.

Each Director of the Company is provided, upon reasonable request made to the Board, with means, at the Company's expense, to seek independent professional advice in furtherance of his/her duties if necessary. The Independent Non-executive Directors are high calibre executives or professionals with relevant and/or professional industry experience who provide their skills and expertise to the Board. Their brief biographical details are on pages 9 to 10 of this Annual Report. They ensure that the Board and the Company maintain high standards in its financial and other mandatory reporting obligations as well as provide adequate checks and balances to safeguard the interests of shareholders and the Company as a whole.



The Board regularly reviews its composition and structure to ensure appropriate levels of expertise and independence are attained and maintained.

### (III) CONTINUOUS PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

Each newly appointed Director receives a comprehensive and formal induction to ensure that he/she has an appropriate understanding of (i) the business and operations of the Group; (ii) his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements; (iii) the corporate governance code of the Company; and (iv) the Model Code.

The Directors are continuously updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities and to ensure that they are fully aware of their duties and responsibilities under statute and common law, the Listing Rules and the Company's business and governance policies. Continuing briefings and professional development to Directors will be arranged whenever necessary.

The Company has received from each of the Directors a record of training they received during the year ended 30 June 2015. A summary of such training is listed as follows:

Name of Director	Type of training
<b>Executive Directors</b>	
Mr. Hung Kin Sang, Raymond (resigned on 15 July 2015)	B
Mr. Hung Kai Mau, Marcus (resigned on 18 December 2014)	A, B
Ms. Ng Kit Ling	A, B
Mr. Tsao Hoi Ho (appointed on 18 December 2014)	A, B
Mr. Meng Song (appointed on 22 December 2014)	B
<b>Independent Non-Executive Directors</b>	
Mr. Lun Tsan Kau (resigned on 31 December 2014)	B
Mr. Su Ru Jia	B
Mr. Lo Yun Tai	B
Mr. Chan Ming Fai, Terence	A, B

- A: Attending training courses and/or seminars, conferences, workshops or forums relevant to the Company's business, Listing Rules, etc.
- B: Reading journals and updates relevant to the Company's business or directors' duties and responsibilities.

### (IV) COMPANY SECRETARY'S TRAINING

Pursuant to Rule 3.29 of the Listing Rules, the Company Secretary must take no less than 15 hours of relevant professional training in each financial year. Ms. Ng Kit Ling, an Executive Director, was appointed as the Company Secretary of the Company on 14 November 2013. She has provided her training records to the Company indicating that she has undertaken more than 15 hours of relevant professional development during the year ended 30 June 2015, by means of attending seminars and reading relevant guidance materials.

**(V) SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “Securities Code”) on terms no less strict than the standard set out in Model Code contained in Appendix 10 of the Listing Rules. Pursuant to the Securities Code, a Director must, among other things, notify the Chairman/Chairlady or his/her alternate in writing of the specific purpose of a proposed dealing in the securities of the Company and obtain a dated written acknowledgement prior to any such dealing. After specific equities of each of the Directors, the Directors confirmed that they have complied with the required standard set out in the Securities Code.

**(VI) CONTRIBUTION BY DIRECTORS**

The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company to assess whether the Director is spending sufficient time performing them. The attendance record of the Directors at the regular meetings of the Board, annual general meeting of the Company, special general meetings of the Company and the Committee meetings during the reporting period is as follows:

Name of Director	Board meeting attended/ held	Annual general meeting* attended/ held	Remuneration Committee meeting attended/ held	Nomination Committee meeting attended/ held	Chairman meeting held	Audit Committee meeting attended/ held
Mr. Hung Kin Sang, Raymond (resigned on 15 July 2015)	12/13	1/1	5/6	2/3	1/1	N/A
Mr. Hung Kai Mau, Marcus (resigned on 18 December 2014)	9/9	1/1	3/3	N/A	N/A	N/A
Ms. Ng Kit Ling	13/13	1/1	N/A	N/A	N/A	N/A
Mr. Tsao Hoi Ho (appointed on 18 December 2014)	5/5	N/A	N/A	N/A	N/A	N/A
Mr. Meng Song (appointed on 22 December 2014)	3/4	N/A	N/A	N/A	N/A	N/A
Mr. Lun Tsan Kau (resigned on 31 December 2014)	11/11	1/1	5/5	3/3	1/1	2/2
Mr. Su Ru Jia	12/13	0/1	5/6	N/A	1/1	2/3
Mr. Lo Yun Tai	12/13	1/1	6/6	3/3	1/1	2/3
Mr. Chan Ming Fai, Terence	13/13	1/1	6/6	3/3	1/1	3/3

\* This meeting was the 2014 annual general meeting of the Company held on 4 November 2014.

**(VII) CORPORATE GOVERNANCE FUNCTIONS**

During the year ended 30 June 2015, the Board was responsible for and performed the following corporate governance duties:

- (a) developing and reviewing the Company's policies and practices on corporate governance;
- (b) reviewing and monitoring the training and continuous professional development of the Directors and senior management;



- (c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) developing, reviewing and monitoring code of conduct and compliance manuals applicable to employees and Directors; and
- (e) reviewing the Company's compliance with the Code Provisions and disclosures in the Corporate Governance Report.

## (VIII) 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. In addition, the Company will disclose details of its policy and any measurable objectives it has set itself in this regard in the Corporate Governance Report set out in its Annual Report.

## REMUNERATION COMMITTEE

The Remuneration Committee includes a majority of Independent Non-executive Directors. The Remuneration Committee comprises at least one Executive Director, who is currently Ms. Wang Jingyu (appointed on 15 July 2015), and prior to her appointment, Mr. Hung (who resigned on 15 July 2015) and Mr. Hung Kai Mau, Marcus (who resigned on 18 December 2014), and three Independent Non-executive Directors. Mr. Lun Tsan Kau was the Chairman of the Remuneration Committee until his resignation on 31 December 2014, after which Mr. Lo Yun Tai took on the role as Chairman of the Remuneration Committee. Other members of the Remuneration Committee are Mr. Su Ru Jia, and Mr. Chan Ming Fai, Terence, both of whom are Independent Non-executive Directors.



The purpose of the Remuneration Committee is to assist the Board in determining the policy and structure for the remuneration of Executive Directors, evaluating the performance of Executive Directors, reviewing incentive schemes and Directors' service contracts and fixing the remuneration packages for all Directors and senior management. The terms of reference of the Remuneration Committee are available on the website of the Stock Exchange and the Company's website.

During the year under review, the Remuneration Committee has reviewed the Chairman's remuneration, annual special bonus to Executive Directors, the annual salary review for staff, the remuneration for newly appointed Directors and made recommendations of the above to the Board for approval.

### **NOMINATION COMMITTEE**

The Nomination Committee includes a majority of Independent Non-executive Directors. The Nomination Committee comprises one Executive Director, who is currently Ms. Wang Jingyu (appointed on 15 July 2015), and prior to her appointment, Mr. Hung (who resigned on 15 July 2015), and two Independent Non-executive Directors, namely Mr. Lo Yun Tai (Chairman of the Nomination Committee) and Mr. Chan Ming Fai, Terence. Mr. Lun Tsan Kau was also a member of the Nomination Committee until his resignation on 31 December 2014. The Nomination Committee is responsible for making recommendations to the Board on proposed changes to the Board and senior management of the Company to complement the Company's corporate strategy after its reviews of the structure, size, composition and diversity of the Board and senior management from time to time.

The purpose of the Nomination Committee is to assist the Board in identification of suitable individuals qualified to become members of the Board and senior management, to review the structure, size, composition and diversity of the Board and senior management and make recommendations on any proposed changes to the Board and senior management to complement the Company's corporate strategy. The terms of reference of the Nomination Committee are available on the website of the Stock Exchange and the Company's website.

During the year under review, the Nomination Committee has reviewed the qualification and experience for the post of newly appointed Chairlady and Executive Directors and made recommendations to the Board for approval.

### **AUDIT COMMITTEE**

The Audit Committee comprises three Independent Non-executive Directors. Mr. Lun Tsan Kau was the Chairman of the Audit Committee until his resignation on 31 December 2014, after which Mr. Chan Ming Fai, Terence took on the role of Chairman of the Audit Committee. Other members of the Audit Committee are Mr. Su Ru Jia and Mr. Lo Yun Tai. All of them have appropriate professional qualifications or accounting or related financial management expertise, as required by the Listing Rules. The Audit Committee is responsible for reviewing and assessing, together with senior management and the external auditor of the Company, the internal control system and external auditing process and findings, the accounting principles and practices adopted by the Group, Listing Rules and statutory compliance. The members of the Audit Committee also meet to discuss matters relating to auditing, internal control, risk management and financial reporting (including the interim financial report of the Group for the first six months of each financial year).

The main duties of the Audit Committee include making proposals and recommendations to the Board on the appointment and removal of the external auditor of the Company and its terms of engagement and termination as well as monitoring the independence and effectiveness of the external auditor and recommending appropriate actions if required.



The purpose of the Audit Committee is to assist the Board in considering how the Board should apply financial reporting and internal control principles and to maintain an appropriate relationship with the Company's auditor. The terms of reference of the Audit Committee are available on the website of the Stock Exchange and the Company's website.

During the year ended 30 June 2015, the Audit Committee, through its meetings with the external auditor, mainly worked on the review and discussion of (i) the financial reporting (including the interim report for the first six months ended 31 December 2014); (ii) auditing; (iii) internal control and (iv) risk management of the Group.

## AUDITOR'S REMUNERATION

The auditor provides an objective assessment of the financial information presented by the management, and is considered one of the essential elements to ensure effective corporate governance. For the year ended 30 June 2015, the remuneration paid/payable to the auditor of the Company, Mazars CPA Limited, were set out below:

Nature of services	Fees paid/payable HK\$'000
Audit service	540
Audit related service	
– Agreed-upon procedures on interim and final results	85
– Professional services for the Rights Issue	100
	<hr/>
Total	725
	<hr/> <hr/>

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board believes that a well-designed system of internal control is crucial to safeguard the assets of the Group and to ensure reliability of financial reporting as well as compliance with the relevant rules and regulations. A system of internal controls has been set up, with the intention of preventing material misstatements and losses, to manage and where possible, eliminate risks of failure in operational systems to achieve the Group's objectives.

The Board has overall responsibility for the Group's internal control, financial control and risk management system. The Board also monitors their effectiveness from time to time, and reviews the scope and frequency of audit reviews according to risk assessment. Special reviews may also be conducted on areas of concern identified by management or the Audit Committee from time to time.

During the reporting year, the Board through the Audit Committee reviewed the effectiveness of the internal control system of the Group, including the functions of financial, operation, compliance and risk management. The review covered the adequacy of resources, qualifications and experience of staff involved in the Company's accounting and financial reporting function, their training programs and budget, and all material controls. The Board, also through the Audit Committee, where necessary, initiated necessary improvements and also reinforcements to the internal control system. No material problems in any aspect of the internal control of the Company were noted. The review showed that the internal control system operated, on the whole, satisfactorily.

### 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 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.

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 auditors' 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](http://www.applieddev.com)) directly for updated corporate and financial information on the Group.

### CONTACT DETAILS

Shareholders may send their enquiries or requests to the following:

Address: Units 3402-3, 34th Floor, China Merchants Tower, Shun Tak Centre,  
168-200 Connaught Road Central, Hong Kong  
(For the attention of the Company Secretary)

Fax: (852) 2873 4676

For the avoidance of doubt, shareholders must deposit and/or send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) at or to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as permitted or required by law.

Shareholders may also call the Company at (852) 2520 8600 for any assistance.



## THE ANNUAL GENERAL MEETING

Shareholders' meetings provide a principal forum for dialogue between shareholders and the Company. The Board encourages shareholders to attend and welcomes their participation. For the annual general meeting of the Company, notice of the meeting and the related circular are dispatched to the shareholders of the Company at least 20 clear business days before the meeting. Separate resolutions for each substantial issue, including the election of Directors, is proposed at the annual general meeting and details of the poll voting procedures and rights of shareholders to demand a poll are included in the related circular. Poll results in respect of each resolution proposed at the annual general meeting will be published by way of an announcement after the close of the meeting in accordance with the Listing Rules.

## PUBLIC FLOAT

The Board's knowledge of the public float is based on information publicly available to the Company. As at the date of this report, over 25% of the total issued share capital of the Company are held by the public.

## THE BOARD'S STATEMENT

The Company believes that good corporate governance reflects a high quality of management and operations of the Group's operations and business. Good corporate governance can safeguard the proper use of funds and ensure effective allocation of resources which in turn, will protect the interests of the shareholders. The management recognises the importance of good corporate governance practices and will use its best endeavours to maintain, strengthen and improve the standard and quality of the Group's corporate governance.



**MAZARS CPA LIMITED**

**瑪澤**會計師事務所有限公司  
42nd Floor, Central Plaza  
18 Harbour Road, Wanchai, Hong Kong  
香港灣仔港灣道18號中環廣場42樓  
Tel 電話: (852) 2909 5555  
Fax 傳真: (852) 2810 0032  
Email 電郵: info@mazars.hk  
Website 網址: www.mazars.cn

**TO THE SHAREHOLDERS OF APPLIED DEVELOPMENT HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of Applied Development Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 28 to 88, which comprise the consolidated statement of financial position as at 30 June 2015, 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 a summary of significant accounting policies and other explanatory information.

**DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Mazars CPA Limited**

*Certified Public Accountants*

Hong Kong, 29 September 2015

### **Chan Wai Man**

Practising Certificate number: P02487

# 28 | Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Turnover</b>	5	<b>2,652</b>	279
Other revenue	5	<b>3</b>	–
Other income	6	<b>1,141</b>	813
Other operating (expenses) income, net	9	<b>(751)</b>	864
Net loss on disposal of financial assets at fair value through profit or loss		<b>(3,788)</b>	–
Net decrease in fair value of financial assets at fair value through profit or loss		<b>(514)</b>	–
Net increase (decrease) in fair values of investment properties	14	<b>23,407</b>	(32,127)
Administrative expenses		<b>(23,769)</b>	(38,013)
Interest income (Impairment loss) on promissory note receivable from a joint venture	22	<b>10,931</b>	(22,857)
Finance costs	8	<b>(1,633)</b>	(3,708)
Share of results of a joint venture	17	–	–
<b>Profit (Loss) before tax</b>	9	<b>7,679</b>	(94,749)
Taxation	10	–	(1,319)
<b>Profit (Loss) for the year, attributable to equity holders of the Company</b>	11	<b>7,679</b>	(96,068)
<b>Other comprehensive income (loss)</b>			
<i>Items that are classified or may be reclassified subsequently to profit or loss</i>			
– Change in fair value of available-for-sale investments		<b>92</b>	59
– Reclassification adjustment relating to disposal of available-for-sale investments		–	(109)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
– Charge of deferred tax arising from surplus on properties revaluation upon transfer from property, plant and equipment and prepaid lease payments to investment properties		<b>(1,088)</b>	–
– Surplus on properties revaluation upon transfer from property, plant and equipment and prepaid lease payments to investment properties		<b>3,694</b>	–
<b>Other comprehensive income (loss) for the year, net of tax</b>		<b>2,698</b>	(50)
<b>Total comprehensive income (loss) for the year, attributable to equity holders of the Company</b>		<b>10,377</b>	(96,118)
<b>EARNINGS (LOSS) PER SHARE</b>	13		
Basic		<b>0.45 HK cent</b>	(7.26) HK cents
Diluted		<b>0.45 HK cent</b>	(7.26) HK cents





# Consolidated Statement of Financial Position

At 30 June 2015

29

	Note	2015 HK\$'000	2014 HK\$'000
<b>Non-current assets</b>			
Investment properties	14	356,320	326,000
Property, plant and equipment	15	2,152	4,765
Promissory note receivable from a joint venture	22	132,388	121,457
Other assets	16	174	312
Interest in a joint venture	17	–	–
Prepaid lease payments – non-current portion	18	–	1,471
Available-for-sale investments	19	271	179
		<b>491,305</b>	454,184
<b>Current assets</b>			
Financial assets at fair value through profit or loss	20	23,469	–
Trade and other receivables	21	1,867	10,430
Amount due from a joint venture	23	16,763	16,763
Prepaid lease payments – current portion	18	–	40
Bank balances and cash	24	27,394	10,764
		<b>69,493</b>	37,997
Non-current assets classified as held for sale	25	–	17,569
		<b>69,493</b>	55,566
<b>Current liabilities</b>			
Other payables	26	6,991	4,682
Interest-bearing borrowings	27	75,181	98,777
Obligation under a finance lease	28	–	595
		<b>82,172</b>	104,054
Liabilities associated with non-current assets classified as held for sale	25	–	16,956
		<b>82,172</b>	121,010
<b>Net current liabilities</b>		<b>(12,679)</b>	(65,444)
<b>Total assets less current liabilities</b>		<b>478,626</b>	388,740

# 30 | Consolidated Statement of Financial Position

At 30 June 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Capital and reserves</b>			
Share capital	29	17,397	11,598
Share premium and reserves		460,141	377,142
<b>Total equity</b>		<b>477,538</b>	388,740
<b>Non-current liabilities</b>			
Deferred tax liabilities	31	1,088	–
		<b>478,626</b>	388,740

The consolidated financial statements on pages 28 to 88 were approved and authorised for issue by the Board of Directors on 29 September 2015 and are signed on its behalf by:

**Wang Jingyu**  
Chairlady and Managing Director

**Ng Kit Ling**  
Executive Director



# Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

31

	Attributable to equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000 (Note i)	Convertible bonds reserve HK\$'000 (Note ii)	Investment revaluation reserve HK\$'000 (Note iii)	Other reserve HK\$'000 (Note iv)	Capital redemption reserve HK\$'000 (Note v)	Capital reserve HK\$'000 (Note vi)	Translation reserve HK\$'000 (Note vii)	Retained profits HK\$'000	Total HK\$'000
At 1 July 2013	8,378	445	11,858	(342)	–	11,931	204,610	(276)	183,352	419,956
Loss for the year	–	–	–	–	–	–	–	–	(96,068)	(96,068)
<b>Other comprehensive income (loss)</b>										
<i>Items that are classified or may be reclassified subsequently to profit or loss</i>										
– Change in fair value of available-for-sale investments	–	–	–	59	–	–	–	–	–	59
– Reclassification adjustment relating to disposal of available-for-sale investments	–	–	–	(109)	–	–	–	–	–	(109)
<b>Total other comprehensive loss</b>	–	–	–	(50)	–	–	–	–	–	(50)
<b>Total comprehensive loss for the year</b>	–	–	–	(50)	–	–	–	–	(96,068)	(96,118)
<b>Transaction with equity holders</b>										
<i>Contributions and distributions</i>										
– Conversion of convertible bonds (Note 29(a))	3,220	66,779	(11,858)	–	–	–	–	–	6,761	64,902
At 30 June 2014	11,598	67,224	–	(392)	–	11,931	204,610	(276)	94,045	388,740
At 1 July 2014	11,598	67,224	–	(392)	–	11,931	204,610	(276)	94,045	388,740
Profit for the year	–	–	–	–	–	–	–	–	7,679	7,679
<b>Other comprehensive income (loss)</b>										
<i>Items that may be reclassified subsequently to profit or loss</i>										
– Change in fair value of available-for-sale investments	–	–	–	92	–	–	–	–	–	92
<i>Items that will not be reclassified subsequently to profit or loss</i>										
– Charge of deferred tax arising from surplus on properties revaluation upon transfer from property, plant and equipment and prepaid lease payments to investment properties (Note 31)	–	–	–	–	(1,088)	–	–	–	–	(1,088)
– Surplus on properties revaluation upon transfer from property, plant and equipment and prepaid lease payments to investment properties (Note 15)	–	–	–	–	3,694	–	–	–	–	3,694
<b>Total other comprehensive income</b>	–	–	–	92	2,606	–	–	–	–	2,698
<b>Total comprehensive income for the year</b>	–	–	–	92	2,606	–	–	–	7,679	10,377
<b>Transaction with equity holders</b>										
<i>Contributions and distributions</i>										
– Issue of shares upon rights issue (Note 29(b))	5,799	72,622	–	–	–	–	–	–	–	78,421
<b>At 30 June 2015</b>	<b>17,397</b>	<b>139,846</b>	<b>–</b>	<b>(300)</b>	<b>2,606</b>	<b>11,931</b>	<b>204,610</b>	<b>(276)</b>	<b>101,724</b>	<b>477,538</b>

## 32 | Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

### 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) Convertible bonds reserve represents the equity component (conversion rights) of the convertible bonds issued. The convertible bonds had been fully converted into new shares during the year ended 30 June 2014.
- (iii) 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.
- (iv) Other reserve represents the revaluation adjustments of properties under property, plant and equipment and prepaid lease payments upon transfer to investment properties.
- (v) 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).
- (vi) 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.
- (vii) Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.



# Consolidated Statement of Cash Flows

For the year ended 30 June 2015

33

## OPERATING ACTIVITIES

Profit (Loss) before tax

Adjustments for:

Depreciation of property, plant and equipment

Finance costs

Gain on disposal of available-for-sale investments

Gain on disposal of other assets

Gain on disposal of property, plant and equipment

Gain on disposal of a subsidiary

Net loss on disposal of financial assets at fair value  
through profit or loss

Impairment loss on other assets

(Reversal of) Impairment loss on other receivables

Bank interest income

Interest income from financial assets at fair value  
through profit or loss

(Interest income) Impairment loss on promissory  
note receivable from a joint venture

Net (increase) decrease in fair values of  
investment properties

Loss on disposal of non-current assets classified  
as held for sale

Net decrease in fair value of financial assets  
at fair value through profit or loss

Release of prepaid lease payments

## Operating cash flows before changes in working capital

Changes in working capital:

Trade and other receivables

Other payables

## Net cash used in operating activities

2015 HK\$'000	2014 HK\$'000
7,679	(94,749)
1,370	1,242
1,633	3,708
–	(170)
–	(519)
(49)	–
(1,002)	–
3,788	–
138	–
(28)	107
(3)	–
(1,835)	–
(10,931)	22,857
(23,407)	32,127
613	–
514	–
40	40
(21,480)	(35,357)
8,569	15,642
2,309	(3,279)
(10,602)	(22,994)

- Interest received
- Additions to investment properties
- Purchase of financial assets at fair value through profit or loss
- Purchase of property, plant and equipment
- Proceeds from disposal of a subsidiary
- Proceeds from disposal of available-for-sale investments
- Proceeds from disposal of financial assets at fair value through profit or loss
- Proceeds from disposal of other assets
- Proceeds from disposal of property, plant and equipment

## FINANCING ACTIVITIES

- Finance charges paid in respect of obligation under a finance lease
- Interest paid in respect of convertible bonds
- Interest paid in respect of bank and other borrowings
- New bank borrowings raised
- New other borrowing raised
- Proceeds from issue of shares upon rights issue
- Repayment of bank borrowings
- Repayment of other borrowing
- Repayment of obligation under a finance lease

Net increase (decrease) in cash and cash equivalents

**Cash and cash equivalents at beginning of the year**

**Cash and cash equivalents at end of the year,  
represented by bank balances and cash**

2015 HK\$'000	2014 HK\$'000
1,399	–
(1,283)	(2,109)
(33,182)	–
(1,099)	(1,477)
2,191	–
–	219
5,850	–
–	2,180
759	–
(25,365)	(1,187)
(6)	(39)
–	(960)
(1,627)	(1,458)
–	20,000
–	10,000
78,421	–
(13,596)	(9,534)
(10,000)	–
(595)	(1,162)
52,597	16,847
16,630	(7,334)
10,764	18,098
27,394	10,764



## 1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and 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 and presentation currency of the Company.

The Company acts as an investment holding company. The Group is principally engaged in resort and property development, property investment and investment holding. The activities of the principal subsidiaries of the Company and its joint venture are set out in notes 40 and 17 to the consolidated financial statements respectively.

## 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 individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), 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 2014 consolidated financial statements except for the adoption of certain new/revised HKFRSs effective from the current year that are relevant to the Group. A summary of the principal accounting policies adopted by the Group is set out below.

### ADOPTION OF NEW/REVISED HKFRSs

#### ***AMENDMENTS TO HKAS 32: PRESENTATION – OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES***

The amendments to HKAS 32 clarify the requirements for offsetting financial instruments. These amendments do not have an impact on the consolidated financial statements as they are consistent with the policies already adopted by the Group.

#### ***AMENDMENTS TO HKAS 36: RECOVERABLE AMOUNT DISCLOSURES FOR NON-FINANCIAL ASSETS***

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, additional information is required to be disclosed when the recoverable amount of impaired assets is based on fair value less costs of disposal. These amendments do not have an impact on the consolidated financial statements.



**ANNUAL IMPROVEMENTS PROJECT: 2010-2012 CYCLE**

The amendments relevant to the Group include the followings:

**1) HKFRS 2 SHARE-BASED PAYMENT**

The amendments add definitions for “performance condition” and “service condition” which were previously part of the definition of “vesting condition” and update the definitions of “vesting condition” and “market condition”. These amendments do not have an impact on the consolidated financial statements.

**2) HKFRS 3 BUSINESS COMBINATIONS**

These amendments delete the reference to “other applicable HKFRSs” in the classification requirements in HKFRS 3 for contingent consideration in a business combination. All non-equity contingent consideration shall be measured at fair value at the end of each reporting period. Changes in the fair value that are not measurement period adjustments shall be recognised in profit or loss. These amendments do not have an impact on the consolidated financial statements.

**3) HKFRS 8 OPERATING SEGMENTS**

HKFRS 8 is updated as follows:

- a) Judgements made by management in aggregating two or more operating segments exhibiting similar long-term financial performance and economic characteristics are required to be disclosed. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.
- b) It is clarified that the reconciliation of the total reportable segments’ assets to the entity’s assets is only required to be disclosed if the segment assets are regularly reported to the chief operating decision maker.

These amendments do not have an impact on the consolidated financial statements.

**4) HKFRS 13 FAIR VALUE MEASUREMENT**

The basis for conclusions is amended to clarify that the issuance of HKFRS 13 and the consequential amendments to HKFRS 9 and HKAS 39 did not remove the entity’s ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, when the effect of not discounting is immaterial. These amendments do not have significant impact on the consolidated financial statements.

**5) HKAS 24 RELATED PARTY DISCLOSURES**

HKAS 24 is amended to clarify that an entity, or any member of a group of which it is a part, providing key management personnel services (the “management entity”) to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The reporting entity shall disclose the amounts incurred for key management personnel services that are provided by the management entity. However, the compensation paid or payable by the management entity to its employees or directors is not required to be disclosed. These amendments do not have significant impact on the consolidated financial statements.



## **ANNUAL IMPROVEMENTS PROJECT: 2011-2013 CYCLE**

The amendment relevant to the Group includes the followings:

### **1) HKFRS 3 BUSINESS COMBINATIONS**

HKFRS 3 is amended to exclude from its scope the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangements themselves. These amendments do not have an impact on the consolidated financial statements.

### **2) HKFRS 13 FAIR VALUE MEASUREMENT**

These amendments clarify that all contracts within the scope of HKAS 39 or HKFRS 9 are included in the scope of the exception as set out in HKFRS 13 for measuring the fair value of a group of financial assets and financial liabilities on a net basis, even if those contracts do not meet the definitions of financial assets or financial liabilities in HKAS 32. These amendments do not have significant impact on the consolidated financial statements.

## **GOING CONCERN**

The consolidated financial statements have been prepared in conformity with the principles applicable to a going concern basis. The applicability of these principles is dependent upon the Group's future profitable operation or the continuing bank financing in the future in view of the excess of current liabilities over current assets. The directors have evaluated all the relevant facts available to them and are of the opinion that there are no significant adverse conditions precluding the Group from the continuing bank financing in the future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

## **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.

## **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.

***CHANGES IN OWNERSHIP INTEREST***

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

**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 within these notes, 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.

**JOINT VENTURE**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group reassesses whether it has joint control of an arrangement and whether the type of joint arrangement in which it is involved has changed, if facts and circumstances change.

The Group's investment in joint venture is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.



## INVESTMENT PROPERTIES

Investment properties are land and/or building that are held by owner or lessee under finance lease 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, other than properties under development, 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.

Properties under development are stated at cost less accumulated impairment losses. Cost includes development expenditure, borrowing costs capitalised and other directly attributable expenses incurred during the development period.

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 land and buildings	Over the term of the leases or 25 years, whichever is shorter
Leasehold improvements	20%
Furniture, fixtures and equipment	10% to 25%
Motor vehicles	10% to 33 $\frac{1}{3}$ %

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.

If a property (including prepaid lease payments) occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment” up to the date of change in use respectively, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation surplus or deficit.

**PREPAID LEASE PAYMENTS**

Prepaid lease payments are up-front payments to acquire fixed-term interests in lessee-occupied land that are classified as operating lease. The premiums are stated at cost less accumulated amortisation and impairment losses and are amortised over the period of the lease on a straight-line basis to profit or loss.

**OTHER ASSETS**

Other assets are antiques and artworks held for long-term investment purposes and are stated at cost less accumulated impairment losses.

**NON-CURRENT ASSETS HELD FOR SALE**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**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.



## **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 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.

## **2) LOANS AND RECEIVABLES**

Loans and receivables including promissory note receivable from a joint venture, trade and other receivables, amount due from a joint venture 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.

## **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 other payables, interest-bearing borrowings, convertible bonds and obligations under a finance lease. All financial liabilities except for derivatives 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.

**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 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.

**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, investments in antiques and artworks, subsidiaries and a joint venture 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.

## 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 LESSEE*

Assets held under finance leases are recognised as assets of the Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

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.

## LEASEHOLD LAND AND BUILDING

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification. Leasehold land which title is not expected to pass to the lessee by the end of the lease term is classified as an operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease.

## 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 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.



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 Group (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.

## 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 41 to the consolidated financial statements.

## 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, as described above.

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.



## 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.

## 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 and a joint venture, 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.

## 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 parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

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:

### **KEY SOURCES OF ESTIMATION UNCERTAINTY**

#### ***USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT***

The management determines the estimated useful lives of the Group's property, plant and equipment based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of actual usage and maintenance, which could affect the related depreciation charges included in profit or loss.

#### ***IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT***

The management determines whether the Group's property, plant and equipment are impaired where an indication of impairment exists. This requires an estimation of the recoverable amount of the property, plant and equipment, which is equal to the higher of fair value less cost of disposal or the value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the property, plant and equipment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

#### ***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 a joint venture have suffered any impairment in accordance with HKAS 36 and follow the guidance of HKAS 39 in determining whether promissory note receivable and/or amounts due from those entities 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.

**REASSESSMENT OF PRESENT VALUE OF PROMISSORY NOTE**

As at 30 June 2014, management reassessed the period of recovery of the promissory note receivable from a joint venture and considered that it would be realisable in further 4 years' time from 30 June 2014. Therefore, the promissory note has been discounted at the original effective interest rate of 9% adopted in initial assessment in year 2011. In view of the recent development of the litigation and having taken into consideration of the process of arbitration, as at the end of reporting period, management expected that there was no change in the assessment on the period of recovery of the promissory note receivable from a joint venture. The reassessment of the present value requires the Group to make estimates about the expected realisation period and the original effective interest rate, and they are subject to uncertainty. The carrying value of the promissory note at the end of the reporting period was HK\$132,388,000 (2014: HK\$121,457,000). If the realisation period and original effective interest rate had been increased or decreased by 1 year and 10% respectively from the management's estimates, the carrying amount of the promissory note would be reduced or increased by approximately HK\$14,756,000 (2014: HK\$14,421,000).

**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 1	<i>Disclosure Initiative</i> <sup>1</sup>
Amendments to HKASs 16 and 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>1</sup>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>1</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>1</sup>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>1</sup>
HKFRS 14	<i>Regulatory Deferral Accounts</i> <sup>1</sup>
Annual Improvements Project	<i>2012-2014 Cycle</i> <sup>1</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>2</sup>
HKFRS 9 (2014)	<i>Financial Instruments</i> <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018

The directors do not anticipate that the adoption of these new/revised HKFRSs in future periods will have material impact on the results of the Group.



## 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, promissory note receivable and amount due from a joint venture, bank balances and cash, trade and other receivables, other payables, secured bank borrowings, unsecured other borrowing and obligation under a finance lease. 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 promissory note receivable from a joint venture and the Group's operation in the British Virgin Islands ("BVI") and the Republic of Panama ("Panama"). 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 27 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 (2014: 100 basis points) higher/lower and all other variables were held constant, the Group's net profit would decrease/increase by approximately HK\$752,000 (2014: net loss would increase/decrease by approximately HK\$888,000), while 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. The analysis is performed on the same basis for year 2014.

##### Price risk

The Group is exposed to price risks arising from debt instruments 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% (2014: Nil) higher/lower while all other variables were held constant, the Group's net profit would be increased/decreased by HK\$1,173,000 (2014: Nil) due to change in the fair value of debt instruments 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, the promissory note receivable and amount due from a joint venture.

The management considers the credit risk in respect of bank balances is minimal because the counter-parties are authorised financial institution in Hong Kong, Panama and other countries with high credit ratings.

The management closely monitors the financial position of the joint venture and is ready to take appropriate actions to safeguard the interest of the Group as and when necessary. Therefore, the Group's exposure to credit risk is to a large extent limited. The maximum exposure to credit risk is represented by the principal amount of the promissory note receivable and amount due from a joint venture as reported in the Group's consolidated statement of financial position.

At the end of the reporting period, the Company had a concentration of credit risk as 64% (2014: 58%) and 100% (2014: 100%) of the total amounts due from subsidiaries were due from the largest subsidiary and the top five subsidiaries respectively.

#### 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. At the end of the reporting period, there was HK\$10,000,000 (2014: Nil) unutilised banking facilities available to the Group.

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

#### Group

Other payables  
Bank borrowings, secured

2015		
Total carrying value HK\$'000	Total contractual undiscounted cash flow HK\$'000	On demand or less than 1 year HK\$'000
2,974	2,974	2,974
75,181	84,301	84,301
<b>78,155</b>	<b>87,275</b>	<b>87,275</b>



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

51

## Group

	2014		
	Total carrying value HK\$'000	Total contractual undiscounted cash flow HK\$'000	On demand or less than 1 year HK\$'000
Other payables	2,245	2,245	2,245
Obligation under a finance lease	595	601	601
Bank borrowings, secured	88,777	98,828	98,828
Other borrowing, unsecured	10,000	10,300	10,300
	101,617	111,974	111,974

## Company

	2015		
	Total carrying value HK\$'000	Total contractual undiscounted cash flow HK\$'000	On demand or less than 1 year HK\$'000
Other payables	785	785	785
Amount due to a subsidiary	183,211	183,211	183,211
	183,996	183,996	183,996

	2014		
	Total carrying value HK\$'000	Total contractual undiscounted cash flow HK\$'000	On demand or less than 1 year HK\$'000
Other payables	918	918	918
Amount due to a subsidiary	228,689	228,689	228,689
Other borrowing, unsecured	10,000	10,300	10,300
	239,607	239,907	239,907



The amounts repayable under a mortgage loan agreement that includes a clause that gives the lender the unconditional right to call the loan at any time are classified under the "on demand" bracket. In this regard, secured bank borrowings with carrying amount at the end of reporting period of HK\$65,181,000 (2014: HK\$68,777,000) as at the end of the reporting period have been so classified even though the directors do not expect that the bank would exercise its rights to demand repayment and thus these borrowings, which include payment of interest, would be repaid according to the following schedule as set out in the mortgage loan agreement:

	Within 1 year HK\$'000	1-5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
<b>At 30 June 2015</b>	<b>4,710</b>	<b>18,840</b>	<b>50,751</b>	<b>74,301</b>
At 30 June 2014	4,707	18,825	55,296	78,828

## (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 2015 and 2014 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**

**Group**

At 30 June 2015				
	Total	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Financial assets at fair value through profit or loss:</i>				
Debt instruments listed overseas	16,054	16,054	–	–
Debt instruments listed in Hong Kong	7,415	7,415	–	–
	<b>23,469</b>	<b>23,469</b>	–	–
<i>Available-for-sale investments:</i>				
Equity investments listed in Hong Kong	271	271	–	–

At 30 June 2014				
	Total	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Available-for-sale investments:</i>				
Equity investments listed in Hong Kong	179	179	–	–

During the years ended 30 June 2015 and 2014, 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 and the Company carried amounts at other than their fair values are not materially different from their fair values as at 30 June 2015 and 2014.

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

	2015 HK\$'000	2014 HK\$'000
<i>Loans and receivables measured at cost/amortised cost:</i>		
Trade and other receivables (excluding prepayments and legal costs recoverable)	832	1,092
Promissory note receivable from a joint venture	132,388	121,457
Amount due from a joint venture	16,763	16,763
Bank balances and cash	27,394	10,764
	<b>177,377</b>	150,076
<i>Available-for-sale financial assets measured at fair value:</i>		
Available-for-sale investments	271	179
<i>Financial assets at fair value through profit or loss measured at fair value:</i>		
Financial assets at fair value through profit or loss	23,469	—
<i>Financial liabilities measured at cost/amortised cost:</i>		
Other payables	2,974	2,245
Interest-bearing borrowings	75,181	98,777
Obligation under a finance lease	—	595
	<b>78,155</b>	101,617

#### 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 2015 and 2014.



## 5. TURNOVER AND REVENUE

### Turnover

Gross rental income from investment properties  
Interest income from financial assets at fair value  
through profit or loss

### Other revenue

Bank interest income

### Total revenue

Group	
2015 HK\$'000	2014 HK\$'000
817	279
1,835	–
2,652	279
3	–
2,655	279

## 6. OTHER INCOME

Exchange gain, net  
Gain on disposal of a subsidiary (Note 38)  
Gain on disposal of available-for-sale investments  
Gain on disposal of other assets  
Gain on disposal of property, plant and equipment  
Reversal of impairment loss on other receivables  
Sundry income

Group	
2015 HK\$'000	2014 HK\$'000
–	28
1,002	–
–	170
–	519
49	–
28	–
62	96
1,141	813

## 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 multi-purpose resort communities as well as sale of condo hotels, residential units and club memberships. No revenue has been earned by the resort and property development segment which is still under development. The property investment segment includes mainly residential and commercial properties that are held for capital appreciation or to earn rental income. The investment holding segment includes holding of securities investments and other assets. No operating segments have been aggregated.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

Segment revenue and results for the year ended 30 June 2015 are presented below:

	Resort and property development HK\$'000	Property investment HK\$'000	Investment holding HK\$'000	Total HK\$'000
<b>Turnover</b>	–	817	1,835	2,652
<b>Other revenue and income</b>	–	–	6	6
	–	817	1,841	2,658
<b>Results</b>				
Segment results	1,923	18,741	(3,539)	17,125
Unallocated corporate income				1,138
Unallocated corporate expenses				(19,882)
Finance costs				(1,633)
Interest income on promissory note receivable from a joint venture	10,931			10,931
Profit before tax				7,679
Taxation				–
Profit for the year				7,679

Segment assets and liabilities as at 30 June 2015 and other segment information for the year ended 30 June 2015 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
<b>Assets</b>	251,540	257,423	24,110	533,073	27,725	560,798
<b>Liabilities</b>	4,695	1,450	891	7,036	76,224	83,260
Other segment information:						
Additions to property, plant and equipment	–	375	–	375	724	1,099
Additions to investment properties	1,283	–	–	1,283	–	1,283
Depreciation of property, plant and equipment	–	192	125	317	1,053	1,370
Gain on disposal of a subsidiary	–	–	–	–	1,002	1,002
Gain on disposal of property, plant and equipment	–	–	–	–	49	49
Impairment loss on other assets	–	–	138	138	–	138
Net decrease in fair value of financial assets at fair value through profit or loss	–	–	514	514	–	514
Net increase in fair values of investment properties	3,407	20,000	–	23,407	–	23,407
Net loss on disposal of financial assets at fair value through profit or loss	–	–	3,788	3,788	–	3,788
Release of prepaid lease payments	–	40	–	40	–	40



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

57

Segment revenue and results for the year ended 30 June 2014 are presented below:

	Resort and property development HK\$'000	Property investment HK\$'000	Investment holding HK\$'000	Total HK\$'000
<b>Turnover</b>	–	279	–	279
<b>Other revenue and income</b>	–	–	689	689
	–	279	689	968
<b>Results</b>				
Segment results	(24,481)	(11,015)	(384)	(35,880)
Unallocated corporate income				124
Unallocated corporate expenses				(32,428)
Finance costs				(3,708)
Impairment loss on promissory note receivable from a joint venture	(22,857)			(22,857)
Loss before tax				(94,749)
Taxation				(1,319)
Loss for the year				(96,068)

Segment assets and liabilities as at 30 June 2014 and other segment information for the year ended 30 June 2014 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
<b>Assets</b>	233,565	249,354	811	483,730	26,020	509,750
<b>Liabilities</b>	2,651	17,788	11,018	31,457	89,553	121,010
Other segment information:						
Non-current assets classified as held for sale	–	17,569	–	17,569	–	17,569
Liabilities associated with non-current assets classified as held for sale	–	(16,956)	–	(16,956)	–	(16,956)
Additions to property, plant and equipment	–	50	55	105	1,372	1,477
Additions to investment properties	2,109	–	–	2,109	–	2,109
Depreciation of property, plant and equipment	–	209	125	334	908	1,242
Gain on disposal of available-for-sale-investments	–	–	170	170	–	170
Gain on disposal of other assets	–	–	519	519	–	519
Impairment loss on other receivables	–	70	37	107	–	107
Net decrease in fair values of investment properties	22,608	9,519	–	32,127	–	32,127
Release of prepaid lease payments	–	40	–	40	–	40

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, share of the results of a joint venture, finance costs, interest income (impairment loss) on promissory note receivable from a joint venture and income tax expense. Segment 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.

### GEOGRAPHICAL INFORMATION

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

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 markets of the respective debt instruments:

Turnover by geographical market	
	2015 HK\$'000
Hong Kong	279
Singapore	–
	279

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	
	2015 HK\$'000
Hong Kong	235,587
Panama	95,000
PRC	1,961
	332,548

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.



## INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from external customers contributing over 10% of the revenue from the Group's property investment segment is as follows:

	2015 HK\$'000	2014 HK\$'000
Customer A	480	116
Customer B	203	37
Customer C	134	126
	817	279

## 8. FINANCE COSTS

	Group	
	2015 HK\$'000	2014 HK\$'000
Interest on convertible bonds	–	2,211
Interest expenses on bank borrowings, wholly repayable		
Within five years	379	287
More than five years	1,115	1,171
Interest expenses on other borrowings	133	–
Finance charges on obligation under a finance lease	6	39
	1,633	3,708

The analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayment dates as set out in the loan agreements. For the year ended 30 June 2015, the interest on bank borrowings which contain a repayment on demand clause amounted to HK\$1,494,000 (2014: HK\$1,458,000).



**9. PROFIT (LOSS) BEFORE TAX**

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

	<b>Group</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
<b>Staff costs, including directors' emoluments</b>		
Salaries and other benefits	<b>12,324</b>	13,664
Retirement benefit scheme contributions	<b>91</b>	100
Total staff costs	<b>12,415</b>	13,764
<b>Other operating expenses (income), net</b>		
Impairment loss on other assets	<b>138</b>	–
Impairment loss on other receivables	–	107
Loss on disposal of non-current assets classified as held for sale (Note 25)	<b>613</b>	–
Reversal of compensation on sale and purchase agreement for disposal of an investment property	–	(971)
	<b>751</b>	(864)
<b>Other items</b>		
Auditor's remuneration	<b>540</b>	520
Depreciation of property, plant and equipment	<b>1,370</b>	1,242
Direct operating expenses relating to investment properties that generated rental income	<b>105</b>	184
Direct operating expenses relating to investment properties that did not generate rental income	<b>2,474</b>	3,235
Exchange loss (gain), net	<b>11</b>	(28)
Legal and professional fees	<b>1,868</b>	13,109
Operating lease payments on premises	<b>1,823</b>	1,989
Release of prepaid lease payments	<b>40</b>	40



## 10. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the years ended 30 June 2015 and 2014.

Taxation arising in the PRC and overseas jurisdictions, if applicable, are calculated at the rates prevailing in the relevant jurisdictions based on existing legislation, interpretations and practices in respect thereof.

The tax charge comprises:

	Group	
	2015 HK\$'000	2014 HK\$'000
<b>Current tax</b>	–	–
<b>Deferred taxation</b>		
Recognition of temporary differences	–	1,319
Total tax charge for the year	–	1,319
<b>Reconciliation of taxation</b>		
Profit (Loss) before tax	7,679	(94,749)
Tax at Hong Kong Profits Tax rate of 16.5% (2014: 16.5%)	1,267	(15,634)
Tax effect of expenses not deductible in determining taxable profit	1,887	10,200
Tax effect of income not taxable in determining taxable profit	(5,543)	(196)
Unrecognised tax losses	2,951	1,900
Unrecognised temporary differences	(562)	3,730
Recognition of taxable temporary differences – Land Appreciation Tax	–	1,319
Tax expenses for the year	–	1,319

## 11. PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit for the year attributable to equity holders of the Company includes a loss of HK\$6,654,000 (2014: HK\$92,793,000) which has been dealt with in the financial statements of the Company.

No dividend was paid or proposed during the year and up to the date of the consolidated financial statements (2014: HK\$Nil).

**12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS****(A) DIRECTORS' EMOLUMENTS**

For the year ended 30 June 2015, the emoluments paid or payable to each of the nine (2014: seven) directors were as follows:

	Hung Kai Mau, Marcus ("Mr. Marcus Hung") HK\$'000 (Note 1,2)	Hung Kin Sang, Raymond ("Mr. Hung") HK\$'000 (Note 2,5)	Ng Kit Ling HK\$'000	Su Ru Jia HK\$'000	Chan Ming Fai HK\$'000	Lo Yun Tai HK\$'000	Lun Tsan Kau HK\$'000 (Note 4)	Tsao Hoi Ho HK\$'000 (Note 2)	Meng Song HK\$'000 (Note 3)	Total HK\$'000
<b>Year ended 30 June 2015</b>										
Fees	-	-	-	150	150	150	275	-	-	725
Other emoluments										
Salaries and other benefits	1,358	3,637	2,576	-	-	-	-	194	205	7,970
Retirement benefit scheme contributions	8	-	17	-	-	-	-	10	-	35
<b>Total emoluments</b>	<b>1,366</b>	<b>3,637</b>	<b>2,593</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>275</b>	<b>204</b>	<b>205</b>	<b>8,730</b>
<b>Year ended 30 June 2014</b>										
Fees	-	-	-	150	150	150	150	-	-	600
Other emoluments										
Salaries and other benefits	2,997	7,019	1,118	-	-	-	-	-	-	11,134
Retirement benefit scheme contributions	15	-	15	-	-	-	-	-	-	30
<b>Total emoluments</b>	<b>3,012</b>	<b>7,019</b>	<b>1,133</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>11,764</b>

**Note 1:** During the year ended 30 June 2015, in addition to the above, the Group provided rent-free accommodation with estimated rateable values of approximately HK\$80,000 (2014: HK\$170,000) to Mr. Marcus Hung.

**Note 2:** On 18 December 2014, Mr. Marcus Hung resigned as an executive director and the chairman of the Company. On the same date, Mr. Hung was appointed as the chairman of the Company while Tsao Hoi Ho was appointed as an executive director of the Company.

**Note 3:** On 22 December 2014, Meng Song was appointed as an executive director of the Company.

**Note 4:** On 31 December 2014, Lun Tsan Kau resigned as an independent non-executive director of the Company.

**Note 5:** Subsequent to the end of the reporting period, on 15 July 2015, Mr. Hung resigned as the chairman and the managing director of the Company while 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 2015 and 2014. 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 2015 and 2014.



## (B) EMPLOYEES' EMOLUMENTS

The five highest paid individuals included three (2014: three) directors of the Company, details of whose emoluments are set out above. The emoluments of the remaining two (2014: two) individuals are as follows:

	Group	
	2015 HK\$'000	2014 HK\$'000
Salaries and other benefits	1,470	645
Retirement benefits scheme contributions	29	29
	1,499	674

The two (2014: two) highest paid individuals' remuneration falls within the following band:

	Number of employees	
	2015	2014
Nil to HK\$1,000,000	2	2

During the years ended 30 June 2015 and 2014, 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 compensation for loss of office. During the years ended 30 June 2015 and 2014, no directors waived or agreed to waive any emoluments.

## 13. EARNINGS (LOSS) PER SHARE

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

	2015 HK\$'000	2014 HK\$'000
Profit (Loss) for the purposes of calculating basic earnings (loss) per share	7,679	(96,068)
	2015 No. of shares	2014 No. of shares
Weighted average number of ordinary shares for the purposes of calculating basic earnings (loss) per share	1,707,257,168	1,323,351,024

The number of shares for the purpose of calculating basic earnings (loss) per share for the years ended 30 June 2015 and 2014 has been adjusted to reflect the bonus element of rights issue of shares as set out in note 29(b) to the consolidated financial statements.

For the years ended 30 June 2015 and 2014, diluted earnings (loss) per share is the same as basic earnings (loss) per share. The Company did not have any dilutive potential ordinary shares during the year ended 30 June 2015. The potential ordinary shares issuable under the convertible bonds have anti-dilutive effect on the basic loss per share for the year ended 30 June 2014.

## 14. INVESTMENT PROPERTIES

	Group HK\$'000
<b>Fair value</b>	
At 1 July 2013	373,587
Additions – subsequent expenditure	2,109
Net decrease in fair values	(32,127)
Transfer to non-current assets classified as held for sale (Note 25)	(17,569)
	<hr/>
At 30 June 2014	326,000
Additions – subsequent expenditure	1,283
Net increase in fair values	23,407
Transferred from property, plant and equipment and prepaid lease payments (Note 15 and 18)	5,630
	<hr/>
<b>At 30 June 2015</b>	<b>356,320</b>

The fair values of the investment properties held in Hong Kong and the PRC and the investment properties under development held in Panama have been arrived at on the basis of valuation as at the end of the reporting period carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“JLL”), an independent firm of qualified professional valuers not connected with the Group. JLL 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 2015 were classified as Level 2 fair value measurement, which uses significant observable inputs in arriving at fair value. During the year ended 30 June 2015, 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.

The carrying values of investment properties held by the Group comprise:

	2015 HK\$'000	2014 HK\$'000
Held in Hong Kong:		
Long-term leases	251,000	231,000
Held outside Hong Kong:		
Medium-term leases	5,630	–
Freehold	99,690	95,000
	<hr/> <b>356,320</b> <hr/>	<hr/> 326,000 <hr/>



For the year ended 30 June 2015

## 15. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>					
At 1 July 2013	589	12,977	1,130	11,596	26,292
Additions	–	50	55	1,372	1,477
Written off	–	–	(149)	–	(149)
At 30 June 2014	589	13,027	1,036	12,968	27,620
Additions	–	329	46	724	1,099
Disposal	–	–	(82)	(724)	(806)
Disposal of a subsidiary (Note 38)	–	–	–	(1,472)	(1,472)
Transferred to investment properties (Note 14)	(589)	–	–	–	(589)
<b>At 30 June 2015</b>	<b>–</b>	<b>13,356</b>	<b>1,000</b>	<b>11,496</b>	<b>25,852</b>
<b>Accumulated depreciation and impairment</b>					
At 1 July 2013	109	12,383	925	8,345	21,762
Provided for the year	7	146	100	989	1,242
Written off	–	–	(149)	–	(149)
At 30 June 2014	116	12,529	876	9,334	22,855
Provided for the year	8	212	97	1,053	1,370
Disposal	–	–	(82)	(36)	(118)
Disposal of a subsidiary (Note 38)	–	–	–	(283)	(283)
Transferred to investment properties (Note 14)	(124)	–	–	–	(124)
<b>At 30 June 2015</b>	<b>–</b>	<b>12,741</b>	<b>891</b>	<b>10,068</b>	<b>23,700</b>
<b>Carrying values</b>					
<b>At 30 June 2015</b>	<b>–</b>	<b>615</b>	<b>109</b>	<b>1,428</b>	<b>2,152</b>
At 1 July 2014	473	498	160	3,634	4,765

## 66 | Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

The carrying values of leasehold land and buildings held by the Group comprise:

	2015 HK\$'000	2014 HK\$'000
Held in the PRC under long-term land use rights	—	473

The Group's properties under leasehold land and buildings and prepaid lease payments with carrying value of HK\$465,000 and HK\$1,471,000 respectively were transferred to investment properties upon change in intention from director's quarter to capital appreciation purpose on 30 June 2015. Fair value of the properties at the date of transfer amounted to HK\$5,630,000 resulting in a surplus on properties revaluation of HK\$3,694,000 was credited to other reserve during the year ended 30 June 2015.

As at 30 June 2014, the carrying values of property, plant and equipment of the Group include an aggregate amount of HK\$1,910,000 in respect of asset held under a finance lease.

### 16. OTHER ASSETS

Other assets of the Group and the Company represent antiques and artworks held for long-term investment purposes. In the opinion of the directors, other assets are worth at least their carrying values at the end of the reporting period.

### 17. INTEREST IN A JOINT VENTURE

	Group	
	2015 HK\$'000	2014 HK\$'000
Share of net assets	—	—

The Group has a 50% interest in a joint arrangement that is structured as a limited liability company and provides the Group and the parties to the agreements with rights to the net assets of the limited company under the arrangement. Therefore, the entity is classified as a joint venture of the Group. The particulars of the joint venture at 30 June 2015 are as follows:

Name of joint venture	Form of business structures	Place of incorporation/ operation	Class of shares held	Proportion of issued share capital held by the Group %	Principal activities
Quorum Island (BVI) Limited ("Quorum")	Corporation	British Virgin Islands	Ordinary	50	Resort and property development



## RELATIONSHIP WITH A JOINT VENTURE

InterIsle Holdings Limited ("InterIsle"), the joint venture partner, failed to meet its obligation to pay the outstanding consideration of US\$10.5 million (the "Outstanding Consideration") in relation to its subscription of the 50% equity interest in Quorum, which led to the failure of Quorum to deliver its payment of the promissory note of US\$22 million to the Group on the due date of 9 April 2011. Based upon advice from the lawyer of the Group, even though the joint venture agreement provides that the above failure would lead to a reduction in InterIsle's shareholding in Quorum, control does not shift to the Group until certain actions are taken by InterIsle to enable the control of Quorum being taken over by the Group. Since the Group has not obtained control over Quorum and each of the Group and InterIsle is entitled to appoint 2 directors of the board of Quorum at the end of the reporting period, the Group and InterIsle are considered to have joint control of Quorum under the arrangements and Quorum is being regarded as a joint venture of the Group.

At 30 June 2015, included in the statement of financial position of Quorum was a piece of land, which has been classified as property, plant and equipment at a carrying amount of HK\$152,710,000 (2014: HK\$150,000,000), of which HK\$76,355,000 (2014: HK\$75,000,000) relates to the Group's interest. The fair value of the land as at 30 June 2015 was approximately HK\$152,710,000 (2014: HK\$150,000,000), which has been arrived at on the basis of a valuation carried out on that date by JLL, an independent professional valuer.

## FAIR VALUE OF INVESTMENT

The joint venture is a private company and there is no quoted market price available for the investment.

## FINANCIAL INFORMATION OF A JOINT VENTURE

The summarised financial information in respect of Quorum is set out below, which represents amounts shown in the financial statements of Quorum prepared in accordance with HKFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

	2015 HK\$'000	2014 HK\$'000
<b>Gross amount</b>		
Non-current assets	152,710	150,000
Current assets	771	976
Current liabilities	(192,810)	(192,810)
Net liabilities	(39,329)	(41,834)
Included in above:		
Cash and cash equivalents	771	976
Current financial liabilities *	(171,600)	(171,600)

\* Exclude other payables and provisions



**Reconciliation**

Net liabilities of joint venture

Group's ownership interests

Carrying amount of the Group's interest in joint venture

**Gross amount**

Revenue

Expenses

Profit (Loss) for the year and total comprehensive income (loss)

Dividends received from a joint venture

2015 HK\$'000	2014 HK\$'000
(39,329)	(41,834)
50%	50%
—	—
3,690	1,641
(1,185)	(18,058)
2,505	(16,417)
—	—

The financial information of Quorum is prepared using the same accounting policies as those adopted by the Group.

**UNRECOGNISED SHARE OF LOSSES OF A JOINT VENTURE**

The unrecognised share of profit of a joint venture for the current year amounted to HK\$1,252,000 (2014: loss of HK\$8,208,000) and the related share of losses cumulatively up to the end of the reporting period amounted to HK\$19,665,000 (2014: HK\$20,917,000).

**CONTINGENT LIABILITIES**

There are no contingent liabilities relating to the Group's interest in the joint venture.

**18. PREPAID LEASE PAYMENTS**

Current portion

Non-current portion

Group	
2015 HK\$'000	2014 HK\$'000
—	40
—	1,471
—	1,511

Prepaid lease payments of the Group, which represent cost paid for long-term lease land use rights in the PRC, were transferred to investment properties during the year ended 30 June 2015. The cost is amortised over the leasehold period.



## 19. AVAILABLE-FOR-SALE INVESTMENTS

Group	
2015 HK\$'000	2014 HK\$'000
Equity investments at fair value listed in Hong Kong	
271	179

The fair values of the listed investments are determined on the basis of quoted market price at the end of the reporting period.

## 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group	
2015 HK\$'000	2014 HK\$'000
Debt instruments at fair value, designated upon initial recognition	
Listed overseas	16,054
Listed in Hong Kong	7,415
	23,469

The fair values of the listed debt instruments are determined on the basis of quoted market price at the end of the reporting period.

## 21. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Trade receivables</b>	21(a)	–	–	–	–
<b>Other receivables</b>					
Deposits, prepayments and other debtors		1,867	1,605	270	90
Legal costs recoverable	21(b)	–	8,825	–	8,825
Amount due from a related party	21(c)	–	–	–	–
		1,867	10,430	270	8,915

### 21(a) TRADE RECEIVABLES

The Group allows credit period ranging within 90 days to its trade customers from property investment business. There were no trade receivables as at 30 June 2015 and 2014.

**21(b) LEGAL COSTS RECOVERABLE**

As at 30 June 2014, management estimated that the Group and the Company would be able to recover legal costs of approximately HK\$7,200,000 from Wong Kar Gee, Mimi ("Ms. Wong"), a close family member of Mr. Marcus Hung, an ex-director of the Company, as a result of the consent judgement of the High Court of Hong Kong Special Administrative Region (the "High Court") case. The assessment requires an estimation of the final legal costs to be recovered from Ms. Wong and is subject to uncertainty. Any change in estimation will cause an adjustment to profit or loss.

The balance of total legal costs recoverable of HK\$8,825,000 as at 30 June 2014 also included an amount of approximately HK\$1,625,000 paid by the Company for Mr. Hung relating to a High Court case pursuant to the "Indemnity Clause" as stated in Clause 168 of the bye laws of the Company. As a result of the consent judgement of the High Court case, Mr. Hung would be reimbursed the related legal costs on indemnity basis from Ms. Wong.

Legal costs recoverable were fully settled during the year ended 30 June 2015.

**21(c) AMOUNT DUE FROM A RELATED PARTY**

The amount represents amount due from Ms. Wong which is unsecured, interest-free and repayable on demand. The maximum amount outstanding of the Group and the Company during the year were HK\$660,000 (2014: HK\$660,000) and HK\$313,000 (2014: HK\$313,000) respectively. At the end of the reporting period, provision of HK\$660,000 (2014: HK\$660,000) and HK\$313,000 (2014: HK\$313,000) had been made for non-repayment of the balance of the Group and the Company respectively.

**22. PROMISSORY NOTE RECEIVABLE FROM A JOINT VENTURE**

	Group	
	2015 HK\$'000	2014 HK\$'000
Non-current portion	132,388	121,457

Following the expiration of the due date of the promissory note receivable from Quorum on 9 April 2011, management of the Group considered that there was objective evidence that an impairment loss on the promissory note had occurred. Management expected that the full amount of the promissory note amounted to US\$22 million (equivalent to approximately HK\$171,600,000) would be realisable in approximately four years after 30 June 2011. Consequently, impairment loss of HK\$50,143,000 measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at 9% per annum was recognised in profit or loss in the reporting period ended 30 June 2011.



In December 2012, the Group brought a legal action against Quorum for the non-payment of the promissory note. Having taken into consideration of the latest development of the legal action, management has reassessed the period of recovery and expected that the full amount of the promissory note would be realisable in four years' time from 30 June 2014. Accordingly, impairment loss of HK\$22,857,000 measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at 9% per annum was recognised in profit or loss for the year ended 30 June 2014.

As at the end of the reporting period, there was a discount unwinding of HK\$10,931,000 recognised as an interest income in profit or loss using 9% per annum, the rate of interest used to discount the future cash flows in previous year.

The promissory note is unsecured. At the end of the reporting period, the promissory note was past due for more than one year (2014: more than one year).

## 23. AMOUNT DUE FROM A JOINT VENTURE

The amount is unsecured, interest-free and has no fixed repayment term. At the end of the reporting period, no provision had been made for non-repayment of the amount due and the carrying amount of the amount due approximates its fair value.

## 24. BANK BALANCES AND CASH

Bank balances and cash comprise bank balances and cash held by the Group and the Company that bear interest at prevailing market interest rates.

## 25. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2015 HK\$'000	2014 HK\$'000
Investment property	–	17,569
Liabilities associated with non-current assets classified as held for sale	–	16,956

During the year ended 30 June 2012, a subsidiary of the Group, Quorum Electronics (Shenzhen) Company Limited ("Quorum Electronics") entered into a sale and purchase agreement (the "Agreement") with a third party (the "Purchaser") for the disposal of the investment property (the "Disposal") in the PRC, at a consideration, net of land premium, of RMB13,957,000 (equivalent to approximately HK\$17,569,000 as at 30 June 2014).

## 72 | Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

During the year ended 30 June 2013, as a result of the failure to agree on the additional tax payable calculated based on the property value assessed by the PRC tax bureau, the Purchaser filed an application to the court for an order that the Disposal be completed and the payment of additional tax be borne by Quorum Electronics. Quorum Electronics had filed a counterclaim against the Purchaser for non-payment of the additional tax and the unconditional cancellation of the Agreement. As advised by the lawyer of the Group, with additional tax being imposed, the Disposal would violate the PRC Contract Law. Therefore, the directors considered that the Disposal should be terminated. Accordingly, the criteria in HKFRS 5 could no longer be satisfied because of unlikelihood of the investment property being disposed of in the near future. The investment property and the liabilities associated therewith were accounted for as investment properties and other payables in the consolidated financial statements for the year ended 30 June 2013.

Upon the court judgement ordering Quorum Electronics to proceed with the Agreement (the "Judgement") on 27 November 2013 and the result of appeal application against the Judgement on 11 May 2014, Quorum Electronics was required to proceed with the Agreement. As a result, the investment property and the liabilities associated therewith were classified as assets held for sale in the consolidated financial statements for the year ended 30 June 2014.

The investment property held for sale stated in the statement of financial position at 30 June 2014 was arrived at by reference to the consideration of the Disposal. The major classes of liabilities associated with the Disposal at 30 June 2014 are as follows:

	Group
	HK\$'000
Deposits received on the Disposal	10,329
Compensation payable relating to the Disposal	1,095
Deferred tax liabilities ( <i>Note 31</i> )	5,532
Liabilities associated with non-current assets classified as held for sale	16,956

On 27 June 2015, the Disposal was completed and the loss on the Disposal of HK\$613,000 was recognised in profit or loss for the year ended 30 June 2015.

## 26. OTHER PAYABLES

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Accrued charges and other creditors	6,991	4,682	785	918



## 27. INTEREST-BEARING BORROWINGS

	Note	Group		Company	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Bank borrowings, secured	(i)	75,181	88,777	–	–
Other borrowing, unsecured	(ii)	–	10,000	–	10,000
		<b>75,181</b>	<b>98,777</b>	<b>–</b>	<b>10,000</b>
Current portion		<b>13,637</b>	33,592	–	10,000
Non-current portion which contains a repayment on demand clause		<b>61,544</b>	65,185	–	–
		<b>75,181</b>	<b>98,777</b>	<b>–</b>	<b>10,000</b>

Analysis of the amounts due based on scheduled payment dates set out in the loan agreements (ignoring the effect of any repayment on demand clause) is as follows:

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Within 1 year	13,637	33,592	–	10,000
One to five years	15,177	14,979	–	–
Over five years	46,367	50,206	–	–
On demand or within one year	<b>75,181</b>	<b>98,777</b>	<b>–</b>	<b>10,000</b>

Note:

- (i) At the end of the reporting period, the Group's bank borrowings carried variable interest rates ranging from 1.45% to 2.80% (2014: 1.45% to 2.30%) per annum above one month Hong Kong Inter-bank Offer Rate. The effective interest rate during the year was 1.87% (2014: 1.85%) per annum. The bank borrowings are secured by the assets of the Group as set out in note 36 to these consolidated financial statements.

The secured bank borrowings include mortgage loan of HK\$65,181,000 (2014: HK\$68,777,000) with a clause in its terms that gives the bank a customary overriding right of repayment on demand and an unfettered right of terminating the facility at any time by notice in writing to the Group at its sole discretion are classified as current liabilities even though the directors do not expect that the bank would exercise its rights to demand repayment. The remaining HK\$10,000,000 (2014: HK\$20,000,000) represent revolving credit granted which is repayable on demand.

- (ii) Other borrowing represented fixed rate loan from an independent financial institution amounted to HK\$10,000,000, which was unsecured, bearing interest at 12% per annum and with maturity date on 24 September 2014. On 14 August 2014, the other borrowing was fully settled.

**28. OBLIGATION UNDER A FINANCE LEASE**

<b>Group</b>	
<b>2015</b>	2014
<b>HK\$'000</b>	<b>HK\$'000</b>
Current portion	595
Non-current portion	–
	595

<b>Group</b>			
<b>Minimum lease payments</b>		<b>Present value of minimum lease payments</b>	
<b>2015</b>	2014	<b>2015</b>	2014
<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Amounts payable:			
Within one year	601	–	595
More than one year but less than two years	–	–	–
	601	–	595
Less: Future finance charges	(6)	–	–
Present value of finance lease obligation	595	–	595
Less: Amount due for settlement within 12 months		–	(595)
Amount due for settlement after 12 months		–	–

The obligation under a finance lease of the Group is secured by the lessor's charge over the leased asset as set out in note 15 to the consolidated financial statements.

The lease term is three years and on a fixed repayment basis. The average effective borrowing rate was 3.26% (2014: 3.26%) per annum. Interest rate was fixed at the contract date. The finance lease obligation was fully settled during the year ended 30 June 2015.



## 29. SHARE CAPITAL

		Group and Company	
	Note	No. of shares	HK\$'000
<b>Authorised:</b>			
At 1 July 2013, 30 June 2014 and 30 June 2015, ordinary shares of HK\$0.01 each		<b>6,000,000,000</b>	<b>60,000</b>
<b>Issued and fully paid:</b>			
At 1 July 2013, ordinary shares of HK\$0.01 each		837,773,826	8,378
Shares issued upon conversion of convertible bonds	29(a)	322,000,000	3,220
At 30 June 2014, ordinary shares of HK\$0.01 each		1,159,773,826	11,598
Share issued upon rights issue	29(b)	579,886,913	5,799
<b>At 30 June 2015, ordinary shares of HK\$0.01 each</b>		<b>1,739,660,739</b>	<b>17,397</b>

29(a) During the year ended 30 June 2014, the convertible bonds with aggregate value of HK\$72,840,000 were converted into ordinary shares of HK\$0.01 each in the Company. The details of the conversion are as follows:

Class of convertible bonds	Conversion date	Number of ordinary shares of HK\$0.01 each converted	Conversion price per share HK\$	Conversion principal amount HK\$
8% convertible bonds due in 2013 ("2013 CB")	10 October 2013	90,660,000	0.24	21,758,400
2013 CB	17 October 2013	83,340,000	0.24	20,001,600
Zero coupon convertible bonds due in 2018	23 December 2013	148,000,000	0.21	31,080,000
	Total	322,000,000		72,840,000

29(b) On 15 August 2014, the Company issued 579,886,913 rights shares (the "Rights Shares") by way of rights issue (the "Rights Issue"), on the basis of one Rights Share for every two existing shares of the Company at a subscription price of HK\$0.139 per Rights Share. The net proceeds from the Rights Issue after deducting related expenses were approximately HK\$78.4 million.



### 30. 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 in 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 directors of the Company, 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 the 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 2015, the total number of shares available for issue under the Scheme was 173,966,073 (2014: 83,777,383) shares, which represented approximately 10% (2014: 7.2%) of the Company’s issued share capital.

During the years ended 30 June 2015 and 2014, no share options had been granted. There were no share options outstanding as at 30 June 2015 and 2014.



## 31. DEFERRED TAXATION

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

	Group	
	2015 HK\$'000	2014 HK\$'000
At beginning of the reporting period	–	4,213
Charge to profit or loss	–	1,319
Charge to other comprehensive income	1,088	–
	1,088	5,532
Deferred tax liabilities associated with non-current assets held for sale (Note 25)	–	(5,532)
<b>At the end of the reporting period</b>	<b>1,088</b>	<b>–</b>

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

	Group	
	2015 HK\$'000	2014 HK\$'000
Fair value adjustment	1,088	–
Land appreciation tax adjustment	–	5,532
	1,088	5,532
Amount expected to be recovered after more than 12 months	1,088	–

The balance represented deferred tax on the fair value adjustment arising from revaluation of properties upon transfer from property, plant and equipment and prepaid lease payments to investment properties (2014: the land appreciation tax adjustment arising from investment property classified as held for sale).

**Unrecognised deferred tax assets arising from**

	<b>Group</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Deductible temporary differences	<b>72,765</b>	76,172
Tax losses	<b>265,603</b>	255,132
<b>At the end of the reporting period</b>	<b>338,368</b>	331,304

The deductible temporary differences of HK\$72,765,000 (2014: HK\$76,172,000) represent deficit on revaluation of overseas investment properties. At the end of the reporting period, the Group had unused tax losses of HK\$265,603,000 (2014: HK\$255,132,000) 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 except arising in the PRC can be carried forward indefinitely.

At the end of the reporting period, the Group has the following tax losses arising in the PRC that can be offset against future taxable profits of the respective subsidiary for a maximum of 5 years from the year in which the tax loss was incurred:

	<b>Group</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Year of expiry		
2015	–	73
2016	<b>21</b>	21
2017	<b>28</b>	28
2018	<b>1,227</b>	1,227
2019	<b>481</b>	481
2020	<b>541</b>	–
<b>At the end of the reporting period</b>	<b>2,298</b>	1,830

**32. MAJOR NON-CASH TRANSACTION**

The Group did not have major non-cash transaction for the year ended 30 June 2015.

For the year ended 30 June 2014, convertible bonds with liability component and equity component of approximately HK\$64,902,000 and HK\$11,858,000 respectively were converted into approximately 322,000,000 ordinary shares of the Company of HK\$0.01 each.



## 33. 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:

	Group	
	2015 HK\$'000	2014 HK\$'000
Within one year	2,181	1,379
In the second to fifth year inclusive	567	—
	<b>2,748</b>	<b>1,379</b>

Operating lease payments represent rentals payable by the Group for certain of its offices and directors' accommodations. Leases are negotiated for a term of 2 years (2014: 2 years). Rentals are fixed over the lease period and no arrangements have been entered into for contingent rental payments.

## 34. 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:

	Group	
	2015 HK\$'000	2014 HK\$'000
Within one year	360	1,720
In the second to fifth year inclusive	—	1,680
	<b>360</b>	<b>3,400</b>

**35. CAPITAL COMMITMENTS**

Capital expenditure in respect of the acquisition of investment properties and property, plant and equipment contracted but not provided for in the consolidated financial statements

- the Group
- share of a joint venture

Group	
2015 HK\$'000	2014 HK\$'000
19,139	19,139
31,288	31,288
50,427	50,427

**36. PLEDGE OF ASSETS**

At the end of the reporting period, the Group and the Company had provided the following security for the banking facilities granted to a subsidiary of the Company as set out in note 27 to the consolidated financial statements:

- (a) pledge of investment properties of the Group with a carrying amount of HK\$251,000,000 (2014: HK\$231,000,000);
- (b) all monies earned by the above pledged investment properties of the Group. During the year, rental income of HK\$817,000 (2014: HK\$279,000) was generated from these investment properties;
- (c) property insurance on the pledged investment properties executed by the Group in favour of the bank. At the end of the reporting period, the property insurance coverage amounted to HK\$20,460,000 (2014: HK\$16,500,000); and
- (d) unconditional and irrevocable corporate guarantee given by the Company in respect of all amounts owing by the subsidiary to the bank under the facilities.

**37. 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**

On 4 December 2014, for the purpose of better utilisation of the Group's financial resources, all independent non-executive directors of the Company approved (i) the disposal of a motor vehicle which was held by Data Pen Limited ("Data Pen"), a wholly owned subsidiary of the Company to a director of Data Pen who is a daughter of Mr. Hung, the former chairman and managing director of the Company who resigned on 15 July 2015, for a cash consideration of HK\$759,000 (the "First Disposal") and (ii) after the aforesaid disposal transaction, the sale of the entire issued share capital of and shareholder's loan to Data Pen, the major assets of which at the time of the disposal comprised two motor vehicles, to Mr. Hung for a cash consideration of HK\$2,191,000 (the "Second Disposal"). The First Disposal and Second Disposal were completed in January 2015 and February 2015 respectively.



## (B) REMUNERATION TO KEY MANAGEMENT PERSONNEL

The remuneration of members of key management, other than directors as disclosed in note 12(A) to the consolidated financial statements was as follows:

	Group	
	2015 HK\$'000	2014 HK\$'000
Salaries and other benefits	–	98
Retirement benefit scheme contributions	–	5
	–	103

The remuneration of directors and other key management personnel is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

The above transactions do not fall under the definition of connected transactions or continuing connected transactions under the Listing Rules.

## 38. DISPOSAL OF A SUBSIDIARY

In February 2015, the Group disposed of its 100% interests in Data Pen to Mr. Hung at a consideration of HK\$2,191,000. The details are as follows:

### Net assets disposed of:

Property, plant and equipment  
Gain on disposal (*Note 6*)

Consideration, satisfied by cash

2015 HK\$'000
1,189
1,002
2,191

Analysis of net inflow of cash and cash equivalents in respect of disposal of a subsidiary:

Cash consideration and net inflow of cash and cash equivalents

2015 HK\$'000
2,191

The gain on disposal of a subsidiary is included in other income in the consolidated statement of comprehensive income for the year.

**39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY**

	Note	2015 HK\$'000	2014 HK\$'000
<b>Non-current assets</b>			
Interests in subsidiaries	40	367,168	351,401
Other assets	16	–	312
		<b>367,168</b>	351,713
<b>Current assets</b>			
Other receivables	21	270	8,915
Bank balances and cash	24	19,173	9,827
		<b>19,443</b>	18,742
<b>Current liabilities</b>			
Other payables	26	785	918
Interest-bearing borrowings	27	–	10,000
Amount due to a subsidiary	40	183,211	228,689
		<b>183,996</b>	239,607
<b>Net current liabilities</b>		<b>(164,553)</b>	(220,865)
<b>Total assets less current liabilities</b>		<b>202,615</b>	130,848
<b>Capital and reserves</b>			
Share capital	29	17,397	11,598
Share premium and reserves	39(a)	185,218	119,250
<b>TOTAL EQUITY</b>		<b>202,615</b>	130,848



## 39(a). SHARE PREMIUM AND RESERVES

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000	Convertible Bonds reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2013	445	11,931	204,610	11,858	(78,483)	150,361
Loss for the year and total comprehensive loss for the year	–	–	–	–	(92,793)	(92,793)
<b>Transaction with equity holders</b>						
Contributions and distributions						
– Conversion of convertible bonds	66,779	–	–	(11,858)	6,761	61,682
At 30 June 2014	67,224	11,931	204,610	–	(164,515)	119,250
Loss for the year and total comprehensive loss for the year	–	–	–	–	(6,654)	(6,654)
<b>Transaction with equity holders</b>						
Contributions and distributions						
– Issue of shares upon rights issue	72,622	–	–	–	–	72,622
<b>At 30 June 2015</b>	<b>139,846</b>	<b>11,931</b>	<b>204,610</b>	<b>–</b>	<b>(171,169)</b>	<b>185,218</b>

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 the following reserves available for distribution to shareholders at the end of the reporting period:

	2015 HK\$'000	2014 HK\$'000
Capital reserve	204,610	204,610
Accumulated losses	(171,169)	(164,515)
	<b>33,441</b>	<b>40,095</b>



## 40. INTERESTS IN SUBSIDIARIES

	Company	
	2015 HK\$'000	2014 HK\$'000
Unlisted shares, at cost	77,550	77,747
Amount due from subsidiaries	389,643	419,650
	467,193	497,397
Accumulated impairment losses	(100,025)	(145,996)
	367,168	351,401
Amount due to a subsidiary	183,211	228,689

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.

Particulars of the principal subsidiaries at 30 June 2015 are as follows:

Name of subsidiaries	Place of incorporation or establishment/operation	Nominal value of issued and paid up share capital/registered capital	Proportion of issued share capital/registered capital held by the Company		Principal activities
			Directly	Indirectly	
Applied Enterprises Limited	Hong Kong	Ordinary HK\$1,000	–	100%	Investment holding
Applied Hong Kong Properties Limited	Hong Kong	Ordinary HK\$500,000	–	100%	Investing in equity securities
Applied Investment (Asia) Limited	Hong Kong	Ordinary HK\$574,630,911	100%	–	Investment holding and investing in equity securities
AppliedLand Limited	Hong Kong	Ordinary HK\$2	100%	–	Property, plant and equipment holding and investment holding
Applied Mission Limited	Hong Kong	Ordinary HK\$10,000	–	100%	Property, plant and equipment holding



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2015

85

Name of subsidiaries	Place of incorporation or establishment/ operation	Nominal value of issued and paid up share capital/ registered capital	Proportion of issued share capital/ registered capital held by the Company		Principal activities
			Directly	Indirectly	
Applied Talent Management Limited	Hong Kong	Ordinary HK\$1	–	100%	Provision of administrative and secretarial services
Applied Toys Limited	Hong Kong	Ordinary HK\$2	–	100%	Property, plant and equipment holding
Quorum Electronics (Shenzhen) Company Limited * 盈聯多科技企業(深圳)有限公司	PRC	Registered capital HK\$10,000,000	–	100%	Property holding
Playa Grande Development Holdings Inc.	Panama	Ordinary US\$200	–	100%	Resort and property development
Playa Grande Hot Spring Development Holdings, Inc.	Panama	Ordinary US\$200	–	100%	Resort and property development
Seyn Villa Limited	Hong Kong	Ordinary HK\$7,545,000	–	100%	Property holding

\* English translation of company name is for identification purpose only. The company is a wholly foreign owned enterprise established in the PRC.

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

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.

## 41. 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.

## 42. LITIGATIONS

### (A) HIGH COURT MISCELLANEOUS PROCEEDINGS NO. 243 AND 522/2011

During January and February 2011, Ms. Wong, a former non-executive director of the Company retired on 14 January 2011, commenced actions to bring the Company and a subsidiary of the Company as intervening parties to the matrimonial proceedings between Ms. Wong and Mr. Hung.

On 7 July 2011, Ms. Wong lodged a statement of claim to the High Court against the Company and the subsidiary for claiming a declaration that certain investment properties, which have been included in the Group's consolidated financial statements, were actually held by the subsidiary as a trustee for Ms. Wong and an order for the taking of accounts or quantification of equitable compensation amongst certain involved parties (the "Claims").

On 5 August 2011, the Company and the subsidiary filed defence and counterclaims against Ms. Wong for vacant possession of those investment properties and unpaid licence fees for remaining at the investment properties until the recovery of possession of the investment properties by the Company and the subsidiary (the "Counterclaims").

On 4 May 2012, Ms. Wong conceded on the Claims against the Group and also on the Counterclaims against her. Accordingly, the High Court made the orders and judgement that the Claims were dismissed with costs payable by Ms. Wong to the Group on an indemnity basis. A declaration that the investment properties belonged to the Group was also granted. Besides, Ms. Wong was ordered to deliver up vacant possession of the investment properties and pay mesne profits for her period of occupation.

On 11 June 2012, Ms. Wong returned the possession of the investment properties to the Group.

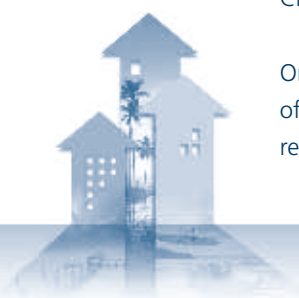
The Group had recovered the legal costs of the Group in respect of the Claims and the Counterclaims from Ms. Wong during the year ended 30 June 2015 as set out in note 21(c) to the consolidated financial statement.

### (B) HIGH COURT ACTION NO. 424/2011

Ms. Wong originally commenced the claim for various arrears of salaries and other allowances, non-executive director's fee and reimbursements in respect of the investment properties in the Labour Tribunal against the Company. After a preliminary hearing, the Labour Tribunal transferred the claim to the High Court in February 2011 for a total sum of the claim of approximately HK\$3.5 million.

On 31 May 2011, Ms. Wong lodged a statement of claim to the High Court against the Company for an aggregate amount of approximately HK\$1.5 million and the related interest and costs (the "Statement of Claims").

On 21 August 2012, Ms. Wong's lawyer took out a summons application for leave to amend the Statement of Claim in which the claim amount was adjusted to approximately HK\$3 million with further interest and related costs to be charged.



On 20 February 2013, the High Court provisionally struck out the claim as Ms. Wong failed to appear at the case management conference. Ms. Wong applied appeal to the High Court to restore the claim.

On 26 February 2014, the High Court made decision to restore Ms. Wong's claim with no conditions attached.

On 11 March 2014, the Company applied appeal to the High Court against the restoration.

On 19 August 2015, the High Court dismissed the appeal and the Company should pay Ms. Wong her costs of and occasioned by the appeal, to be taxed.

The directors consider that the claim from Ms. Wong is without merit and have been advised by the Group's lawyers that the Group holds strong positions in this claim and therefore no provision for the claims is considered necessary.

## **(C) THE EASTERN CARIBBEAN SUPREME COURT VIRGIN ISLANDS CIVIL APPEAL (CLAIM NO. BVIHCV NO. 11/F 2013 2012/0135)**

In December 2012, a wholly owned subsidiary of the Group, Applied Enterprises Limited ("Applied Enterprises") commenced legal proceeding in the High Court of the BVI and filed (i) a claim against Interisle and relevant parties for the transfer of over 30% interest in Quorum to Applied Enterprises (the "Transfer Claim") and (ii) a claim against Quorum for the non-payment of the promissory note in the principal amount of US\$22 million (approximately HK\$171,600,000). In response, Interisle filed its application for stay of the Transfer Claim and sought an order for the Transfer Claim to be dealt with by way of arbitration proceedings. The High Court of the BVI granted the application for stay in favour of Interisle and ordered that the parties should commence arbitration to determine the substantive outcome of the Transfer Claim. Following the decision of the High Court of the BVI, Applied Enterprises applied to the Court of Appeal of the BVI to appeal the decision of the High Court of the BVI.

On 1 May 2014, the Court of Appeal of the BVI made public its decision to dismiss Applied Enterprises' appeal against Interisle and maintain the decision of the High Court of the BVI which granted the application for stay in favour of Interisle and ordered that the parties should commence the arbitration to determine the substantive outcome of the Transfer Claim.

On 22 May 2014, Applied Enterprises applied for leave to appeal the decision of BVI Court of Appeal and the application has been set for hearing at the next sitting of the BVI Privy Council in Tortola. Subsequently, Applied Enterprises was advised by its legal counsel, withdrew of its appeal on 19 September 2014 and commenced the arbitration.

The Group is in the process of taking the appropriate steps to recover the promissory note receivable from Quorum and the Transfer Claim from Interisle through arbitration proceeding.

**43. EVENTS AFTER THE REPORTING PERIOD**

- (a) On 4 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 are 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 aggregated gain on disposal of these subsidiaries was approximately HK\$1,547,000.
- (b) On 14 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 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\$607,000.



## RESULTS

	For the year ended 30 June				2015 HK\$'000
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	
Turnover	4,649	3,296	–	279	<b>2,652</b>
(Loss) Profit before tax	(135,478)	(39,115)	(3,420)	(94,749)	<b>7,679</b>
Tax credit (charge)	1,993	(5,768)	1,146	(1,319)	–
(Loss) Profit for the year	(133,485)	(44,883)	(2,274)	(96,068)	<b>7,679</b>
Attributable to equity holders of the Company	(133,485)	(44,883)	(2,274)	(96,068)	<b>7,679</b>

## ASSETS AND LIABILITIES

	At 30 June				2015 HK\$'000
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	
Total assets	581,666	543,202	587,273	509,750	<b>560,798</b>
Total liabilities	(122,309)	(128,669)	(167,317)	(121,010)	<b>(83,260)</b>
	459,357	414,533	419,956	388,740	<b>477,538</b>
Equity attributable to equity holders of the Company	459,357	414,533	419,956	388,740	<b>477,538</b>

## 90 | Particulars of Major Properties

Particulars of major investment properties held by the Group at 30 June 2015 are as follows:

Name/location	Lease expiry	Type	Effective % held
<b>Hong Kong</b>			
Flat A on 1st Floor, Flat B on 1st Floor, 2nd Floor, 3rd Floor, the roof and carpark 1, 2, 3, 4, 5 and 7 Severn Villa, 3 Severn Road, The Peak, Hong Kong	2070	R	100

Particulars of major properties held for development (as investment properties) by the Group at 30 June 2015 are as follows:

Name/location	Lease expiry	Type	Gross site area	Effective % held	Stage of completion	Anticipated completion
<b>Panama</b>						
Lots 1807, 4920, 4921, 4923, 4924, 4935, 4936, 4942, 4943, 4944, 4945, 6921, 20435, 33248, 35039, 41583, 41619 together with all beach front property known as Playa Grande in Boca Chica, District of San Lorenzo, Province of Chiriqui, Panama	Freehold	R/C	53.3 million square feet	100	Under development	N/A

Type of properties: R – residential  
C – commercial

