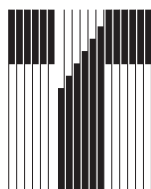


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TERN PROPERTIES COMPANY LIMITED

太興置業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 277)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Turnover	3	97,273	104,841
Property expenses		(1,979)	(1,254)
Gross profit		95,294	103,587
Decrease in fair value of investment properties		(102,498)	(138,621)
Realised gain on disposal of available-for-sale financial assets		1,755	1,120
Realised gain on disposal of financial assets held for trading		–	1,995
Dividend income		2,213	744
Interest income		28,744	19,670
Other operating income		4,894	692
Administrative expenses		(37,355)	(29,737)
Loss from operations	5	(6,953)	(40,550)
Finance costs		(1,679)	(997)
Share of results of associates		(8,716)	(1,205)
Loss before taxation		(17,348)	(42,752)
Taxation	6	(11,964)	(15,320)
Loss for the year attributable to owners of the Company		(29,312)	(58,072)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net gain arising on revaluation of available-for-sale financial assets		11,138	7,075
Release of investment revaluation reserve upon disposal of available-for-sale financial assets		(867)	–
Other comprehensive income for the year, net of tax		10,271	7,075
Total comprehensive expense for the year attributable to owners of the Company		(19,041)	(50,997)
Loss per share			
Basic and diluted	8	HK(9.52) cents	HK(18.87) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2017

	<i>Notes</i>	2017 HK\$'000	2016 HK\$'000
Non-current assets			
Investment properties		2,954,578	3,057,213
Property, plant and equipment		8,213	10,241
Leasehold land		15,014	15,106
Interests in associates		368,374	386,272
Available-for-sale financial assets		512,320	217,590
Deferred rental income		165	541
Deferred tax assets		279	–
		<u>3,858,943</u>	<u>3,686,963</u>
Current assets			
Trade and other receivables	9	14,833	8,001
Available-for-sale financial assets redeemable within one year		10,269	–
Leasehold land – current portion		92	92
Deferred rental income – current portion		635	935
Tax recoverable		2,282	993
Pledged bank deposits		2,729	2,143
Bank balances and cash		33,842	45,750
		<u>64,682</u>	<u>57,914</u>
Current liabilities			
Other payables and receipts in advance	10	10,681	7,274
Rental deposits from tenants		28,106	29,452
Tax liabilities		5,148	3,859
Secured bank borrowings – due within one year		28,037	–
		<u>71,972</u>	<u>40,585</u>
Net current (liabilities) assets		<u>(7,290)</u>	<u>17,329</u>
Total assets less current liabilities		<u>3,851,653</u>	<u>3,704,292</u>
Non-current liabilities			
Deferred tax liabilities		25,033	23,975
Secured bank borrowings – due after one year		181,963	–
		<u>206,996</u>	<u>23,975</u>
Net assets		<u>3,644,657</u>	<u>3,680,317</u>
Capital and reserves			
Share capital		229,386	229,386
Reserves		3,415,271	3,450,931
Total equity		<u>3,644,657</u>	<u>3,680,317</u>

NOTES:

1. GENERAL AND BASIS OF PREPARATION

(a) General Information

The financial information relating to the years ended 31 March 2017 and 2016 included in the annual results for the year ended 31 March 2017 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follow:

The Company has delivered the financial statements for the year ended 31 March 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 March 2017 in due course.

The Company's auditor has reported on those financial statements of the Group for both years. The auditor's report were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

(b) Basis of preparation

The financial information presented above and notes thereto are extracted from the Group's consolidated financial statements and presented in accordance with Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Board is responsible for the preparation of the Group's consolidated financial statements. The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments that are measured at fair values at the end of each reporting period.

The consolidated financial statements have been prepared on a going concern basis notwithstanding a net current liabilities of approximately HK\$7,290,000 as at 31 March 2017. In the opinion of the directors of the Company, the Group is able to maintain itself as a going concern in the coming year as the Group is anticipated to generate adequate positive cash flows for its operation.

On the basis that the banking facilities continue to be available, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from the end of reporting period. In addition, despite its accounting classification, the Group has available-for-sale financial assets which could be easily realised to provide working capital to the Group, if required. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the above amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ²
HKRRS 16	Leases ³
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transaction ²
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to HKAS 40	Investment Property ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle ⁵
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration ²

¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

⁴ The original effective date has been deferred to a date yet to be determined.

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018.

3. TURNOVER

Turnover represents the aggregate of amounts received and receivable from property rental income.

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property rental income	<u>97,273</u>	<u>104,841</u>

4. OPERATING SEGMENTS

For management purposes, the Group is currently organised into two operating segments, namely property investment and treasury investment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For property investment, the segment represents the operations of property investment and property leasing. Discrete financial information is provided to the Board on a property by property basis. The information provided includes net rental income (including gross rental income and property expenses), fair value gains (losses) on investment properties and share of profit (loss) from associates. The individual properties with similar economic characteristics are aggregated into segments for presentation purposes.

For treasury investment, the segment represents the investment in debt and equity securities. Financial information is provided to the Board on a company-by-company basis. The information provided includes realised gain on disposal of financial assets held for trading and AFS financial assets and interest income from debt securities.

Segment information

For the year ended 31 March 2017

	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross rental income	97,273	–	97,273
Property expenses	(1,979)	–	(1,979)
Net rental income	95,294	–	95,294
Decrease in fair value of investment properties	(102,498)	–	(102,498)
Realised gain on disposal of AFS financial assets	280	1,475	1,755
Interest income	1	28,743	28,744
Dividend income	–	2,213	2,213
Other operating income	4,202	692	4,894
Administrative expenses	(32,740)	(4,615)	(37,355)
(Loss) profit from operations	(35,461)	28,508	(6,953)
Finance costs	(40)	(1,639)	(1,679)
Share of results of associates	(8,716)	–	(8,716)
(Loss) profit before taxation	(44,217)	26,869	(17,348)
Taxation	(9,807)	(2,157)	(11,964)
(Loss) profit for the year	<u>(54,024)</u>	<u>24,712</u>	<u>(29,312)</u>
At 31 March 2017			
Segment assets	3,386,105	537,520	3,923,625
Segment liabilities	(64,983)	(213,985)	(278,968)
Net assets	<u>3,321,122</u>	<u>323,535</u>	<u>3,644,657</u>
Other segment information:			
Depreciation and amortisation	2,663	–	2,663
Addition to property, plant and equipment	543	–	543

For the year ended 31 March 2016

	Property investment <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross rental income	104,841	–	104,841
Property expenses	<u>(1,254)</u>	<u>–</u>	<u>(1,254)</u>
Net rental income	103,587	–	103,587
Decrease in fair value of investment properties	(138,621)	–	(138,621)
Realised gain on disposal of financial assets held for trading	–	1,995	1,995
Realised gain on disposal of AFS financial assets	1,120	–	1,120
Interest income	1	19,669	19,670
Dividend income	–	744	744
Other operating income	542	150	692
Administrative expenses	<u>(29,447)</u>	<u>(290)</u>	<u>(29,737)</u>
(Loss) profit from operations	(62,818)	22,268	(40,550)
Finance costs	(813)	(184)	(997)
Share of results of associates	<u>(1,205)</u>	<u>–</u>	<u>(1,205)</u>
(Loss) profit before taxation	(64,836)	22,084	(42,752)
Taxation	<u>(13,761)</u>	<u>(1,559)</u>	<u>(15,320)</u>
(Loss) profit for the year	<u><u>(78,597)</u></u>	<u><u>20,525</u></u>	<u><u>(58,072)</u></u>
At 31 March 2016			
Segment assets	3,512,272	232,605	3,744,877
Segment liabilities	<u>(63,001)</u>	<u>(1,559)</u>	<u>(64,560)</u>
Net assets	<u><u>3,449,271</u></u>	<u><u>231,046</u></u>	<u><u>3,680,317</u></u>
Other segment information:			
Depreciation and amortisation	2,607	–	2,607
Addition to property, plant and equipment	<u>4,361</u>	<u>–</u>	<u>4,361</u>

Geographical information

Over 90% of the activities of the Group during the year were carried out in Hong Kong and over 90% of the assets of the Group were located in Hong Kong. Accordingly, a geographical analysis is not presented.

Information on major customers

Included in revenues arising from rental income of approximately HK\$97.3 million (2016: approximately HK\$104.8 million) are rental income of approximately HK\$15.7 million (2016: approximately HK\$20.3 million) which arose from the Group's largest tenant. No other single customer contributed 10% or more to the Group's revenue for both years ended 31 March 2017 and 2016.

5. LOSS FROM OPERATIONS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss from operations has been arrived at after charging:		
Staff costs (including directors' emoluments)	22,134	20,576
MPF contributions	255	229
	<hr/>	<hr/>
Total staff costs	22,389	20,805
Auditor's remuneration	435	460
Depreciation of property, plant and equipment	2,571	2,515
Amortisation of leasehold land	92	92
Lease payments under operating leases in respect of rented properties	1,120	1,140
Exchange loss, net	–	591
and after crediting:		
Dividend income	2,213	744
Gain on disposal of property, plant and equipment	29	135
Exchange gain, net	566	–
Gross rental income from investment properties	97,273	104,841
Less:		
Direct operating expenses from investment properties that generated rental income	(1,555)	(860)
Direct operating expenses from investment properties that did not generate rental income	(424)	(394)
	<hr/>	<hr/>
Net rental income	95,294	103,587

6. TAXATION

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Tax expenses attributable to the Company and subsidiaries:		
Hong Kong Profits Tax		
Current year	11,261	12,206
(Over) under-provision in prior years	(90)	901
Other jurisdiction		
Under-provision in prior years	14	15
	<hr/>	<hr/>
	11,185	13,122
Deferred taxation		
Current year	1,126	1,741
(Over) under-provision in prior years	(347)	457
	<hr/>	<hr/>
	779	2,198
Total	11,964	15,320

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profit for the year.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

The tax expenses for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss before taxation	(17,348)	(42,752)
Tax at the Hong Kong Profits Tax rate of 16.5% (2016: 16.5%)	(2,862)	(7,054)
Tax effect of share of results of associates	1,438	199
Tax effect of expenses not deductible for tax purpose	23,969	23,115
Tax effect of income not taxable for tax purpose	(9,731)	(1,997)
Tax effect of deductible temporary differences not recognised	–	2
Tax effect of tax losses not recognised	–	254
(Over) under-provision of taxation in respect of prior years	(423)	1,373
Utilisation of tax losses previously not recognised	(149)	(302)
Tax concession	(265)	(260)
Effect of different tax rates of a subsidiary operating in other jurisdiction	(13)	(10)
Tax expenses for the year	11,964	15,320

7. DIVIDENDS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interim, paid – HK2.2 cents (2016: HK2.2 cents) per share	6,771	6,771
Final, proposed – HK3.2 cents (2016: HK3.2 cents) per share	9,848	9,848
	16,619	16,619

The final dividend of HK3.2 cents (2016: HK3.2 cents) per share has been proposed by the directors and is subject to approval by the shareholders in annual general meeting.

8. LOSS PER SHARE

The calculation of loss per share is based on the loss for the year of HK\$29,312,000 (2016: HK\$58,072,000) and on number of 307,758,522 (2016: 307,758,522) ordinary shares in issue during the year.

The Company had no dilutive potential ordinary shares outstanding in both the years ended 31 March 2017 and 2016.

9. TRADE AND OTHER RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	592	176
Other receivables		
Interest receivables	9,335	4,359
Utilities deposits	2,573	1,860
Rental deposits	–	190
Prepayments	890	803
Others	1,443	613
	<u>14,833</u>	<u>8,001</u>

Included in trade receivables are rental receivables with defined credit policy. The rental income is billed in advance each month. Immediate settlement is expected upon receipt of billing by the tenants.

The following is an aging analysis of rental receivables presented based on the debit note dates.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 30 days	–	176
31 – 60 days	439	–
61 – 90 days	29	–
Over 90 days	124	–
	<u>592</u>	<u>176</u>

10. OTHER PAYABLES AND RECEIPTS IN ADVANCE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Receipts in advance	3,801	4,019
Other payables		
Accrued interest	230	–
Unclaimed dividend	423	297
Accrued expenses	6,159	2,595
Others	68	363
	<u>10,681</u>	<u>7,274</u>
Total	<u>10,681</u>	<u>7,274</u>

DIVIDEND

The Board of Directors of the Company has resolved to recommend a final dividend of HK3.2 cents per share for the year ended 31 March 2017. Together with the interim dividend of HK2.2 cents per share that have already been paid, the total dividends for the year will amount to HK5.4 cents per share. The proposed final dividend, subject to approval by the shareholders of the Company at the annual general meeting to be held on Thursday, 10 August 2017, will be payable on Friday, 25 August 2017 to the shareholders on the Register of Members of the Company on Friday, 18 August 2017.

CLOSURE OF REGISTER MEMBERS

To ascertain the entitlement of the shareholders to attend and vote at the 2017 Annual General Meeting, the Register of Members of the Company will be closed from Friday, 4 August 2017 to Thursday, 10 August 2017, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to be eligible to attend and vote at the 2017 Annual General Meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 3 August 2017.

Subject to the approval of the shareholders at the 2017 Annual General Meeting, the proposed final dividend will be payable to the shareholders whose names appear on the Register of Members of the Company on 18 August 2017. To ascertain the entitlement of the shareholders to the proposed final dividend, the Register of Members of the Company will be closed from Wednesday, 16 August 2017 to Friday, 18 August 2017, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to qualify for the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 15 August 2017.

BUSINESS OUTLOOK

The world's major economies were on the brink of recession under the effect of various unexpected geopolitical events in the past year. Given the conclusion of the U.S. presidential election and the fading away of the shock from Brexit, capital markets seem to have regained confidence. However, in light of the changes in the macro-environment, such as the potential rise of economic or trade protectionism, general elections in several European countries and the expected further raising of interest rates in 2017 by the U.S. Federal Reserve, the uncertainties around the global markets have been intensified.

In terms of the Hong Kong leasing market, though the occupancy rate of the office buildings remains high currently, the small and medium enterprises' operating environment is still tough under the weak foreign trade environment, which makes the prospects get gloomy gradually. It is expected that the rent for small and medium office buildings will begin to be adjusted downward.

Besides, the overall retail sales is falling year by year due to the continuous decrease in the number of mainland visitors to Hong Kong, depreciation of RMB and changes in the shopping mode of mainland consumers, with the slowing down of the retail market of high-priced consumer goods being most obvious. The demand for shops of Hong Kong retailers who are relying on tourism continues to be weak, and it is expected that the rent and occupancy rate of shops will continuously decrease.

It seems that the adverse effect of the challenging condition of the leasing market on the Group is inevitable. Moreover, since the proportion of rental income from shops to the total rental income of the Group is higher as compared with the proportion of rental income from office buildings, it is expected that the downward adjustment amplitude of the Group's rental income in 2017 will be larger than the average adjustment amplitude in the market. However, the Group still has a strong foundation of investment properties as well as a good and stable financial position, which is sufficient to cope with the challenges in the leasing market in the coming year.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the year was HK\$97.3 million (2016: HK\$104.8 million), a decrease of HK\$7.5 million. This was primarily due to:

- most of the Group's commercial shop and office properties recorded a decrease in rental rates upon renewal; and
- a slight decrease in the Group's rental portfolio occupancy rate by 3.2% to 96.3% during the year.

Loss attributable to the owners of the Company

Loss attributable to the owners of the Company for the year was HK\$29.3 million (2016: HK\$58.1 million), a decrease of 49.6%.

The decrease in loss attributable to the owners of the Company was primarily due to:–

- an increase in interest income from Group's long term investment in held to maturity securities by 46.1%; and
- a lesser decrease in fair value of investment properties upon revaluation at the year end.

Loss per share

Loss per share for the year ended 31 March 2017 were HK9.52 cents (2016: HK18.87 cents), a decrease of HK9.35 cents from last year. The proposed final dividend of HK3.2 cents (2016: HK3.2 cents) per share will make a total distribution of interim and final dividend of HK5.4 cents (2016: HK5.4 cents) per share for the full year.

Liquidity, Bank Borrowings and Finance Costs

At 31 March 2017, the Group's net current liabilities including bank deposits, balances and cash of HK\$36.6 million (2016: HK\$47.9 million) amounted to HK\$7.3 million (2016: net current assets of HK\$17.3 million), a decrease of HK\$24.6 million in net current assets as compared with last year was mainly contributed by an increase of long term available-for-sale financial assets.

At 31 March 2017, the Group's banking facilities amounting to HK\$830 million (2016: HK\$110 million) were fully secured by its investment properties, pledged bank deposits and available-for-sale investments with an aggregate fair value amounting to HK\$1,455.4 million (2016: HK\$614.5 million). At 31 March 2017, HK\$210 million was utilised (2016: no facilities were utilised).

At 31 March 2017, the Group have bank borrowings of HK\$210 million (2016: nil). At 31 March 2017, the total amount of outstanding bank borrowings net of bank balances and cash and pledged bank deposits were HK\$173.4 million. The gearing ratio, which is the ratio of net bank borrowings to shareholders' funds was 4.8%.

Of the total bank loans at 31 March 2017, HK\$28.0 million or 13.3% were repayable within one year. HK\$8.2 million or 3.9% were repayable after one year but within two years. HK\$25.4 million or 12.1% were repayable after two years but within five years. HK\$148.4 million or 70.7% were repayable more than five years.

The Group's finance costs for the year ended 31 March 2017 were HK\$1.7 million (2016: HK\$1.0 million), an increase of 70% from last year which was resulted from the increase in bank borrowings to finance the purchase of long term investment in held to maturity securities.

Capital Commitments

As at 31 March 2017, the Group had outstanding purchase agreements which entailed capital commitments to complete the acquisition of computer systems of approximately HK\$199,000 (2016: Nil).

Shareholders' Funds

At 31 March 2017, the Group's shareholders' funds amounted to HK\$3,644.7 million (2016: HK\$3,680.3 million), a slight decrease of 1% from last year. The net asset value per share was HK\$11.84 (2016: HK\$11.96). The decrease in shareholders' funds was due primarily to the decrease in the fair value of the investment properties of the Group upon revaluation at the end of the year.

RISK MANAGEMENT

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk prevailing inside the organisation and the external environment with active management participation and effective internal control procedures for the best interest of the Group and its shareholders.

EMPLOYEES

At 31 March 2017, the total number of staff of the Group was 18 (2016: 17). The total staff costs including Directors' remuneration amounted to HK\$22.4 million (2016: HK\$20.8 million).

The Group reviews staff remuneration packages annually, which is based on individual performance and merit. The benefits including contributions to employee provident funds, medical subsidies and a discretionary bonus. The Group recognises the importance of continuing professional education and development, and subsidies are granted to employees who take job-related courses.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 March 2017, except that the roles of chairman and chief executive are performed by the same individual which is a deviation from code provision A.2.1 of the Code. Please refer to the Company's interim report for the six months ended 30 September 2016 for reasons of the deviation.

REVIEW OF ACCOUNTS BY AUDIT COMMITTEE

The Audit Committee has reviewed the Group's audited annual accounts and annual results for the year ended 31 March 2017 with the Directors.

SUFFICIENCY OF PUBLIC FLOAT

Reference is made to the latest announcement of the Company dated 13 June 2017. The public float of the Company remains below the minimum 25% requirement as required by Rule 8.08(1)(a) of the Listing Rules. To the best knowledge, information and belief of the Directors, as at the date of this announcement, the public float of the Company is approximately 23.44%.

The Company is considering various options to restore its public float. As at the date of this announcement, no concrete proposals for the restoration of public float or timetable have been determined. The Company will make further announcement when the proposal to restore its public float has been finalised.

SCOPE OF WORK OF MESSRS. HLM CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. HLM CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. HLM CPA Limited in the announcement.

By order of the Board
Chan Hoi Sow
Chairman

Hong Kong, 15 June 2017

As at the date of this announcement, the Board of Directors of the Company comprises seven Directors, of which three are Executive Directors, namely Mr. CHAN Hoi Sow, Mr. CHAN Yan Tin, Andrew and Ms. CHAN Yan Wai, Emily, one is Non-Executive Director, namely Ms. CHAN Yan Mei, Mary-ellen and three are Independent Non-Executive Directors, namely Mr. CHAN Kwok Wai, Mr. TSE Lai Han, Henry and Mr. LEUNG Kui King, Donald.