The following is the text of a report, prepared for the purpose of inclusion in this document, received from the Company's reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong.

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August 30, 2016

The Directors
CROSSTEC Group Holdings Limited
Kingsway Capital Limited

Dear Sirs,

We set out below our report on the financial information of CROSSTEC Group Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") which comprises the consolidated statements of financial position of the Group as at June 30, 2013, 2014 and 2015 and April 30, 2016 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended June 30, 2013, 2014 and 2015 and the ten months ended April 30, 2016 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes (the "Financial Information"), together with the comparative financial information of the Group including the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the ten months ended April 30, 2015 (the "Comparative Financial Information"), prepared on the basis of presentation set out in Note 1 of Section II below, for inclusion in the document of the Company dated [REDACTED] (the "Document") in connection with the [REDACTED] of the shares of the Company on [REDACTED] of [REDACTED] (the "[REDACTED]").

The Company was incorporated in the Cayman Islands on March 18, 2016 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to the group reorganisation completed on March 22, 2016 (the "Reorganisation") as detailed in Note 1 of Section II below, the Company became the holding company of the subsidiaries now comprising the Group. The Company has not carried out any business since the date of its incorporation, except for the aforementioned reorganisation. The Group is principally engaged in the trading of millwork, furniture and facade fabrication and provision of interior design, project consultancy and interior solutions services.

Other than Crosstec Trading Shenzhen Company Limited and CX (Macau) Limited, all companies comprising the Group during the Relevant Periods have adopted June 30 as their financial year end date for statutory reporting purposes. As at the date of this report, the Company had direct or indirect interests in the subsidiaries as set out below, all of which are private entities. The details of the statutory auditors of these subsidiaries are also set out below.

Name of entity	Place and date of incorporation and form of business structure	Percentage of equity attributable to the Company Direct	Indirect	Issued and fully paid ordinary share capital or registered capital	Principal activities and principal place of business	*Note*
Crosstec (BVI) Limited ("Crosstec (BVI)")	British Virgin Islands (the "BVI"), March 21, 2016, limited liability company	100%	—	HK$100 divided into 100 shares of HK$1 each	Investment holding, Hong Kong	
Crosstec Group Limited (formerly known as Crossmax Group Limited) ("Crosstec Group")	Hong Kong, May 10, 2007, limited liability company	—	100%	HK$100,000 divided into 100,000 shares of HK$1 each	Investment holding, Hong Kong	*(a)*
Crosstec International Limited (formerly known as Crossmax International Limited) ("Crosstec International")	Hong Kong, May 17, 2007, limited liability company	—	100%	HK$100,000 divided into 100,000 shares of HK$1 each	Trading of millwork, furniture and facade fabrication and provision of interior design, project consultancy and interior solutions services, Hong Kong	*(a)*
Crosstec Interiors Limited (formerly known as Cross Max Interiors Limited ("Crosstec Interiors")	Hong Kong, April 21, 1999, limited liability company	—	100%	HK$100,000 divided into 100,000 shares of HK$1 each	Provision of labour and management services, Hong Kong	*(a)*
Crosstec Trading Shenzhen Company Limited ("宏經緯貿易深圳有限公司") ("Crosstec (Shenzhen)")	People's Republic of China ("PRC") December 4, 2009, limited liability company	—	100%	HK$1,500,000 divided into 1,500,000 shares of HK$1 each	Trading of millworks and furniture, PRC	*(b)*
CX (Macau) Limited ("CX Macau")	Macau December 17, 2013, limited liability company	—	100%	Macao Patacas ("MOP")25,000, divided into one share of MOP25,000 each	Trading of millwork, furniture and facade fabrication and provision of interior design, project consultancy and interior solutions services, Macau	

(a) The statutory financial statements for the years ended June 30, 2013 and 2014 were audited by Chung & Yeung Certified Public Accountants. BDO Limited is an auditor of the companies for the financial year ended June 30, 2015.

(b) The statutory financial statements for the years ended December 31, 2012, 2013, 2014 and 2015 were audited by 深圳永信瑞和會計師事務所.

No audited financial statements have been prepared for the Company since its date of incorporation as it has not carried out any business, other than the Reorganisation as referred to above and there is no statutory requirement for it to prepare audited financial statements. No audited financial statements have been prepared for Crosstec (BVI) and CX Macau since their date of incorporation as there is no statutory requirement for them to prepare audited financial statements.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods (the "Underlying Financial Statements"), in accordance with the basis of presentation set out in Note 1(c) of Section II below and the accounting policies set out in Note 2 of Section II below which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements with no adjustment made thereon.

DIRECTORS' RESPONSIBILITY

The directors are responsible for the contents of the Document including the preparation and true and fair presentation of Financial Information in accordance with the basis of presentation set out in Note 1(c) of Section II below and the accounting policies set out in Note 2 of Section II below, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the [REDACTED], and for such internal control as the directors determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an independent opinion on the Financial Information based on our procedures and to report our opinion to you.

For the purpose of this report, we have carried out audit procedures in respect of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA and have examined the Financial Information of the Group and carried out appropriate procedures as we considered necessary in accordance with Auditing Guideline 3.340 "[REDACTED]" issued by the HKICPA.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, the Financial Information, for the purpose of this report, prepared on the basis of presentation set out in Note 1(c) of Section II below and in accordance with the accounting policies in Note 2 of Section II below, gives a true and fair view of the financial position of the Company as at April 30, 2016 and the financial position of the Group as at June 30, 2013, 2014 and 2015 and April 30, 2016 and the financial performance and cash flows of the Group for each of the Relevant Periods then ended.

COMPARATIVE FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the Comparative Financial Information, which has been prepared in accordance with the accounting policies set out in Note 2 of Section II below, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors are responsible for the preparation and presentation of the Comparative Financial Information in accordance with the basis of presentation set out in Note 1(c) of Section II below and the accounting policies set out in Note 2 of Section II below, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the [REDACTED]. Our responsibility is to express a conclusion on the Comparative Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures to the Comparative Financial Information. A review is substantially less in scope than an audit conducted in accordance with HKSAs and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Comparative Financial Information.

Based on our review, nothing has come to our attention that causes us to believe that the Comparative Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

1. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended June 30			Ten months ended April 30	
		2013	2014	2015	2015	2016
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Revenue	*5*	123,767	113,798	130,578	114,087	100,837
Direct cost		(90,400)	(76,751)	(86,376)	(74,796)	(65,175)
Gross profit		33,367	37,047	44,202	39,291	35,662
Other income	*5*	3	3	4	2	3
Other gains	*5*	—	306	44	44	—
Administrative expenses		(12,523)	(13,006)	(15,615)	(13,356)	(15,708)
[REDACTED]		—	—	—	—	(10,549)
Operating profit	*6*	20,847	24,350	28,635	25,981	9,408
Finance costs	*8*	(7)	(5)	(3)	(3)	—
Profit before income tax expense		20,840	24,345	28,632	25,978	9,408
Income tax expense	*10*	(3,522)	(4,164)	(4,849)	(4,425)	(3,183)
Profit for the year/period and attributable to owners of the Company		17,318	20,181	23,783	21,553	6,225
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations		39	—	—	—	(59)
Other comprehensive income for the year/period and attributable to owners of the Company, net of tax		39	—	—	—	(59)
Total comprehensive income for the year/period and attributable to owners of the Company		17,357	20,181	23,783	21,553	6,166

2. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at June 30			As at April 30
		2013	2014	2015	2016
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Property, plant and equipment	*13*	538	1,068	561	1,155
		538	1,068	561	1,155
Current assets					
Amounts due from customers for contract work	*14*	1,493	542	—	—
Trade and other receivables	*15*	27,093	29,598	18,454	28,427
Amount due from a director	*16*	6,339	750	—	—
Amounts due from related companies	*16*	880	882	25	—
Cash and cash equivalents	*17*	34,843	23,027	30,046	24,843
		70,648	54,799	48,525	53,270
Total assets		71,186	55,867	49,086	54,425
Current liabilities					
Amounts due to customers for contract work	*14*	2,960	289	—	—
Trade and other payables	*18*	54,698	42,146	29,344	36,807
Amount due to a director	*16*	—	—	3,699	10,655
Amount due to a related company	*16*	169	—	—	—
Obligation under finance leases	*19*	31	33	—	—
Current tax liabilities		3,754	7,600	6,535	3,310
		61,612	50,068	39,578	50,772
Net current assets		9,036	4,731	8,947	2,498
Total assets less current liabilities		9,574	5,799	9,508	3,653
Non-current liabilities					
Obligation under finance leases	*19*	92	59	—	—
Deferred tax liabilities	*20*	12	64	49	28
		104	123	49	28
Total liabilities		61,716	50,191	39,627	50,800
NET ASSETS		9,470	5,676	9,459	3,625
Capital and Reserves					
Share capital	*21*	100	125	125	—
Reserves	*22*	9,370	5,551	9,334	3,625
TOTAL EQUITY		9,470	5,676	9,459	3,625

3. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	**As April 30 2016** *HK$'000*
Non-current assets		
Investment in a subsidiary		— [1][2]
Current liabilities		
Amounts due to shareholders		— [1]
NET CURRENT AND NET ASSETS		— [1]
Equity		
Share capital	*21*	— [1]
TOTAL EQUITY		— [1]

(1) Represent amount of less than HK$1,000.

(2) As at April 30, 2016, other than share capital of HK$1, investment in a subsidiary of HK$100 and amounts due to shareholders of HK$99, the Company had no other assets and liabilities.

(3) Investment in a subsidiary represents unlisted investment, measured at cost.

4. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Share capital	**Merger Reserve** *(Note 22(i))*	**Exchange reserve** *(Note 22(ii))*	**Retained Profits** *(Note 22(iii))*	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at July 1, 2012	100	5,229	(52)	2,936	8,213
Profit for the year	—	—	—	17,318	17,318
Other comprehensive income for the year					
Exchange differences on translating foreign operations	—	—	39	—	39
Total comprehensive income for the year	—	—	39	17,318	17,357
Dividend paid *(Note 11)*	—	—	—	(16,100)	(16,100)
As at June 30, 2013	100	5,229	(13)	4,154	9,470
Profit for the year	—	—	—	20,181	20,181
Total comprehensive income for the year	—	—	—	20,181	20,181
Issue of new shares on incorporation of a new group company	25	—	—	—	25
Dividend paid *(Note 11)*	—	—	—	(24,000)	(24,000)
As at June 30, 2014	125	5,229	(13)	335	5,676

5. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Share capital	Merger Reserve *(Note 22(i))*	Exchange reserve *(Note 22(ii))*	Retained Profits *(Note 22(iii))*	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at July 1, 2014	125	5,229	(13)	335	5,676
Profit for the year	—	—	—	23,783	23,783
Total comprehensive income for the year	—	—	—	23,783	23,783
Dividend paid *(Note 11)*	—	—	—	(20,000)	(20,000)
As at June 30, 2015	125	5,229	(13)	4,118	9,459
Profit for the period	—	—	—	6,225	6,225
Other comprehensive income for the period					
Exchange differences on translating foreign operations	—	—	(59)	—	(59)
Total comprehensive income for the period	—	—	(59)	6,225	6,166
Arising from group reorganisation *(Note 1(b))*	(125)	125	—	—	—
Dividend paid *(Note 11)*	—	—	—	(12,000)	(12,000)
As at April 30, 2016	—[1]	5,354	(72)	(1,657)	3,625
As at July 1, 2014	125	5,229	(13)	335	5,676
Profit for the period	—	—	—	21,553	21,553
Total comprehensive income for the period	—	—	—	21,553	21,553
As at April 30, 2015	125	5,229	(13)	21,888	27,229

(1) Represent amount of less than HK$1,000.

6. CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended June 30			Ten months ended April 30	
		2013	2014	2015	2015	2016
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Cash flows from operating activities						
Profit before income tax expense		20,840	24,345	28,632	25,978	9,408
Adjustments for:						
Depreciation of property, plant and equipment		234	536	531	451	431
Finance costs		7	5	3	3	—
Interest income		(2)	(3)	(4)	(2)	(3)
Gain on disposal of property, plant and equipment		—	—	(44)	(44)	—
Unrealised exchange (gain)/loss, net		18	(227)	832	811	700
Impairment on trade receivables		67	2	965	644	—
Operating profit before working capital changes		21,164	24,658	30,915	27,841	10,536
Decrease/(increase) in trade and other receivables		11	(2,507)	10,179	4,816	(9,993)
(Decrease)/increase in trade and other payables		12,024	(12,552)	(12,802)	(10,635)	7,463
Decrease/(increase) in amounts due from customers for contract work		(1,437)	951	542	542	—
(Decrease)/increase in amounts due to customers for contract work		2,960	(2,671)	(289)	(289)	—
Cash generated from operations		34,722	7,879	28,545	22,275	8,006
Income tax paid		(711)	(266)	(5,929)	(5,929)	(6,429)
Net cash from operating activities		34,011	7,613	22,616	16,346	1,577
Cash flows from investing activities						
Purchases of property, plant and equipment		(521)	(1,066)	(48)	(36)	(1,025)
Proceeds from disposal of property, plant and equipment		—	—	68	68	—
Interest received		2	3	4	2	3
Proceeds from disposal of associates	*24*	3	—	—	—	—
Advance to director		(8,925)	(18,411)	(15,551)	(4,294)	(5,044)
(Advance to)/repayment from related companies		(582)	(171)	857	(2)	25
Net cash used in investing activities		(10,023)	(19,645)	(14,670)	(4,262)	(6,041)

6. CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

		Year ended June 30			Ten months ended April 30	
		2013	2014	2015	2015	2016
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Cash flows from financing activities						
Proceed of issue of new shares on incorporation of a new group company		—	25	—	—	—
Repayment of finance lease payables		(29)	(31)	(92)	(92)	—
Interest paid		(7)	(5)	(3)	(3)	—
Net cash used in financing activities		(36)	(11)	(95)	(95)	—
Net (decrease)/increase in cash and cash equivalents		23,952	(12,043)	7,851	11,989	(4,464)
Effect of exchange rate changes on cash and cash equivalents		(15)	227	(832)	(811)	(739)
Cash and cash equivalents at beginning of year/period		10,906	34,843	23,027	23,027	30,046
Cash and cash equivalents at end of year/period		34,843	23,027	30,046	34,205	24,843

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND BASIS OF PRESENTATION

(a) General information

The Company was incorporated in the Cayman Islands on March 18, 2016, as an exempted company with limited liability under the Companies Law (2004 revision) Chapter 22 of the Cayman Islands. The registered office of the Company is located at the offices of Clifton House, 75 Fort Street, P.O. Box 1350 Cayman Island KY1-1108, Cayman Islands. The principal place of business is Room 1505, 625 King's Road, North Point, Hong Kong. The Company is an investment holding company and its subsidiaries (together referred to as the "Group") are principally engaged in the trading of millwork, furniture and facade fabrication and provision of interior design, project consultancy and interior solutions services (the "[REDACTED] Business").

In the opinion of the directors of the Company, the [REDACTED] Business was collectively controlled by Mr. Lee Wai Sang ("Mr. Sandi Lee") and Ms. Leung Mo Shan Jackie ("Ms. Jackie Leung") (together referred to as the "Controlling Shareholders"). Ms. Jackie Leung is the spouse of Mr. Sandi Lee.

In the opinion of the directors of the Company, the Company's immediate and ultimate holding company is CGH (BVI) Limited, a company incorporated in British Virgin Islands.

(b) Reorganisation

Pursuant to the Reorganisation as detailed in the section headed "History and Reorganisation — Reorganisation" to the Document, in preparation for the [REDACTED] of shares of the Company on the [REDACTED] of the [REDACTED] and for the purpose of rationalising the Group's structure, the Company became the holding company of the subsidiaries now comprising the Group on March 22, 2016.

(c) Basis of presentation

The Reorganisation involved the combination of a number of entities engaged in the [REDACTED] Business that were collectively controlled by the Controlling Shareholders. The Group is therefore regarded as a continuing entity resulting from the Reorganisation, as there has been a continuation of the risks and benefits to the Controlling Shareholders that existed prior to the combination. Accordingly, for the purpose of this report, the Financial Information has been prepared by applying the principles of merger accounting, as if the group structure under the Reorganisation had been in existence throughout the Relevant Periods or since the respective dates of incorporation/establishment of the entities now comprising the Group, whichever is the shorter period.

The consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended June 30, 2013, 2014 and 2015 and the ten months ended April 30, 2016 have been prepared using the financial information of the companies engaged in the [REDACTED] Business under the common control of the Controlling Shareholders and now comprising the Group as if the current group structure had been in existence throughout each of the years ended June 30, 2013, 2014 and 2015 and the ten months ended April 30, 2016, or since their respective dates of incorporation or establishment of the combining companies, or since the date when the combining companies first came under the control of the Controlling Shareholders. The consolidated statements of financial position of the Group as at June 30, 2013, 2014 and 2015 have been prepared to present the assets and liabilities of the companies now comprising the Group at these dates, as if the current group structure had been in existence as at these dates. The net assets and results of the Group were consolidated using the carrying value from the perspective of the Controlling Shareholders. All significant intra-group transactions and balances have been eliminated on combination.

The Financial Information is presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated. Each entity in the Group maintains its books and records in its own functional currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Financial Information set out in this report has been prepared in accordance with the below accounting policies, which conform with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the [REDACTED] of Securities on the [REDACTED] (the "[REDACTED]").

The Financial Information has been prepared under the historical cost basis.

Application of new and revised HKFRSs

For the purpose of preparing the Financial Information, the Group has adopted all of new and revised HKFRSs consistently throughout the Relevant Periods except for the following new or revised HKFRSs that have been issued, potentially relevant to the Group's operations, but are not yet effective:

HKFRSs (Amendments)	Annual Improvements 2012 — 2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 7	Disclosure Initiative[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 9 (2014)	Financial Instruments[3]
HKFRS 16	Lease[4]

1 Effective for annual periods beginning on or after January 1, 2016
2 Effective for annual periods beginning on or after January 1, 2017
3 Effective for annual periods beginning on or after January 1, 2018
4 Effective for annual periods beginning on or after January 1, 2019

Except as described below, the Directors anticipate that the application of the other new and revised HKFRSs will not have a material impact on the results and the financial position of the Group.

HKFRS 15 — Revenue from Contracts with Customers

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

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

1. Identify the contract with the customer

2. Identify the performance obligations in the contract

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue when each performance obligation is satisfied

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

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on amounts reported and disclosures made in the Group's financial information. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group undertakes a detailed review.

HKFRS 9 (2014) — Financial Instruments

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

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

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

The Directors anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group undertakes a detailed review.

HKFRS 16 Lease

HKFRS 16 was issued on January 13, 2016 and is effective for annual periods beginning on or after January 1, 2019. HKFRS 16 replaces all existing lease accounting requirements and represents a significant change in the accounting and reporting of leases, with more assets and liabilities to be reported on the consolidated statement of financial position and a different recognition of lease costs.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments in these consolidated financial statements in note 19.

As set out in note 19, total operating lease commitment of the Group in respect of office premises and office equipment as at 30 April 2016 amounted to approximately HK$4,441,000, the directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's result.

Significant accounting policies

2.1 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Other than business combination under common control for which merger accounting method is used, acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

2.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (1) power over the investee; (2) exposure, or rights, to variable returns from the investee; and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each of the Relevant Periods. The principal annual rates are as follows:

Furniture and fixtures	25%
Office equipment	20%
Motor vehicles	30%

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

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

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in the profit or loss on disposal.

2.4 Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

2.5 Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

(i) Financial assets

The Group's financial assets are mainly classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), and also incorporate other types of contractual monetary assets. Loans and receivables are initially recognised at fair value plus directly attributable transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each of the Relevant Periods, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (as incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence of impairment may include:

- significant financial difficulty of the debtor or the group of debtors;
- a breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the debtor or the group of debtors will enter bankruptcy or other financial reorganisation.

For certain categories of financial assets such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the general credit period, observable changes in national or local economic conditions that correlate with default on receivables.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined to be uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods 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.

(iii) Financial liabilities

Financial liabilities include trade and other payables, amounts due to directors and related parties, and obligation under finance lease. They are initially recognised at fair value, net of directly attributable transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. The related interest expense is recognised in profit or loss. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

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

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(vii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.6 Leasing

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

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are charged to the profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

2.7 Employee benefits

(i) Defined contribution retirement plan

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are recognised as an expense in profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(ii) Short-term employee benefits

Short-term employee benefits are recognised when they accrue to employees. In particular, a provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

2.8 Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts for variation orders, claims and incentive payments to the extent that it is probable that they will result in revenue, and they are capable of being reliably measured. Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise site labour costs (including site supervision); costs of subcontracting; costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

When the outcome of a construction contract can be estimated reliably, revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of each of the Relevant Periods.

The outcome of a construction contract can be estimated reliably when: (i) the total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates. When the outcome of a construction cannot be estimated reliably, contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers.

2.9 Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. 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.

2.10 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) Income from interior solutions projects is recognised based on the stage of completion of the contracts, provide that the stage of contract completion and the contract costs of the contracting work can be measured reliably. The stage of completion of a contract is established by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs (Note 2.8).

(ii) Design and project consultancy service income is recognised upon services rendered;

(iii) Sale of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customer; and

(iv) Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

2.11 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each of the Relevant Periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of each of the Relevant Periods.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items directly recognised in other comprehensive income in which case the taxes are also directly recognised in other comprehensive income.

2.12 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.13 Impairment of non-financial assets

At the end of each of the Relevant Periods, the Group reviews the carrying amounts of assets (other than inventories and financial assets) to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.14 Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

2.15 Related parties

(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 key management personnel of the Group or the Company's parent.

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

(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 the employees of the Group or an entity 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 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 or to the Group's parent.

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:

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

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

(iii) dependents of that person or that person's spouse or domestic partner.

2.16 Customer incentive programmes

The Group operates a incentive programme since September 2015 where a customer accumulated points for purchases made at specific levels within designated periods which entitle them to collect the discount vouchers for their future purchases. The reward points are recognised as a separately identifiable component of the initial sales transaction by allocating the fair value of the consideration received between the award points and the other components of the sale such that the reward points are initially recognised as deferred income at their fair value. Revenue from the reward points is recognised when the points are converted to the discount vouchers and the discount vouchers are redeemed. Reward points accumulated within designated periods expire 24 months after the points converted to discount voucher.

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Financial Information of the Group requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each of the Relevant Periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the Financial Information were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Construction contract revenue recognition

Recognised amounts of construction contract revenue and related receivables reflect management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going construction contracts. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of each of the Relevant Periods, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(ii) Impairment of trade and other receivables

The Group estimates impairment losses of trade and other receivables resulting from the inability of the customers and other debtors to make the required payments in accordance with accounting policy stated in Note 2.5(ii). The Group bases the estimates on the ageing of the receivable balances, debtors' creditworthiness and historical write-off experience. If the financial condition of the customers and debtors were to deteriorate, actual write-offs would be higher than estimated.

(iii) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable profit against which the deferred tax assets can be utilised, which involves a number of assumptions and estimates relating to the operating environment of the Group and requires a significant level of judgement exercised by management. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the profit in future periods.

4. SEGMENT INFORMATION

Operating segments

During the Relevant Periods, the Group was principally engaged in the trading of millwork, furniture and facade fabrication and provision of interior design, project consultancy and interior solutions services. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

The following table sets out the information about the geographical location of the Group's revenue from external customers and non-current assets other than financial instruments ("Specified non-current assets").

The Group comprises the following main geographical segments:

	Revenue from external customers				
	Year ended June 30			Ten months ended April 30	
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong (place of domicile)	81,917	52,040	66,753	61,965	17,993
Asia (excluding Hong Kong and PRC)	19,804	17,577	24,747	22,649	25,925
PRC	6,517	5,946	4,933	3,118	6,004
Europe	10,709	23,834	31,137	23,347	44,666
The Americas	4,301	10,238	3,008	3,008	6,249
Middle East	519	4,163	—	—	—
	41,850	61,758	63,825	52,122	82,844
	123,767	113,798	130,578	114,087	100,837

	Specified non-current assets			
	As at June 30			As at April 30
	2013	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong (place of domicile)	530	1,062	557	1,153
PRC	8	6	4	2
	538	1,068	561	1,155

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the Relevant Periods is as follows:

	Year ended June 30			Ten months ended April 30	
	2013	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Client A	25,115	*	*	*	*
Client B	*	*	17,790	17,640	*
Client C	*	*	*	11,632	*
Client D	*	*	*	11,683	*
Client E	*	*	*	*	20,062
	25,115	—	17,790	40,955	20,062

* *Less than 10% of the Group's revenue*

5. REVENUE, OTHER INCOME AND OTHER GAINS

Revenue includes the net invoiced value of goods sold, design and project consultancy service rendered and contract revenue earned from the interior solutions projects by the Group. The amounts of each significant category of revenue recognised during the Relevant Periods are as follows:

	Year ended June 30			Ten months ended April 30	
	2013	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Revenue					
Sales of products					
— Millwork and furniture	38,434	64,726	57,904	48,489	66,897
— Facade fabrication	16,153	8,346	6,823	6,244	18,733
Income from interior solutions projects	69,145	40,721	64,752	58,255	14,817
Design and project consultancy service income	35	5	1,099	1,099	390
	123,767	113,798	130,578	114,087	100,837

An analysis of the Group's other income and other gains recognised during the Relevant Periods are as follows:

	Year ended June 30			Ten months ended April 30	
	2013	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Other income					
Bank interest income	2	3	4	2	3
Sundry income	1	—	—	—	—
	3	3	4	2	3

	Year ended June 30			Ten months ended April 30	
	2013	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Other gains					
Gain on disposal of property, plant and equipment	—	—	44	44	—
Exchange gain, net	—	306	—	—	—
	—	306	44	44	—

6. OPERATING PROFIT

The Group's operating profit is arrived at after charging:

	Year ended June 30			Ten months ended April 30	
	2013	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Auditors' remuneration	117	125	300	200	230
Depreciation	234	536	531	451	431
Operating lease rentals in respect of:					
— Land and buildings	500	729	862	790	1,024
— Plant and equipment	—	—	14	3	49
Impairment on trade receivables	67	2	965	644	—
Exchange (gain)/loss, net	126	(306)	575	707	504
Employee benefit expenses *(Note 7)*	6,517	7,663	8,934	7,794	10,942

7. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	The Group				
	Year ended June 30			Ten months ended April 30	
	2013	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Wages and salaries	6,080	6,629	7,279	6,470	9,765
Post-employment benefits — contribution to defined contribution retirement plan	335	305	350	223	260
Other benefits	102	729	1,305	1,101	917
	6,517	7,663	8,934	7,794	10,942

8. FINANCE COSTS

	The Group				
	Year ended June 30			Ten months ended April 30	
	2013	2014	2015	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Interests on finance leases	7	5	3	3	—

9. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(i) Directors' remuneration

Details of the directors' remuneration paid or payable for each of the Relevant Periods by the entities comprising the Group to those employees and/or directors of subsidiaries who were appointed as directors of the Company on March 18, 2016 are as follows:

	Fees	Salaries and benefits	Contribution to defined contribution retirement plan	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended June 30, 2015				
Executive directors:				
Mr. Sandi Lee	—	1,800	18	1,818
Mr. Leung Pak Yin	—	1,043	18	1,061
Mr. Lai Hon Lam Carmen	—	504	18	522
	—	3,347	54	3,401
Year ended June 30, 2014				
Executive directors:				
Mr. Sandi Lee	—	900	15	915
Mr. Leung Pak Yin	—	974	15	989
Mr. Lai Hon Lam Carmen	—	427	15	442
	—	2,301	45	2,346
Year ended June 30, 2013				
Executive directors:				
Mr. Sandi Lee	—	600	15	615
Mr. Leung Pak Yin	—	870	15	885
Mr. Lai Hon Lam Carmen	—	399	15	414
	—	1,869	45	1,914
Ten months ended April 30, 2016				
Executive directors:				
Mr. Sandi Lee	—	2,500	15	2,515
Mr. Leung Pak Yin	—	1,050	15	1,065
Mr. Lai Hon Lam Carmen	—	466	15	481
Mr. Lau King Lok*	—	400	6	406
	—	4,416	51	4,467
Ten months ended April 30, 2015				
Executive directors:				
Mr. Sandi Lee	—	1,500	15	1,515
Mr. Leung Pak Yin	—	938	15	953
Mr. Lai Hon Lam Carmen	—	436	15	451
	—	2,874	45	2,919

* Mr. Lau King Lok who joined the Group on January 1, 2016 was appointed as director of the Company as at March 18, 2016.

Subsequent to the end of the Relevant Periods, Mr. So Chi Hang, Mr. Lau Lap Yan John and Mr. Heng Ching Kuen Franklin were appointed as the independent non-executive directors of the Company on August 22, 2016. There were no fees or other emoluments payable to independent non-executive directors during the Relevant Periods.

During the Relevant Periods, none of the directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

(ii) Five highest paid individuals

The five highest paid individuals whose emoluments were the highest in the Group included 3 directors for each of the year June 30, 2013, 2014 and 2015 and ten months ended April 30, 2015, and 4 directors for the ten months ended April 30, 2016, whose emoluments are reflected in the analysis as shown above. The remuneration of the remaining highest paid individuals is as follows:

	Year ended June 30			Ten months ended April 30	
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Basic salaries, bonuses and other allowances	977	1,173	1,283	1,128	740
Post-employment benefits — Contribution to defined contribution retirement plan	26	29	34	28	15
	1,003	1,202	1,317	1,156	755

Their remuneration fell within the following bands:

	No. of employees				
	Year ended June 30			Ten months ended April 30	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
Nil to HK$1,000,000	2	2	2	2	1

During the Relevant Periods, none of the five highest paid individuals waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

(iii) Senior management's emoluments excluding the directors

The emoluments paid or payable to members of senior management (excluding the directors) were within the following bands:

	No. of employees				
	Year ended June 30			Ten months ended April 30	
	2013	**2014**	**2015**	**2015**	**2016**
				(Unaudited)	
Nil to HK$1,000,000	1	1	1	1	3

One member of senior management whose emoluments are included in five highest paid individuals as set out in Note 9(ii).

10. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statements of comprehensive income represents:

	Year ended June 30			Ten months ended April 30	
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Current tax — Hong Kong profits tax					
— tax for the year	3,508	4,110	4,860	4,423	2,984
	3,508	4,110	4,860	4,423	2,984
Current tax — overseas profits tax					
— tax for the year	2	2	4	2	220
	2	2	4	2	220
Deferred tax (credit)/expense *(Note 20)*	12	52	(15)	—	(21)
Income tax expense	3,522	4,164	4,849	4,425	3,183

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits during the Relevant Periods.

PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profits of the PRC subsidiary during the Relevant Periods.

Taxation on Macau subsidiary is calculated at the rate prevailing in the Macau jurisdiction. No provision for Macau profits tax had been made as the Group had no assessable income for the years ended June 30, 2013, 2014 and 2015. For the ten months ended April 30, 2016, the Macau subsidiary is subject to profit tax at 12%.

The income tax expense for the Relevant Periods can be reconciled to the profit before income tax expense per the consolidated statements of comprehensive income as follows:

	Year ended June 30			Ten months ended April 30	
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Profit before income tax expense	20,840	24,345	28,632	25,978	9,408
Tax calculated at the applicable statutory tax rate of 16.5%	3,439	4,017	4,724	4,287	1,552
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(1)	(4)	223	10	(48)
Tax effect of income not subject to tax	(129)	(140)	(186)	(19)	(141)
Tax effect of expense not deductible for tax purpose	145	189	111	157	1,733
Tax effect of tax losses not recognised	2	6	—	—	85
Utilisation of tax losses previously not recognised	—	—	(8)	(8)	—
Others	66	96	(15)	(2)	2
Income tax expense at the effective tax rate	3,522	4,164	4,849	4,425	3,183

11. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

The rates of dividends and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report due to the Reorganisation and the preparation of the results for the Relevant Periods on a consolidated basis as described in Note 1 above.

For the year ended June 30, 2013, an interim dividend of HK$161 per ordinary share, or in aggregation of HK$16,100,000 represented interim dividends declared and paid by a group entity, Crosstec Group, to its then shareholders.

For the year ended June 30, 2014, an interim dividend of HK$240 per ordinary share, or in aggregation of HK$24,000,000 represented interim dividends declared and paid by a group entity, Crosstec Group, to its then shareholders.

For the year ended June 30, 2015, an interim dividend of HK$200 per ordinary share, or in aggregation of HK$20,000,000 represented interim dividends declared and paid by a group entity, Crosstec Group, to its then shareholders.

For the ten months ended April 30, 2016, an interim dividend of HK$110 per ordinary share, or in aggregation of HK$11,000,000 represented interim dividends declared and payable by a group entity, Crosstec Group, to its then shareholders before the Reorganisation.

For the ten months ended April 30, 2016, an interim dividend of approximately HK$40 per ordinary share, or in aggregation of approximately HK$1,000,000 represented interim dividends declared and paid by a group entity, CX Macau, to its then shareholders before the Reorganisation.

12. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results for the Relevant Periods on basis as described in Note 1 above.

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures *HK$'000*	Office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost				
At July 1, 2012	272	581	—	853
Additions	—	62	459	521
Disposals	—	—	—	—
At June 30, 2013	272	643	459	1,374
Additions	—	47	1,019	1,066
Disposals	—	—	—	—
At June 30, 2014	272	690	1,478	2,440
Additions	—	48	—	48
Disposals	—	(259)	—	(259)
At June 30, 2015	272	479	1,478	2,229
Additions	663	362	—	1,025
At April 30, 2016	935	841	1,478	3,254
Accumulated depreciation				
At July 1, 2012	272	330	—	602
Provided for the year	—	96	138	234
Eliminated on disposals	—	—	—	—
At June 30, 2013	272	426	138	836
Provided for the year	—	93	443	536
Eliminated on disposals	—	—	—	—
At June 30, 2014	272	519	581	1,372
Provided for the year	—	88	443	531
Eliminated on disposals	—	(235)	—	(235)
At June 30, 2015	272	372	1,024	1,668
Provided for the period	48	82	301	431
At April 30, 2016	320	454	1,325	2,099
Net book value				
At April 30, 2016	615	387	153	1,155
At June 30, 2015	—	107	454	561
At June 30, 2014	—	171	897	1,068
At June 30, 2013	—	217	321	538

The net book value of office equipment includes an amount of HK$95,000, HK$64,000, HK$Nil and HK$Nil for the years ended June 30, 2013, 2014 and 2015 and ten months ended April 30, 2016 is respect of assets held under finance lease (Note 19).

14. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	As at June 30			As at April 30
	2013	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracts in progress at the end of reporting periods:				
Contract costs incurred	16,491	11,886	—	773
Recognised profits less recognised losses	5,195	2,573	—	348
	21,686	14,459	—	1,121
Less: progress billings	(23,153)	(14,206)	—	(1,121)
	(1,467)	253	—	—
Represented by:				
Amounts due from customers for contract work	1,493	542	—	—
Amounts due to customers for contract work	(2,960)	(289)	—	—
	(1,467)	253	—	—

As at June 30, 2013, 2014 and 2015 and April 30, 2016, retentions held by customers for contract work included in trade and other receivables (Note 15) amounted to HK$446,000, HK$Nil, HK$1,640,000 and HK$617,000 respectively.

As at June 30, 2013, 2014 and 2015 and April 30, 2016, advances received from customers for contract work included in trade and other payables (Note 18) amounted to HK$4,639,000, HK$849,000, HK$2,949,000 and HK$21,000, respectively.

15. TRADE AND OTHER RECEIVABLES

	As at June 30			As at April 30
	2013	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables *(note (a))*	11,073	14,331	9,956	19,150
Retention receivables *(note (b) and Note 14)*	446	—	1,640	617
Other receivables *(note (c))*	1,079	3,461	399	924
Prepayments *(note (c))*	14,495	11,806	6,459	7,736
	27,093	29,598	18,454	28,427

(a)

	As at June 30			As at April 30
	2013	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	11,073	14,331	9,956	19,150
Less: provision for impairment on trade receivables	—	—	—	—
	11,073	14,331	9,956	19,150

Trade receivables are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances.

Except for one customer with 60 days credit period granted, no credit period is granted by the Group to its other trade customers. Application for progress payments of projects is made on a regular basis.

The following is an analysis of trade receivables by age, presented based on the invoice dates:

	As at June 30			As at April 30
	2013	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Less than 1 month	5,712	3,745	4,646	5,143
1 to 3 months	693	5,222	4,468	7,272
3 months to 6 months	321	915	388	6,223
More than 6 months but less than one year	2,330	2,490	—	512
More than one year	2,017	1,959	454	—
	11,073	14,331	9,956	19,150

Movements in provision for impairment of trade receivables are as follows:

	As at June 30			As at April 30
	2013	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of the year/period	300	—	—	—
Impairment losses recognised	67	2	965	—
Bad debts written off	(367)	(2)	(965)	—
At the end of the year/period	—	—	—	—

At the end of each of the Relevant Periods, the Group reviews receivables for evidence of impairment on both an individual and collective basis. The above impairment of trade receivables of approximately HK$67,000, HK$2,000, HK$965,000 and HK$Nil was made for individually impaired trade receivables with an aggregate carrying amount of approximately HK$67,000, HK$2,000, HK$965,000 and HK$Nil as at June 30, 2013, 2014 and 2015 and April 30, 2016 respectively. These individually impaired trade receivables include customers who ceased business relationship with the Group and cannot be contacted by the Group.

The ageing of trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at June 30			As at April 30
	2013	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Neither past due nor impaired	—	—	—	464
Less than 1 month past due	5,712	3,745	4,646	4,679
1 to 3 months past due	693	5,222	4,468	9,341
More than 3 months past due but less than 12 months past due	2,651	3,405	388	4,666
More than one year past due	2,017	1,959	454	—
	11,073	14,331	9,956	19,150

Trade receivables that were neither past due nor impaired relate to customers for whom there is no recent history of default.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, management is of the opinion that no provision for impairment is necessary in respect of these receivables as there has not been a significant change in credit quality and the credit risk is minimal.

(b) Retention monies withheld by customers of contract works are released after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

These related to customers for whom there was no recent history of default.

(c) The above balances of other receivables, prepayments and deposits as at June 30, 2013, 2014 and 2015 and April 30, 2016 were neither past due nor impaired. Financial assets included in these balances are non-interest bearing and relate to receivables for which there was no recent history of default.

16. AMOUNTS DUE FROM/(TO) DIRECTOR AND RELATED COMPANIES

Particulars of the amounts due from a director and related companies, disclosed are as follows:

	Balance at July 1, 2015	**Maximum amount outstanding during the period**	**Balance at April 30, 2016**
	HK$'000	*HK$'000*	*HK$'000*
Related company			
Amersham 1126 Limited	25	25	—

	Balance at July 1, 2014	**Maximum amount outstanding during the year**	**Balance at June 30, 2015**
	HK$'000	*HK$'000*	*HK$'000*
Director			
Mr. Sandi Lee	750	20,740	—
Related companies			
Amersham 1126 Limited	—	25	25
Wealthmood Limited	882	882	—
	882	907	25

	Balance at July 1, 2013	**Maximum amount outstanding during the year**	**Balance at June 30, 2014**
	HK$'000	*HK$'000*	*HK$'000*
Director			
Mr. Sandi Lee	6,339	23,729	750
Related company			
Wealthmood Limited	880	882	882

	Balance at July 1, 2012	Maximum amount outstanding during the year	Balance at June 30, 2013
	HK$'000	*HK$'000*	*HK$'000*
Director			
Mr. Sandi Lee	13,558	30,643	6,339
Related company			
Wealthmood Limited	240	880	880

An analysis of the amount due to a director and a related company is as follows:

	As at June 30			As at April 30
	2013	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Director				
Mr. Sandi Lee	—	—	3,699	10,655
Related company				
Crossmax Design (Macau) Limitada	169	—	—	—

All the above related companies are beneficially owned by Mr. Sandi Lee.

The amounts due from/(to) a director and related companies are unsecured, interest-free and have no fixed terms of repayment.

The Group has not made any provision for doubtful debts in respect of the amounts due from a director and related companies, for which there was no recent history of default.

None of the amounts due from a director and related companies is either past due or impaired.

17. CASH AND CASH EQUIVALENTS

Cash and bank balances comprise cash at banks and cash on hand held by the Group. Bank balances earn interests at floating rates based on daily bank deposit rates and are deposited with creditworthy banks with no recent history of default.

18. TRADE AND OTHER PAYABLES

	As at June 30			As at April 30
	2013	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables *(note (a))*	20,089	16,808	13,445	16,948
Receipts in advance *(note (b))*	29,862	20,674	11,403	8,311
Other payables and accruals *(note (c))*	4,747	4,664	4,496	11,238
Deferred revenue arising from customer incentive programme *(note (d))*	—	—	—	310
	54,698	42,146	29,344	36,807

(a) An ageing analysis of trade payables as at the end of each of the Relevant Periods, based on the invoice dates, is as follows:

	As at June 30			As at April 30
	2013	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current or less than 1 month	4,915	4,640	2,663	4,209
1 to 3 months	7,589	3,183	4,717	2,310
4 to 6 months	2,842	3,127	1,709	6,994
7 to 12 months	2,359	2,955	4,196	2,705
More than 1 year	2,384	2,903	160	730
	20,089	16,808	13,445	16,948

The Group's trade payables are non-interest bearing and generally have payment terms of 0 to 90 days.

(b) Receipts in advance represented advance payment from the customers in connection with the contract works and sales. Receipts in advance are expected to be recognised as revenue of the Group within one year from the reporting date.

(c) Other payables are non-interest bearing and have average payment terms of one to three months.

(d) The deferred revenue arise in respect of the Group's incentive programme recognised in accordance with HK(IFRIC)-Int 13 Customer Loyalty Programmes.

19. LEASES

Finance leases

The Group leased a number of its office equipment for business use. Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Future lease payments are due as follows:

	Minimum lease payments	Interest	Present value
	HK$'000	*HK$'000*	*HK$'000*
As at April 30, 2016			
Not later than one year	—	—	—
Later than one year and not later than two years	—	—	—
Later than two years and not later than five years	—	—	—
	—	—	—
As at June 30, 2015			
Not later than one year	—	—	—
Later than one year and not later than two years	—	—	—
Later than two years and not later than five years	—	—	—
	—	—	—
As at June 30, 2014			
Not later than one year	36	3	33
Later than one year and not later than two years	36	3	33
Later than two years and not later than five years	27	1	26
	99	7	92
As at June 30, 2013			
Not later than one year	36	5	31
Later than one year and not later than two years	36	4	32
Later than two years and not later than five years	63	3	60
	135	12	123

The Group leased its office premises and office equipment under operating lease arrangement which were negotiated for terms ranging from one to four years.

The total future minimum lease payments under non-cancellable operating leases are due as follows:

	As at June 30			As at April 30
	2013	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Not later than one year	123	832	903	1,707
Later than one year and not later than five years	—	1,038	373	2,734
	123	1,870	1,276	4,441

20. DEFERRED TAX

Details of the deferred tax liabilities recognised and movements during the Relevant Periods are as follows:

	Accelerated depreciation allowances
	HK$'000
At July 1, 2012	—
Charged to profit or loss for the year *(Note 10)*	(12)
At June 30, 2013	(12)
Charged to profit or loss for the year *(Note 10)*	(52)
At June 30, 2014	(64)
Credited to profit or loss for the year *(Note 10)*	15
At June 30, 2015	(49)
Credited to profit or loss for the period *(Note 10)*	21
At April 30, 2016	(28)

Certain subsidiaries of the Group had estimated tax losses arising in Hong Kong amounting to approximately HK$14,000, HK$49,000, HK$Nil and HK$514,000 as at June 30, 2013, 2014 and 2015 and April 30, 2016, respectively, that are available indefinitely for offsetting against their future taxable profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Tax losses can be carried forward indefinitely.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

21. SHARE CAPITAL

The Company was incorporated in the Cayman Islands on March 18, 2016 with an authorised share capital of HK$350,000 divided into 35,000,000 ordinary shares of HK$0.01 each. On the same date, 100 ordinary share of HK$0.01 each was issued to CGH (BVI) Limited at HK$1. Further details on the Company's share capital are set out in the sub-paragraph headed "Changes in share capital of our Company and subsidiaries" in Appendix V to the Document.

For the purpose of this report, the share capital of the Group as at June 30, 2013, 2014 and 2015 represented the combined share capital of the entities now comprising the Group as at June 30, 2013, 2014 and 2015. On March 22, 2016, the Reorganisation was completed, therefore the share capital presented as at April 30, 2016 represented the issued capital of the Company.

22. RESERVES

The amounts of the Group's reserves and the movements therein for each of the Relevant Periods are presented in the consolidated statement of changes in equity of this report.

(i) Merger reserve

The merger reserve of the Group represents the difference between the investment costs in subsidiaries and the nominal value of the issued share capital of the Group's subsidiaries.

(ii) Exchange reserve

It comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(iii) Retained earnings

It represents cumulative net profits recognised in the consolidated statement of comprehensive income.

23. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the Financial Information, during the Relevant Periods, the Group entered into the following significant transactions with its related party, which also constitute connected transactions as defined in Chapter 14A of the [REDACTED], as follows:

(i)

	Year ended June 30			Ten months ended April 30	
	2013	**2014**	**2015**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Max Contracting Limited ("Max Contracting") (Note(a))					
Purchase of woodwork	8,640	8,073	7,560	7,113	2,779
Acquisition of furniture and fixtures	—	—	—	—	246
Max Furniture Shenzhen Company Limited ("Max Furniture") ("宏大傢俱(深圳)有限公司") (Note(b))					
Sales of goods	—	—	—	—	(863)
Purchase of woodwork	—	—	11	—	565

(a) Mr. Sandi Lee is a director of the company and has beneficial interest in the company.

(b) Mr. Sandi Lee has beneficial interest in the company.

The Directors are of the opinion that the above transactions were conducted in the normal course of the Group's business and were determined based on mutually agreed prices and terms with reference to the market price at the time of the transaction.

(ii)

	As at June 30			As at April 30
	2013	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year/period ended balance included in trade and other receivables				
Max Contracting	2,076	2,985	1,855	60
Max Furniture	—	—	—	218
Year/period ended balance included in trade and other payables				
Max Contracting	5,709	6,246	4,561	1,562
Max Furniture	—	—	13	—

24. DISPOSAL OF AN ASSOCIATE

In 2012, the Group held a 30% interest in Welljoin Engineering Limited accounted for the investment as an associate. On October 19, 2012, the Group disposed of a 30% interest in Welljoin Engineering Limited to a Director and a third party for proceeds of HK$3,000. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows.

	HK$'000
Proceeds of disposal	3
Less: Carrying amount of the 30% investment on the date of loss of significant influence	(3)
Gain recognised	—

25. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks which comprise credit risk, liquidity risk, interest rate risk and currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. As the directors considers that the Group's exposure to financial risk is kept at a minimum level, the Group does not hold or issue derivative financial instruments either for hedging or trading purposes.

(a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from amounts due from related parties and deposits with banks.

The credit risk of Group's trade and retention receivables is concentrated, since 20%, 9%, 14% and 20% of which was derived from largest customer and 52%, 37%, 43% and 51% of which was derived from five largest customers as at June 30, 2013, 2014 and 2015 and April 30, 2016, respectively. Management considered the credit risk is limited since the Group trades only with customers with an appropriate credit history and good reputation. The management monitored the financial background and creditability of those trade debtors on an ongoing basis.

Credit risk on other receivables is minimal as the Group performs ongoing credit evaluation on the financial condition of its debtors and tightly monitors the ageing of the receivable balances. Follow up action is taken in case of overdue balances. In addition, management reviews the recoverable amount of the receivables individually and collectively at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by the Group during the Relevant Periods and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level. None of the Group's financial assets are secured by collateral or other credit enhancements.

The credit risk on amounts due from a director and related companies is limited and not concentrated. For the amount due from a director as at June 30, 2013 and 2014 who is also a one of Controlling Shareholders of the Company, a subsidiary of the Company distributed its retained profits in June 2015 to settle the amount due from the director. The director also confirmed that the amount due to a director as at June 30, 2015 and April 30, 2016 would be settled by cash before the [REDACTED] of shares of the Company on the [REDACTED] of the [REDACTED], the directors of the Company consider that the credit risk on the amount due from a director is minimal. For the amounts due from related companies have either sound financial position or financial support from parent to provide sufficient financial resources to meet their liabilities as they fall due and carry on their business without a significant curtailment of operation. Thus, the credit risk on the amounts due from related companies is also minimal.

The Group's major bank balances are deposited with banks with good reputation and with high credit-ratings assigned by international credit-rating agencies and hence management does not expect any losses from non-performance by these banks.

(b) Liquidity risk

In the management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements in order to maintain sufficient reserves of cash and adequate committed lines of funding from major banks to meet its liquidity requirements in the short and long term. The liquidity policies have been followed by the Group during the Relevant Periods and are considered to have been effective in managing liquidity risk.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates at the end of the Relevant Periods.

	On demand	**Less than 3 months**	**3 to 12 months**	**Over 1 year**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at April 30, 2016					
Trade and other payables	28,186	—	—	—	28,186
Amounts due to a director	10,655	—	—	—	10,655
	38,841	—	—	—	38,841
As at June 30, 2015					
Trade and other payables	17,941	—	—	—	17,941
Amounts due to a director	3,699	—	—	—	3,699
	21,640	—	—	—	21,640
As at June 30, 2014					
Trade and other payables	21,472	—	—	—	21,472
Obligation under finance lease	—	9	27	63	99
	21,472	9	27	63	21,571
As at June 30, 2013					
Trade and other payables	24,836	—	—	—	24,836
Obligation under finance lease	—	9	27	99	135
Amounts due to related parties	169	—	—	—	169
	25,005	9	27	99	25,140

On January 19, 2016, the Group obtained a banking facility of HK$20,000,000 which is secured by: (i) the unlimited personal guarantees executed by Controlling Shareholders; and (ii) a charge over deposits at all times not less than the amount ranged between nil and HK$15,000,000, which depends on the amount of drawdown of banking facilities.

(c) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group currently does not have a policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank balances. The analysis is prepared assuming that the bank balances at the end of each of the Relevant Periods were bank balances for the whole year/period. 25 basis points increase or decrease represents management's assessment of the reasonably possible change in interest rates of bank balances.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the exposures at the end of the Relevant Periods do not reflect the exposures during the Relevant Periods.

If interest rates on bank balances had been 25 basis points higher/lower and all other variables were held constant, the potential effect on the Group's post-tax profit for the years ended June 30, 2013, 2014 and 2015 and the ten months ended April 30, 2016 is as follows:

	As at June 30			As at April 30
	2013	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Increase/(decrease) in profit for the year/period				
— as a result of increase in interest rate	87	58	75	62
— as a result of decrease in interest rate	(87)	(58)	(75)	(62)

(d) Currency risk

Presently, there is no hedging policy with respect to the foreign exchange exposure. The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of operation to which they relate.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the each of the Relevant Periods to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. The Group is mainly exposed to the fluctuation of United States dollars ("USD"), Renminbi ("RMB"), Euros ("EUR"), Great British Pound ("GBP") and Canadian Dollar ("CAD"). For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of each of the Relevant Periods as follows:

	USD	**RMB**	**EUR**	**GBP**	**CAD**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at April 30, 2016					
Cash and cash equivalents	5,245	3,930	34	7,823	744
As at June 30, 2015					
Cash and cash equivalents	713	2,090	218	9,265	756
As at June 30, 2014					
Cash and cash equivalents	577	817	3,177	1,868	859
As at June 30, 2013					
Cash and cash equivalents	1,379	183	1,704	1,190	882

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax (and retained earnings) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of each of the Relevant Periods.

	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits**
	%	*HK$'000*
As at April 30, 2016		
RMB	(2)	(79)
EUR	(2)	(1)
GBP	(7)	(548)
CAD	(2)	(15)
As at June 30, 2015		
RMB	1	21
EUR	(18)	(39)
GBP	(8)	(741)
CAD	(14)	(106)
As at June 30, 2014		
RMB	(1)	(8)
EUR	5	159
GBP	12	224
CAD	(1)	(9)
As at June 30, 2013		
RMB	2	4
EUR	2	34
GBP	(4)	(48)
CAD	(4)	(35)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of each of the Relevant Periods and had been applied to each of the Group entities' exposure to currency risk for non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next reporting date. In this respect, it is assumed that the pegged rate between the HK$ and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities profit after tax and equity measured in the respective functional currencies, translated into HK$ at the exchange rate ruling at the end of the each of the reporting period for presentation purposes.

(e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes in the objectives, policies or processes were made during the Relevant Periods.

The Group monitors capital using a gearing ratio, which are interest-bearing liabilities divided by total capital. Total interest-bearing liabilities are calculated as the total of obligation under finance leases. Capital includes equity attributable to owners of the Company.

	As at June 30			As at April 30
	2013	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total interest-bearing liabilities	123	92	—	—
Equity attributable to the owners of the Company	9,470	5,676	9,459	3,625
Gearing ratio	0.01 times	0.02 times	N/A	N/A

26. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

	As at June 30			As at April 30
	2013	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loans and receivables				
Trade and other receivables	12,598	17,792	11,995	20,691
Amounts due from a director	6,339	750	—	—
Amounts due from related companies	880	882	25	—
Cash and cash equivalents	34,843	23,027	30,046	24,843
	54,660	42,451	42,066	45,534
Financial liabilities at amortised cost				
Trade and other payables	24,836	21,472	17,941	28,186
Obligation under finance leases	123	92	—	—
Amounts due to a director	—	—	3,699	10,655
Amounts due to a related company	169	—	—	—
	25,128	21,564	21,640	38,841

27. COMMITMENTS

Details of the Group's operating lease commitments are set out in Note 19 above. The Group has no capital commitment at the end of each of the Relevant Periods.

III. DIRECTORS' REMUNERATION

Save as disclosed in Note 9(i) of Section II above, no other remuneration has been paid or is payable in respect of the Relevant Periods to the directors of the Company.

IV. SUBSEQUENT EVENTS

Subsequent to April 30, 2016 and up to the date of this report, the following significant events have taken place:

(a) On August 22, 2016, written resolutions were passed to effect the transactions as set out in the sub-paragraph headed "Written resolutions of our Shareholders passed on August 22, 2016" in Appendix V to the Document, certain of which is disclosed as follows:

  (i) The authorised share capital of the Company was increased from HK$350,000 to HK$100,000,000 by the creation of additional 9,965,000,000 shares.

  (ii) The Company's Share Option Scheme was adopted. Details of the Share Option Scheme are set out in section headed "Share Option Scheme" of Appendix V to the Document.

Save as disclosed above, there are no other significant events which have taken place subsequent to April 30, 2016.

V. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to April 30, 2016.

Yours faithfully,

BDO Limited
Certified Public Accountants
Lo Ngai Hang
Practising Certificate Number P04743
Hong Kong