The 13 Holdings Limited
十 三 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)
(Stock code: 577)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2017

FINANCIAL HIGHLIGHTS

•	Revenue	HK$6,127 million	–10%
•	Gross profit	HK$247 million	+25%
•	Loss attributable to owners of the Company	HK$45 million	–77%
•	Loss per share		
	– Basic	HK4.9 cents	–77%
	– Diluted	HK4.9 cents	–77%
•	NAV per share	HK$6.17	–

RESULTS

The board of directors (the "Board") of The 13 Holdings Limited ("The 13" or the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2017, together with the comparative figures for the corresponding year in 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

		2017	2016
	Notes	***HK$'000***	*HK$'000*
Revenue	3	**6,127,109**	6,811,519
Cost of sales		**(5,880,358)**	(6,613,685)
Gross profit		**246,751**	197,834
Other income		**5,547**	8,617
Administrative and other expenses		**(284,028)**	(406,342)
Finance costs		**(8,609)**	(8,911)
Gain on disposal of an associate		**5,247**	–
Share of results of associates		**(2,167)**	(1,531)
Share of results of joint ventures		**4,808**	1
Loss before tax		**(32,451)**	(210,332)
Income tax expense	4	**(7,773)**	(22,484)
Loss for the year	5	**(40,224)**	(232,816)
(Loss) profit for the year attributable to:			
Owners of the Company		**(44,559)**	(197,361)
Non-controlling interests		**4,335**	(35,455)
		(40,224)	(232,816)
Loss per share	7		
Basic (HK cents)		**(4.9)**	(21.7)
Diluted (HK cents)		**(4.9)**	(21.7)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017	2016
	HK$'000	*HK$'000*
Loss for the year	**(40,224)**	(232,816)
Other comprehensive expense for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of foreign operations	**(6,314)**	(6,518)
Share of translation reserve of an associate and joint ventures	**(4,830)**	(3,580)
	(11,144)	(10,098)
Total comprehensive expense for the year	**(51,368)**	(242,914)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(50,327)**	(202,519)
Non-controlling interests	**(1,041)**	(40,395)
	(51,368)	(242,914)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Note	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Hotel under development		**7,718,317**	6,139,370
Property, plant and equipment		**135,261**	176,745
Deposits paid for acquisition of property, plant and equipment		**336,547**	126,654
Deposits for investments		**110,000**	110,000
Prepaid land lease payments		**1,507,712**	1,612,303
Goodwill		**61,646**	61,646
Other intangible assets		**7,627**	7,627
Interests in associates		**–**	22,867
Interests in joint ventures		**87,640**	87,800
		9,964,750	8,345,012
CURRENT ASSETS			
Prepaid land lease payments		**104,591**	104,591
Amounts due from customers for contract works		**1,001,835**	851,251
Inventories		**38,937**	–
Trade and other debtors, deposits and prepayments	8	**1,683,891**	1,752,666
Amounts due from associates		**15,863**	18,700
Amounts due from joint ventures		**158,423**	321,926
Amounts due from joint operations/other partners of joint operations		**118,438**	118,572
Amounts due from subsidiaries of a shareholder		**24,849**	26,564
Other loans receivable		**35,542**	48,000
Pledged bank deposits		**16,247**	17,065
Short term bank deposits		**36,876**	458,388
Bank balances and cash		**323,553**	483,859
		3,559,045	4,201,582

	Note	2017 HK$'000	2016 HK$'000
CURRENT LIABILITIES			
Amounts due to customers for contract works		**863,604**	1,169,067
Trade and other creditors and accrued expenses	9	**1,945,760**	1,629,908
Amounts due to associates		**–**	10,970
Amount due to a joint venture		**67**	49
Amounts due to joint operations/other partners of joint operations		**113,551**	115,948
Amount due to a subsidiary of a shareholder		**647**	441
Loan from a subsidiary of a shareholder		**32,000**	30,000
Taxation payable		**16,287**	33,134
Bank and other borrowings – due within one year		**888,070**	459,154
		3,859,986	3,448,671
NET CURRENT (LIABILITIES) ASSETS		**(300,941)**	752,911
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,663,809**	9,097,923
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year		**3,060,284**	2,561,693
Convertible bonds		**576,707**	485,835
Obligation in excess of interests in associates		**6,134**	–
		3,643,125	3,047,528
		6,020,684	6,050,395
CAPITAL AND RESERVES			
Share capital		**1,841,734**	1,841,734
Reserves		**3,838,712**	3,867,648
Equity attributable to owners of the Company		**5,680,446**	5,709,382
Non-controlling interests			
Share option reserve of a subsidiary		**37,103**	35,953
Share of net assets of subsidiaries		**303,135**	305,060
		340,238	341,013
TOTAL EQUITY		**6,020,684**	6,050,395

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group incurred a net loss of HK$40,224,000 for the year ended 31 March 2017 and as of that date, the Group's current liabilities exceeded its current assets by HK$300,941,000. In addition, the Group had capital commitments contracted for but not provided in the consolidated financial statements of HK$369,009,000, the Group also had the capital expenditure authorized but not contracted for at HK$581,833,000.

The directors of the Company have performed an assessment of the Group's future liquidity and cash flows, taking into account the following relevant matters:

(i) Likelihood of successful execution of the financing plans

The Group has been actively considering and negotiating with a number of commercial banks and other financial institutions as well as certain shareholders of the Company to secure certain new sources of funding in the form of debt and/or equity. The Group has received offers and indications of financing in excess of its net current liabilities, the outstanding capital commitments as at the reporting date and the capital expenditure authorised but not contracted for. Based on the current status of these negotiations, the directors of the Company are confident the Group will secure sufficient funds to support the Group's working capital requirements for the next twelve months from the date of approval these consolidated financial statements.

(ii) Likelihood of the opening of the Group's hotel in Macau

Certain loan covenants of the Group's bank borrowing of approximately HK$3,023 million outstanding as at 31 March 2017, which require the opening of the Group's hotel in Macau to be no later than 31 July 2017 and all authorizations for the operation of hotel business will be obtained. If in mid-July the Group anticipates that the hotel cannot be opened according to the above schedule, the directors of the Company will obtain an extension of the opening date under this covenant. The Group has successfully applied for an extension from 31 March 2017 to 31 July 2017, in mid-March 2017. Therefore, the directors of the Company do not expect the application of further extension will be withheld by the relevant bank.

(iii) Likelihood of successful extension for repayment of outstanding borrowings

The Group is actively negotiating with the lender for the extension of the maturity date in relation to a borrowing of HK$300 million outstanding as at 31 March 2017 which falls due on 12 July 2017. Based on the negotiations with the lender, the directors of the Company believe that the lender will approve extension of the repayment date in stages up to a latest date of 1 April 2018, subject to progress made towards securing the funding as described in (i) above.

The directors of the Company consider that, taking into account the above-mentioned financing plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of approval of these consolidated financial statements. Accordingly the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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

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

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

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

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2017
[5] Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

HKFRS 9 "Financial Instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are as follow:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on the 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 performs a detailed review.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "*Revenue*", HKAS 11 "*Construction Contracts*" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 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 or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract(s)
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract(s)
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the directors of the Company performs a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "*Leases*" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modification, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use while other operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be both presented as financing cash flows.

Under HKAS 17, the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group as lessee has non-cancellable operating lease commitments of HK$120,338,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

Amendments to HKAS 7 "Disclosure Initiative"

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

Other than that, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the financial performance and position and/or the disclosures of the Group's consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, is organised into divisions for the purposes of resource allocation and performance assessment focusing on the types of services provided. Specifically, the Group's reportable and operating segments under HKFRS 8 "*Operating Segments*" are as follows:

Management contracting	–	building construction and civil engineering
Property development management	–	development management, project management and facilities and asset management services
Property investment	–	investment in properties through investment in a joint venture
Hotel development	–	hotel operation with ancillary facilities

The Group had invested in an operating segment of the hotel operation in Macau with provision of ancillary facilities which are under development. The remaining segments are held under a major subsidiary of the Group, Paul Y. Engineering Group Limited ("PYE").

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies.

Segment profit (loss) represents the profit earned or loss incurred, by each reportable and operating segment without allocation of corporate income, central administrative costs, finance costs and gain on disposal of an associate. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

The assets of the Group are allocated to reportable and operating segments except for pledged bank deposits, short term bank deposits, bank balances and cash and other unallocated assets.

The liabilities of the Group are allocated to reportable and operating segments except for certain bank borrowings and other unallocated liabilities.

Inter-segment sales are charged at prevailing market rates or at terms determined and agreed by both parties, where no market price was available.

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 March 2017

	Management contracting	Property development management	Property investment	PYE total	Hotel development	Segment total	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE								
External sales	6,123,924	3,185	–	6,127,109	–	6,127,109	–	6,127,109
Inter-segment sales	826,719	–	–	826,719	–	826,719	(826,719)	–
Segment revenue	6,950,643	3,185	–	6,953,828	–	6,953,828	(826,719)	6,127,109
Segment profit (loss)	125,281	(1,832)	5,265	128,714	–	128,714	(35,343)	93,371
Corporate income								5,547
Central administrative costs								(128,007)
Finance costs								(8,609)
Gain on disposal of an associate								5,247
Loss before tax								(32,451)

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

At 31 March 2017

	Management contracting	Property development management	Property investment	PYE total	Hotel development	Segment total	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS								
Segment assets	3,521,360	20,612	85,304	3,627,276	10,084,840	13,712,116	(638,109)	13,074,007
Pledged bank deposits								16,247
Short term bank deposits								36,876
Bank balances and cash								323,553
Other unallocated assets								73,112
Consolidated assets								13,523,795
LIABILITIES								
Segment liabilities	2,800,534	5,976	15	2,806,525	4,738,178	7,544,703	(707,559)	6,837,144
Bank borrowings								578,070
Other unallocated liabilities								87,897
Consolidated liabilities								7,503,111

The following is an analysis of the Group's other information by reportable and operating segments.

For the year ended 31 March 2017

	Management contracting	Property development management	Property investment	PYE total	Hotel development	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
OTHER INFORMATION							
Amounts included in the measure of segment profit (loss) or segment assets:							
Additions to hotel under development	–	–	–	–	1,578,947	–	1,578,947
Additions to property, plant and equipment	11,144	–	–	11,144	2,211	4,158	17,513
Additions to deposits paid for acquisition of property, plant and equipment	–	–	–	–	209,893	–	209,893
Depreciation of property, plant and equipment	28,594	10	–	28,604	–	8,633	37,237
(Loss) gain on disposal of property, plant and equipment	(3,375)	–	–	(3,375)	–	6	(3,369)
Release of prepaid land lease payments	575	–	–	575	–	–	575
Interests in joint ventures	2,336	–	85,304	87,640	–	–	87,640
Share of results of associates and joint ventures	(2,311)	(338)	5,290	2,641	–	–	2,641

Amounts regularly provided to the chief operating decision makers but not included in the measure of segment profit (loss):

	Management contracting	Property development management	Property investment	PYE total	Hotel development	Unallocated	Consolidated
Share of revenue of associates and joint ventures	427,078	–	6,068	433,146	–	–	433,146

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 March 2016

	Management contracting HK$'000	Property development management HK$'000	Property investment HK$'000	PYE total HK$'000	Hotel development HK$'000	Segment total HK$'000	Eliminations HK$'000	Consolidated HK$'000
SEGMENT REVENUE								
External sales	6,795,908	15,611	–	6,811,519	–	6,811,519	–	6,811,519
Inter-segment sales	3,147,724	800	–	3,148,524	–	3,148,524	(3,148,524)	–
Segment revenue	9,943,632	16,411	–	9,960,043	–	9,960,043	(3,148,524)	6,811,519
Segment profit (loss)	157,959	1,021	(483)	158,497	(100,000)	58,497	(132,344)	(73,847)
Corporate income								8,617
Central administrative costs								(136,191)
Finance costs								(8,911)
Loss before tax								(210,332)

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

At 31 March 2016

	Management contracting HK$'000	Property development management HK$'000	Property investment HK$'000	PYE total HK$'000	Hotel development HK$'000	Segment total HK$'000	Eliminations HK$'000	Consolidated HK$'000
ASSETS								
Segment assets	3,619,205	21,227	84,900	3,725,332	8,508,629	12,233,961	(746,268)	11,487,693
Pledged bank deposits								17,065
Short term bank deposits								458,388
Bank balances and cash								483,859
Other unallocated assets								99,589
Consolidated assets								12,546,594
LIABILITIES								
Segment liabilities	3,010,061	4,960	15	3,015,036	3,462,004	6,477,040	(535,231)	5,941,809
Bank borrowings								459,154
Other unallocated liabilities								95,236
Consolidated liabilities								6,496,199

The following is an analysis of the Group's other information by reportable and operating segments.

For the year ended 31 March 2016

	Management contracting *HK$'000*	Property development management *HK$'000*	Property investment *HK$'000*	PYE total *HK$'000*	Hotel development *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
OTHER INFORMATION							
Amounts included in the measure of segment profit (loss) or segment assets:							
Additions to hotel under development	–	–	–	–	3,505,807	–	3,505,807
Additions to property, plant and equipment	12,817	–	–	12,817	10,677	4,136	27,630
Additions to deposits paid for acquisition of property, plant and equipment	–	–	–	–	87,847	–	87,847
Additions to deposits for investments	–	–	–	–	110,000	–	110,000
Depreciation of property, plant and equipment	29,618	10	–	29,628	–	10,259	39,887
Gain on disposal of property, plant and equipment	662	–	–	662	–	111	773
Pre-opening expenses for hotel under development	–	–	–	–	100,000	–	100,000
Release of prepaid land lease payments	575	–	–	575	–	–	575
Interests in associates and joint ventures	28,106	(2,339)	84,900	110,667	–	–	110,667
Share of results of associates and joint ventures	(591)	(503)	(436)	(1,530)	–	–	(1,530)
Amounts regularly provided to the chief operating decision makers but not included in the measure of segment profit (loss):							
Share of revenue of associates and joint ventures	846,979	–	6,165	853,144	–	–	853,144

The Group's operations are mainly located in Hong Kong, Macau, the People's Republic of China ("The PRC") (excluding Hong Kong and Macau), and Singapore and Malaysia.

The following is an analysis of the Group's revenue based on geographical location where construction works or other services are provided:

	2017 *HK$'000*	2016 *HK$'000*
Hong Kong	**5,068,846**	3,993,825
Macau	**694,687**	2,423,427
The PRC	**244,872**	275,896
Singapore and Malaysia	**118,704**	118,371
	6,127,109	6,811,519

The following is an analysis of the carrying amounts of non-current assets based on the geographical location of the assets:

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**204,098**	226,311
Macau	**9,670,419**	8,003,384
The PRC	**87,406**	112,288
Singapore and Malaysia	**2,827**	3,029
	9,964,750	8,345,012

Revenue from customers contributing more than 10% of the total revenue of the Group are as follows:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**2,042,615**	940,911
Customer B	**667,462**	1,115,263
Customer C *(Note)*	**N/A**	1,299,724
Customer D *(Note)*	**N/A**	981,342
Customer E *(Note)*	**N/A**	782,230

Note: These customers contributed less than 10% of total revenue of the Group for the year ended 31 March 2017.

All these customers are under the management contracting segment.

4. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Hong Kong		
Current tax	**1,096**	–
Overprovision in prior years	**–**	(146)
	1,096	(146)
Macau and other jurisdictions		
Current tax	**6,194**	22,631
Under(over) provision in prior years	**483**	(1)
	6,677	22,630
	7,773	22,484

Hong Kong Profits Tax is calculated at the rate of 16.5% of the estimated assessable profits for the year.

No provision for Hong Kong Profits Tax for the year ended 31 March 2016 had been made in the consolidated financial statements as the assessable profits were wholly absorbed by tax losses brought forward.

Taxation arising in Macau and other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

5. LOSS FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**52,547**	55,863
Less: Amount capitalised in respect of contracts in progress	**(3,247)**	(4,441)
Less: Amount capitalised in respect of hotel under development	**(12,063)**	(11,535)
	37,237	39,887
Loss (gain) on disposal of property, plant and equipment	**3,369**	(773)
Pre-opening expenses for hotel under development	**–**	100,000
Release of prepaid land lease payments	**104,591**	104,591
Less: Amount capitalised in respect of hotel under development	**(104,016)**	(104,016)
	575	575

6. DIVIDENDS

No dividend was recognised as distributions to owners of the Company during both years.

The directors do not recommend the payment of a dividend for the year ended 31 March 2017 (2016: Nil).

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

Loss

	2017	2016
	HK$'000	*HK$'000*
Loss for the purposes of basic and diluted loss per share:		
Loss for the year attributable to owners of the Company	**(44,559)**	(197,361)

Number of shares

	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share *(Note)*	**909,336,644**	908,245,076

Note: The weighted average number of ordinary shares adopted in the calculation of basic and diluted loss per share for both years have been arrived at after deducting the shares held in trust for the Company by an independent trustee.

The computation of diluted loss per share for the year ended 31 March 2017 and 2016 does not assume the exercises of convertible bonds and the unvested shares awarded outstanding for the year ended 31 March 2017 and 2016 since assumed such exercises would result in a decrease in loss per share. In addition, the computation of diluted loss per share for year ended 31 March 2017 and 2016 does not assume the exercises of exchange right granted to option holders under a subsidiary's share option scheme and the Company's share options outstanding during the year because the adjusted exercise prices of those exchange rights and options were higher than the average market price of the shares and assumed such exercises would result in a decrease in loss per share during both years.

8. TRADE AND OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

Trade debtors mainly arise from management contracting business. The Group's credit terms for its management contracting business are negotiated at terms determined and agreed with its trade customers. The credit periods are ranging from 60 to 90 days.

Included in trade and other debtors, deposits and prepayments are trade debtors of about HK$598,527,000 (2016: HK$596,062,000). The aged analysis of trade debtors, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 90 days	**544,654**	525,632
More than 90 days and within 180 days	**2,309**	37,734
More than 180 days	**51,564**	32,696
	598,527	596,062

9. TRADE AND OTHER CREDITORS AND ACCRUED EXPENSES

The average credit period on trade creditors is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

The aged analysis of trade creditors presented based on the invoice date at the end of the reporting period is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 90 days	**546,624**	498,957
More than 90 days and within 180 days	**2,291**	662
More than 180 days	**14,942**	13,226
	563,857	512,845

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE AND POSITIONS

Hotel Development

The Group is building an exclusive luxury hotel and entertainment complex, expected to open in the second half of 2017 on a site of some 65,000 square feet located on the Cotai Strip of Macau (the "Hotel"). The directors believe that the completion and opening of the Hotel with provision of ancillary facilities will, in due course, generate strong cash flows for the benefit of all shareholders.

For the year ended 31 March 2017, the hotel development segment recorded assets of approximately HK$10,085 million and liabilities of approximately HK$4,738 million, mainly the cost of land, hotel under development, deposits paid for acquisition of hotel fixture, furniture and equipment in Macau, the liability portion of convertible bonds issued for financing the hotel development and borrowings for hotel development. Also included in segment assets and liabilities are transactions with Paul Y. Engineering Group Limited ("PYE") in respect of construction of the Hotel. There was no segment profit from hotel development for the year ended 31 March 2017.

As at 31 March 2017, HK$3,023 million was drawn from a six-year term loan facility of HK$3,045 million provided by a Mainland China-based bank.

Engineering Business – PYE

During the year under review, the demand for the engineering services retreated from its peak both in Hong Kong and Macau. In addition, influenced by funding approval delay from the Legislative Council, the number of public projects, especially infrastructure projects, decreased significantly. On one hand, this relieved some pressure on human resources. On the other hand, price competition in tender was intensified.

For the year ended 31 March 2017, segment revenue at PYE and its subsidiaries ("PYE Group") decreased 30% to approximately HK$6,954 million (including approximately HK$827 million for the Hotel project in Macau) from approximately HK$9,960 million (including approximately HK$3,148 million for the Hotel project in Macau) in 2016 due to the decrease in new contract awarded last year. Segment operating profit decreased approximately 18% to approximately HK$129 million (2016: HK$158 million), including approximately HK$35 million (2016: HK$132 million) for the Hotel project in Macau, as a result of reduction in revenue.

The Group

For the year ended 31 March 2017, the Group recorded consolidated revenue including joint operations of approximately HK$6,127 million (2016: HK$6,812 million), representing a decrease of approximate 10% from that of last year due to the decrease in new contract awarded last year.

Gross profit increased to approximately HK$247 million (2016: HK$198 million) primarily due to less provisions made under certain construction projects but partially net off by the decrease in revenue as a result of the aforesaid reasons. Gross profit margin increased to 4.0% (2016: 2.9%).

Loss attributable to owners of the Company for the year was approximately HK$45 million (2016: HK$197 million), representing a decrease of approximately 77% resulted mainly from the absence of one-off pre-opening expenses in relation to hotel under development segment as recorded in last year and decrease in legal and professional fees. Basic loss per share was 4.9 HK cents.

The Group maintained a strong financial position with total assets standing at approximately HK$13,524 million as at 31 March 2017, approximately 8% increment compared with last year. The equity attributable to owners of the Company slightly decreased to approximately HK$5,680 million or 1% was mainly due to the continuing loss for the year resulted from the hotel development.

Net cash flow from operating activities was about HK$30 million and net cash outflow in respect of investing activities was approximately HK$1,396 million. Net cash inflow in respect of financing activities was approximately HK$788 million, resulting in a net decrease in cash and cash equivalents of about HK$578 million for the Group for the year ended 31 March 2017.

REVIEW OF OPERATIONS

Hotel Development

The occupation permit in respect of the Hotel was issued by the Macau government on 29 March 2017 and the Company is now in the process of obtaining necessary licenses and approvals for operation of the Hotel and related activities.

We are extremely pleased with the quality throughout the Hotel and believe the results are truly spectacular. We were surprised and deeply honored to be named by *Wallpaper**, Time Inc.'s highly respected design magazine as one of the "finest design innovations of 1996-2016" in its 20th anniversary issue. The 13 shares this distinction with other modern design icons, including the iPhone, the Ferrari Enzo, the Guggenheim Bilbao Museum, the Bird's Nest at the Beijing Olympics and the Burj Khalifa in Dubai among others.

The number of staff in hotel segment was over 300 by the end of March 2017.

Engineering Business – PYE

Management Contracting division remained the core business and the major contributor of revenue this year. Revenue of this division amounted to approximately HK$6,951 million (2016: HK$9,944 million), down by about 30%. The revenue included approximately HK$827 million (2016: HK$3,148 million) for the Hotel project in Macau. This division reported an operating profit of HK$126 million (2016: HK$158 million), including approximately HK$35 million (2016: HK$132 million) for the Hotel project in Macau. As at 31 March 2017, the value of contracts on hand was approximately HK$27,223 million, while the value of work remaining had stood at approximately HK$11,424 million.

During the year under review, the Management Contracting division secured new construction contracts with an aggregate value of approximately HK$9,657 million. Subsequent to the year end, the division secured further contracts of approximately HK$1,063 million. Set out below are the new contracts secured during the year and up to the date of this announcement:

- Basement and superstructure works for the residential development at Kau To Area 56A
- Civil and building works for Unit L10 and Unit L11 (optional) at Lamma Power Station Extension
- Construction management services for The University of Chicago Center in Hong Kong
- Construction of public rental housing development of Choi Fook Estate Phase 3 and sports centre, Kwun Tong
- Fitting out works for Grand Lisboa Palace at Cotai, Macau
- Main contract for the proposed alteration and addition works at Nan Fung Textile Mills
- Main contract works for The French International School of Hong Kong in Tseung Kwan O
- Main contract works for the residential development at Kai Tak Area 1I Site 3

The Property Development Management division reported a loss of approximately HK$2 million for the year under review. The value of contracts on hand for Property Development Management division at the year end was approximately HK$4 million.

The Property Investment division reported a profit, through its joint venture, of approximately HK$5 million for the year under review. The joint venture holds an investment property in Hangzhou, the Pioneer Technology Building, which is an office building with gross floor area of about 20,000 square meters. The building generated rental income of about HK$12 million (2016: HK$12 million) during the year and its occupancy reached about 96% as at 31 March 2017.

EVENTS AFTER THE REPORTING PERIOD

On 28 June 2017, the Company entered into the Sale and Purchase Agreement in respect of the disposal of its 51.76% interests in PYE, an indirect subsidiary of the Company to ITC Properties Group Limited ("ITCP"), a listed company whose shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code 199) and Mr. Chan Fut Yan, the deputy chairman and executive director of PYE and also the managing director and executive director of ITCP for a total consideration of HK$300,000,000.

For further details please refer to the announcement of the Company dated 28 June 2017.

LIQUIDITY AND CAPITAL RESOURCES

The Group maintains a variety of credit facilities to meet requirements for working capital. As at 31 March 2017, cash, bank balances and deposits stood at approximately HK$377 million, of which approximately HK$301 million, HK$56 million, HK$13 million, HK$3 million, HK$3 million and HK$1 million were denominated in Hong Kong Dollars, Renminbi, Macau Patacas, Singapore Dollars, Malaysian Ringgit and Japanese Yen respectively. The Group had total borrowings of approximately HK$3,948 million at year-end of which approximately HK$888 million are repayable within one year. In addition, the Group also has outstanding convertible bonds with a face value of approximately HK$2,219 million and a liability component as at 31 March 2017 of approximately HK$577 million. The convertible bonds mature in February 2025.

As at 31 March 2017, other than the convertible bonds, the Group's variable-rate borrowings and fixed-rate borrowings are approximately HK$3,648 million and approximately HK$300 million respectively. The convertible bonds are interest free. All borrowings are denominated in Hong Kong Dollars. The Group's ratio of total debt to total assets, based on total debt of approximately HK$4,525 million and total assets of approximately HK$13,524 million, was 28% at 31 March 2016 and rose to 33% at 31 March 2017 primarily due to increase in total borrowings related to hotel development.

As of 31 March 2017, the Group's current liabilities exceeded its current assets by approximately HK$301 million and the Group had outstanding capital commitments of approximately HK$369 million. The Group has received non-binding offers of financing significantly in excess of its net current liabilities and capital commitments and the Group is working diligently to complete the necessary financing.

EMPLOYEES

The Group had 1,808 full-time employees, including the Directors of the Group but excluding contracted casual labour in Macau, as at 31 March 2017. The Group offers competitive remuneration packages based on overall market rates, employee performance, and the performance of the Group. Remuneration packages are comprised of salary, performance-based bonuses, and other benefits including training, provident funds and medical coverage. Three share incentive schemes (namely share option scheme, share award scheme and share financing plan) are in place to motivate and reward eligible employees.

PLEDGE OF ASSETS

As at 31 March 2017, the Group pledged hotel under development, prepaid land lease payments, deposits paid for acquisition of property, plant and equipment, inventories and bank deposits of approximately HK$7,718 million, HK$1,595 million, HK$158 million, HK$30 million and HK$16 million, respectively, and charged the Group's benefits over certain construction contracts and the Group's interests over certain subsidiaries to secure the general banking and other facilities granted to the Group.

CONTINGENT LIABILITIES

The Group had contingent liabilities in respect of indemnities of approximately HK$50 million issued to financial institutions for performance bonds on construction contracts of an associate and joint operations and contingent liabilities in respect of corporate guarantee of approximately HK$18 million issued to a bank for general banking facilities granted to an associate as at 31 March 2017.

COMMITMENTS

As at 31 March 2017, the Group has expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment and hotel under development of approximately HK$187 million and HK$182 million respectively.

SECURITIES IN ISSUE

During the year ended 31 March 2017, 2,100,000 share options were granted and 150,000 share options lapsed.

As at 31 March 2017, there were 920,867,010 shares in issue. Additional shares may be issued by way of: i) exercise of share options of the Company for up to 91,632,000 shares of the Company depending on the fulfilment of vesting conditions attached to the options; ii) exchange for up to 10% of the shares in Falloncroft Investments Limited ("Falloncroft") for up to 88,235,294 shares of the Company depending on the ultimate equity capitalization of Falloncroft and achievement of certain performance targets related to hotel development; and iii) conversion of three 2025 convertible bonds which if fully converted would result in the issuance of 465,814,719 shares of the Company.

FINAL DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 March 2017 (2016: Nil).

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

During the year ended 31 March 2017, there were no purchases, sales or redemptions by the Company, or any of its subsidiaries, of the Company's listed securities.

OUTLOOK

The global economy continues to face political uncertainties while growth in Mainland China and the US is rebounding cautiously. As economic conditions improve in the world's two largest economies, both central banks are refocusing on monetary tightening and debt reduction, whether it be the central bank balance sheet or in the broader economy. This secular change is coming after nearly a decade of unconventional monetary policy and during a period of growing political and trade uncertainty arising from populist movements in the Eurozone and the US. In addition, China will be holding its 19th Party Congress later this year during which important decisions will be made in respect of the pace of continued reform of the Chinese economy. While most baseline global macroeconomic forecasts remain sanguine, the scope of the potential secular changes also increases the potential for unpredictable outcomes.

Hotel Development

Overall Macau gross gaming revenue ("GGR") declined in calendar year 2016. GGR for the full year was approximately HK$217 billion reflecting a 3.3% decline from 2015. However, beginning in the second half of 2016, GGR rebounded, increasing 5.7% year-on-year ("Y-O-Y"). GGR continued to grow for the five months ended May 2017 recording an increase of 15.8% Y-O-Y. February 2017 GGR was the highest recorded in Macau since January 2015.

Visitation to Macau recorded an increase of 6.9% Y-O-Y for the four months ended April 2017 and had a slight increase of 0.8% for full year 2016.

Macau GGR is rebounding on the back of increasing nominal Gross Domestic Product ("GDP") growth in China. In the first quarter of 2017, China recorded 11.8% Y-O-Y nominal GDP growth. The Organization for Economic Co-operation and Development is forecasting nominal GDP growth in China of 11.5% for full year 2017 versus actual growth of 8.0% in 2016 and 7.0% in 2015. 2015 represents China's lowest rate of nominal GDP growth since the Asian Financial Crisis of 1998-1999.

Engineering Business – PYE

Affected by the overall political and economic environment, the Hong Kong construction market is still subject to many challenges. Meanwhile, the progress of the Legislative Council has been impeded, leading to a considerable backlog in processing funding approval for public works. It is expected that the competition in construction market will remain fierce in the foreseeable future. Nevertheless, the HKSAR Government continues to adopt multi-pronged approaches to increase land and housing supply so as to provide more residential units. In view of this, the medium-term and long-term development prospects of the construction industry remain promising.

For Macau, the gambling industry is gradually recovering, and it is expected that total expenditure on Macau's public infrastructure will increase due to the sustained effort by its government to advance infrastructure, bringing a glimmer of hope to the construction industry. In addition, we are paying close attention to the Southeast Asian market in order to explore more development opportunities, and we continue to expand or develop the local construction business by using cautious tendering strategies.

In order to grow the Group's business and reputation, we reconfigured the organizational and management structure last year, with the aim of enhancing operational performance and implementing the strategic plans and directions more effectively by drawing on the Group's strengths and resources. As a leading integrated contracting services company in Hong Kong, we will continue to be innovative. We will also gather wisdom and capabilities from various parties, so that every outstanding management team can give full play to their expertise and move towards a better future.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance because it believes that is the best way to enhance shareholder value. The Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2017 and has adopted most of the recommended best practices stated therein.

AUDIT COMMITTEE

The principal duties of the audit committee of the Company (the "Audit Committee") include oversight of the Group's financial reporting system, risk management and internal control systems, review of the Group's financial information, and review of the relationship with the external auditor of the Company.

The Audit Committee comprises five independent non-executive directors of the Company, namely:

- Ir James Chiu, OBE, JP (Chairman of the Audit Committee)
- Professor Lee Chack Fan, GBS, SBS, JP
- Mr Iain Ferguson Bruce
- Mr Francis Goutenmacher
- Mr Chan Kok Chung, Johnny

The Group's results for the year ended 31 March 2017 have been reviewed by the Audit Committee.

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

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 March 2017. The report includes paragraphs of an emphasis of matter, without qualification.

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 1 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK$40,224,000 for the year ended 31 March 2017 and as of that date, the Group's current liabilities exceeded its current assets by HK$300,941,000. In addition, the Group had capital commitments contracted for but not provided in the consolidated financial statements of HK$369,009,000 as disclosed in the notes to the consolidated financial statements. The directors of the Company are considering and negotiating a number of financing measures to improve the Group's liquidity and financial position and consider that the Group will have sufficient working capital to finance its operations and to pay its financial obligations as and when they fall due in the foreseeable future upon successfully implementing these measures. However, these conditions, along with other matters as set forth in note 1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company.

All directors of the Company have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in the Model Code during the year ended 31 March 2017.

ANNUAL GENERAL MEETING

The 2017 Annual General Meeting of the Company will be held on 23 August 2017. Notice of the 2017 Annual General Meeting will be published on the Company's website at www.The13.com and the Stock Exchange's website, and despatched to shareholders in due course.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.The13.com and the Stock Exchange's website. The 2017 Annual Report will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, we would like to take this opportunity to thank our shareholders, customers, and business partners for their continuous support and contributions. We would also like to express our gratitude to our fellow directors for their guidance, and thank all our staff for their dedication and hard work.

On behalf of the Board
Stephen Hung & Peter Lee Coker Jr.
Joint Chairmen

Hong Kong, 28 June 2017

As at the date of this announcement, the directors of the Company are:

Mr Stephen Hung	:	Joint Chairman (Executive Director)
Mr Peter Lee Coker *Jr.*	:	Joint Chairman (Executive Director)
Mr Lau Ko Yuen, Tom	:	Deputy Chairman (Executive Director)
Mr Walter Craig Power	:	Chief Executive Officer (Executive Director)
Ir James Chiu, *OBE, JP*	:	Independent Non-Executive Director
Professor Lee Chack Fan, *GBS, SBS, JP*	:	Independent Non-Executive Director
Mr Iain Ferguson Bruce	:	Independent Non-Executive Director
Mr Francis Goutenmacher	:	Independent Non-Executive Director
Mr Chan Kok Chung, Johnny	:	Independent Non-Executive Director