CIL Holdings Limited
華建控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 00479)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2016

RESULTS

The board of directors (the "Board") of CIL Holdings Limited (the "Company") hereby announces the audited consolidated final results of the Company and its subsidiaries (herein collectively referred to as the "Group") for the year ended 30 June 2016, together with the comparative figures for the year ended 30 June 2015, as follows:

* *For identification purpose only.*

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016

	Note	2016 HK$'000	2015 HK$'000
Revenue	4	**223,481**	617,696
Cost of sales		**(214,082)**	(597,220)
Gross profit		**9,399**	20,476
Other income	5	**10,186**	8,287
Gains arising from written back of:	6		
– payables in relation to litigation settled		**69,313**	–
– other payable		**327**	–
Fair value gains/(losses) on investments at fair value through profit or loss, net	8	**1,896**	(17,065)
Impairment loss on available-for-sale investment		**(48)**	(4,952)
Loss on disposal of a subsidiary		**–**	(3,006)
Other administrative expenses		**(64,983)**	(62,616)
Finance costs	7	**(9,959)**	(3,766)
Profit/(loss) before taxation	8	**16,131**	(62,642)
Income tax (expenses)/credit	9	**(48)**	1,450
Profit/(loss) for the year		**16,083**	(61,192)
Other comprehensive income for the year:			
Item that may be reclassified subsequently to profit or loss:			
Reclassification adjustments for losses included in profit or loss upon disposal of a subsidiary		**–**	16
Total comprehensive income/(loss) for the year		**16,083**	(61,176)

	Note	2016 HK$'000	2015 HK$'000
Profit/(loss) for the year attributable to:			
– Owners of the Company		**18,101**	(61,481)
– Non-controlling interests		**(2,018)**	289
		16,083	(61,192)
Total comprehensive income/(loss) for the year attributable to:			
– Owners of the Company		**18,101**	(61,465)
– Non-controlling interests		**(2,018)**	289
		16,083	(61,176)
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company:	10		
– Basic		**0.60 cents**	(2.45) cents
– Diluted		**N/A**	N/A

Consolidated Statement of Financial Position

At 30 June 2016

	Note	**2016** *HK$'000*	2015 *HK$'000*
Non-current assets			
Property, plant and equipment		**15,842**	6,134
Intangible assets	12	**23,042**	25,542
Deposit paid for acquisition of items of property, plant and equipment		**–**	4,145
Available-for-sale investment		**–**	48
Loans receivable	13	**24,805**	26,196
Deposits	14	**–**	21,171
		63,689	83,236
Current assets			
Inventories		**3,088**	13,261
Loans receivable	13	**23,159**	6,700
Prepayments, deposits, interest and other receivables	14	**36,379**	9,950
Trade receivables	15	**15,736**	37,602
Investments at fair value through profit or loss		**43,120**	23,921
Tax recoverable		**–**	286
Pledged fixed deposit		**20,006**	20,789
Bank balances and cash		**98,098**	11,874
		239,586	124,383
Current liabilities			
Trade payables	16	**3,327**	11,857
Accruals, deposits received and other payables		**6,086**	62,210
Tax payable		**715**	259
Borrowings, due within one year	17	**96,624**	38,141
		106,752	112,467
Net current assets		**132,834**	11,916
Total assets less current liabilities		**196,523**	95,152

	Note	**2016**	2015
		HK$'000	*HK$'000*
Non-current liabilities			
Deferred tax liabilities		**–**	145
Borrowings	17	**20,832**	41,978
		20,832	42,123
Net assets		**175,691**	53,029
Capital and reserves			
Issued capital	18	**36,151**	25,106
Reserves		**137,883**	24,248
Equity attributable to owners of the Company		**174,034**	49,354
Non-controlling interests		**1,657**	3,675
Total equity		**175,691**	53,029

Notes:

1. CORPORATE INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The principal activity of the Company is investment holding and the subsidiaries of the Company are principally involving in distribution of server storage, multi-media and communication products, money lending, investments in securities and distribution of rice cooker and household electrical appliances.

The consolidated financial statements are presented in Hong Kong Dollars ("HKD"), which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand except otherwise indicated.

2. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared under the historical cost convention, except for investments at fair value through profit or loss and available-for-sale investment which have been measured at fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

There is no new and revised HKFRSs issued by the HKICPA effective for the first time in the current year.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective for the year ended 30 June 2016:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012 – 2014 Cycle [1]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transaction [2]
HKFRS 9	Financial Instruments [2]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception [1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations [1]
HKFRS 15	Revenue from Contracts with Customers [2]
HKFRS 15 (Amendments)	Clarification to HKFRS 15 Revenue from Contracts with Customers [2]
HKFRS 16	Leases [4]
HKAS 1 (Amendments)	Disclosure Initiative [1]
HKAS 7 (Amendments)	Disclosure Initiative [5]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses [5]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation [1]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants [1]

[1] Effective for annual periods beginning on or after 1 January 2016.

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

[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 2019.

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

HKFRS 9 "Financial Instruments"

HKFRS 9 "Financial Instruments" issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 July 2018 with earlier application permitted. The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. It is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 specifies how and when the Group will recognise revenue as well as requiring the Group to provide users of financial statements with more informative and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. Under HKFRS 15, revenue is recognised in accordance with the core principle by identifying the contract(s) with a customer, identifying the performance obligation in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognising revenue when (or as) the performance obligation is satisfied. HKFRS 15 also includes a cohesive set of disclosure requirements that would result in providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers.

HKFRS 15 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 July 2018 and the Group is in the process of assessing the impact of HKFRS 15 to the results and financial positions of the Group.

HKFRS 16 "Leases"

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classify cash repayments of the lease liability into a principal portion and an interest portion and present them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will be adopted in the Group's consolidated financial statements for annual periods beginning on 1 July 2019 and the Group is in the process of assessing the impact of HKFRS 16 to the results and financial positions of the Group.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

The adoption of disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) relating to the preparation of financial statements

In the current year, the Group adopts the Listing Rules requiring the financial statements disclosures with reference to the new Hong Kong Companies Ordinance, Cap. 622. The adoption of the requirements has primarily impacted the presentation and disclosure of information in the consolidated financial statements. These changes mainly include the presentation of the Company's statement of financial position as a note disclosure instead of a primary statement, updating any references to the Hong Kong Companies Ordinance to refer to the current Hong Kong Companies Ordinance and replacing certain terminology no longer used in the Hong Kong Companies Ordinance with terminology used in HKFRSs.

Comparative information in respect of the financial year ended 30 June 2015 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Hong Kong Companies Ordinance or the Listing Rules but not under the new Hong Kong Companies Ordinance or the amended Listing Rules are not disclosed in these consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the amount received and receivable for goods sold during the year and interest income from money lending operations.

An analysis of revenue is as follows:

	2016	2015
	HK$'000	*HK$'000*
Sales of goods	**211,820**	615,380
Interest income from money lending operations	**11,661**	2,316
	223,481	617,696

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the chief operating decision maker ("CODM"). The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments.

For the year ended 30 June 2016, the Group has four reportable operating segments. Details are as follows:

(i) distribution of server storage, multi-media and communication products in Hong Kong;

(ii) distribution of rice cooker and household electrical appliances to Southeast Asia;

(iii) money lending segment engages primarily in money lending operations in Hong Kong; and

(iv) investments in securities segment engages primarily in the purchase and sale of securities and the holding of equity investments primarily for dividend income and capital appreciation.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment revenue represents the revenue generated by each operating segment. Segment results represent the profit earned by each operating segment without allocation of central administration expenses (unallocated corporate expenses), interest income, unallocated finance costs and income tax expenses. This is the measure reported to CODM for the purposes of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than deposits paid for acquisition of items of property, plant and equipment, tax recoverable, available-for-sale investment and unallocated corporate assets; and

– all liabilities are allocated to reportable segments other than current and deferred tax liabilities and unallocated corporate liabilities.

	Distribution of server storage, multi-media and communication products		**Money lending**		**Investment in securities**		**Distribution of rice cooker and household electrical appliances**		**Consolidated**	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**211,820**	615,380	**11,661**	2,316	**–**	–	**–**	–	**223,481**	617,696
Segment results	**(16,760)**	3,453	**4,226**	1,346	**1,018**	(19,330)	**–**	(292)	**(11,516)**	(14,823)
Reconciliations:										
Interest income *(note 5)*									**6,656**	5,679
Unallocated finance costs									**(2,542)**	(2,407)
Amortisation *(note 8)*									**(2,500)**	(1,458)
Impairment loss on available-for-sale investment									**(48)**	(4,952)
Loss on disposal of a subsidiary									**–**	(3,006)
Gains arising from written back of payables *(note 6)*									**69,640**	–
Loss arising from payment of debt assignment *(note 8)*									**–**	(4,500)
Unallocated corporate expenses									**(43,559)**	(37,175)
Profit/(loss) before tax									**16,131**	(62,642)

	Distribution of server storage, multi-media and communication products		Money lending		Investment in securities		Distribution of rice cooker and household electrical appliances		Consolidated	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:										
Finance costs: *(note 7)*										
– allocated	**(457)**	(1,195)	**(6,483)**	–	**(477)**	(164)	**–**	–	**(7,417)**	(1,359)
– unallocated									**(2,542)**	(2,407)
									(9,959)	(3,766)
Depreciation *(note 8):*										
– allocated	**(542)**	(536)	**(23)**	(5)	**–**	–	**–**	–	**(565)**	(541)
– unallocated									**(4,055)**	(2,407)
									(4,620)	(2,948)
Fair value gains/(losses) on investments at fair value through profit or loss, net *(note 8)*	**–**	–	**–**	–	**1,896**	(17,065)	**–**	–	**1,896**	(17,065)
Capital expenditure:										
– allocated	**72**	67	**–**	8	**–**	–	**–**	–	**72**	75
– unallocated									**14,897**	949
									14,969	1,024
Segment assets and liabilities										
Segment assets	**21,980**	56,311	**26,128**	9,426	**43,158**	25,361	**20,000**	20,000	**111,266**	111,098
Tax recoverable									**–**	286
Available-for-sale investment									**–**	48
Unallocated corporate assets									**192,009**	96,187
Total assets									**303,275**	207,619
Segment liabilities	**15,384**	25,575	**17**	18	**8,490**	4,737	**–**	–	**23,891**	30,330
Tax payable									**715**	259
Deferred tax liabilities									**–**	145
Unallocated liabilities									**102,978**	123,856
Total liabilities									**127,584**	154,590

Information about major customers

Revenue from each of the following single external customers for the year ended 30 June 2016 and 2015 accounted for more than 10% of the total revenue of the Group are as follows:

	2016	2015
	HK$'000	*HK$'000*
Customer A	**91,241**	164,844
Customer B	**48,613**	316,432
Customer C	**43,640**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for that year.

Sales to customers A, B and C are included in the segment of distribution of server storage, multi-media and communication products.

Geographical information

The Group's operations are located in Hong Kong and other parts of the PRC, and the Southeast Asia. Other than the segment of distribution of rice cooker and household electrical appliances which are carried in the Southeast Asia, other segments are carried in Hong Kong. The geographical location of customers is based on the location of the customers, irrespective of the origin of the goods or service. The geographical location of the non-current assets other than financial assets is based on the physical location of the asset, in the case of property, plant and equipment and intangible asset, and the location of the operation to which they are allocated, in the case of deposit paid for acquisition of items of property, plant and equipment and non-financial assets included in deposits. The Group's revenue by geographical location of the customers and information about its non-current assets by geographical location of the assets are set out below:

	Revenue from external customers		**Non-current assets** *(note)*	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong and other parts of the PRC (place of domicile)	**223,481**	617,057	**38,884**	35,821
Elsewhere	**–**	639	**–**	20,000
	223,481	617,696	**38,884**	55,821

Note: Non-current assets exclude available-for-sale investment, loans receivable and financial assets included in deposits.

5. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Interest income derived from:		
– bank deposits	**139**	204
– other loan receivable	**6,373**	5,011
– available-for-sale investment	**–**	160
Imputed interest income	**144**	304
	6,656	5,679
Others	**3,530**	2,608
	10,186	8,287

6. GAINS ARISING FROM WRITTEN BACK OF PAYABLES

		2016	2015
	Note	***HK$'000***	*HK$'000*
Gains arising from written back of:			
– payables in relation to litigation settled	(a)	**69,313**	–
– other payable	(b)	**327**	–
		69,640	–

Note:

(a) China Gold Finance Limited ("China Gold") claimed against the Company for an outstanding loan plus an interest of the loan in a total sum of HK$69,300,000 on 27 June 2001 and legal costs concerning this claim, and further revised the claims to an amount approximately HK$227,000,000 in previous years. Several court hearings were held in previous years. A judgement favourable to the Company was issued in December 2014 and China Gold filed an appeal against the judgement in January 2015. On 8 January 2016, the Court of Appeal issued a judgement to dismiss China Gold's appeal and, therefore, the litigation has been settled. Accordingly, the Group has written back the following liabilities in relation to the litigation settled during the current year:

	2016	2015
	HK$'000	*HK$'000*
Other loan	**17,688**	–
Interest payable of other loan	**10,196**	–
Provision for litigation	**41,429**	–
	69,313	–

(b) During the year ended 30 June 2016, the Group has written back an other payable amounting to approximately HK$327,000 (2015: nil). The directors of the Company are of the view that the legal or constructive obligations arising as a result of past events for the payable has expired.

7. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interests on other bank loans, bills and overdrafts	**94**	267
Discounting charges on factoring loans	**363**	930
Margin loan interest expenses	**477**	164
Other loan interest expenses	**6,601**	237
Bond interest expenses	**2,154**	2,128
Other borrowing costs	**270**	40
	9,959	3,766

8. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation has been arrived at after charging/(crediting) the following:

	2016	2015
	HK$'000	*HK$'000*
Directors' emoluments	**12,299**	11,199
Other staff costs (including the Chief Executive Officer's emoluments):		
– salaries, commission, bonus and other benefits	**12,351**	11,494
– retirement benefits scheme contributions	**214**	219
Total staff costs including directors' emoluments	**24,864**	22,912
Fair value (gains)/losses on investments at fair value through profit or loss:		
– realised (gains)/losses, net	**(4,760)**	16,379
– unrealised losses from investments at fair value through profit or loss, net	**2,864**	686
	(1,896)	17,065
Cost of sales:		
– cost of inventories recognised as expenses in cost of sales	**210,891**	595,923
– write-down of inventories	**1,558**	–
– cost of services recognised as expenses in cost of sales	**1,633**	1,297
	214,082	597,220
Depreciation	**4,620**	2,948
Amortisation	**2,500**	1,458
Operating lease rentals in respect of land and buildings (excluding director's quarter)	**3,882**	2,507
Auditors' remuneration:		
– in respect of audit services	**850**	850
– in respect of non-audit services	**379**	73
	1,229	923
Legal, professional and consultancy expenses	**6,607**	6,594
Net foreign exchange loss	**1,582**	139
Loss arising from payment of debt assignment	**–**	4,500
Loss on disposal of property, plant and equipment	**341**	287

9. INCOME TAX EXPENSE/(CREDIT)

	2016	2015
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Overprovision for prior year	**(40)**	(20)
Current year	**233**	840
	193	820
Deferred tax:		
Current year credit	**(145)**	(2,270)
Income tax expense/(credit)	**48**	(1,450)

Hong Kong Profits Tax is calculated at 16.5% of the assessable profits for both years.

10. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the Group's profit attributable to owners of the Company of approximately HK$18,101,000 (2015: the Group's loss attributable to owners of the Company of approximately HK$61,481,000) and on the weighted average number of 3,021,098,000 (2015: 2,510,646,000) shares in issue during the year.

Diluted earnings/(loss) per share for the years ended 30 June 2016 and 2015 were not presented as the outstanding share options of the Company had no diluted effect due to the fact that the average market price of ordinary shares during that year did not exceed the exercise price of the share options.

11. DIVIDENDS

No dividend was paid or proposed for the year ended 30 June 2016 (2015: nil), nor has any dividend been proposed since the end of the reporting period.

12. INTANGIBLE ASSETS

	Distribution rights in sport cars *HK$'000* *(note (i))*	**Money lender licence** *HK$'000* *(note (ii))*	**Total** *HK$'000*
Cost			
At 1 July 2014	–	2,000	2,000
Addition	25,000	–	25,000
At 30 June 2015, 1 July 2015 and 30 June 2016	25,000	2,000	27,000
Accumulated amortisation			
At 1 July 2014	–	–	–
Amortisation for the year	1,458	–	1,458
At 30 June 2015 and 1 July 2015	1,458	–	1,458
Amortisation for the year	2,500	–	2,500
At 30 June 2016	3,958	–	3,958
Carrying amount			
At 30 June 2016	21,042	2,000	23,042
At 30 June 2015	23,542	2,000	25,542

Note:

(i) During the year ended 30 June 2015, the Company signed a distribution agreement with a supplier, pursuant to which, the Company was appointed as an authorised distributor and granted the rights of distribution, marketing and service of sports car "Gumpert Apollo" for 10 years at a consideration of HK$25,000,000, of which HK$5,000,000 were paid by cash, and the remaining balance of HK$20,000,000 were satisfied by the issuance of a two-year, 10% coupon straight bonds by the Company to the supplier. The distribution rights have finite useful lives and are amortised on a straight-line basis over 10 years.

(ii) Money lender licence (the "Licence") represented the only asset of an acquired subsidiary at the date of acquisition. The Licence is treated as having an indefinite useful life as, in the opinion of the directors of the Company, the Group has involved in money lending business immediately after the acquisition and expected that the money lending business could contribute net cash inflows to the Group indefinitely. Accordingly, the Licence would not be amortised and would be tested for impairment annually and whenever there is an indication that it may be impaired.

For the purpose of impairment testing, the Licence has been allocated to a cash generating unit operating as a subsidiary of the Company which is engaged in money lending business.

13. LOANS RECEIVABLE

		2016	2015
	Note	***HK$'000***	*HK$'000*
Loans receivable arising from money lending business	(a)	**23,159**	6,700
Other loan receivable	(b)	**24,805**	26,196
		47,964	32,896
Less: amount classified as current portion		**(23,159)**	(6,700)
Amount classified as non-current		**24,805**	26,196

Note:

(a) The loans receivable arising from the money lending business of the Group carry fixed rate interests at contractual rates ranging from 15% to 24% per annum (2015: 24% per annum). Effective interest rates of the loans receivable range from 19% to 31% per annum (2015: 24% per annum). The granting of these loans has been approved and monitored by the Company's executive directors in charge of the Group's money lending operations. Overdue balances are reviewed regularly by senior management. As at 30 June 2016 and 2015, the Group does not hold any collateral or any credit enhancements over these loans receivable.

As at 30 June 2016 and 2015, loans receivable arising from the money lending business of the Group are neither past due nor impaired and relate to a number of borrowers for whom there was no recent history of default, or the default has been rectified during the year. Based on past experience, the executive directors of the Company were of the opinions that no allowance for impairment loss was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

(b) Pursuant to a loan agreement entered between the Company and 廣州市水立坊公共浴室有限公司 ("ShuiLiFang") on 26 September 2014, the Company agreed to grant a loan in the principal amount of RMB21,000,000 (equivalent to approximately HK$24,805,000 at 30 June 2016, "ShuiLiFang Loan"). ShuiLiFang Loan carries fixed interest rate of 25% per annum with tenure of 5 years to 25 September 2019. Interest on the outstanding principal is payable half yearly. ShuiLiFang Loan is secured by a corporate guarantee granted by an independent third party and personal guarantees executed by individual shareholders of ShuiLiFang. There is no collateral or other credit enhancement over the balance.

The aggregate outstanding balance with ShuiLiFang at 30 June 2016 and 2015 is as follows:

	2016	2015
	HK$'000	*HK$'000*
Loan receivable	**24,805**	26,196
Interest receivable *(note 14)*	**4,735**	1,730
	29,540	27,926

As at 30 June 2016, the interest receivable is past due but not impaired. No impairment loss is necessary to be made in respect of the aggregate outstanding balance as, in the opinion of the directors of the Company, overdue interest has been settled subsequently and there has not been a significant change in credit quality.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		2016	2015
	Note	***HK$'000***	*HK$'000*
Rental deposits		**2,235**	516
Deposit paid to secure an agency agreement	(a)	**20,000**	20,000
Purchase deposits		**6,000**	–
Refundable deposits previously paid for proposed acquisitions	(b)	**1,170**	4,086
Consideration receivable arising from disposal of a subsidiary	(c)	**–**	1,000
Other loan interest receivable *(note 13(b))*		**4,735**	1,730
Others		**2,239**	3,789
		36,379	31,121
Less: amount classified as current portion		**(36,379)**	(9,950)
Amount classified as non-current		**–**	21,171

Note:

(a) As at 30 June 2016, the amount represents a deposit of HK$20,000,000 (2015: HK$20,000,000) paid by the Company to secure an agency agreement entered into between the Company and a supplier on 18 November 2013. Pursuant to the agency agreement, among other things, the Company or its subsidiaries were appointed by the supplier as the exclusive sales agent of the supplier to distribute the supplier's rice cookers and household electrical appliances in the regions including Southeast Asia, the Middle East, Africa and South America, for an initial term of 3 years commencing from the date of signing of the agency agreement. The security deposit will be refunded in full without interest to the Company after the termination of the agency agreement under the terms of the agency agreement.

(b) At 30 June 2016 and 2015, the amount represents the present value of the outstanding balance of refundable deposits previously paid for proposed acquisitions of the entire or part of the equity interest in target companies which had been terminated. Pursuant to the termination agreements, the vendor agreed to repay the entire amount in several instalments without interest with the final instalment expected to be paid in November 2016. At 30 June 2016 and 2015, the balance is unsecured and the undiscounted balance is HK$1,250,000 (2015: HK$4,250,000).

(c) On 30 June 2015, the Company entered into a sales and purchase agreement with an independent third party to dispose the entire interest in a subsidiary for a cash consideration of HK$1,000,000. The consideration was agreed to be received in several instalments with the final instalment falling due in December 2015. During the year ended 30 June 2016, the entire consideration has been received in full.

15. TRADE RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**15,736**	37,602

The Group's trading terms with its customers are mainly on open account terms, except for new customers, where payment in advance is normally required. Certain trade receivables were transferred to a financial institution under a non-recourse factoring agreement. The credit period is generally for a period of up to 105 days (2015: 105 days). The Group seeks to maintain strict control over its outstanding receivables to minimise its credit risk. Overdue balances are regularly reviewed by senior management. Trade receivables are non-interest-bearing and their carrying amounts approximate to their fair values.

The following is an ageing analysis of trade receivables, based on invoice date, at the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
0 – 30 days	**4,627**	17,042
31 – 60 days	**3,806**	13,254
Over 60 days	**7,303**	7,306
	15,736	37,602

Most of the trade receivables are neither past due nor impaired and have good repayment history in prior years. Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$8,346,000 (2015: HK$10,852,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

An aged analysis of trade receivables which are past due but not impaired, based on past due date, is as follows:

	2016	2015
	HK$'000	*HK$'000*
Less than 1 month past due	**7,613**	10,698
1 – 3 months past due	**733**	154
	8,346	10,852

The trade receivables that were past due but not impaired related to customers that have good track records with the Group. Management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. A substantial amount of which has been received after the end of the reporting period.

At 30 June 2016, trade receivables with an aggregate carrying amount of HK$11,645,000 (2015: HK$33,769,000) have been charged to secure the general banking facilities of the Company.

16. TRADE PAYABLES

All of the trade payables are expected to be settled within one year. An ageing analysis, based on invoice date, is as follows:

	2016	2015
	HK$'000	*HK$'000*
0 – 30 days	**3,299**	7,955
31 – 60 days	**–**	3,874
Over 60 days	**28**	28
	3,327	11,857

17. BORROWINGS

	2016	2015
	HK$'000	*HK$'000*
Bank borrowings, secured:		
Factoring loan	**2,850**	7,966
Other bank borrowings	**8,116**	3,765
Margin loan payable, secured	**8,475**	4,722
Other loans *(note)*	**57,183**	21,688
Bonds, unsecured	**40,832**	41,978
	117,456	80,119
Less: amount classified as current liabilities	**(96,624)**	(38,141)
Amount classified as non-current liabilities	**20,832**	41,978
Secured	**76,624**	16,453
Unsecured	**40,832**	63,666
	117,456	80,119

Note:

As at 30 June 2016, other loans of approximately HK$57,183,000 are secured by 417,800,000 shares of the Company, of which 324,800,000 shares are held by Mr. Ke Jun Xiang, the Chairman and executive director of the Company, and 93,000,000 shares are held by Mr. Wilson Wong, the Deputy Chairman and executive director of the Company. As at 30 June 2015, other loans of approximately HK$4,000,000 were secured by personal guarantees executed by Mr. Ke Jun Xiang and Mr. Wilson Wong jointly.

As at 30 June 2016, the other loans are fixed-rate borrowings with contractual interest rate of 18% per annum (2015: 18% per annum) for an original term of 6 months (2015: 3 months) from the date of advancement. The effective interest rate of the other loans is 22.9% per annum (2015: 18% per annum).

During the year ended 30 June 2016, the Group has written back the other loan of approximately HK$17,688,000 which was included in other loans as at 30 June 2015 and is related to payables in respect of litigation settled (note 6).

18. SHARE CAPITAL

	Number of ordinary shares of HK$0.01 each		Nominal value	
	2016	2015	**2016**	2015
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised:				
At beginning and end of the year	**60,000,000**	60,000,000	**600,000**	600,000
Issued and fully paid:				
At beginning of the year	**2,510,646**	2,510,646	**25,106**	25,106
Issue of new shares for cash *(note)*	**1,104,500**	–	**11,045**	–
At end of the year	**3,615,146**	2,510,646	**36,151**	25,106

Note:

During the year ended 30 June 2016, the Company had the following placements of shares:

(a) On 27 July 2015, the Company and a placing agent entered into a placing agreement to place, on a best effort basis, up to 250,000,000 placing shares of HK$0.10 per placing share. On 4 August 2015, a total of 250,000,000 placing shares was successfully placed and completed.

(b) On 1 December 2015, the Company and a placing agent entered into a placing agreement to place, on a best effort basis, up to 252,000,000 placing shares of HK$0.1 per placing share. On 10 December 2015, a total of 252,000,000 placing shares was successfully placed and completed.

(c) On 22 March 2016, the Company and a placing agent entered into a placing agreement to place, on a best effort basis, up to 602,500,000 placing shares of HK$0.1 per placing share. On 5 April 2016, a total of 602,500,000 placing shares was successfully placed and completed.

The new shares rank pari passu with the existing shares in all respect.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial results

Comparing to the last financial year, total revenue of the Group for the year ended 30 June 2016 decreased by 63.82% to approximately HK$223,481,000 (2015: HK$617,696,000). Although overall gross profit margin showed slight improvement of 4.21% (2015: 3.31%), there was a significant reduction of total gross profit to approximately HK$9,399,000 (2015: HK$20,476,000) due to drop in revenue as compared with last year.

The Group continued to engage in distribution of server storage, multi-media and communication products, money lending and investments in securities. Trading in distribution of rice cooker and household electrical appliances in Southeast Asia remained at a standstill during the year because a process of product rebranding and restructuring of the distribution networking is still in progress.

Majority of revenue derived from distribution of sever storage, multi-media and communication products accounted for 94.78% (2015: 99.63%) of the total revenue which has approximately HK$211,820,000 (2015: HK$615,380,000). The performance drop of sales of goods in this segment in term of revenue and gross profit was mainly caused by keen competition in the market arising from the sluggish demand for IT products from customers under the current highly fluctuating economic environment.

The remaining 5.22% (2015: 0.37%) of the total revenue at approximately HK$11,661,000 was attributed from interest income deriving from money lending operation (2015: HK$2,316,000). The rapid growth in revenue from money lending operation for the financial year 2016 comparing to revenue of this operation in last year is encouraging.

In the absence of trading during the year, no revenue was generated from distribution of rice cooker and household electrical appliances this segment (2015: Nil). Nevertheless, the directors of the Company still consider that the prospect of developing this business is promising and will play a role in the Group's future strategic plan in the long run. As to investment in securities, the Group gained a small profit of approximately HK$1,018,000 (2015: loss of HK$19,330,000) from investment in securities amidst the volatility in local stock market. As at 30 June 2016, the Group held listed securities of approximately HK$43,120,000 (2015: HK$23,921,000).

The total amount of other administrative expenses during the period slightly increased 3.78% to approximately HK$64,983,000 mainly due to rise in staff costs, rental expenses, depreciation and amortisation, (2015: HK$62,616,000) and the finance costs rose by 164.45% to approximately HK$9,959,000 (2015: HK$3,766,000) which was mainly incurred for the issued bonds and increase in other borrowings.

During the year, the claim of China Gold Finance Limited against the Company for an outstanding loan together with the associated loan interest, as set out in note 6(a) to this announcement, was finally dismissed by the Court of Appeal. A total sum of approximately HK$69,313,000 representing the write-back of loan principal, interest payable and provision of litigation previously provided in the accounts of the Group. With the benefit mainly from such write-back, a profit for the year attributable to owners of the Company of approximately HK$18,101,000 was recorded (2015: loss of HK$61,481,000) and basic earnings per share for the year was HK0.60 cents (2015: loss per share of HK2.45 cents).

Business review and outlook

Distribution of server storage, multi-media and communication products

Our operation in this sector has established a long and distinguished track record as a provider of storage infrastructure. Our professionalism and dedication to storage technology enables us to provide better hardware and software solutions to align perfectly with the business requirements of our customers, whether a personal office or a large enterprise. We believe that the next generation of products and solutions offered to our customers should embrace a broad range of enterprise management technologies and processes and utilize a high degree of software-hardware integration.

In order to regain competitive edge, we will put more resources to provide quality services to our customers by designing innovative tailor-made technical solutions to meet their corporate needs which has the advantages of easy deployment and maintenance, high degree of flexibility, scalability as well as built-in resilience.

Money lending

Money lending is an important area that the Group targets to explore and further develop. The Group has commenced this segment two years ago with small-scale transactions which enable the Group to familiarise itself with the business with minimum business risk. The management is actively seeking potential transactions with high returns and acceptable level of risk. In addition, the Group is evaluating the business model of this operation for maximizing the synergies between the core businesses within the Group.

The management believes that engaging in money lending business will further broaden the income base of the Group and provide more financial solutions to our customers. According to the research carried out by the management of the Group, there is a constant demand in the market for the business to grow subject to the availability of capital. However, in light of the uncertainty of the local properties market and the economy as a whole, the Group does not intend to expand this segment in a rapid manner but will only advance new loans to those borrowers whose have good financial credit rating and all overdue balances are reviewed regularly by our senior management.

Investment in securities

For the securities trading business, the Group will carefully study the market and information of the prospective investee before any purchase of securities. The Group will maintain the current portfolio size unless it becomes aware of any great market potential in securities.

The Group had adopted an approach so that the investment portfolio can achieve a reasonable return at an acceptable risk level. The Group will hold a diversified portfolio across different segments of the market. As the funds for this segment is from the idle funds from time to time, the Group may have its securities portfolio reduced gradually once its fund in due for deployment in planned fund use purposes.

Distribution of rick cooker and household electrical appliances

As mentioned in our 2015 Annual Report, Indonesia was the first country selected by the Group to explore the market potential in the Southeast Asia. For this purpose, we had set up a subsidiary in Singapore to oversee the sales and distribution operation in Indonesia and through which, a country agent in Indonesia was appointed. Nevertheless, difficulties were encountered in brand promotion and distribution during the course of market penetration and we decided to adopt a more prudence strategy by holding up the business development in Indonesia temporarily so as to preserve our financial and human resources until the problem is overcome. The subsidiary in Singapore had been disposed in prior year.

Meanwhile, we continue to study the market potential in other countries in the Southeast Asia and is now negotiating with a prospective partner with a view to entering into a country distribution agreement under which our products supplied under the “Hotor” brand could be promoted and marketed in the countries in ASEAN, including Malaysia.

Other new businesses

At the moment, the Group is still working on a new project of distribution, marketing and service of the sports car branded “Gumpert Apollo” which details were set out in our 2015 Annual Report.

In November 2014, the Group acquired a ten-year rights of distribution, marketing and service of sports car “Gumpert Apollo” in five designated cities in the PRC. The Group believes that the acquisition of the distribution rights could diversify the Group’s business portfolio and allow the Group to enter into the supercar market in the PRC and broaden the Group’s source of income. At the date of this announcement, the Group’s vehicles distribution business is yet to commence pending for the automaker to put its newly launched model, namely “Apollo Arrow” as appeared in the 2016 Geneva Motor Show, for factory production. As the timeline for launching this new model is moving behind schedule and accordingly, contribution from this business has been delayed.

Nevertheless, having considered the prospects of the supercar market in the PRC especially the recent year's surge of high-net-worth individuals in PRC which lead to the potential increase in the demand of luxurious cars, and the aforesaid branded vehicles in particular, the Board is confident that the operation of the vehicle distributorship business will contribute positively to the Group in the future. We have communicated with the automaker closely so that shipment of our first order could be delivered as early as possible.

Looking ahead, the Group will dedicate its efforts to the established businesses. Besides, the Group will also continue to seek other high potential projects in the PRC and overseas in a cautious manner. It will maintain this diversification strategy with a view to providing steady returns as well as fruitful growth to its shareholders.

Liquidity and capital resources

During the year ended 30 June 2016, the Company had issued new shares of 250,000,000, 252,000,000 and 602,500,000 respectively in three separate placements for cash (note 18 to this announcement). The total net proceeds of approximately HK$106,579,000, after deducting placing commission and other related expenses, was applied towards general working capital and for financing new investment opportunities.

As at 30 June 2016, the Group had net assets of approximately HK$175,691,000 (2015: HK$53,029,000), comprising total assets of approximately HK$303,275,000 (2015: HK$207,619,000) and total liabilities of approximately HK$127,584,000 (2015: HK$154,590,000).

Total assets included total non-current assets of approximately HK$63,689,000 (2015: HK$83,236,000) and total current assets of approximately HK$239,586,000 (2015: HK$124,383,000). During the year, the Group had acquired new fixed assets amounting to approximately HK$14,969,000 at cost and the total net balance of property, plant and equipment increased to approximately HK$15,842,000 (2015: HK$6,134,000). However, total non-current assets still declined due to the a significant amount of deposits classified as non-current in the previous year was reallocated to prepayments, deposits and other receivables as current assets in the year ended 30 June 2016 (note 14 to this announcement).

Apart from the such relocation of deposits to current assets, increase in current loans receivable arising from expansion in money lending business to approximately HK$23,159,000 (2015: HK$6,700,000) and increase in the amount of investments at fair value through profit or loss to approximately HK$43,120,000 (2015: HK$23,921,000) were the other major factors attributable to the significant growth in current assets, notwithstanding that the approximate balances of inventories and trade receivables relating to distribution of server storage, multi-media and communication products as a result of shrink in business during the year had dropped to HK$3,088,000 and HK$15,736,000 respectively at 30 June 2016 (2015: HK$13,261,000 and HK$37,602,000 respectively).

Total current assets was also boosted up by the total bank deposits and cash of approximately HK$118,104,000 at the end of year (2015: HK$32,663,000), which included a pledged fixed deposit of approximately HK$20,006,000 (2015: HK$20,789,000). The increase in cash resources was mainly attributable to the proceeds from new shares issued for cash and raising of fresh loans during the year. The bank balances and cash of the Group were denominated in Hong Kong Dollars ("HKD"), Chinese Renminbi ("RMB") and United States Dollars ("USD").

Total liabilities comprised current liabilities of approximately HK$106,752,000 (2015: HK$112,467,000) and non-current liabilities of approximately HK$20,832,000 (2015: HK$42,123,000). It was mainly represented by the total of current and non-current borrowings aggregating to approximately HK$117,456,000 (2015: HK$80,119,000) (note 17 to this announcement). The increase of 46.6% in total borrowings was represented by new lending including bank borrowings, margin loan and other advances raised. During the year, the Group had written back interest payable of approximately HK$10,196,000 and provision for litigation of approximately HK$41,429,000 which were related to payables in respect of litigation settled, thus reducing the balance of accruals, deposits received and other payables to approximately HK$6,086,000 (2015: HK$62,210,000). Trade payable also decreased to approximately HK$3,327,000 as a result of drop in business of server distribution, multi-media and communication products (2015: HK$11,857,000).

The current ratio, representing by current assets divided by current liabilities, had improved to 2.24 (2015: 1.11).

As at 30 June 2016, the aggregate amount of bank borrowings, margin loan payable and other loans of approximately HK$76,624,000 (2015: HK$38,141,000) were denominated in HKD and USD, and were subject to interest at prevailing commercial lending rates. Together with outstanding bonds of approximately HK$40,832,000 (2015: HK$41,978,000) which were denominated in HKD, total borrowings amounted to approximately HK$117,456,000 (2015: HK$80,119,000).

As a result of the issue of new shares and the gains arising from written back of payables in relation to litigation settled during the year, total equity of the Group had improved substantially to approximately HK$175,691,000 as at 30 June 2016 (2015: HK$53,029,000). The gearing ratio, measuring as the total borrowings over total equity of had lowered to 0.67 (2015: 1.51).

The directors of the Company are of the opinion that, after taking into account of the present available financial resources and the current banking and other facilities, the Group has sufficient fund to finance its operations and to meet the financial obligations of its business when they fall due.

Pledge of assets

As at 30 June 2016, the Group's banking facilities are secured by the fixed deposit of the Company amounting to approximately HK$20,006,000 (2015: HK$20,789,000), fixed charge over trade receivables of the Group with an aggregate carrying amount of HK$11,645,000 (2015: HK$33,769,000) and a corporate guarantee executed by the Company.

As at 30 June 2016, the Group's margin loans are secured by the Group's listed equity investments with aggregate amount of approximately HK$43,120,000 (2015: HK$9,479,000).

Foreign currency exposure

The Group's monetary assets and transactions are principally denominated in HKD, Renminbi ("RMB") and United States Dollars ("USD"). The management considers that the Group's exposure to USD does not give rise to significant currency risk on the ground that HKD is pegged to USD. The Group exposes to currency risk that are denominated in RMB and currently does not have any hedging policy against RMB. However, the management has monitored the Group's currency exposure closely and will consider hedging significant foreign exchange risk exposure should the need arise.

Commitments

Except for operating lease commitments in respect of land and buildings amounting to approximately HK$10,424,000 (2015: HK$3,676,000), the Group had no other commitment as at 30 June 2016. As at 30 June 2015, the Group had capital commitment of approximately HK$5,409,000.

Material acquisitions and disposals

The Group had no material acquisitions and disposals of subsidiaries during the year ended 30 June 2016.

Employees and remuneration policy

The Group had 54 employees as at 30 June 2016 (2015: 50). They were remunerated according to the prevailing manpower conditions and individual performance. There was no change on the staff policy during the year. During the year ended 30 June 2016, the staff cost (including directors' remunerations) amounted to approximately HK$24,864,000 (2015: HK$22,912,000). The Company may grant share options to directors of the Company, employees of the Group and other eligible participants under the share option scheme adopted and approved in the year 2011. There were 78,000,000 (2015: 78,000,000) share options outstanding under the share option scheme as at 30 June 2016.

Contingent liabilities

The Group has no contingent liabilities as at 30 June 2016.

Events after the end of the reporting period

On 28 June 2016, the Company announced that Season Blossom Limited, an indirectly wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding ("MOU") with sellers for a proposed acquisition of 63% of the issued share capital of a target company (the "Target Company") and 63% of the shareholders' loan due from the Target Company for the aggregate consideration of GBP4,410,000 (or equivalent to approximately HK$45,300,000), which is subject to upward adjustment with terms as announced in the Company's announcement on 28 June 2016. The Target Company through its subsidiary principally engaged in the business of hotel operations in the United Kingdom. A refundable deposit of GBP714,000 shall be payable within 5 business days after the date of MOU which shall be refunded and returned to the Group without interest if sales and purchase agreement is not entered into or before 29 July 2016 or such other dates agreed in writing or terminates in accordance with the terms of sales and purchase agreement. On 29 July 2016, the Company announced that the Group served a notice to the sellers to terminate MOU. Up to the date of this announcement, the entire deposit has been received in full by the Group.

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

Neither the Company, nor any subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2016.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Company has applied the principles of the Corporate Governance Code (the CG Code") setting out in Appendix 14 of the Listing Rules therein as its own code on corporate governance practices. In the opinion of the Board of the Company, the Company has complied with the CG Code during the year ended 30 June 2016, except for the deviation from code provision A.2.1.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. The chairman of the Company has doubled up as CEO since 12 August 2014 on a temporary basis due to the resignation of the former CEO from the position. The Board is still in the course of identifying a suitable candidate as the new CEO.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct for dealing in securities of the Company by the directors of the Company. Having made specific enquiry, all of the directors of the Company confirmed that they had complied with the Model Code throughout the year ended 30 June 2016. The Model Code also applies to the senior management of the Group.

Compliance with the Listing Rules

During the year, the Group entered into an agreement to grant a loan to an independent third party in the ordinary course of its money lending business. However, the Group overlooked the size of the transaction which rendered the loan to be a major transaction as defined in the Listing Rules. Having noted this, the Group took immediate remedial actions by filing a submission to the HKEX to admit inadvertent oversight due to misunderstanding of the Listing Rules and taking all necessary reporting, announcement and approval procedures to the satisfaction of the HKEX subsequently. Since then, the Group has enhanced its internal control procedures to the effect that prior to entering into any loan agreements, the proposed loan terms will be reviewed for the purpose of preparing the relevant size-tests to check whether disclosure obligations and/or shareholders' approval requirements are required. In the event that disclosure and/or shareholders' approval are required, the Group will engage professional advisors for the compliance of the Listing Rules.

REVIEW OF RESULTS BY AUDIT COMMITTEE AND AUDITORS

The Audit Committee of the Company has reviewed with the management regarding the accounting principles and practices adopted by the Group in respect of the Group's consolidated financial statements for the year ended 30 June 2016 and has discussed internal controls and financial reporting matters including a review of the figures. The committee was established in compliance with Rule 3.21 of the Listing Rules and the membership currently comprises all three existing independent non-executive directors of the Company.

The figures in respect of this preliminary announcement of the Group's results for the year ended 30 June 2016 have been agreed by the Group's auditors, Messrs. Graham H.Y. Chan & Co., to the amounts set out in the Group's consolidated financial statements for the year ended 30 June 2016. The work performed by Messrs. Graham H.Y. Chan & Co. in this respect does 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 HKICPA and consequently no assurance has been expressed by Messrs. Graham H.Y. Chan & Co. on this preliminary results announcement.

PUBLICATION OF RESULTS ON THE INTERNET

This announcement of final results is published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.cil479.com.hk under the section of "Announcement". The annual report of the Group for the year ended 30 June 2016 containing all the information required by Appendix 16 of the Listing Rules will also be published on both websites in due course.

On behalf of the Board
CIL Holdings Limited
Ke Jun Xiang
Chairman

Hong Kong, 30 September 2016

As at the date of this announcement, the executive directors of the Company are Mr. Ke Jun Xiang (Chairman and Chief Executive Officer), Mr. Wilson Wong (Deputy Chairman), Ms. Lo Yuen Chung and Mr. Fu Daoding; the non-executive directors of the Company are Mr. Chow Yeung Tuen, Richard and Mr. Li Chung Kai Philip; and the independent non-executive directors of the Company are Mr. Kwok Yam Sheung, Mr. Chan Siu Kay and Mr. Choi Chin Yu.