*e*PRO

EPRO LIMITED

易寶有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8086)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2012

Characteristics of the GROWTH ENTERPRISE MARKET (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *for identification purposes only*

RESULTS

The board of directors (the "Board") of EPRO Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2012, together with the comparative audited figures for the corresponding year in 2011 as follows:

Consolidated Income Statement
Year ended 30 June 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
REVENUE	5, 6	**1,416,012**	192,849
Cost of sales		**(802,405)**	(84,994)
Gross profit		**613,607**	107,855
Other income and gains	6	**4,008**	4,253
Selling and distribution costs		**(378,961)**	(662)
Administrative expenses		**(74,687)**	(29,336)
Finance costs	8	**(30)**	(4,084)
Share of profits and losses of associates		**5**	(23)
PROFIT BEFORE TAX	7	**163,942**	78,003
Income tax expense	9	**(32,185)**	(6,553)
PROFIT FOR THE YEAR		**131,757**	71,450
Attributable to:			
Owners of the Company		**131,490**	71,450
Non-controlling interests		**267**	–
		131,757	71,450
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11		
– Basic		**2.45 cents**	2.32 cents
– Diluted		**2.44 cents**	1.54 cents

Consolidated Statement of Comprehensive Income

Year ended 30 June 2012

	2012	2011
	HK$'000	*HK$'000*
Profit for the year	**131,757**	71,450
Other comprehensive income for the year, net of tax:		
Available-for-sale investments:		
Changes in fair value	**–**	286
Reclassification adjustments for losses included in the consolidated income statement – loss on disposal	**(286)**	–
Exchange difference arising on translation of foreign operations	**(282)**	(2,178)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**131,189**	69,558
Total comprehensive income attributable to:		
Owners of the Company	**130,902**	69,558
Non-controlling interests	**287**	–
	131,189	69,558

Consolidated Statement of Financial Position
30 June 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	12	**5,276**	56,090
Goodwill		**10,436**	–
Other intangible assets		**23,160**	–
Interests in associates		**472**	467
Available-for-sale investments		**–**	51,012
Total non-current assets		**39,344**	107,569
CURRENT ASSETS			
Inventories		**2**	3
Trade receivables	13	**70,419**	72,977
Prepayments, deposits and other receivables		**146,245**	7,289
Equity investments at fair value through profit or loss		**2,353**	1,929
Pledged deposits	14	**10,920**	3,524
Cash and cash equivalents	14	**123,063**	200,484
Total current assets		**353,002**	286,206
CURRENT LIABILITIES			
Trade payables	15	**6,642**	2,825
Other payables and accruals		**23,746**	10,806
Deposits received in advance		**24,885**	–
Deferred revenue		**317**	537
Due to associates		**294**	–
Tax payables		**31,206**	4,800
Total current liabilities		**87,090**	18,968
NET CURRENT ASSETS		**265,912**	267,238
TOTAL ASSETS LESS CURRENT LIABILITIES		**305,256**	374,807
NON-CURRENT LIABILITIES			
Convertible notes		**–**	10,567
Deferred tax liabilities		**7,700**	1,900
Total non-current liabilities		**7,700**	12,467
Net assets		**297,556**	362,340
EQUITY			
Equity attributable to owners of the Company			
Issued capital	16	**53,136**	52,115
Reserves		**242,633**	246,095
Proposed final dividends		**–**	62,630
		295,769	360,840
Non-controlling interests		**1,787**	1,500
Total equity		**297,556**	362,340

Consolidated Statement of Changes in Equity

Year ended 30 June 2012

	Attributable to owners of the Company											
	Issued capital *HK$'000*	Share premium *HK$'000*	Option reserve *HK$'000*	Equity component of convertible notes *HK$'000*	Available-for-sales investment revaluation reserve *HK$'000*	Capital redemption reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Retained profits *HK$'000*	Proposed final dividends *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 July 2011	**52,115**	**223,488**	**2,231**	**1,360**	**286**	**–**	**(7,262)**	**25,992**	**62,630**	**360,840**	**1,500**	**362,340**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(286)**	**–**	**(302)**	**131,490**	**–**	**130,902**	**287**	**131,189**
Exercise of share options	**39**	**3,878**	**(2,231)**	**–**	**–**	**–**	**–**	**–**	**–**	**1,686**	**–**	**1,686**
Issue of shares on conversion of convertible notes	**2,317**	**9,640**	**–**	**(1,360)**	**–**	**–**	**–**	**–**	**–**	**10,597**	**–**	**10,597**
Repurchase and cancellation of shares	**(1,335)**	**(145,067)**	**–**	**–**	**–**	**1,335**	**–**	**(1,335)**	**–**	**(146,402)**	**–**	**(146,402)**
Payment of 2011 final dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(61,854)**	**(61,854)**	**–**	**(61,854)**
Adjustment for 2011 final dividends *(note (a))*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**776**	**(776)**	**–**	**–**	**–**
At 30 June 2012	**53,136**	**91,939***	**–***	**–***	**–***	**1,335***	**(7,564)***	**156,923***	**–**	**295,769**	**1,787**	**297,556**

* These reserve accounts comprise the consolidated reserves of HK$242,633,000 (2011: HK$246,095,000) in the consolidated statement of financial position.

Note:

(a) The adjustment for 2011 final dividends was due to the repurchase and cancellation of 67,500,000 ordinary shares of the Company prior to the record date of the 2011 final dividends which were not ranked for dividend payment.

Year ended 30 June 2011

	Attributable to owners of the Company											
	Issued capital *HK$'000*	Share premium *HK$'000*	Option reserve *HK$'000*	Equity component of convertible notes *HK$'000*	Available-for-sales investment revaluation reserve *HK$'000*	Capital redemption reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Retained profits/ (Accumulated losses) *HK$'000*	Proposed final dividends *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 July 2010	33,617	12,210	2,436	2,621	–	–	(5,084)	(13,083)	–	32,717	–	32,717
Total comprehensive income for the year	–	–	–	–	286	–	(2,178)	71,450	–	69,558	–	69,558
Capital reduction	(30,255)	–	–	–	–	–	–	30,255	–	–	–	–
Issue of shares, net of share issue expenses	4,000	13,955	–	–	–	–	–	–	–	17,955	–	17,955
Issue of convertible notes	–	–	–	26,554	–	–	–	–	–	26,554	–	26,554
Direct transaction cost attributable to the equity component of convertible notes	–	–	–	(133)	–	–	–	–	–	(133)	–	(133)
Exercise of share options	4	373	(205)	–	–	–	–	–	–	172	–	172
Issue of shares on conversion of convertible notes	44,749	196,950	–	(27,682)	–	–	–	–	–	214,017	–	214,017
Capital injection from non-controlling interest of a subsidiary	–	–	–	–	–	–	–	–	–	–	1,500	1,500
Proposed final dividends	–	–	–	–	–	–	–	(62,630)	62,630	–	–	–
At 30 June 2011	52,115	223,488	2,231	1,360	286	–	(7,262)	25,992	62,630	360,840	1,500	362,340

Notes:

1. CORPORATE INFORMATION

EPRO Limited ("the Company") is a limited liability company incorporated in the Cayman Islands on 15 March 2000 under the Companies Law of the Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 2 August 2000.

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The principal place of business of the Company is located at Room 1501, 15/F, Tung Hip Commercial Building, 244-248 Des Voeux Road Central, Hong Kong.

The Group's principal activities comprised of provision of professional information technology ("IT") contract and maintenance services. During the year, the Group also extended its business into the operation of E-commerce and provision of online sales platform.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for equity investments and available-for-sales investments, which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's consolidated financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation And Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Dislcosures – Transfer of Financial Assets
HKAS 24 (Revised)	Related Party Disclosures
HKAS 12 Amendments	Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets
HK(IFRIC) – Int 14	Amendments to HK(IFRIC) – Int 14 Prepayments of a Amendments Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in Improvements to HKFRSs 2010, the adoption of these new and revised HKFRSs has had no significant financial effect on these consolidated financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

HKFRS 7 Amendment	Amendments to HKFRS 7 *Financial Instruments: Disclosures – offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statement*[2]
HKFRS 11	*Joint Arrangement*[2]
HKFRS 12	D*isclosure of Interests in other entities*[2]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statement*[2]
HKAS 28 (2011)	*Investments in Associate and Joint Ventures*[2]
HKAS 1 Amendments	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income[1]
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial liabilities[3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]
Annual Improvements Project	Annual Improvements to HKFRSs 2009-2011 Cycle[2]

[1] Effective for annual periods beginning on or after 1 July 2012

[2] Effective for annual periods beginning on or after 1 January 2013

[3] Effective for annual periods beginning on or after 1 January 2014

[4] Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that the adoption of these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

5. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of professional IT contract and maintenance services.

During the year ended 30 June 2012, the Group extended its business into the operation of E-commerce and provision of online sales platform and accordingly, the management of the Group has re-determined their reportable operating segments to reflect such extension.

For management purposes, the Group is organised into business units based on their nature and has two reportable operating segments as follows:

(a) provision of professional IT contract and maintenance services; and

(b) E-commerce and provision of online sales platform.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, fair value gains/(losses) from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 30 June 2012

	Professional IT contract and maintenance services segment *HK$'000*	E-commerce and provision of online sales platform segment *HK$'000*	Total *HK$'000*
Segment revenue	131,123	1,284,889	1,416,012
Segment results	16,687	154,425	171,112
Unallocated other income and gains			1,242
Unallocated expenses			(8,387)
Profit from operations			163,967
Finance costs			(30)
Share of profits of an associate			5
Profit before tax			163,942
Income tax expense			(32,185)
Profit for the year			131,757
Segment assets	96,362	259,207	355,569
Unallocated assets			36,777
Total assets			392,346
Segment liabilities	13,344	41,618	54,962
Unallocated liabilities			39,828
Total liabilities			94,790
Capital expenditure	1,879	1,544	3,423
Unallocated capital expenditure			–
			3,423
Depreciation and amortisation	1,693	439	2,132
Unallocated depreciation and amortisation			860
			2,992

Year ended 30 June 2011

The directors of the Company are of the opinion that no operating segment information is presented in these financial statements as the Group had only one operating segment during the year ended 30 June 2011 which was the provision of professional IT contract and maintenance services.

Geographical information

(a) *Revenue from external customers*

The revenue information is based on the location of the customers.

Year ended 30 June 2012

	North America	**South America**	**Africa**	**Europe**	**Asia**	**Oceania**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue:							
Professional IT contract and maintenance services	**–**	**–**	**–**	**–**	**131,123**	**–**	**131,123**
E-commerce and provision of online sales platform	**123,244**	**359,959**	**2,266**	**512,480**	**244,148**	**42,792**	**1,284,889**
	123,244	**359,959**	**2,266**	**512,480**	**375,271**	**42,792**	**1,416,012**

Year ended 30 June 2011

	North America	South America	Africa	Europe	Asia	Oceania	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:							
Professional IT contract and maintenance services	–	–	–	–	192,849	–	192,849
E-commerce and provision of online sales platform	–	–	–	–	–	–	–
	–	–	–	–	192,849	–	192,849

(b) Segment assets

Year ended 30 June 2012

	North America HK$'000	South America HK$'000	Africa HK$'000	Europe HK$'000	Asia HK$'000	Oceania HK$'000	Consolidated HK$'000
Segment assets	**–**	**–**	**–**	**–**	**392,346**	**–**	**392,346**
Capital expenditure	**–**	**–**	**–**	**–**	**3,423**	**–**	**3,423**

Year ended 30 June 2011

	North America HK$'000	South America HK$'000	Africa HK$'000	Europe HK$'000	Asia HK$'000	Oceania HK$'000	Consolidated HK$'000
Segment assets	–	–	–	–	393,775	–	393,775
Capital expenditure	–	–	–	–	54,403	–	54,403

Information about a major customer

A major customer of the Group accounted for approximately 7% (2011: 41%) of the total revenue during the year ended 30 June 2012.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of provision of professional IT contract and maintenance services and the transaction price arising from E-commerce and provision of online sales platform.

An analysis of the Group's revenue, other income and gains is as follows:

	2012	2011
	HK$'000	*HK$'000*
Revenue:		
Provision of professional IT contract and maintenance services	**131,123**	192,849
E-commerce and provision of online sales platform	**1,284,889**	–
	1,416,012	192,849
Other income and gains:		
Interest income	**87**	134
Dividend income from equity investments at fair value through profit or loss	**28**	8
Reversal of impairment of trade receivables *(note 13)*	**296**	–
Fair value gain on equity investments at fair value through profit or loss	**424**	–
Gain on disposal of equity investments at fair value through profit or loss	**671**	–
Gain on disposal of property, plant and equipment *(note 12)*	**1,085**	–
Exchange gains, net	**1**	3,575
Write-back of trade payables	**118**	–
Write-back of other payables and accruals	**832**	–
Government grants received	**–**	532
Others	**466**	4
	4,008	4,253
Total revenue, other income and gains	**1,420,020**	197,102

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2012	2011
	HK$'000	*HK$'000*
Cost of sales#		
Provision of professional		
IT contract and maintenance services	**94,193**	84,994
E-commerce and provision of online sales platform	**708,212**	–
	802,405	84,994
Depreciation of property, plant and equipment	**2,992**	2,080
Minimum lease payments under		
operating leases in respect of land and building	**5,175**	3,530
Write-off of property, plant and equipment	**–**	84
Loss on disposal of an available-for-sale investment	**3,024**	–
Fair value loss on equity investments at fair value		
through profit or loss	**–**	92
Auditors' remuneration	**650**	450
Staff costs (including directors' remuneration):		
Wages and salaries	**17,340**	8,886
Net pension scheme contributions*	**2,057**	512
	19,397	9,398
Interest income	**(87)**	(134)
Exchange gains, net	**(1)**	(3,575)
Reversal of impairment of trade receivables	**(296)**	–
Dividend income from equity investments at fair value		
through profit or loss	**(28)**	(8)
Fair value (gain)/loss on equity investments at fair value		
through profit or loss	**(424)**	92
Gain on disposal of property, plant and equipment	**(1,085)**	–
Gain on disposal of equity investments at fair value		
through profit or loss	**(671)**	–
Write-back of trade payables	**(118)**	–
Write-back of other payables and accruals	**(832)**	–
Government grants received	**–**	(532)

* At 30 June 2012, the Group did not have forfeited contributions available to reduce its contributions to the pension scheme in future years (2011: Nil).

\# The technical expenses for the year of HK$60,384,000 (2011: HK$57,428,000) are included in "cost of sales" in the consolidated income statement.

8. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Notional interest on convertible notes at effective interest rate	**30**	4,084
Total finance costs	**30**	4,084

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided for the year ended 30 June 2012 at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits after deducting accumulated tax losses brought forward during the year.

Taxes on profits in respect of Group companies operating elsewhere have been calculated at the rates of tax prevailing in the respective tax countries/jurisdictions in which they operate based on existing legislation, interpretations and practices in respect thereof.

	2012	2011
	HK$'000	*HK$'000*
Group:		
Current tax – Hong Kong		
Charge for the year	**26,208**	4,800
Current tax – Elsewhere	**177**	153
Deferred tax	**5,800**	1,600
Total tax charged for the year	**32,185**	6,553

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the countries in which the Company and its subsidiaries are domiciled to the tax expenses at the effective tax rate is as follows:

	2012		2011	
	HK$'000	***%***	*HK$'000*	*%*
Profit before tax	**163,942**		78,003	
Tax calculated at Hong Kong tax rates	**27,050**	**16.5**	12,870	16.5
Effect of different taxation rate in overseas	**1,070**	**0.6**	879	1.1
Income not subject to tax	**(1,496)**	**(0.9)**	(1,311)	(1.7)
Expenses not deductible for tax	**5,082**	**3.1**	964	1.2
Tax losses utilised from previous periods	**(84)**	**–**	(7,980)	(10.2)
Unrecognised deferred tax assets	**736**	**0.4**	1,008	1.3
Other	**(173)**	**(0.1)**	123	0.2
Tax charge at effective tax rate of 19.6% (2011: 8.4%)	**32,185**	**19.6**	6,553	8.4

10. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Proposed final dividend of HK$Nil (2011: HK1.15 cents) per ordinary share	**–**	62,630

The directors did not recommend any dividend for the year ended 30 June 2012 (2011: HK1.15 cents per share).

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculations of basic and diluted earnings per share are based on:

	2012	2011
	HK$'000	*HK$'000*
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculations	**131,490**	71,450
Notional interest on convertible notes	**30**	4,084
Profit for the purposes of diluted earnings per share	**131,520**	75,534

	Numbers of shares	
	2012	2011
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**5,365,273,286**	3,077,961,311
Effect of dilutive potential ordinary shares		
– convertible notes	**14,676,149**	1,814,483,652
– share options	**664,091**	2,530,991
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,380,613,526**	4,894,975,954

12. PROPERTY, PLANT AND EQUIPMENT

	Land and building *HK$'000* *(note)*	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Computer equipment and software *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
30 June 2012						
At 1 July 2011:						
Cost	**52,197**	**1,638**	**2,854**	**10,492**	**145**	**67,326**
Accumulated depreciation and impairment	**(362)**	**(814)**	**(1,931)**	**(8,078)**	**(51)**	**(11,236)**
Net carrying amount	**51,835**	**824**	**923**	**2,414**	**94**	**56,090**
At 1 July 2011, net of accumulated depreciation and impairment	**51,835**	**824**	**923**	**2,414**	**94**	**56,090**
Additions	**–**	**924**	**228**	**1,150**	**134**	**2,436**
Acquisition of subsidiaries	**–**	**–**	**987**	**–**	**–**	**987**
Depreciation provided during the year	**(604)**	**(493)**	**(578)**	**(1,273)**	**(44)**	**(2,992)**
Disposal	**(51,231)**	**(75)**	**–**	**–**	**–**	**(51,306)**
Exchange realignment	**–**	**9**	**12**	**38**	**2**	**61**
At 30 June 2012, net of accumulated depreciation and impairment	**–**	**1,189**	**1,572**	**2,329**	**186**	**5,276**
At 30 June 2012:						
Cost	**–**	**2,494**	**5,111**	**11,715**	**281**	**19,601**
Accumulated depreciation and impairment	**–**	**(1,305)**	**(3,539)**	**(9,386)**	**(95)**	**(14,325)**
Net carrying amount	**–**	**1,189**	**1,572**	**2,329**	**186**	**5,276**

	Land and building HK$'000 *(note)*	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Computer equipment and software *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
30 June 2011						
At 1 July 2010:						
Cost	–	1,083	2,170	9,778	138	13,169
Accumulated depreciation and impairment	–	(658)	(1,706)	(7,068)	(21)	(9,453)
Net carrying amount	–	425	464	2,710	117	3,716
At 1 July 2010, net of accumulated depreciation and impairment	–	425	464	2,710	117	3,716
Additions	52,197	677	638	891	–	54,403
Write off	–	(84)	–	–	–	(84)
Depreciation provided during the year	(362)	(206)	(196)	(1,288)	(28)	(2,080)
Exchange realignment	–	12	17	101	5	135
At 30 June 2011, net of accumulated depreciation and impairment	51,835	824	923	2,414	94	56,090
At 30 June 2011:						
Cost	52,197	1,638	2,854	10,492	145	67,326
Accumulated depreciation and impairment	(362)	(814)	(1,931)	(8,078)	(51)	(11,236)
Net carrying amount	51,835	824	923	2,414	94	56,090

Note:

The Group's land and building was situated in Hong Kong and was held under a medium lease term.

The Company engaged an independent valuer, Ascent Partners Transaction Service Limited, to assess the market value (the "Market Value") of its land and building as at 30 June 2011 and no impairment was made as the Market Value was higher than the carrying amount of the land and building.

During the year ended 30 June 2012, the land and building was disposed at a consideration of HK$52,500,000 and a gain of approximately HK$1,085,000 (note 6) was recognised in the consolidated income statement, after deducting a direct cost of approximately HK$109,000.

13. TRADE RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**57,547**	62,869
Due from contract customers *(note a)*	**14,520**	12,044
Impairment	**(1,648)**	(1,936)
	70,419	72,977

Note (a):

	2012	2011
Contract work in progress:		
Contract costs incurred plus recognised profits less recognised losses to date	**15,400**	16,420
Less: Progress billings	**(880)**	(4,376)
Gross amount due from contract customers	**14,520**	12,044

The movements in provision for impairment of trade receivables are as follows:

	2012	2011
	HK$'000	*HK$'000*
At 1 July	**1,936**	1,681
Reversal of impairment *(note 6)*	**(296)**	–
Amount written off as uncollectible	**(13)**	–
Exchange realignment	**21**	255
At 30 June	**1,648**	1,936

Apart from E-commerce, the Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trading receivables relate to diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

A full payment in advance is normally required from E-commerce customers. Therefore, there is no significant credit risk for E-commerce business.

The Group's terms on credit sales primarily range from 30 to 180 days (2011: 30 to 180 days).

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Current	**68,844**	64,036
31 – 60 days	**237**	6,204
61 – 90 days	**99**	816
91 – 180 days	**658**	470
Over 180 days	**581**	1,451
	70,419	72,977

The aged analysis of the trade receivables that are not (neither individually nor collectively) considered to be impaired is as follows:

	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**68,785**	45,173
Less than 1 month past due	**212**	26,659
1 to 3 months past due	**184**	436
3 to 6 months past due	**798**	3
Over 6 months	**440**	706
	70,419	72,977

Receivables that were neither past due nor impaired relate to diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment 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. The Group does not hold any collateral or other credit enhancements over these balances.

14. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2012	2011
	HK$'000	*HK$'000*
Cash and bank balances	**123,063**	200,484
Time deposits	**10,920**	3,524
	133,983	204,008
Less: Pledged time deposits for securing banking facilities	**(10,920)**	(3,524)
Cash and cash equivalents	**123,063**	200,484

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$18,000,000 (2011: HK$8,902,000). RMB is not freely convertible into other currencies. However, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Included in the cash and cash equivalents as at 30 June 2012 was US$2,000,000 (equivalent to approximately HK$15,600,000) being amount freezed by Paypal subsequent to the end of the reporting period on 27 August 2012 as the Group was involved in a litigation (note 20).

The banking facilities of the Group were secured by:

(i) corporate unlimited guarantee executed by the Company during the year (2011: Nil); and

(ii) the pledge of certain of the Group's time deposits amounting to approximately HK$10,920,000 (2011: approximately HK$3,500,000).

15. TRADE PAYABLES

An aged analysis of trade payables as at the end of the reporting period, based on payment due date, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Current	**1,442**	1,738
31 – 60 days	**116**	10
61 – 90 days	**34**	227
Over 90 days	**5,050**	850
	6,642	2,825

16. SHARE CAPITAL

	Notes	2012 Number of shares	2012 Nominal value HK$'000	2011 Number of shares	2011 Nominal value HK$'000
Authorised:					
At 1 July, ordinary shares of HK$0.01 each (2011: HK$0.1 each)		**10,000,000,000**	**100,000**	10,000,000,000	1,000,000
Capital reduction	(a)	**–**	**–**	–	(900,000)
At 30 June, ordinary shares of HK$0.01 each		**10,000,000,000**	**100,000**	10,000,000,000	100,000
Issued and fully paid:					
At 1 July, ordinary shares of HK$0.01 each (2011: HK$0.1 each)		**5,211,499,570**	**52,115**	336,168,000	33,617
Capital reduction	(a)	**–**	**–**	–	(30,255)
Issue of shares	(b)	**–**	**–**	400,000,000	4,000
Exercise of share options	(c)	**3,920,000**	**39**	400,000	4
Conversion of shares from convertible notes	(d)	**231,680,000**	**2,317**	4,474,931,570	44,749
Repurchese and cancellation of shares	(e)	**(133,500,000)**	**(1,335)**	–	–
At 30 June, ordinary shares of HK$0.01 each		**5,313,599,570**	**53,136**	5,211,499,570	52,115

(a) Pursuant to a special resolution passed on 18 June 2010, the nominal value of all issued and unissued shares in the share capital of the Company was reduced from HK$0.10 to HK$0.01 per share (the "Capital Reduction"). The authorised share capital of the Company of HK$1,000,000,000 divided into 10,000,000,000 shares of HK$0.10 each had then been reduced to HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each. The issued share capital of the Company at that time of HK$33,616,800 had been reduced to HK$3,361,680 as a result of the reduction in par value of the shares in issue and the credit of HK$30,255,120 arising from the Capital Reduction was eliminated against the accumulated losses of the Company. The Capital Reduction was completed on 26 July 2010.

(b) On 30 April 2010, the Company entered into a subscription agreement (the "Subscription Agreement") with ChangAn investment Holdings II Limited and Innopac Holdings Limited (collectively the "Investors"). Pursuant to the Subscription Agreement, the Company conditionally agreed to allot and issue to the Investors (i) an aggregate of 400,000,000 subscription shares (the "Subscription Shares") at HK$0.05 per share for a total consideration of HK$20 million, and (ii) convertible notes with an aggregate principal amount of HK$225 million. On 10 August 2010, 400,000,000 Subscription Shares were issued. The net proceeds from the Subscription Shares was applied to set up and develop e-commerce business and as general working capital of the Group during the year ended 30 June 2011.

(c) (i) During the year ended 30 June 2011, a share option holder exercised his option rights to subscribe for an aggregate of 400,000 ordinary shares of the Company of HK$0.01 each at an exercise price of HK$0.43 per share. The proceeds of HK$172,000 had been fully applied as working capital of the Group during the year ended 30 June 2011; and

(ii) During the year ended 30 June 2012, certain share option holders exercised their option rights to subscribe for an aggregate of 3,920,000 ordinary shares of the Company of HK$0.01 each at an exercise price of HK$0.43 per share. The total proceeds of HK$1,685,600 has been fully applied as working capital of the Group during the year.

(d) (i) During the year ended 30 June 2011, convertible notes with principal amount of HK$25,000,000 ("CN1") were converted into 206,611,570 ordinary shares of the Company of HK$0.01 each at a conversion price of HK$0.121 per share. The net proceeds of CN1 had been fully applied as general working capital of the Group during the year ended 30 June 2010; and

(ii) The Group issued another convertible notes with principal amount of HK$225,000,000 ("CN2") during the year ended 30 June 2011, of which HK$213,416,000 had been converted into 4,268,320,000 ordinary shares of the Company of HK$0.01 each at a conversion price of HK$0.05 per share during the year ended 30 June 2012. The remaining CN2 with principal amount of HK$11,584,000 has also been converted into 231,680,000 ordinary shares of the Company of HK$0.01 each at a conversion price of HK$0.05 per share during the year. The net proceeds of CN2 was applied to the setting up and development of e-commerce business and as general working capital.

(e) During the year ended 30 June 2012, 133,500,000 ordinary shares of the Company of HK$0.01 each were repurchased and cancelled by the Company at an aggregate cash consideration of approximately HK$146,402,000. Details of which are as follows:

Month/year	**Number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Total consideration (before expense)**	**Total consideration (including expense)**
	'000 share	*HK$*	*HK$*	*HK$'000*	*HK$'000*
September 2011	15,000	1.04	0.89	15,143	15,199
October 2011	20,000	0.96	0.87	18,637	18,749
November 2011	32,500	1.16	1.07	36,432	36,596
February 2012	66,000	1.20	1.10	75,503	75,858
	133,500			145,715	146,402

Pursuant to section 37 of the Companies Law of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of HK$1,335,000 was transferred from the retained profits to the capital redemption reserve. The premium paid on repurchase of shares of HK145,067,000 was charged to the share premium account.

17. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties and staff quarters under operating lease arrangements. Such leases are negotiated for the terms ranging from one to three years.

At 30 June 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2012	2011
	HK$'000	*HK$'000*
Within one year	**5,736**	2,708
In the second to fifth years, inclusive	**4,916**	1,410
	10,652	4,118

18. CONTINGENT LIABILITIES

The Group

At 30 June 2011, the Group had executed performance bonds of HK$245,000 in respect of certain services provided by the Group which has been uplifted during the year ended 30 June 2012. The Group did not have any contingent liabilities as at 30 June 2012.

The Company

At 30 June 2012, the Company had contingent liabilities in respect of corporate unlimited guarantees for banking facilities granted to certain subsidiaries (2011: Nil). At the end of the reporting period, none of such facilities were utilized by its subsidiaries (2011: Nil).

19. COMMITMENTS

On 29 June 2012, the Group entered into a sale and purchase agreement with an independent third party. Pursuant to which, the Group will acquire (the "E-Perfect Acquisition") 100% equity interest in E-Perfect IT Limited and its subsidiary, 普暉信息科技(深圳)有限公司, (collectively, the "E-Perfect Group") at a cash consideration (the "Consideration") of HK$45,000,000. The E-Perfect Group is principally engaged in the provision of information and technology consultation services, provision of corporate information solution architecture, design and maintenance services and trading of computer equipment and accessories. The E-Perfect Acquisition has been completed subsequent to the end of the reporting period on 3 July 2012.

20. LITIGATION

Subsequent to the end of the reporting period on 16 August 2012, the Group became one of the defendants of a suit filed by Klipsch Group, Inc., (the "Plaintiff") in the court (the "Court") in the United States ("U.S.") in respect of (i) trademark counterfeiting; (ii) trademark infringement; and (iii) false designation of origin (the "Litigation"). The Plaintiff claimed that certain products (the "Klipsch-Branded Items") were registered by them in U.S. and some of infringing Klipsch-Branded Items had been sold to customers in U.S. via an online sales platform operated by the Group and thus, instructed Paypal to freeze US$2,000,000 (equivalent to HK$15,600,000) (the "Frozen Amount") from the Group's Paypal account on 27 August 2012.

On 14 September 2012, the Group filed a reply to the Court stating that the sales amount (the "Infringing Sales Amount") of the infringing Klipsch-Branded Items amounted to US$692 only and considered that the Frozen Amount was excessive. The Court ordered the Group to demonstrate the excess of the Frozen Amount by 21 September 2012 and indicated that it would rule on reducing the Frozen Amount on or before 27 September 2012 if sufficient evidence could be provided by the Group.

The directors are of the opinion that (i) the Infringing Sales Amount were not material; and (ii) the infringing Klipsch-Branded Items were supplied by one of their suppliers ("Supplier A") whereas, pursuant to a supplier agreement dated 1 July 2011 entered into between the Group and Supplier A, Supplier A has to indemnify the Group in full against all liabilities, damages, costs and expenses arising from (i) any breach of warranty in relation to their products; and/or (ii) any legal claims in respect of the product infringe, patent, copyright, design right and trade mark or other intellectual property right in relation to their products. Accordingly, the directors are of the view that the impact of the litigation would not be material to the financial position of the Group and consider that no provision has to be made in the consolidated financial statements of the Group for the year ended 30 June 2012.

21. RELATED PARTY TRANSACTIONS AND BALANCES

The Group had the following transactions with related parties during the year:

Compensation of key management personnel of the Group:

	2012	2011
	HK$'000	*HK$'000*
Employee benefits	**3,965**	3,488
Total compensation paid to key management personnel	**3,965**	3,488

22. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As detailed in note 19 to this announcement, the Acquisition was completed subsequent to the end of the reporting period in July 2012.

23. COMPARATIVE AMOUNTS

As detailed in note 5 to this announcement, the management of the Group has re-determined their reportable operating segments and the corresponding comparative figures and items have been adjusted and reclassified to conform with the current year's presentation.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

In the second half of 2011, the Group established E-commerce and provision of online sales platform and provision of professional IT contract and maintenance services as two business segments, marking a milestone for the development of the Group. Despite the global economy surrounded by uncertainties and market volatility, the Group's businesses for the year ended 30 June 2012 (the "Year") continued to perform satisfactorily, recording a significant growth compared to last year. Since the expansion into E-commerce business, E-commerce business made a significant contribution to the growth of the Group as a major source of its revenue and profit.

B2C (BUSINESS-TO-CUSTOMER) E-COMMERCE WEBSITE

Both revenue and profit growth of the Group were mainly driven by its B2C foreign trade e-commerce website, namely DealExtreme.com ("DX"). In early 2012, the Group established DX.com ("DX") to facilitate the communication with non-English speaking customers and increase consumer awareness of DX brand by linking to DealExtreme.com. DealExtreme.com and DX.com target at overseas markets and aim to seek high-quality and unique products from China for global consumers, who can then enjoy a more caring, convenient and secured cross-border online shopping experience. The websites maintain a diversified product portfolio with over 80,000 products across 15 categories and over 200 sub-categories. They provide customers with a full selection of products ranging from tiny Bluetooth adapters to tablet computers, and even auto parts. Under the same category, products of a wide price range would be offered, greatly enhancing customers'shopping experience. At the same time, the websites continue to identify unique and new products by closely monitoring the market trend. With new products being launched on a daily basis, customers would be attracted to increase their repeat purchases. Through a variety of activities such as online forums, questionnaires and interviews, the Group can have an in-depth understanding of customers' needs and preferences so that its experienced product team can actively explore more products to meet different requirements and preferences of global consumers. By means of an online sales platform not limited by geographical boundaries, the value chain is shortened and customers are able to purchase more stylish products with higher quality at an affordable price.

As at 30 June 2012, the websites acquired a large loyal customer base from over 200 countries and regions worldwide. During the Year, the Group's e-commerce business continued to benefit from strong domestic demands and growth momentum in emerging markets such as Brazil, Russia and Israel. The Group's websites recorded a rapid sales growth in the above countries which demonstrated a high potential for development of e-commerce in these emerging markets. In addition, efforts has been devoted to develop various mobile applications for the websites during the Year, aiming to offer customers a platform to engage in online shopping anytime in the light of the increasing popularity of smartphones.

In 2011/12, the Group carried out a series of integration and development, including the acquisition of an IT consultancy service provider, namely E-Perfect IT Limited and its subsidiary (collectively referred to as "E-Perfect Group"), to further strengthen its leading position in this industry.

PROSPECTS

According to the "Wold Economic Outlook" issued by International Monetary Fund in July 2012, the global economy deteriorated in the second quarter of 2012. Coupled with the worsening sovereign debt crisis in the euro area, the global economic growth is forecasted to decline for these two years. From the macroeconomic perspective, European debt crisis has not reached an efficacious solution and thus, the global economic atmosphere continues to suffer, which will have a negative impact on the economic growth of every region around the world. Nevertheless, the 2011/12 annual results of the Group stayed robust and were less affected by the global economic fluctuations riding on the Group's solid business foundation and prudent expansion strategies, showing its success in developing overseas e-commerce business. Looking forward to the second half of 2012, the Group expects that the sales revenue of e-commerce business will be boosted attributable to the favourable seasonal effect, especially the shopping peak season during traditional western festivals. In regard to the professional IT contract services of the Group, E-Perfect Group, which was acquired during the Year, will further develop its existing businesses with great supports from the seasoned management team, financial strength and multi-channel distribution network of the Group, creating synergy with the existing businesses of the Group.

E-commerce is one of the most promising shopping models with incomparable advantages over traditional one, including low cost, high level of flexibility and convenience, no time and geographical constraints. In the coming year, the Group will strive to maintain and further develop its unique advantages. By promoting "localization" business strategy, customers will enjoy the best service with shortened delivery time and "multi-language-and-multi-currency" feature. Meanwhile, the Group will put an emphasis on the establishment of local partnership in emerging countries and regions such as Eastern Europe so as to fully comprehend the characteristics and resources of every distinctive market. In addition, the Group will strengthen its marketing promotion to increase brand awareness and market share to attract more new customers with a view to bringing the best return for the shareholders of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 30 June 2012, the Group generated a revenue of approximately HK$1,416,012,000 (2011: HK$192,849,000). The business of the Group is composed of two business segments, which are E-commerce and provision of online sales platform and provision of professional IT contract and maintenance services. During the Year, the revenue of the Group was mainly attributable to E-commerce business. The growth of the Group's revenue was primarily due to the steady development of the E-commerce business while the increase in profit was principally attributable to the growth of the E-commerce business.

The total operating expenses for the Year were HK$453,648,000 (2011: HK$29,998,000), as a result of a corresponding increase in total operating expenses incurred by the growth of the Group's E-commerce business. The finance costs amounted to HK$30,000 (2011: HK$4,084,000) which was substantially due to the decrease in non-cash imputed interest on convertible notes resulting from the conversion of the said convertible notes into ordinary shares of the Company.

In view of the global economic turbulence during the Year, the Group redeemed the capital invested in Murtsa Fund with a net loss of approximately HK$3,024,000 and disposed of properties with a gain of approximately HK$1,085,000.

The income tax expenses for the Group of the Year was HK$32,185,000 (2011: HK$6,553,000).

The Group recorded a profit attributable to equity holders of the Company of about HK$131,490,000 or HK2.45 cents per share for the Year, compared to a profit attributable to equity holders of the Company of about HK$71,450,000 or HK2.32 cents per share for last year.

Capital Structure

The Group generally finances its operations with internally generated cash flows, convertible notes and banking facilities. The Group continued to exert stringent control over treasury policies. The Company intends to finance future operations, capital expenditure and other capital requirement of the Group with the existing bank balance available.

As at 30 June 2012, the interest rate of banking facilities was charged at the range of Hong Kong dollar prime lending rate ("P") P+1.5% (2011: P+1.5%).

As at 30 June 2012, the Group had no bank and other loans (2011: Nil).

During the year ended 30 June 2012, the remaining convertible notes of the Company with an aggregate principal amounting to approximately HK$11,584,000 were converted into 231,680,000 ordinary shares of the Company with a par value of HK$0.01 each.

All the outstanding share options have been exercised by the option holders during the year and accordingly, a total of 3,920,000 ordinary shares of the capital of HK$0.01 each were issued. The Group did not have any outstanding share options which have been granted but not yet exercised as at 30 June 2012.

During the year ended 30 June 2012, the Company had repurchased and cancelled an aggregate of 133,500,000 ordinary shares.

Save as the above, the capital structure of the Company had no material changes.

Material Acquisitions, Disposals and Significant Investments

(a) On 25 October 2011, the Group applied for the redemption of certain available-for-sales investments. The transaction was completed on 1 December 2011 with a loss of approximately HK$3,024,000.

(b) On 16 December 2011, the Group disposed properties to an independent third party at a total consideration of HK$52,500,000 with a gain of approximately HK$1,085,000.

(c) On 29 June 2012, the Group entered into a sale and purchase agreement with an independent third party, involving a total consideration of HK$45,000,000 for the acquisition of subsidiaries (the "E-Perfect Acquisition") which was completed on 3 July 2012. Details of the E-Perfect Acquisition are set out in note 19 to this announcement.

Save as the above, the Company had no other significant investments and material acquisitions or disposals for the Year ended 30 June 2012.

Liquidity and Financial Resources

During the Year, the Group financed its operations by internally generated cash flow, convertible notes and banking facilities provided by banks.

As at 30 June 2012, the consolidated shareholders' equity, current assets and net current assets of the Group were HK$297,556,000 (2011: HK$362,340,000), HK$353,002,000 (2011: HK$286,206,000) and HK$265,912,000 (2011: HK$267,238,000) respectively.

In respect of the Group's total current assets of HK$353,002,000 as at 30 June 2012 (2011: HK$286,206,000), trade receivable (net of provision for doubtful debts) accounted for 19.9% (2011: 25.5%) whilst pledged deposits, cash and cash equivalents accounted for about 38.0% (2011: 71.3%). As at 30 June 2012, the Group's pledged deposits amounted to HK$10,920,000 (2011: HK$3,524,000) and cash and cash equivalents amounted to HK$123,063,000 (2011: HK$200,484,000) of which, US$2,000,000 (approximately HK$15,600,000) in a Paypal account of the Group was frozen by Paypal subsequent to the end of the reporting period on 27 August 2012 as the Group was involved in a litigation, with details stated in note 20 to this announcement.

As at 30 June 2012, the Company had no outstanding convertible notes (2011: HK$10,567,000).

As at 30 June 2012, the Group had no bank and other loans (2011: Nil).

The Group's pledged deposits and cash and cash equivalents were denominated in Australian dollars, Canadian dollars, Hong Kong dollars, British pounds, Renminbi, Singapore dollars and US dollars.

Gearing Ratio

As at 30 June 2012, the gearing ratio of the Group as a ratio of total liabilities over total assets was 24.1% (2011: 8.0%).

Foreign Currency Risk

The Group mainly generated revenue and incurred costs in Australian dollars, Hong Kong dollars, Renminbi, Singapore dollars, Canadian dollars, British pounds and US dollars.

During the Year, the Group entered into a non-deliverable forward contract of USD20,000,000 to mitigate foreign exchange risk in view of continuing appreciation of Renminbi. The forward contracts were matured in May 2012.

As at 30 June 2012, the Group has no outstanding foreign exchange contracts (2011: Nil).

Contingent Liabilities

As at 30 June 2012, the Company had contingent liabilities in respect of corporate unlimited guarantees for banking facilities granted to certain subsidiaries (2011: Nil). At the end of the reporting period, none of such facilities were utilized by the subsidiaries (2011: Nil).

At 30 June 2011, the Group had executed performance bonds of HK$245,000 in respect of certain services provided by the Group which has been uplifted during the year ended 30 June 2012.

Charges on Assets

As at 30 June 2012, the banking facilities of the Group are secured by:

(i) corporate unlimited guarantees executed by the Company (2011: Nil); and

(ii) the pledge of certain of the Group's time deposits amounting to approximately HK$10,920,000 (2011: HK$3,524,000).

The cash and cash equivalents of the Group amounted to HK$123,063,000 (2011: HK$200,484,000) as at 30 June 2012 of which, US$2,000,000 (approximately HK$15,600,000) in a Paypal account of the Group was frozen by Paypal subsequent to the end of the reporting period on 27 August 2012 as the Group was involved in a litigation details of which are stated in note 20 to this announcement.

Deployment on Human Resources

As at 30 June 2012, the number of staff of the Group was 1,269 (2011: 896). Increase in headcount was mainly accounted for by the sustainable development of the Group's businesses. Staff remuneration is reviewed once a year, or as the management considers appropriate. Changes in remuneration are based on a range of factors including the Group's performance, the competitiveness of remuneration with the external market, and individual employee's performance during the year. Employees were paid at fixed remuneration with discretionary bonus and benefits of medical insurance, mandatory provident fund, share options and necessary training.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 30 June 2012, the Company repurchased 133,500,000 shares of the Company on the Stock Exchange at an aggregate consideration of HK$145,715,120 (excluding expenses) for the enhancement of its net asset value and earnings per share. All repurchased shares had been cancelled during the year ended 30 June 2012. Details of the repurchases of shares are summarized as follows:

Month of the repurchases	Total number of ordinary shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate consideration paid
		HK$	*HK$*	*HK$*
September 2011	15,000,000	1.04	0.89	15,143,400
October 2011	20,000,000	0.96	0.87	18,636,760
November 2011	32,500,000	1.16	1.07	36,431,800
February 2012	66,000,000	1.20	1.10	75,503,160
	133,500,000			145,715,120

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 30 June 2012.

CORPORATE GOVERNANCE

The Board is of the view that the Company has complied with the code provisions set out in the former Code on Corporate Governance Practices during the period from 1 July 2011 to 31 March 2012 and the new Corporate Governance Code during the period from 1 April 2012 to 30 June 2012 as contained in Appendix 15 of the GEM Listing Rules, except for the following deviation:

Code Provision E.1.2

The code provision E.1.2 stipulates that the chairman of a listed issuer should attend the issuer's annual general meeting. Mr. Huang Shaokang, the Chairman of the Company, was unable to attend the Company's annual general meeting held on 15 November 2011 due to an important business engagement. In view of his absence, Mr. Huang had arranged for the Chief Executive Officer of the Company taking the chair of the meeting and answering shareholders' questions.

AUDIT COMMITTEE

The principal duties of the Audit Committee include the review of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditors of the Company. The Audit Committee comprises all the four independent non-executive directors of the Company. The Audit Committee has reviewed with senior management of the Group and external auditors the accounting principles and practices as well as internal control procedures adopted by the Group and reviewed the Company's consolidated financial statements for the year ended 30 June 2012.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 27 November 2012 to Thursday, 29 November 2012 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the Company's forthcoming annual general meeting to be held on Thursday, 29 November 2012, unregistered holders of shares of the Company should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 26 November 2012.

SCOPE OF WORK OF MESSRS. ASCENDA CACHET CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 30 June 2012 as set out in the preliminary announcement have been agreed by the Group's auditors, Messrs. Ascenda Cachet CPA Limited ("Ascenda Cachet"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ascenda Cachet 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 HKICPA and consequently no assurance has been expressed by Ascenda Cachet on the preliminary announcement.

On behalf of the Board
Huang Shaokang
Chairman

Hong Kong, 25 September 2012

As at the date of this announcement, the executive Directors are Mr. Huang Shaokang, Mr. Chow Siu Kwong and Mr. Meng Hu; the non-executive Directors are Mr. Zhang Zhen and Mr. Gao Xiang; and the independent non-executive directors are Mr. Lu Wei, Mr. Fong Fuk Wai, Mr. Li Guanbao and Mr. Mak Yat Tang Anthony.

This announcement will remain on the "Latest Company Announcements" page of the GEM website http://www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at http://www.epro.com.hk.