



嘉靈控股集團有限公司

Karin Technology Holdings Limited

(Incorporated in Bermuda on 30 August 2002)

(Company Registration Number 32514)

Full Year Financial Statements And Dividend Announcement
for the Year Ended 30 June 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income or a statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group full year financial statements for the year ended 30 June 2017. These figures have not been audited.

Group Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017

	Group		
	2017 HK\$'000	2016 HK\$'000	% increase/ (decrease)
REVENUE	1,867,924	2,237,932	(16.5)
Cost of sales	<u>(1,702,262)</u>	<u>(2,058,137)</u>	(17.3)
Gross profit	165,662	179,795	(7.9)
Other income and gains, net	7,479	5,756	29.9
Selling and distribution costs	(60,359)	(64,402)	(6.3)
Administrative expenses	(93,972)	(93,377)	0.6
Other expenses, net	(3,040)	(6,015)	(49.5)
Finance costs	(2,671)	(2,258)	18.3
Share of profit of an associate	<u>1,055</u>	<u>654</u>	61.3
PROFIT BEFORE TAX	14,154	20,153	(29.8)
Income tax expense	<u>(6,452)</u>	<u>(9,055)</u>	(28.7)
PROFIT FOR THE YEAR	<u>7,702</u>	<u>11,098</u>	(30.6)

Group Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017 (continued)

	Group		
	2017	2016	% increase/ (decrease)
	HK\$'000	HK\$'000	
PROFIT FOR THE YEAR	<u>7,702</u>	<u>11,098</u>	(30.6)
OTHER COMPREHENSIVE INCOME:			
Item to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(1,088)	(12,651)	(91.4)
Item not to be reclassified to profit or loss in subsequent periods:			
Revaluation of land and buildings, net of deferred tax	<u>46,407</u>	<u>63,220</u>	(26.6)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>45,319</u>	<u>50,569</u>	(10.4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>53,021</u></u>	<u><u>61,667</u></u>	(14.0)
Profit for the year attributable to:			
Owners of the Company	8,283	13,651	(39.3)
Non-controlling interests	<u>(581)</u>	<u>(2,553)</u>	(77.2)
	<u><u>7,702</u></u>	<u><u>11,098</u></u>	(30.6)
Total comprehensive income attributable to:			
Owners of the Company	53,918	64,364	(16.2)
Non-controlling interests	<u>(897)</u>	<u>(2,697)</u>	(66.7)
	<u><u>53,021</u></u>	<u><u>61,667</u></u>	(14.0)

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

	Group	
	2017	2016
	HK\$'000	HK\$'000
Cost of inventories sold	1,614,873	1,939,770
Cost of services provided	87,389	115,468
(Reversal of write-down)/write-down of inventories to net realisable value and write-off of obsolete inventories	(2,592)	2,899
Depreciation	45,514	40,382
Operating lease rentals in respect of land and buildings	617	8,946
Auditor's remuneration	1,330	1,480
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	87,122	85,133
Pension scheme contributions	7,084	7,142
Expense recognised in respect of treasury shares awarded	-	2,978
	<u>94,206</u>	<u>95,253</u>
Directors' remuneration:		
Fees	757	751
Other emoluments	6,441	6,684
	<u>7,198</u>	<u>7,435</u>
Bank interest income	(278)	(781)
Gross rental income	(1,336)	(1,650)
Fair value (gains)/losses on revaluation of land and buildings	(899)	22
Fair value gains on investment properties	(1,759)	(1,116)
Fair value loss/(gain) on a financial asset at fair value through profit or loss	716	(401)
Fair value (gains)/losses on derivative financial instruments, net	(526)	462
Foreign exchange differences, net	402	1,997
Impairment of trade receivables	2,670	1,828
Loss on disposal of a subsidiary	-	1,807
(Gain)/loss on disposal of items of property, plant and equipment	(83)	5

The Group's tax charge is as follows:

	Group	
	2017	2016
	HK\$'000	HK\$'000
Current		
Charge for the year	8,483	9,031
(Overprovision)/underprovision in prior years	(162)	134
	<u>8,321</u>	<u>9,165</u>
Deferred	(1,869)	(110)
Total tax expenses for the year	<u>6,452</u>	<u>9,055</u>

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 June 2017 HK\$'000	30 June 2016 HK\$'000	30 June 2017 HK\$'000	30 June 2016 HK\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	470,190	458,643	-	-
Investment properties	30,942	30,071	-	-
Goodwill	2,098	2,098	-	-
Investments in subsidiaries	-	-	76,308	76,308
Investment in an associate	1,828	1,148	-	-
Financial asset at fair value through profit or loss	1,663	2,401	-	-
Deferred tax assets	3,658	1,649	-	-
Factored trade receivables	1,900	2,850	-	-
Prepayments	349	598	-	-
Trade receivable	5,819	9,106	-	-
Total non-current assets	<u>518,447</u>	<u>508,564</u>	<u>76,308</u>	<u>76,308</u>
CURRENT ASSETS				
Financial assets at fair value through profit or loss	9,939	-	-	-
Inventories	134,950	194,016	-	-
Trade and bills receivables	383,801	370,082	-	-
Factored trade receivables	7,192	1,566	-	-
Prepayments, deposits and other receivables	51,878	86,918	-	-
Amounts due from subsidiaries	-	-	49,886	48,755
Forward currency contracts	873	347	-	-
Income tax recoverable	-	17	-	17
Cash and cash equivalents	56,950	34,148	475	1,322
Total current assets	<u>645,583</u>	<u>687,094</u>	<u>50,361</u>	<u>50,094</u>
CURRENT LIABILITIES				
Trade payables	197,459	201,593	-	-
Other payables and accruals	89,777	91,690	690	1,166
Amounts due to a subsidiary	-	-	621	-
Income tax payable	9,599	10,145	-	-
Interest-bearing bank and other borrowings	94,977	141,121	-	-
Total current liabilities	<u>391,812</u>	<u>444,549</u>	<u>1,311</u>	<u>1,166</u>
NET CURRENT ASSETS	<u>253,771</u>	<u>242,545</u>	<u>49,050</u>	<u>48,928</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>772,218</u>	<u>751,109</u>	<u>125,358</u>	<u>125,236</u>
NON-CURRENT LIABILITIES				
Other borrowings	3,853	2,888	-	-
Deferred tax liabilities	79,848	70,823	-	-
Total non-current liabilities	<u>83,701</u>	<u>73,711</u>	<u>-</u>	<u>-</u>
Net assets	<u>688,517</u>	<u>677,398</u>	<u>125,358</u>	<u>125,236</u>

	Group		Company	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
EQUITY				
Equity attributable to owners of the Company				
Issued capital	21,461	21,446	21,461	21,446
Treasury shares	(19)	(19)	(19)	(19)
Reserves	668,934	657,823	103,916	103,809
	690,376	679,250	125,358	125,236
Non-controlling interests	(1,859)	(1,852)	-	-
Total equity	688,517	677,398	125,358	125,236

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 June 2017		As at 30 June 2016	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
167	94,810	161	140,960

Amount repayable after one year

As at 30 June 2017		As at 30 June 2016	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
133	3,720	302	2,586

Details of any collateral

The above unsecured bank and other borrowings of HK\$98,530,000 and HK\$143,546,000 included bank borrowings of HK\$92,116,000 and HK\$139,403,000, which were covered by cross guarantees given by the Company and certain of its subsidiaries as at 30 June 2017 and 30 June 2016, respectively.

The finance lease obligations of HK\$300,000 and HK\$463,000 were secured by the underlying assets acquired as at 30 June 2017 and 30 June 2016, respectively.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	30 June 2017	30 June 2016
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,154	20,153
Adjustments for:		
Bank interest income	(278)	(781)
Fair value gains on investment properties	(1,759)	(1,116)
Fair value (gains)/losses on revaluation of land and buildings	(899)	22
(Reversal of write-down)/write-down of inventories to net realisable value and write-off of obsolete inventories	(2,592)	2,899
Depreciation	45,514	40,382
Loss on disposal of a subsidiary	-	1,807
Fair value (gains)/losses on derivative financial instruments, net	(526)	462
Fair value loss/(gain) on a financial asset at fair value through profit or loss	716	(401)
Impairment of trade receivables	2,670	1,828
(Gain)/loss on disposal of items of property, plant and equipment	(83)	5
Finance costs	2,671	2,258
Expense recognised in respect of treasury shares awarded	-	2,978
Share of profit of an associate	(1,055)	(654)
	58,533	69,842
Decrease in inventories	61,699	14,394
(Increase)/decrease in trade and bills receivables	(13,432)	29,372
Increase in factored trade receivables	(4,676)	(3,352)
Decrease/(increase) in prepayments, deposits and other receivables	17,927	(18,688)
Decrease in trade payables	(4,134)	(28,607)
Decrease in other payables and accruals	(1,913)	(37,586)
Cash generated from operations	114,004	25,375
Interest on bank and other borrowings paid	(2,653)	(2,232)
Interest element on finance lease rental payments	(18)	(26)
Dividends paid to owners of the Company	(42,034)	(29,972)
Dividends paid to a non-controlling shareholder	-	(4,800)
Income tax paid	(8,850)	(11,448)
Net cash flows from/(used in) operating activities	60,449	(23,103)

	Group	
	30 June 2017	30 June 2016
	HK\$'000	HK\$'000
Net cash flows from/(used in) operating activities	<u>60,449</u>	<u>(23,103)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of items of property, plant and equipment	2,219	237
Purchases of items of property, plant and equipment	(6,156)	(29,027)
Purchases of an investment property	-	(7,338)
Purchases of financial assets at fair value through profit or loss	(9,939)	(2,000)
Tax refunded on purchase of items of property, plant and equipment	1,487	-
Cash received/(disposed of) in disposal of a subsidiary	17,697	(39,379)
Interest received	278	781
Decrease in time deposits with maturity of more than three months when acquired	<u>-</u>	<u>4,842</u>
Net cash flows from/(used in) investing activities	<u>5,586</u>	<u>(71,884)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of employee share options	132	44
Purchase of treasury shares	-	(2,004)
New bank and other borrowings	1,844,763	1,189,101
Repayment of bank and other borrowings	(1,888,546)	(1,188,140)
Capital element of finance lease rental payments	<u>(160)</u>	<u>(155)</u>
Net cash flows used in financing activities	<u>(43,811)</u>	<u>(1,154)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	22,224	(96,141)
Cash and cash equivalents at beginning of financial year	34,148	133,785
Effect of foreign exchange rate changes, net	<u>578</u>	<u>(3,496)</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u>56,950</u>	<u>34,148</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances other than time deposits	56,950	30,210
Time deposits	<u>-</u>	<u>3,938</u>
Cash and cash equivalents as stated in the consolidated statement of financial position	<u>56,950</u>	<u>34,148</u>
Cash and cash equivalents as stated in the consolidated statement of cash flows	<u>56,950</u>	<u>34,148</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group

	Attributable to owners of the Company											
	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Land and buildings revaluation reserve HK\$'000	General reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 July 2015	21,441	(888)	45,424	898	134	258,720	2,784	12,776	302,551	643,840	22,648	666,488
Total comprehensive income for the year	-	-	-	-	-	63,220	-	(12,507)	13,651	64,364	(2,697)	61,667
Issue of shares under the Scheme	5	-	58	-	(19)	-	-	-	-	44	-	44
Purchase of own shares and held as treasury shares	-	(2,004)	-	-	-	-	-	-	-	(2,004)	-	(2,004)
Distribution of treasury shares	-	2,873	105	-	-	-	-	-	-	2,978	-	2,978
Final 2015 dividend paid	-	-	-	-	-	-	-	-	(19,297)	(19,297)	-	(19,297)
Interim 2016 dividend paid	-	-	-	-	-	-	-	-	(10,675)	(10,675)	-	(10,675)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(17,003)	(17,003)
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	(4,800)	(4,800)
Transfer between reserves of an associate	-	-	-	-	-	-	42	-	(42)	-	-	-
At 30 June 2016	<u>21,446</u>	<u>(19)</u>	<u>45,587</u>	<u>898</u>	<u>115</u>	<u>321,940</u>	<u>2,826</u>	<u>269</u>	<u>286,188</u>	<u>679,250</u>	<u>(1,852)</u>	<u>677,398</u>

The Group

	Attributable to owners of the Company												Total equity HK\$'000
	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Land and buildings revaluation reserve HK\$'000	General reserve HK\$'000	Other reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 July 2016	21,446	(19)	45,587	898	115	321,940	2,826	-	269	286,188	679,250	(1,852)	677,398
Total comprehensive income for the year	-	-	-	-	-	46,407	-	-	(772)	8,283	53,918	(897)	53,021
Issue of shares under the Scheme	15	-	173	-	(56)	-	-	-	-	-	132	-	132
Deemed acquisition of a non-controlling shareholder	-	-	-	-	-	-	(890)	-	-	-	(890)	890	-
Final 2016 dividend paid	-	-	-	-	-	-	-	-	-	(25,306)	(25,306)	-	(25,306)
Interim 2017 dividend paid	-	-	-	-	-	-	-	-	-	(16,728)	(16,728)	-	(16,728)
Transfer between reserves of an associate	-	-	-	-	-	-	69	-	-	(69)	-	-	-
At 30 June 2017	<u>21,461</u>	<u>(19)</u>	<u>45,760</u>	<u>898</u>	<u>59</u>	<u>368,347</u>	<u>2,895</u>	<u>(890)</u>	<u>(503)</u>	<u>252,368</u>	<u>690,376</u>	<u>(1,859)</u>	<u>688,517</u>

The Company

	Issued capital HK\$'000	Treasury shares HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 July 2015	21,441	(888)	45,424	36,311	134	21,935	124,357
Profit for the year and total comprehensive income for the year	-	-	-	-	-	29,833	29,833
Issue of shares under the Scheme	5	-	58	-	(19)	-	44
Purchase of own shares and held as treasury shares	-	(2,004)	-	-	-	-	(2,004)
Distribution of treasury shares	-	2,873	105	-	-	-	2,978
Final 2015 dividend paid	-	-	-	-	-	(19,297)	(19,297)
Interim 2016 dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,675)</u>	<u>(10,675)</u>
At 30 June 2016 and at 1 July 2016	21,446	(19)	45,587	36,311	115	21,796	125,236
Profit for the year and total comprehensive income for the year	-	-	-	-	-	42,024	42,024
Issue of shares under the Scheme	15	-	173	-	(56)	-	132
Final 2016 dividend paid	-	-	-	-	-	(25,306)	(25,306)
Interim 2017 dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,728)</u>	<u>(16,728)</u>
At 30 June 2017	<u>21,461</u>	<u>(19)</u>	<u>45,760</u>	<u>36,311</u>	<u>59</u>	<u>21,786</u>	<u>125,358</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the year ended 30 June 2016, pursuant to the 2009 Share Buyback the Company had purchased 1,312,000 of its own shares (the “Shares”) and holds such Shares as treasury shares. All the 1,312,000 Shares were market purchases with the highest and lowest purchase price per share paid by the Company of S\$0.275 and S\$0.270 respectively, amounting to an aggregate purchase price of S\$357,000 equivalent to HK\$2,004,000. As at 1 July 2016, the Company held 12,000 (1 July 2015: 500,000) treasury shares. During the year ended 30 June 2017, pursuant to the 2009 Share Buyback mandate, the Company had not purchased any of its own shares.

As at 30 June 2017, the Company held 12,000 (30 June 2016: 12,000) treasury shares or 0.0056% (30 June 2016: 0.0056%) of the Company’s issued shares.

During the year ended 30 June 2017, the Company issued 150,000 (30 June 2016: 50,000) new shares, upon the exercise of options under the Karin Employee Share Option Scheme.

	During the year ended 30 June 2017			During the year ended 30 June 2016		
Exercise price per share	S\$0.1264	S\$0.1608	S\$0.1060	S\$0.1264	S\$0.1608	S\$0.1060
Number of new shares issued	-	150,000	-	-	50,000	-

As at 30 June 2017, the Company’s share capital was HK\$21,461,000 (30 June 2016: HK\$21,446,000) comprising 214,610,000 (30 June 2016: 214,460,000) ordinary shares.

The share options outstanding as at 30 June 2017 was 150,000 (30 June 2016: 300,000) which could be convertible to 150,000 (30 June 2016: 300,000) ordinary shares of the Company upon exercise.

During the year ended 30 June 2017, the Company’s subsidiaries had not purchased nor held any of the Company’s shares (30 June 2016: Nil).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued shares excluding treasury share as at 30 June 2017 was 214,598,000 (30 June 2016: 214,448,000).

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

During the current year, the Company had not distributed any treasury shares held. During the year ended 30 June 2016, the Company had distributed 1,800,000 treasury shares held to key executives other than Directors as extra bonus for achieving the Performance Targets relating to the financial year ended 30 June 2015 pursuant to the Karin Performance Share Plan.

Save for these, there were no sales, transfers, cancellation nor use of treasury shares during year under review.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfer, cancellation nor use of subsidiary holdings during the year under review.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the year ended 30 June 2017 as compared with the audited financial statements of the Group for the year ended 30 June 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has assessed and adopted, to the extent that is applicable to the Group, the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>

IFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to IAS 1	<i>Disclosure Initiative</i>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to IAS 27 <i>Annual Improvements 2012-2014 Cycle</i>	<i>Equity Method in Separate Financial Statements</i> Amendments to a number of IFRSs

Except for the amendments to IFRS 10, IFRS 12 and IAS 28, amendments to IFRS 11, IFRS 14, amendments to IAS 16 and IAS 41, amendments to IAS 27, and certain amendments included in the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

- (a) Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:
- (i) the materiality requirements in IAS 1;
 - (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
 - (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
 - (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

- (b) Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.
- (c) *Annual Improvements to IFRSs 2012-2014 Cycle* issued in October 2014 sets out amendments to a number of IFRSs. Details of the amendments are as follows:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in IFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had

no impact on the Group as the Group did not have any disposal group held for sale during the year.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

The Group

	30 June 2017	30 June 2016
Earnings per ordinary share of the Group, after deducting any provision for preference dividends (in HK cents):		
- Based on weighted average number of ordinary shares on issue (HK cents)	<u>3.9</u>	<u>6.4</u>
- On a fully diluted basis (HK cents)	<u>3.9</u>	<u>6.4</u>
Profit attributable to the owners of the Company for earnings per share (HK\$'000)	<u>8,283</u>	<u>13,651</u>

The calculation of basic earnings per share for the years ended 30 June 2017 and 2016 is based on the profit attributable to the ordinary shareholders of the Company for the respective years and the weighted average of 214,495,671 and 214,222,748 ordinary shares in issue, respectively, which has taken into account the effect of treasury shares.

The calculation of the diluted earnings per share amount is based on the profit attributable to ordinary shareholders of the Company for the respective years and 214,638,320 (2016: 214,391,626) ordinary shares, which was the weighted average of 214,495,671 (2016: 214,222,748) ordinary shares in issue during the year ended 30 June 2017, and the weighted average of 142,649 (2016: 168,878) ordinary shares deemed to have been issued at no consideration on the deemed exercise of all outstanding share options during the year under review.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	As at 2017	As at 2016	As at 2017	As at 2016
Net asset value per ordinary share (HK cents)	320.8	315.9	58.4	58.4

Net asset value per ordinary share as at 30 June 2017 and 30 June 2016 was calculated based on the issued share capital excluding treasury shares of 214,598,000 and 214,448,000 ordinary shares as at 30 June 2017 and 30 June 2016 respectively.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Profit and Loss

Revenue

Consolidated revenue of the Group decreased by approximately HK\$370.0 million or 16.5% from HK\$2,237.9 million for the year ended 30 June 2016 to HK\$1,867.9 million for the year ended 30 June 2017.

Revenue from our Components Distribution (“CD”) segment decreased by HK\$22.4 million or 2.5%, from HK\$865.8 million for the year ended 30 June 2016 to HK\$843.4 million for the year under review. The decrease was mostly due to slow down in demand for certain electronic components for smart phones and postponement of certain industrial materials and instrumentation related infrastructure projects during the year under review.

Revenue from our Information Technology Infrastructure (“IT Infrastructure”) segment increased by HK\$28.9 million or 3.2%, from HK\$915.4 million for the year ended 30 June 2016 to HK\$944.3 million for the current year. The increase was mainly due to demand for network security products, enterprise software and hardware products remaining strong during the year under review.

Revenue from our Consumer Electronics Products (“CEP”) segment decreased by HK\$376.5 million or 82.4%, from HK\$456.8 million for the year ended 30 June 2016 to HK\$80.3 million for the current year. This is due to the disposing of the Group’s retail stores on 30 June 2016. As a result, revenue from our CEP segment decreased substantially during the year under review.

Gross profit

Gross profit decreased by HK\$14.1 million or 7.9%, from HK\$179.8 million for the year ended 30 June 2016 to HK\$165.7 million for the year ended 30 June 2017. The decrease in gross profit was mostly due to the corresponding decrease in revenue as well as depreciation of Renminbi exchange rate against United States Dollars. However, gross profit margin increased by 0.84% from 8.03% for the year ended 30 June 2016 to 8.87% for the year under review. The increase was mainly due to the disposal of the low margin retail stores on 30 June 2016.

Other income and gains, net

Other income and gains, net increased by HK\$1.7 million or 29.9%, from HK\$5.8 million for the year ended 30 June 2016 to HK\$7.5 million for the year ended 30 June 2017. The increase was mostly due to fair value gain on investment properties in Shanghai of HK\$1.4 million.

Selling and distribution costs

Selling and distribution costs decreased by HK\$4.0 million or 6.3%, from HK\$64.4 million for the year ended 30 June 2016 to HK\$60.4 million for the year ended 30 June 2017. The decrease was mainly due to (1) decrease in rent and rates of HK\$7.4 million due to no retail shop rental for the year; (2) decrease in bank charge of HK\$0.9 million due to decrease in sales during the current year and offset by increase in salary, bonus and commission totalling HK\$5.7 million to strengthen the sales team.

Administrative expenses

Administrative expenses increased by HK\$0.6 million or 0.6%, from HK\$93.4 million for the year ended 30 June 2016 to HK\$94.0 million for the year ended 30 June 2017. The increase was mainly due to increase in depreciation of HK\$6.7 million as a result of the revaluation gain on leasehold land and buildings in last year; and offset by (1) decrease in rent and rates of HK\$1.2 million due to the disposal of retail arm as mentioned above; and (2) decrease in PRC value added tax paid of HK\$0.2 million.

Other expenses, net

Other expenses, net decreased by HK\$3.0 million, from HK\$6.0 million for the year ended 30 June 2016 to HK\$3.0 million for the year ended 30 June 2017. The decrease was mainly due to (1) loss on disposal of a subsidiary of HK\$1.8 million recorded last year which did not recur this year; (2) decrease in exchange losses of HK\$1.5 million and offset by increase in bad debt provision of HK\$0.9 million.

Finance costs

Finance costs increased by HK\$0.4 million or 18.3%, from HK\$2.3 million for the year ended 30 June 2016 to HK\$2.7 million. The increase was mainly due to the utilizing of banking facilities in the PRC to finance local operations.

Income tax expense

Relatively high income tax expense rate at 45.6% (30 June 2016: 44.9%) during the year under review was mostly due to losses in certain subsidiaries that reduced consolidated profit before tax but did not reduce consolidated income tax expense.

Net Profit

Net profit attributable to owners of the Company decreased by HK\$5.4 million or 39.3%, from HK\$13.7 million for the year ended 30 June 2016 to HK\$8.3 million for the year ended 30 June 2017. The decrease was mostly due to decrease in revenue as explained above.

Non-controlling interests

Non-controlling interests represented the non-controlling shareholders' share of profit in our non-wholly owned subsidiaries.

Statement of financial position

Non-current assets

Non-current assets comprised goodwill of HK\$2.1 million; investment properties, office equipment, leasehold land and buildings and motor vehicles amounting to HK\$501.1 million; investment in an associate of HK\$1.8 million; prepayment for office renovation of HK\$0.3 million; a factored trade receivable of HK\$1.9 million; a trade receivable of HK\$5.8 million and deferred tax assets of HK\$3.7 million. At 30 June 2017, non-current assets amounted to HK\$518.4 million, representing approximately 44.5% of the total assets. Increase in non-current assets from last year was mainly due to the increase in office equipment, leasehold land and buildings of HK\$11.5 million which was in turn due to fair value gains on revaluation of land and buildings and investment properties.

Current assets

As at 30 June 2017, current assets amounted to HK\$645.6 million, a decrease of HK\$41.5 million compared to the immediately preceding financial year end at 30 June 2016. The decrease was mostly due to completion of certain projects which led to decrease in both inventories of HK\$59.1 million and prepayment of HK\$35.0 million and offset by (1) increase in both cash and cash equivalents of HK\$22.8 million and financial assets at fair value through profit or loss of HK\$9.9 million as a result of improved debt collections; (2) increase in both trade and bills receivables of HK\$13.7 million and factored trade receivables of HK\$5.6 million as a result of increased both numbers and size of projects during the current year.

Current liabilities

As at 30 June 2017, current liabilities amounted to approximately HK\$391.8 million, a decrease of HK\$52.7 million compared to the immediately preceding financial year end as at 30 June 2016. The decrease was mainly due to decrease in interest-bearing bank and other borrowings of HK\$46.1 million.

Non-current liabilities

Non-current liabilities amounted to HK\$83.7 million, representing 17.6% of the total liabilities as at 30 June 2017. The amount mainly comprised of deferred tax liabilities. Deferred tax liabilities were recognised as a result of temporary differences between the carrying amounts and tax bases of our land and buildings and investment properties.

Liquidity and cash flow

As at 30 June 2017, cash and cash equivalents amounted to HK\$57.0 million. Total interest bearing loans and borrowings as at 30 June 2017 were HK\$98.8 million and the gearing ratio which is defined as total borrowings and finance leases to shareholders' funds, is 0.14 times (30 June 2016: 0.21 times).

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Demand for certain electronic components for smart phones has been increasing since June 2017 and the momentum is expected to continue through out the next 12 months. Certain postponed infrastructure projects in the first half of the year under review are expected to roll out gradually in the months to come.

Data security continues to be a hot topic globally as security threats continue to involve ahead of the most advance defenses. We therefore foresee demand for our network security products, for both advance and entry level software as well as hardware, will remain strong.

Huge drop in revenue in the CEP segment was due to the disposal of an unprofitable retail stores on 30 June 2016. We have successfully secured distributorships for a few new prestige consumer electronics products since then. We will continue to negotiate for more distributorships.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Yes.

At the Annual General Meeting (“AGM”) to be held, a tax not applicable final dividend of HK9.8 cents per share amounting to a total of HK\$21,031,000 will be recommended at the forthcoming AGM.

Name of dividend	Interim (paid)	Final
Dividend type	Cash	Cash
Dividend amount per share (in HK cents)	7.8 cents per share	9.8 cents per share
Par value of share (in HK cents)	10 cents per share	10 cents per share
Tax rate	Not applicable	Not applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of dividend	Interim	Final
Dividend type	Cash	Cash
Dividend amount per share (in HK cents)	5.0 cents per share	11.8 cents per share
Par value of share (in HK cents)	10 cents per share	10 cents per share
Tax rate	Not applicable	Not applicable

(c) Date payable

16 November 2017

(d) Books closure date

The Register of Members and Share Transfer Books of the Company will be closed on 27 October 2017, for the purpose of determining Members' entitlements to final dividend of HK9.8 cents per ordinary share for the financial year ended 30 June 2017. Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5.00 p.m. on 26 October 2017 by the Company's Singapore Share Transfer Agent, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #02-00, Singapore 068898 will be registered to determine Members' entitlements to such dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 26 October 2017 will be entitled to such dividend.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained and there is no IPT during the period under review.

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement of full year results)

Not applicable.

15. Confirmation That The Issuer Has Procured Undertakings From All Its Directors And Executive Officers (in the format set out in Appendix 7.7) Under Rule 720(1) Of The Listing Manual

Pursuant to Rule 720(1) of the Listing Manual, the Company has procured undertakings from all its directors and executive officers.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR
ANNOUNCEMENT**

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

SEGMENT INFORMATION

Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the years ended 30 June 2017 and 2016.

	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<u>Year ended 30 June 2017</u>				
Segment revenue	843,381	944,274	80,269	1,867,924
Segment results	(10,674)	20,335	4,634	14,295
<i>Reconciliation:</i>				
Bank interest income				278
Fair value gains on investment properties				1,759
Fair value gains on derivative financial instruments, net				526
Fair value loss on a financial asset at fair value through profit or loss				(716)
Fair value gains on revaluation of land and buildings				899
Finance costs				(2,671)
Share of profit of an associate				1,055
Corporate and other unallocated expenses				(1,271)
Profit before tax				<u>14,154</u>
Segment assets	451,553	275,091	28,388	755,032
<i>Reconciliation:</i>				
Investment in an associate				1,828
Deferred tax assets				3,658
Financial assets at fair value through profit or loss				11,602
Forward currency contracts				873
Cash and cash equivalents				56,950
Corporate and other unallocated assets				<u>334,087</u>
Total assets				<u>1,164,030</u>

	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<u>Year ended 30 June 2017</u> (continued)				
Segment liabilities	91,517	161,626	16,433	269,576
<i>Reconciliation:</i>				
Income tax payable				9,599
Interest-bearing bank and other borrowings				98,830
Deferred tax liabilities				79,848
Corporate and other unallocated liabilities				17,660
Total liabilities				<u>475,513</u>
Other segment information:				
Depreciation				45,514
Other non-cash expenses, net	3,623	(3,597)	52	78
Capital expenditure				<u>36,367</u>

	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<u>Year ended 30 June 2016</u>				
Segment revenue	865,769	915,396	456,767	2,237,932
Segment results	(1,931)	28,515	(5,393)	21,191
<i>Reconciliation:</i>				
Bank interest income				781
Other income				1,650
Fair value gains on investment properties				1,116
Fair value losses on derivative financial instruments, net				(462)
Fair value gain on a financial asset at fair value through profit or loss				401
Fair value losses on revaluation of land and buildings				(22)
Finance costs				(2,258)
Share of profit of an associate				654
Corporate and other unallocated expenses				(2,898)
Profit before tax				<u>20,153</u>
Segment assets	475,697	293,781	13,426	782,904
<i>Reconciliation:</i>				
Investment in an associate				1,148
Deferred tax assets				1,649
Financial asset at fair value through profit or loss				2,401
Forward currency contracts				347
Income tax recoverable				17
Cash and cash equivalents				34,148
Corporate and other unallocated assets				373,044
Total assets				<u>1,195,658</u>

	Components distribution HK\$'000	IT infrastructure HK\$'000	Consumer electronics products HK\$'000	Total HK\$'000
<u>Year ended 30 June 2016</u> (continued)				
Segment liabilities	90,810	173,585	6,789	271,184
<i>Reconciliation:</i>				
Income tax payable				10,145
Interest-bearing bank and other borrowings				144,009
Deferred tax liabilities				70,823
Corporate and other unallocated liabilities				22,099
Total liabilities				<u>518,260</u>
Other segment information:				
Depreciation				40,382
Other non-cash expenses, net	2,269	5,206	(2,748)	4,727
Capital expenditure				<u>36,365</u>

Geographical information

The following tables present revenue and certain asset information for the Group's geographical segments for the years ended 30 June 2017 and 2016.

	Hong Kong HK\$'000	Mainland China HK\$'000	Others HK\$'000	Total HK\$'000
Year ended 30 June 2017				
Segment revenue	<u>1,623,960</u>	<u>227,209</u>	<u>16,755</u>	<u>1,867,924</u>
Non-current assets	<u>344,782</u>	<u>132,149</u>	<u>28,476</u>	<u>505,407</u>
Year ended 30 June 2016				
Segment revenue	<u>1,535,128</u>	<u>549,271</u>	<u>153,533</u>	<u>2,237,932</u>
Non-current assets	<u>333,057</u>	<u>130,488</u>	<u>29,013</u>	<u>492,558</u>

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

The non-current asset information is based on the locations of assets and excludes financial instruments and deferred tax assets.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to note 8.

18. A breakdown of sales as follows:-

	Group		
	2017 HK\$'000	2016 HK\$'000	% increase/ (decrease)
(a) Sales reported for the first half year	943,531	1,262,156	(25.2)
(b) Operating profit after tax before deducting non-controlling interests reported for the first half year	5,175	5,628	(8.0)
(c) Sales reported for the second half year	924,393	975,776	(5.3)
(d) Operating profit after tax before deducting non-controlling interests reported for the second half year	3,108	8,023	(61.2)

19 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	2017 HK\$'000	2016 HK\$'000
Declared and paid during the year	16,728	10,675
Proposed final dividend	21,031	25,306
Total	<u>37,759</u>	<u>35,981</u>

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any Director and/or substantial shareholder	Current position and duties, and the year position was held	Details of changes in duties and position held, if any, during the year
Mr Ng Yuk Wing, Philip	68	He is a brother of Ng Kin Wing, Raymond and Ng Kam Wing, Allan, Executive Chairman and Chief Technology Officer of the Group, respectively	He is the Senior Executive Director of the Group and is responsible for the overall strategic planning and business development of the Group. He is one of the founders of the Group since 1977.	N/A
Mr Ng Kin Wing, Raymond	67	He is a brother of Ng Yuk Wing, Philip and Ng Kam Wing, Allan, Senior Executive Director and Chief Technology Officer of the Group, respectively	He is the Executive Chairman and Chief Executive Officer of the Group and is responsible for overseeing the entire operations and general management of the Group. He is one of the founders of the Group since 1977.	N/A
Mr Ng Kam Wing, Allan	61	He is a brother of Ng Yuk Wing, Philip and Ng Kin Wing, Raymond, Senior Executive Director and Executive Chairman of the Group, respectively	He is the Chief Technology Officer of the Group and is responsible for the overall IT system control and development of ITSD of the Group. He joined the Group in October 2001.	N/A

BY ORDER OF THE BOARD

Ng Kin Wing, Raymond
Executive Chairman

25 August 2017