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The 13 Holdings Limited

十三集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 577)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2016

Financial Highlights

| | | |
|--|-------------------|-------|
| • Revenue | HK\$6,812 million | -27% |
| • Gross profit | HK\$198 million | -30% |
| • Loss attributable to owners of the Company | HK\$197 million | +557% |
| • Loss per share | | |
| – Basic | HK21.7 cents | +295% |
| – Diluted | HK21.7 cents | +295% |
| • NAV per share | HK\$6.20 | -3% |

RESULTS

The board of directors (the “Board”) of The 13 Holdings Limited (“The 13” or the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2016, together with the comparative figures for the corresponding year in 2015, as follows:

Consolidated Statement of Profit or Loss

For the year ended 31 March 2016

| | NOTES | 2016 HK\$'000 | 2015 HK\$'000 |
|---|-------|-------------------------|-----------------------|
| Revenue | 3 | 6,811,519 | 9,323,418 |
| Cost of sales | | <u>(6,613,685)</u> | <u>(9,039,706)</u> |
| Gross profit | | 197,834 | 283,712 |
| Other income | | 8,617 | 13,314 |
| Administrative and other expenses | | (406,342) | (259,617) |
| Finance costs | | (8,911) | (11,415) |
| Share of results of associates | | (1,531) | (2,284) |
| Share of results of joint ventures | | <u>1</u> | <u>2,234</u> |
| (Loss) profit before tax | | (210,332) | 25,944 |
| Income tax expense | 4 | <u>(22,484)</u> | <u>(33,856)</u> |
| Loss for the year | 5 | <u><u>(232,816)</u></u> | <u><u>(7,912)</u></u> |
| (Loss) profit for the year attributable to: | | | |
| Owners of the Company | | (197,361) | (29,883) |
| Non-controlling interests | | <u>(35,455)</u> | <u>21,971</u> |
| | | <u><u>(232,816)</u></u> | <u><u>(7,912)</u></u> |
| Loss per share | 7 | | |
| Basic (HK cents) | | <u><u>(21.7)</u></u> | <u><u>(5.5)</u></u> |
| Diluted (HK cents) | | <u><u>(21.7)</u></u> | <u><u>(5.5)</u></u> |

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2016

| | 2016 <i>HK\$'000</i> | 2015 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Loss for the year | <u>(232,816)</u> | <u>(7,912)</u> |
| Other comprehensive expense for the year: <i>Items that may be reclassified subsequently to profit or loss:</i> | | |
| Exchange differences arising from translation of foreign operations | (6,518) | (135) |
| Share of translation reserve of an associate and joint ventures | <u>(3,580)</u> | <u>(274)</u> |
| | <u>(10,098)</u> | <u>(409)</u> |
| Total comprehensive expense for the year | <u>(242,914)</u> | <u>(8,321)</u> |
| Total comprehensive (expense) income for the year attributable to: | | |
| Owners of the Company | (202,519) | (30,093) |
| Non-controlling interests | <u>(40,395)</u> | <u>21,772</u> |
| | <u>(242,914)</u> | <u>(8,321)</u> |

Consolidated Statement of Financial Position

At 31 March 2016

| | <i>NOTES</i> | 2016 <i>HK\$'000</i> | 2015 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| NON-CURRENT ASSETS | | | |
| Hotel under development | | 6,139,370 | 2,633,563 |
| Property, plant and equipment | | 176,745 | 206,335 |
| Deposits paid for acquisition of property, plant and equipment | | 126,654 | 38,807 |
| Deposits for investments | | 110,000 | – |
| Prepaid land lease payments | | 1,612,303 | 1,716,894 |
| Goodwill | | 61,646 | 61,646 |
| Other intangible assets | | 7,627 | 7,627 |
| Interests in associates | | 22,867 | 24,741 |
| Interests in joint ventures | | 87,800 | 91,467 |
| | | 8,345,012 | 4,781,080 |
| CURRENT ASSETS | | | |
| Prepaid land lease payments | | 104,591 | 104,591 |
| Amounts due from customers for contract works | | 851,251 | 824,031 |
| Trade and other debtors, deposits and prepayments | 8 | 1,752,666 | 2,657,938 |
| Amounts due from associates | | 18,700 | 16,046 |
| Amounts due from joint ventures | | 321,926 | 495,327 |
| Amounts due from joint operations/other partners of joint operations | | 118,572 | 119,565 |
| Amounts due from subsidiaries of a shareholder | | 26,564 | 63,591 |
| Other loans receivable | | 48,000 | 91,351 |
| Pledged bank deposits | | 17,065 | 46,878 |
| Short term bank deposits | | 458,388 | 2,138,346 |
| Bank balances and cash | | 483,859 | 1,036,459 |
| | | 4,201,582 | 7,594,123 |

| | <i>NOTES</i> | 2016 <i>HK\$'000</i> | 2015 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| CURRENT LIABILITIES | | | |
| Amounts due to customers for contract works | | 1,169,067 | 1,650,622 |
| Trade and other creditors and accrued expenses | 9 | 1,629,908 | 2,218,124 |
| Amounts due to associates | | 10,970 | 28,486 |
| Amount due to a joint venture | | 49 | 2,868 |
| Amounts due to joint operations/other partners of joint operations | | 115,948 | 86,866 |
| Amounts due to subsidiaries of a shareholder | | 441 | 15,793 |
| Loan from a subsidiary of a shareholder | | 30,000 | 37,000 |
| Taxation payable | | 33,134 | 52,198 |
| Bank borrowings – due within one year | | 459,154 | 487,610 |
| | | 3,448,671 | 4,579,567 |
| NET CURRENT ASSETS | | 752,911 | 3,014,556 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 9,097,923 | 7,795,636 |
| NON-CURRENT LIABILITIES | | | |
| Bank borrowings – due after one year | | 2,561,693 | 1,098,517 |
| Convertible bonds | | 485,835 | 409,303 |
| | | 3,047,528 | 1,507,820 |
| | | 6,050,395 | 6,287,816 |
| CAPITAL AND RESERVES | | | |
| Share capital | | 1,841,734 | 1,841,734 |
| Reserves | | 3,867,648 | 4,044,173 |
| Equity attributable to owners of the Company | | 5,709,382 | 5,885,907 |
| Non-controlling interests | | | |
| Share option reserve of a subsidiary | | 35,953 | 30,168 |
| Share of net assets of subsidiaries | | 305,060 | 371,741 |
| | | 341,013 | 401,909 |
| TOTAL EQUITY | | 6,050,395 | 6,287,816 |

Notes:

1. BASIS OF PREPARATION

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

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

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

In the current year, the Group has applied, for the first time, the following amendments to Hong Kong Accounting Standard (“HKAS”) and HKFRSs (hereinafter collectively referred to as the “new and revised HKFRSs”) issued by the HKICPA.

| | |
|-----------------------|---|
| Amendments to HKAS 19 | Defined Benefit Plans: Employee Contributions |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2010 – 2012 Cycle |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2011 – 2013 Cycle |

The application of the above new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

| | |
|---|---|
| HKFRS 9 | Financial instruments ² |
| HKFRS 15 | Revenue from Contracts with Customers ² |
| HKFRS 16 | Leases ⁴ |
| Amendments to HKAS 1 | Disclosure Initiative ¹ |
| Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation ¹ |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer Plants ¹ |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements ¹ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception ¹ |
| Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations ¹ |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2012 – 2014 Cycle ¹ |

- ¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
- ² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
- ³ Effective for annual periods beginning on or after a date to be determined.
- ⁴ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

HKFRS 15 “Revenue from Contracts with Customers”

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

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

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

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 “Leases”

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases”, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes

non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

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

The directors of the Company will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

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

3. SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

For the year ended 31 March 2016

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

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

At 31 March 2016

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

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

For the year ended 31 March 2016

| | Management contracting | Property development management | Property investment | PYE total | Hotel development | Unallocated | Consolidated |
|--|------------------------|---------------------------------|---------------------|-----------|-------------------|-------------|--------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| OTHER INFORMATION | | | | | | | |
| <i>Amounts included in the measure of segment profit (loss) or segment assets:</i> | | | | | | | |
| Additions to hotel under development | - | - | - | - | 3,505,807 | - | 3,505,807 |
| Additions to property, plant and equipment | 12,817 | - | - | 12,817 | 10,677 | 4,136 | 27,630 |
| Additions to deposits paid for acquisition of property, plant and equipment | - | - | - | - | 87,847 | - | 87,847 |
| Additions to deposits for investments | - | - | - | - | 110,000 | - | 110,000 |
| Depreciation of property, plant and equipment | 29,618 | 10 | - | 29,628 | - | 10,259 | 39,887 |
| Gain on disposal of property, plant and equipment | 662 | - | - | 662 | - | 111 | 773 |
| Pre-opening expenses for hotel under development | - | - | - | - | 100,000 | - | 100,000 |
| Release of prepaid land lease payments | 575 | - | - | 575 | - | - | 575 |
| Interests in associates and joint ventures | 28,106 | (2,339) | 84,900 | 110,667 | - | - | 110,667 |
| Share of results of associates and joint ventures | (591) | (503) | (436) | (1,530) | - | - | (1,530) |

Amounts regularly provided to the executive directors but not included in the measure of segment profit (loss):

| | | | | | | | |
|---|---------|---|-------|---------|---|---|---------|
| Share of revenue of associates and joint ventures | 846,979 | - | 6,165 | 853,144 | - | - | 853,144 |
|---|---------|---|-------|---------|---|---|---------|

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

For the year ended 31 March 2015

| | Management contracting <i>HK\$'000</i> | Property development management <i>HK\$'000</i> | Property investment <i>HK\$'000</i> | PYE total <i>HK\$'000</i> | Hotel development <i>HK\$'000</i> | Segment total <i>HK\$'000</i> | Eliminations <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|------------------------------|---|--|--|------------------------------|--------------------------------------|----------------------------------|---------------------------------|---------------------------------|
| SEGMENT REVENUE | | | | | | | | |
| External sales | 9,292,639 | 30,779 | - | 9,323,418 | - | 9,323,418 | - | 9,323,418 |
| Inter-segment sales | 1,371,655 | 500 | - | 1,372,155 | - | 1,372,155 | (1,372,155) | - |
| Segment revenue | <u>10,664,294</u> | <u>31,279</u> | <u>-</u> | <u>10,695,573</u> | <u>-</u> | <u>10,695,573</u> | <u>(1,372,155)</u> | <u>9,323,418</u> |
| Segment profit | <u>195,376</u> | <u>969</u> | <u>1,406</u> | <u>197,751</u> | <u>-</u> | <u>197,751</u> | <u>(42,168)</u> | 155,583 |
| Corporate income | | | | | | | | 13,314 |
| Central administrative costs | | | | | | | | (131,538) |
| Finance costs | | | | | | | | (11,415) |
| Profit before tax | | | | | | | | <u>25,944</u> |

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

At 31 March 2015

| | Management contracting <i>HK\$'000</i> | Property development management <i>HK\$'000</i> | Property investment <i>HK\$'000</i> | PYE total <i>HK\$'000</i> | Hotel development <i>HK\$'000</i> | Segment total <i>HK\$'000</i> | Eliminations <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|-------------------------------|--|--|---|---------------------------------|---|-------------------------------------|---------------------------------|---------------------------------|
| ASSETS | | | | | | | | |
| Segment assets | <u>4,518,371</u> | <u>19,389</u> | <u>89,497</u> | <u>4,627,257</u> | <u>4,799,752</u> | <u>9,427,009</u> | <u>(420,812)</u> | 9,006,197 |
| Pledged bank deposits | | | | | | | | 46,878 |
| Short term bank deposits | | | | | | | | 2,138,346 |
| Bank balances and cash | | | | | | | | 1,036,459 |
| Other unallocated assets | | | | | | | | <u>147,323</u> |
| Consolidated assets | | | | | | | | <u>12,375,203</u> |
| LIABILITIES | | | | | | | | |
| Segment liabilities | <u>4,142,739</u> | <u>4,847</u> | <u>447</u> | <u>4,148,033</u> | <u>1,765,337</u> | <u>5,913,370</u> | <u>(442,117)</u> | 5,471,253 |
| Bank borrowings | | | | | | | | 487,610 |
| Other unallocated liabilities | | | | | | | | <u>128,524</u> |
| Consolidated liabilities | | | | | | | | <u>6,087,387</u> |

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

For the year ended 31 March 2015

| | Management contracting <i>HK\$'000</i> | Property development management <i>HK\$'000</i> | Property investment <i>HK\$'000</i> | PYE total <i>HK\$'000</i> | Hotel development <i>HK\$'000</i> | Unallocated <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|---|---|--|--|------------------------------|--------------------------------------|--------------------------------|---------------------------------|
| OTHER INFORMATION | | | | | | | |
| <i>Amounts included in the measure of segment profit or segment assets:</i> | | | | | | | |
| Additions to hotel under development | - | - | - | - | 1,700,925 | - | 1,700,925 |
| Additions to property, plant and equipment | 16,166 | - | - | 16,166 | 11,741 | 7,441 | 35,348 |
| Additions to deposits paid for acquisition of property, plant and equipment | - | - | - | - | 38,807 | - | 38,807 |
| Depreciation of property, plant and equipment | 28,818 | 11 | - | 28,829 | - | 3,574 | 32,403 |
| Loss on disposal of property, plant and equipment | (2,375) | - | - | (2,375) | - | (73) | (2,448) |
| Release of prepaid land lease payments | 575 | - | - | 575 | - | - | 575 |
| Interests in associates and joint ventures | 28,643 | (1,924) | 89,489 | 116,208 | - | - | 116,208 |
| Share of results of associates and joint ventures | 441 | (1,927) | 1,436 | (50) | - | - | (50) |

Amounts regularly provided to the executive directors but not included in the measure of segment profit:

| | | | | | | | |
|---|-----------|-----|-------|-----------|---|---|-----------|
| Share of revenue of associates and joint ventures | 1,389,706 | 109 | 6,257 | 1,396,072 | - | - | 1,396,072 |
|---|-----------|-----|-------|-----------|---|---|-----------|

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

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

| | 2016 | 2015 |
|-----------|-------------------------|-------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Hong Kong | 3,993,825 | 2,926,531 |
| Macau | 2,423,427 | 5,743,744 |
| Singapore | 118,371 | 80,402 |
| The PRC | 275,896 | 572,741 |
| | <u>6,811,519</u> | <u>9,323,418</u> |

The following is an analysis of the carrying amounts of non-current assets, analysed by the geographical area in which the assets are located:

| | 2016 | 2015 |
|-----------|-------------------------|-------------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Hong Kong | 226,311 | 133,198 |
| Macau | 8,003,384 | 4,530,369 |
| Singapore | 3,029 | 2,521 |
| The PRC | 112,288 | 114,992 |
| | <u>8,345,012</u> | <u>4,781,080</u> |

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

| | 2016 | 2015 |
|----------------------------|-----------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Customer A | 1,299,724 | 3,625,477 |
| Customer B | 1,115,263 | 2,110,767 |
| Customer C (<i>Note</i>) | 981,342 | – |
| Customer D (<i>Note</i>) | 940,911 | – |
| Customer E (<i>Note</i>) | 782,230 | – |
| | <u>782,230</u> | <u>–</u> |

Note: These customers contributed less than 10% of total revenue of the Group for the year ended 31 March 2015.

All these customers are under the management contracting segment.

4. INCOME TAX EXPENSE

| | 2016 <i>HK\$'000</i> | 2015 <i>HK\$'000</i> |
|-------------------------------|-------------------------|-------------------------|
| Hong Kong | | |
| Overprovision in prior years | <u>(146)</u> | <u>–</u> |
| Macau and other jurisdictions | | |
| Current tax | 22,631 | 33,951 |
| Overprovision in prior years | <u>(1)</u> | <u>(95)</u> |
| | <u>22,630</u> | <u>33,856</u> |
| | <u>22,484</u> | <u>33,856</u> |

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the assessable profits were wholly absorbed by tax losses brought forward for both years.

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

5. LOSS FOR THE YEAR

| | 2016 <i>HK\$'000</i> | 2015 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Loss for the year has been arrived at after charging (crediting): | | |
| Depreciation of property, plant and equipment | 55,863 | 49,558 |
| Less: Amount capitalised in respect of contracts in progress | (4,441) | (5,400) |
| Less: Amount capitalised in respect of hotel under development | <u>(11,535)</u> | <u>(11,755)</u> |
| | <u>39,887</u> | <u>32,403</u> |
| (Gain) loss on disposal of property, plant and equipment | (773) | 2,448 |
| Pre-opening expenses for hotel under development | 100,000 | – |
| Release of prepaid land lease payments | 104,591 | 104,591 |
| Less: Amount capitalised in respect of hotel under development | <u>(104,016)</u> | <u>(104,016)</u> |
| | <u>575</u> | <u>575</u> |

6. DIVIDENDS

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

The directors do not recommend the payment of a dividend for the year ended 31 March 2016 (2015: Nil).

7. LOSS PER SHARE

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

Loss

| | 2016 <i>HK\$'000</i> | 2015 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Loss for the purposes of basic and diluted loss per share: | | |
| Loss for the year attributable to owners of the Company | <u>(197,361)</u> | <u>(29,883)</u> |

Number of shares

| | Number of shares | Number of shares |
|--|---------------------|---------------------|
| Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (<i>Note</i>) | <u>908,245,076</u> | <u>548,042,386</u> |

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

The computation of diluted loss per share for the year ended 31 March 2016 and 2015 does not assume the exercises of convertible bonds and the unvested shares awarded outstanding for the year ended 31 March 2016 and 2015 since assumed such exercises would result in a decrease in loss per share. In addition, the computation of diluted loss per share for year ended 31 March 2016 and 2015 does not assume the exercises of exchange right granted to option holders under a subsidiary's share option scheme and the Company's share options outstanding during the year because the adjusted exercise prices of those exchange rights and options were higher than the average market price of the shares during the year.

8. TRADE AND OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

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

Included in trade and other debtors, deposits and prepayments are trade debtors of HK\$596,062,000 (2015: HK\$828,837,000). The aged analysis of trade debtors, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period is as follows:

| | 2016 <i>HK\$'000</i> | 2015 <i>HK\$'000</i> |
|---------------------------------------|--------------------------------|-------------------------|
| Within 90 days | 525,632 | 786,553 |
| More than 90 days and within 180 days | 37,734 | 2,624 |
| More than 180 days | 32,696 | 39,660 |
| | 596,062 | 828,837 |

9. TRADE AND OTHER CREDITORS AND ACCRUED EXPENSES

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

Included in trade and other creditors and accrued expenses are trade creditors of HK\$512,845,000 (2015: HK\$1,056,543,000). The aged analysis of trade creditors presented based on the invoice date at the end of the reporting period is as follows:

| | 2016 <i>HK\$'000</i> | 2015 <i>HK\$'000</i> |
|---------------------------------------|--------------------------------|-------------------------|
| Within 90 days | 498,957 | 1,030,869 |
| More than 90 days and within 180 days | 662 | 5,628 |
| More than 180 days | 13,226 | 20,046 |
| | 512,845 | 1,056,543 |

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE AND POSITIONS

Hotel Development

The Group is building an exclusive luxury hotel and entertainment complex on a site of some 65,000 square feet located on the Cotai Strip in Macau (“THE 13 Hotel”) which is expected to be opened in the fourth quarter of 2016. In February 2016, we officially named our Macau hotel “THE 13” and subsequently renamed the Company “The 13 Holdings Limited” with approval from shareholders and other regulatory authorities at the end of March 2016. The directors believe that the completion of THE 13 Hotel followed by a fully operational hotel in Macau with provision of ancillary retail and entertainment facilities will, in due course, generate strong cash flows for the benefit of all shareholders.

For the year ended 31 March 2016, the hotel development segment recorded assets of approximately HK\$8,509 million and liabilities of approximately HK\$3,462 million, mainly the cost of land, hotel under development, deposits paid for acquisition of hotel fixture, furniture and equipment in Macau, the liability portion of convertible bonds issued for financing the hotel development and bank borrowings for hotel development. Also included in segment assets and liabilities are transactions with Paul Y. Engineering Group Limited (“PYE”) in respect of construction of THE 13 Hotel. There was no segment profit from hotel development for the year ended 31 March 2016.

As at 31 March 2016, approximately HK\$2,562 million was drawn from a six-year term loan facility of HK\$3,045 million provided by a Mainland China-based bank.

Engineering Business – PYE

The construction industry experienced a slight slowdown despite sustained efforts by the Government of the Hong Kong Special Administrative Region to provide significant business opportunities by boosting land supply and maintaining a relatively high level of capital works expenditure. Failure of the Government to smoothly facilitate funding approval of Government tenders undermined these efforts, creating potential vulnerabilities in the market.

For the year ended 31 March 2016, segment revenue at PYE and its subsidiaries (“PYE Group”) decreased 7% to approximately HK\$9,960 million from approximately HK\$10,696 million in 2015 as a result of the decrease in order book after the completion of a large project in Macau. Segment operating profit decreased approximately 20% to approximately HK\$158 million (2015: HK\$198 million) as a result of the provision made for the lead-in-water incident and increase in legal and professional fees.

The Group

For the year ended 31 March 2016, the Group recorded consolidated revenue including joint operations of approximately HK\$6,812 million (2015: HK\$9,323 million), representing a decrease of approximately 27% from that of last year as a result of the decrease in order book after completion of a large project in Macau.

Gross profit decreased approximately 30% to approximately HK\$198 million (2015: HK\$284 million) due primarily to costs and provisions for remedial measures resulting from lead contamination in potable water occurring under certain construction contracts and an increase in legal and professional fees. Gross profit margin slightly decreased to 2.9% (2015: 3.0%).

Loss attributable to owners of the Company for the year was approximately HK\$197 million (2015: HK\$30 million), representing an increase of approximately 6 times resulting mainly from the decrease in segment margins at PYE Group and pre-opening expenses in hotel under development segment. Basic loss per share was 21.7 HK cents.

The Group maintained a strong financial position with total assets standing at approximately HK\$12,547 million. Current assets were approximately HK\$4,202 million, or approximately 1.2 times the current liabilities. The equity attributable to owners of the Company slightly decreased to approximately HK\$5,709 million or 3%.

Net cash flow used in operating activities was about HK\$231 million and net cash outflow in respect of investing activities was approximately HK\$2,427 million. Net cash inflow in respect of financing activities was approximately HK\$1,325 million, resulting in a net decrease in cash and cash equivalents of about HK\$1,333 million for the Group for the year ended 31 March 2016.

REVIEW OF OPERATIONS

Hotel Development

The Group has made substantial progress in development of its hotel project during the year ended 31 March 2016 and expects the hotel will be opened in the fourth quarter of 2016. Virtually all work at the moment is devoted to completing the interior finishes of the hotel.

Rolls-Royce Motor Cars Limited has completed most of the Company's signature red Phantoms and is starting to ship them as they complete. On 1 March 2016, the Company and Rolls-Royce Motor Cars Limited jointly held a press conference at the Geneva Auto Show to ceremonially deliver the first of the Company's 30 custom red Rolls-Royce Extended Wheel Base Phantoms.

The Group has substantially completed the hiring of its senior management team including the second layer of managers supporting departmental head. All have been intimately involved in the design and development process to ensure that THE 13 Hotel is not only unique but also supports the high level of service and functionality the guests will expect. On 31 March 2016, total staff in the hotel under development segment was over 200 including directors of the Company.

Engineering Business – PYE

The Management Contracting division remained the core business and the major contributor of revenue this year. Revenue of this division amounted to approximately HK\$9,944 million (2015: HK\$10,665 million), down by about 7%. The revenue included approximately HK\$3,148 million (2015: HK\$1,372 million) for THE 13 Hotel project in Macau. The division reported an operating profit of approximately HK\$158 million (2015: HK\$196 million), including approximately HK\$132 million (2015: HK\$42 million) for THE 13 Hotel project in Macau. As at 31 March 2016, the value of contracts on hand was approximately HK\$23,481 million, while the value of works remaining stood at approximately HK\$7,585 million.

During the year under review, the Management Contracting division secured new construction contracts with an aggregate value of approximately HK\$4,881 million, representing a decrease of approximately 7% as compared to the amount of approximately HK\$5,253 million for last year as a result of lead-in-water incident. Subsequent to year end, the division secured further contracts of approximately HK\$2,653 million. Set out below are some of the new contracts secured during the year and up to the date of this announcement:

- Construction management services for The University of Chicago Center in Hong Kong
- Main contract works (Lot 7) for the Concordia Development at Coloane, Macau *
- Main contract works for the residential development at Kai Tak Area 1I Site 3
- Main contract works for the residential development at 128 Pok Fu Lam Road
- Proposed hotel development at Sai Kung
- Site formation and foundation works for Ocean Park Tai Shue Wan Development

* Project being carried out through joint venture

The Property Development Management division reported a profit of approximately HK\$1 million for the year under review. The value of contracts on hand for Property Development Management division at the year end was approximately HK\$40 million.

The Property Investment division reported a loss, through its joint venture, of approximately HK\$1 million for the year under review. The joint venture holds an investment property in Hangzhou, the Pioneer Technology Building, which is an office building with gross floor area of about 20,000 square meters. The building generated rental income of about HK\$12 million (2015: HK\$13 million) during the year and its occupancy reached about 90% as at 31 March 2016.

EVENT AFTER THE REPORTING PERIOD

There are no major subsequent events since the end of the reporting period and up to the date of this announcement.

LIQUIDITY AND CAPITAL RESOURCES

Under its prudent funding and treasury policies, the Group maintains a variety of credit facilities to meet requirements for working capital. As at 31 March 2016, cash, bank balances and deposits stood at approximately HK\$959 million, of which approximately HK\$851 million, HK\$76 million, HK\$23 million, HK\$5 million, HK\$3 million and HK\$1 million were denominated in Hong Kong Dollars, Renminbi, Macau Patacas, Singapore Dollars, Malaysian Ringgit and Japanese Yen, respectively. The Group had total bank borrowings of approximately HK\$3,021 million at year-end of which approximately HK\$459 million are repayable within one year. In addition, the Group also has outstanding convertible bonds with face value of approximately HK\$2,219 million and liability component as at 31 March 2016 of HK\$486 million. The convertible bonds mature in February 2025.

All of the Group's borrowings, other than the convertible bonds, as at 31 March 2016 bear interest at floating rates and are denominated either in Hong Kong Dollars or Renminbi. The Renminbi borrowings are directly tied in with the Group's business in the Mainland China. The convertible bonds are interest free. The Group's gearing ratio, based on total borrowings of approximately HK\$3,507 million and equity attributable to owners of the Company of around HK\$5,709 million, increased from approximately 0.34 at 31 March 2015 to about 0.61 at 31 March 2016 primarily due to increase in total borrowings related to hotel development.

EMPLOYEES

The Group had 1,816 full-time employees, including the directors of the Company but excluding contracted casual labour in Macau, as at 31 March 2016. The Group offers competitive remuneration packages based on overall market rates, employee performance, and the performance of the Group. Remuneration packages are comprised of salary, performance-based bonuses, and other benefits including training, provident funds and medical coverage. Three share incentive schemes (namely share option scheme, share award scheme and share financing plan) are in place to motivate and reward eligible employees.

PLEDGE OF ASSETS

As at 31 March 2016, the Group pledged hotel under development, property, plant and equipment, prepaid land lease payments and bank deposits of approximately HK\$6,139 million, HK\$1 million, HK\$1,699 million and HK\$17 million, respectively, and charged the Group's benefits over certain construction contracts and the Group's interests over certain subsidiaries to secure the general banking facilities granted to the Group.

CONTINGENT LIABILITIES

The Group had contingent liabilities in respect of indemnities of approximately HK\$28 million given to banks for performance bonds granted to associate and joint operations and contingent liabilities in respect of corporate guarantees of approximately HK\$20 million given to a bank for banking facilities granted to an associate as at 31 March 2016.

COMMITMENTS

As at 31 March 2016, the Group has expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment and hotel under development of approximately HK\$767 million and HK\$596 million, respectively.

SECURITIES IN ISSUE

During the year ended 31 March 2016, 62,856,000 share options were granted and 679,000 share options were lapsed.

As at 31 March 2016, there were 920,867,010 shares in issue. Additional shares may be issued by way of: i) exercise of share options of the Company for up to 89,682,000 shares of the Company depending on the fulfilment of vesting conditions attached to the options; ii) exchange for up to 10% of the shares in Falloncroft Investments Limited ("Falloncroft") for up to 88,235,294 shares of the Company depending on the ultimate equity capitalization of Falloncroft and achievement of certain performance targets related to hotel development; and iii) conversion of three 2025 convertible bonds which if fully converted would result in the issuance of 465,814,719 shares of the Company.

FINAL DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 March 2016 (2015: Nil).

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

During the year ended 31 March 2016, there were no purchases, sales or redemptions by the Company, or any of its subsidiaries, of the Company's listed securities.

OUTLOOK

Looking ahead, the global economic growth will likely be volatile. Following improvement of the US economy, the US Federal Reserve is expected to begin raising interest rates. In addition there is uncertainty generated by:

- continued sovereign credit issues in the Eurozone along with the generally slow pace of structural reforms;
- risk of a destabilized Eurozone following the exit referendum in the United Kingdom
- continued conflicts in the Middle East; and
- the slowing growth and structural reforms taking place in China.

Hotel Development

Macau remains the largest gaming market in the world generating gross gaming revenue ("GGR") of US\$27 billion for the 12 months to May 2016. This represents a decline of 25% over the prior 12-month period.

Macau recorded 30.7 million visitors for the 12 months ended April 2016 which represents a 2% decline over the prior 12-month period. It would appear that the decline in GGR has resulted from a decline in the average amount wagered rather than a decrease in Macau visitation.

Despite the anticipated volatile market conditions, the Company feels that its niche strategy of targeting a global clientele of high net worth customers seeking a unique luxury experience is well positioned to compete in a slow market.

We also expect that Macau will eventually return to long-term growth driven by the introduction of new transportation infrastructure, continued increase in hotel room and development of neighbouring Hengqin Island which will transform Macau into a leading tourism hub in Asia.

Engineering Business – PYE

Despite continuing challenges in the construction industry, the overall prospects of PYE Group's key markets remain positive.

In Hong Kong, the Chief Executive emphasised in 2016 Policy Address that the Government will continue to boost land and housing supplies through various development plans. In Mainland China, the Belt and Road Initiative was addressed in the 13th Five-Year Plan. The first stage will focus on construction of road and rail networks and related infrastructure. Hong Kong's construction industry will be a key beneficiary. In Macau, the Government is now proactively promoting tourism, the arts, cultural tourism and higher education businesses to break away from an unhealthy over-reliance on the gambling industry, and the construction industry will continue to play an important role in the process. In the meantime, the Singapore market is expected to maintain its steady growth rate.

The year 2016 marks PYE Group's 70th Anniversary – the right time for us to step into the next stage of our evolution. We will continue to adopt a cautious expansion strategy and secure premium contracts in these markets. We believe that our solid foundation, outstanding track record, and excellent team will steer PYE Group towards an even brighter future. Management will remain open to new ideas and methods of coping with the ever-changing business environment while striving to create greater value for our shareholders and stakeholders.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance because it believes that is the best way to enhance shareholder value. The Company has complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2016 and has adopted most of the recommended best practices stated therein.

AUDIT COMMITTEE

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

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

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

The Group's results for the year ended 31 March 2016 have been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2016 as set out in this preliminary results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary results announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

All directors of the Company have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in the Model Code during the year ended 31 March 2016.

ANNUAL GENERAL MEETING

The 2016 Annual General Meeting of the Company will be held on 16 August 2016. Notice of the 2016 Annual General Meeting will be published on the Company's website at www.The13.com and the Stock Exchange's website, and despatched to shareholders in due course.

PROPOSED AMENDMENTS TO THE BYE-LAWS

The Board has proposed to seek the approval of shareholders at the 2016 Annual General Meeting to amend the bye-laws of the Company, in order to bring the constitution of the Company in line with the recent amendments to the Listing Rules. A circular containing the proposed amendments will be sent to shareholders in due course.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.The13.com and the Stock Exchange's website. The 2016 Annual Report will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

APPRECIATION

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

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

Hong Kong, 15 June 2016

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

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