THE SINCERE COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0244)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2017

The Board of Directors (the "Board") of The Sincere Company, Limited (the "Company") announces that the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 28 February 2017 together with the comparative figures for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 28 February 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
REVENUE	*3*	**375,276**	384,338
Cost of sales		**(160,113)**	(152,089)
Other income and gains, net		**28,455**	25,535
Net unrealised loss on securities trading		**(8,325)**	(39,795)
Selling and distribution expenses		**(226,849)**	(269,404)
General and administrative expenses		**(102,597)**	(111,710)
Other operating income/(expenses), net		**2,479**	(13,512)
Finance costs	*4*	**(3,320)**	(6,472)
LOSS BEFORE TAX	*5*	**(94,994)**	(183,109)
Income tax expense	*6*	**(30)**	(29)
LOSS FOR THE YEAR		**(95,024)**	(183,138)
ATTRIBUTABLE TO:			
Equity holders of the Company		**(92,614)**	(181,796)
Non-controlling interests		**(2,410)**	(1,342)
		(95,024)	(183,138)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**HK$(0.30)**	HK$(0.58)
Diluted		**HK$(0.30)**	HK$(0.58)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 28 February 2017

	2017	2016
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(95,024)**	(183,138)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss to be reclassified to the income statement in subsequent periods:		
Exchange differences arising on translation of foreign operations	**(1,210)**	(7,447)
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary	**(234)**	–
Net other comprehensive loss to be reclassified to the income statement in subsequent periods	**(1,444)**	(7,447)
Other comprehensive income not to be reclassified to the income statement in subsequent periods:		
Actuarial gains on a defined benefit plan	**11,828**	1,262
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(84,640)**	(189,323)
ATTRIBUTABLE TO:		
Equity holders of the Company	**(83,257)**	(188,711)
Non-controlling interests	**(1,383)**	(612)
	(84,640)	(189,323)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

28 February 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**47,211**	61,178
Interests in associates		**–**	–
Financial instruments		**26,326**	26,326
Deposits and other receivables		**32,309**	28,375
Pension scheme assets		**11,149**	–
Total non-current assets		**116,995**	115,879
CURRENT ASSETS			
Inventories		**76,178**	48,358
Reinsurance assets		**19**	21
Prepayments, deposits and other receivables		**17,067**	36,921
Financial assets at fair value through profit or loss		**154,597**	202,782
Pledged bank balances		**39,845**	50,295
Pledged deposits with banks		**75,221**	85,979
Cash and bank balances		**30,962**	44,217
Total current assets		**393,889**	468,573
CURRENT LIABILITIES			
Creditors	*9*	**63,294**	82,947
Insurance contracts liabilities		**1,227**	1,229
Deposits, accrued expenses and other payables		**31,615**	46,192
Interest-bearing bank borrowings	*10*	**139,544**	92,593
Other loans		**1,932**	1,924
Tax payable		**1**	1
Total current liabilities		**237,613**	224,886
NET CURRENT ASSETS		**156,276**	243,687
TOTAL ASSETS LESS CURRENT LIABILITIES		**273,271**	359,566

	Notes	**2017** ***HK$'000***	2016 *HK$'000*
NON-CURRENT LIABILITIES			
Accrued expenses and other payables		**61,887**	59,188
Interest-bearing bank borrowings	*10*	**2,828**	6,975
Other loans		**1,026**	1,005
Pension scheme liabilities		**–**	228
Total non-current liabilities		**65,741**	67,396
NET ASSETS		**207,530**	292,170
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**287,180**	287,180
Reserves		**(137,441)**	(54,184)
		149,739	232,996
Non-controlling interests		**57,791**	59,174
TOTAL EQUITY		**207,530**	292,170

Notes:

1. CORPORATE AND GROUP INFORMATION

The Sincere Company, Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 24th Floor, Leighton Centre, 77 Leighton Road, Hong Kong. The principal activities of the Company and its subsidiaries have not changed during the financial year and mainly consisted of the operation of department stores, securities trading and the provision of general and life insurances.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The unaudited financial information relating to the year ended 28 February 2017 and the financial information relating to the year ended 29 February 2016 included in this preliminary announcement of annual results for the year ended 28 February 2017 does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 29 February 2016, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The financial statements for the year ended 28 February 2017 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the financial statements for the year ended 29 February 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on these financial statements for the year ended 29 February 2016. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

The adoption of the above new and revised standards has had no significant financial effect on these financial statements.

3. SEGMENT INFORMATION

(a) Operating segments

The following tables present revenue, loss and certain assets, liabilities and expenditure information for the Group's operating segments for the years ended 28 February 2017 and 29 February 2016.

	Department store operations		Securities trading		Others		Eliminations		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**368,217**	383,566	**3,342**	(2,987)	**3,717**	3,759	**–**	–	**375,276**	384,338
Intersegment sales	**–**	–	**–**	–	**29,018**	29,180	**(29,018)**	(29,180)	**–**	–
Other revenue	**496**	764	**18,952**	22,039	**9,807**	57	**–**	–	**29,255**	22,860
Total	**368,713**	384,330	**22,294**	19,052	**42,542**	32,996	**(29,018)**	(29,180)	**404,531**	407,198
Segment results	**(90,071)**	(133,144)	**3,562**	(31,230)	**(4,365)**	(14,938)	**–**	–	**(90,874)**	(179,312)
Interest income and unallocated revenue/(expenses), net									**(800)**	2,675
Finance costs									**(3,320)**	(6,472)
Loss before tax									**(94,994)**	(183,109)
Income tax expense									**(30)**	(29)
Loss for the year									**(95,024)**	(183,138)
Segment assets	**155,449**	141,842	**173,785**	222,890	**64,640**	68,409	**(29,018)**	(29,180)	**364,856**	403,961
Unallocated assets									**146,028**	180,491
Total assets									**510,884**	584,452
Segment liabilities	**176,952**	204,593	**301**	300	**12,747**	17,001	**(29,018)**	(29,180)	**160,982**	192,714
Unallocated liabilities									**142,372**	99,568
Total liabilities									**303,354**	292,282
Other segment information:										
Depreciation	**14,235**	23,502	**411**	411	**1,494**	1,549	**–**	–	**16,140**	25,462
Capital expenditure	**2,187**	5,899	**–**	849	**–**	19	**–**	–	**2,187**	6,767
Loss/(gain) on disposal/write-off of items of property, plant and equipment	**–**	16,940	**–**	(485)	**(7,500)**	–	**–**	–	**(7,500)**	16,455
Provision for inventories	**–**	1,413	**–**	–	**–**	–	**–**	–	**–**	1,413
Impairment of an interest in an associate	**–**	–	**–**	–	**18**	115	**–**	–	**18**	115
Impairment of other receivables	**–**	–	**–**	–	**–**	507	**–**	–	**–**	507
Bad debts written off	**182**	–	**–**	–	**–**	29	**–**	–	**182**	29
Gain on deregistration of a subsidiary	**–**	–	**–**	–	**(234)**	–	**–**	–	**(234)**	–
Write-back of other payables	**–**	–	**–**	–	**(2,444)**	–	**–**	–	**(2,444)**	–
Write-back of impairment of a deposit	**–**	–	**–**	–	**(2,500)**	(3,000)	**–**	–	**(2,500)**	(3,000)

3. SEGMENT INFORMATION (continued)

(b) Geographical information

The following table presents revenue and non-current asset information.

	Hong Kong		Mainland China		United Kingdom		Others		Eliminations		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK\$'000	*HK\$'000*	***HK\$'000***	*HK\$'000*	***HK\$'000***	*HK\$'000*	***HK\$'000***	*HK\$'000*	***HK\$'000***	*HK\$'000*	***HK\$'000***	*HK\$'000*
Segment revenue:												
Sales to external customers	**373,766**	387,034	**99**	103	**209**	239	**1,202**	(3,038)	**–**	–	**375,276**	384,338
Non-current assets	**78,501**	88,102	**1,019**	1,451	**–**	–	**–**	–	**–**	–	**79,520**	89,553

The non-current asset information above is based on the locations of the assets and includes property, plant and equipment and deposits and other receivables.

(c) Information about major customers

For the years ended 28 February 2017 and 29 February 2016, as no revenue derived from an individual customer of the Group has accounted for over 10% of the Group's total revenue, no information about major customers is presented under HKFRS 8 *Operating Segments*.

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2017	2016
	HK\$'000	*HK\$'000*
Interest on bank borrowings	**3,204**	6,444
Others	**116**	28
	3,320	6,472

5. LOSS BEFORE TAX

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

	2017	2016
	HK\$'000	*HK\$'000*
Depreciation	**16,140**	25,462
Auditor's remuneration	**3,253**	3,318
Employee benefit expense, excluding directors' and chief executive's remuneration:		
Wages and salaries	**70,062**	82,957
Pension contributions, including a pension cost for a defined benefit plan of HK\$2,347,000 (2016: HK\$2,308,000)	**4,887**	4,858
Equity-settled share option expenses	**–**	532
	74,949	88,347
Impairment of an interest in an associate *	**18**	115
Impairment of other receivables	**–**	507
Bad debts written off	**182**	29
Provision for inventories **	**–**	1,413
Operating lease rental payments:		
Minimum lease payments	**153,152**	174,616
Contingent rent	**2,942**	2,252
Loss/(gain) on disposal/write-off of items of property, plant and equipment #	**(7,500)**	16,455
Gain on deregistration of a subsidiary ***	**(234)**	–
Net realised loss/(gain) on securities trading	**(3,342)**	2,987
Underwriting profit	**(5)**	(3)
Rental income	**(3,664)**	(3,695)
Interest income ***	**(3,261)**	(9,478)
Dividends from financial assets at fair value through profit or loss ***	**(16,485)**	(17,984)
Foreign exchange loss, net ***	**1,762**	2,880
Write-back of other payables ***	**(2,444)**	–
Write-back of impairment of a deposit Δ*	**(2,500)**	(3,000)

* Amounts are included in "Other operating income/(expenses), net" on the face of the consolidated income statement.

** Amount is included in "Cost of sales" on the face of the consolidated income statement.

*** Amounts are included in "Other income and gains, net" on the face of the consolidated income statement.

\# Gain on disposal of items of property, plant and equipment is included in "Other income and gains, net" on the face of the consolidated income statement in current year. Loss on disposal/write-off of items of property, plant and equipment was included in "Other operating income/(expenses), net" on the face of the consolidated income statement in prior year.

Δ Amount represented write-back of impairment of HK\$2,500,000 (2016: HK\$3,000,000) for the Group's deposit for an investment in Mainland China.

6. INCOME TAX

No provision for Hong Kong profits tax had been made as there were no assessable profits arising in Hong Kong for both years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	2017	2016
	HK$'000	*HK$'000*
Current – Hong Kong	**–**	–
Current – Elsewhere		
Charge for the year	**30**	29
Total tax charge for the year	**30**	29

7. DIVIDENDS

The board of directors did not recommend the payment of any dividend for the year ended 28 February 2017 (2016: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year of HK$92,614,000 (2016: HK$181,796,000) attributable to equity holders of the Company and the 313,864,800 (2016: 313,864,800) ordinary shares in issue throughout the year, as adjusted to reflect the number of treasury shares of 260,443,200 (2016: 260,443,200) held by the Company's subsidiaries.

No adjustment had been made to the basic loss per share amount presented for the year ended 28 February 2017 in respect of a dilution as the impact of the share options outstanding during the year had an anti-dilutive effect on the basic loss per share amount presented.

No adjustment had been made to the basic loss per share for the prior year as the share options in issue during the year ended 29 February 2016 had no dilutive effect.

9. CREDITORS

An ageing analysis of the creditors as at the end of the reporting period, based on invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Current - 3 months	**58,360**	79,793
4 - 6 months	**3,887**	2,538
7 - 12 months	**965**	265
Over 1 year	**82**	351
	63,294	82,947

10. INTEREST-BEARING BANK BORROWINGS

	2017	2016
	HK$'000	*HK$'000*
Bank loans, secured	**142,372**	98,263
Bank overdrafts, secured	**–**	1,305
	142,372	99,568
Analysed into:		
Within one year or on demand	**139,544**	92,593
In the second year	**2,828**	4,147
In the third to fifth years, inclusive	**–**	2,828
	142,372	99,568
Less: Amounts repayable within one year or on demand and classified as current portion	**(139,544)**	(92,593)
Amount classified as non-current portion	**2,828**	6,975

DIVIDENDS

The Board of Directors does not recommend the payment of a dividend for the financial year ended 28 February 2017.

RESULTS

It was a challenging year for Hong Kong's retail sector, as reported by the Census and Statistics Department, with Hong Kong continuing to record a slump in sales. Our retail stores, however, showed some improvements, courtesy of major savings in operational expenses. With regards to securities investments, the global market has been volatile but was positive at the end of the financial year. This reversed the substantial mark-to-market security losses suffered in the previous year. Overall, the Group has improved its performance for the year under review.

The Group's total revenue was HK$375 million during the year; representing a 2% drop from last year. In core department store operations, we succeeded in trimming down a number of expenses – in particular store rentals through landlord negotiations – that have reduced losses. With positive securities trading results, the loss attributable to equity holders was HK$93 million, representing a substantial reduction of HK$89 million or 49% improvements on last year.

LIQUIDITY AND FINANCIAL RESOURCES

At 28 February 2017, the Group had cash and bank balances of HK$146 million (2016: HK$180 million), of which HK$115 million (2016: HK$136 million) were pledged. The Group's gearing increased from 43% to 95% in total debt to the shareholders' fund in comparison to last year. The interest expense charged to the consolidated income statement for the year was HK$3 million (2016: HK$6 million). The interest-bearing bank borrowings of the Group as of 28 February 2017 were HK$142 million (2016: HK$100 million), of which HK$140 million (2016: HK$93 million) was repayable within one year, while the remaining balance was repayable within the second and fifth years. The bank borrowings were largely in Hong Kong dollars, with interest rates ranging from 1.4% to 5.0% per annum. The current ratio was 1.7 (2016: 2.1). The above decrease in cash and increase in bank borrowings and gearing were used to support normal operations at department stores.

The Group currently employs a foreign currency hedging policy on the euro for the purchase of inventories, which hedges approximately fifty percent of the European inventory purchase for resale at department stores. In addition to internally generated cash flows, the Group also made use of both long-term and short-term borrowings to finance its operations during the year. All borrowings were secured against securities investments, a property and bank deposits.

EMPLOYEES AND REMUNERATION POLICIES

At 28 February 2017, the Group had 377 employees (2016: 392), including part-time staff. The Group operates various remuneration schemes for sales and non-sales employees to motivate front-line and back-office staff towards achieving higher sales and operating efficiencies. Besides basic salary and discretionary bonuses based on individual merit, sales personnel are further remunerated on the basis of goal-oriented packages, comprising several sales commission schemes. The Group provides employee benefits such as employee stock options, staff purchase discounts, subsidised medical care and training courses.

BUSINESS REVIEW

DEPARTMENT STORE OPERATION

The Census and Statistics Department reported that general retail sales in Hong Kong have deteriorated further, with an annual drop of 4% in the department stores category since March 2016. This was due to inbound tourists' lower spending and a volatile local and global stock market that weakened consumers' buying sentiments. For the Group, the first three quarters of the year started strong with positive growth, but due to an unseasonably warm winter and resulting quiet end-of-year sales period, the fourth quarter finished poorly. The Group's core department store operations delivered revenues of HK$368 million or a drop of 4% (2016: HK$384 million). The management team has focused both on attracting new customers and increasing visits and purchase frequency from existing customers. This was supported by new Customers Relationship Management applications (CRM) launched at the end of the year with segmented digital marketing capabilities. Due to the unfavorable macro environment, there were also more developed promotional campaigns and theme fairs, etc. during the year. A new stamp redemption programme was introduced in the middle of the year, rewarding consumers with various luggage, bedding and household items based on certain purchasing criteria.

During the year under review, we have suffered the departure of various counters due to their evolving internal business directions. To compensate, we expanded our range of items, such as imported men's shoes from Japan, and introduced high-value branded products including furs and crocodile-skin accessories.

Over the year, the department store segment generated a decreased loss of HK$90 million, representing HK$43 million or 32% improvement on last year. Reduction in losses were primarily derived from successful rental contraction negotiations with landlords and stringent cost controls on various aspects.

Shamshuipo Dragon Centre Store

Revenue was similar but gross profit margins were down on last year. We opened a show window on the first floor, creating a significantly larger promotional area that attracted increased traffic and created a more accessible shopping experience for customers. The aforementioned stamp redemption programme was very well received, although overall margins for this store dropped slightly.

Tsuen Wan Citywalk Store

This was a similar story here as revenues increased marginally while gross profit margins declined from last year. Themed promotions, including bedding, sports and hard goods, etc. were well received in this store, even in the face of keen competition, with the opening of two branded department stores nearby.

Yau Tong Domain Store

Revenue went up marginally but gross profit margins were down on last year. Domain Mall was fully let with several new outlet shops, attracting a younger customer base. We have introduced Korean men's apparel and more outdoor apparel to continue to drive younger shoppers to the complex.

Sincere MK Store

This store continued to be the worst performing store. Foot traffic, sales and margins continue to decline despite major programmes to revamp the business. Several important counters have also left the store. Management is working to revitalise both the product lines and products displayed on different floors for better space utilisation and freshness, including placing popular photo stations in the basement to attract more traffic.

Central Li Po Chun Store

There was a drop in both sales and margins for this store. Over the course of the year, we updated the product selection to compliment existing high-value offerings; these included a new jade counter, new crocodile-skin handbags and accessories, and furs, all of which were well received.

Sincere CWB Store

Revenue went up marginally but traffic continued to be a major problem here. Management rezoned several sectors to give the space a fresh look and improve its external image. We also hosted VIP events at the store to increase exposure.

SECURITIES TRADING OPERATION

On securities trading, the global market was volatile until towards the end of the year under review, when positive sentiment with regards to economic reform by the incoming US president showed signs of gradual economic recovery. Global indexes at the end of the year closed at a higher level. This reversed the mark-to-market securities losses suffered in the previous year, and accounted for a segment gain of more than HK$3 million as opposed to substantial losses of over HK$31 million in the previous year.

PROSPECTS

For the year ahead, prospects for Hong Kong's retail industry continue to be gloomy. However, we will continue to work hard to sharpen up our management teams, generate additional revenue and cut operating expenses and overheads. We will provide a better shopping environment for our customers with a contemporary feel, excellent value products and exceptional services.

Our focus will be on store layouts and merchandising mix. We will implement new zoning plans so that customers can easily find what they desire. We will source new products, enrich collections, focus on new styles and values, and improve the inventory management system. We will further utilise our new CRM to better serve our customers.

We are confident a new look 'Sincere' will result in better results on the department store front.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the financial year.

CORPORATE GOVERNANCE PRACTICE

The Company's corporate governance practices are based on the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

During the financial year ended 28 February 2017, the Company has complied with the Code Provisions set out in the CG Code, save and except for code provision A.2.1, A.4.1 and A.6.7.

Pursuant to code provision A.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. Mr Philip K H Ma, being the Chairman and Chief Executive Officer of the Company, provides leadership to the Board ensuring that members of the Board receive accurate, timely and clear information to help them reach well-informed and well-considered decisions. He is also responsible for leading the management team to manage day-to-day operation and report to the Board the way the business is run. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same individual can provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

Pursuant to code provision A.4.1 of the CG Code that non-executive directors should be appointed for a specific term, subject to re-election. The Independent Non-Executive Directors of the Company were not appointed for a specific term but are subjected to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Company's Article of Association.

Pursuant to code provision A.6.7 of the CG Code that independent non-executive directors and chairman of the board should also attend general meetings. Mr Charles M W Chan, and Mr Peter Tan, both are Independent Non-Executive Directors of the Company, did not attend the general meeting of the Company due to business arrangement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code governing the transactions of securities by the Directors. After making specific enquiry to all Directors, it is confirmed by the Company that the Directors of the Company had complied with the relevant standard as provided in the Model Code.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's results for the year ended 28 February 2017 as set out in the preliminary results announcement have been agreed by the Company's independent auditor, Ernst & Young, Certified Public Accountants of Hong Kong ("Ernst & Young") to the amounts set out in the Group's consolidated financial statements. The work performed by Ernst & Young 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 Ernst & Young on this preliminary results announcement.

AUDIT COMMITTEE

The Audit Committee of the Company comprises four members all of whom are Independent Non-Executive Directors, namely, Mr Eric K K Lo, Mr Charles M W Chan, Mr King Wing Ma and Mr Peter Tan. The Audit Committee has reviewed the annual results (including the consolidated financial statements) of the Company for the year ended 28 February 2017.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting of the Company ("AGM") to be held on Friday, 4th August 2017, the register of members of the Company will be closed from Monday, 31st July 2017 to Friday 4th August, 2017, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's registrar Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 28th July 2017.

PUBLICATION OF ANNUAL REPORT

The 2016/17 annual report of the Group, containing the relevant information required by the Listing Rules, will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

As at the date of this announcement, the Executive Directors of the Company are Mr Philip K H Ma and Mr John Y C Fu, and the Independent Non-Executive Directors are Mr King Wing Ma, Mr Eric K K Lo, Mr Charles M W Chan and Mr Peter Tan.

On behalf of the Board
Philip K H MA
Chairman & CEO

Hong Kong, 29 May 2017