



建聯集團有限公司\*

**Chinney Alliance Group Limited**

(Incorporated in Bermuda with limited liability)

Stock Code : 385

Interim Report 2014

# CONTENTS

Corporate Information	2
Review of Operations	4
Condensed Consolidated Statement of Profit or Loss	8
Condensed Consolidated Statement of Comprehensive Income	9
Condensed Consolidated Statement of Financial Position	10
Condensed Consolidated Statement of Changes in Equity	12
Condensed Consolidated Statement of Cash Flows	13
Notes to the Condensed Consolidated Interim Financial Statements	15
Other Information	28

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### **Executive Directors**

James Sai-Wing WONG (*Chairman*)  
Yuen-Keung CHAN (*Vice Chairman and Managing Director*)  
James Sing-Wai WONG  
Philip Bing-Lun LAM

### **Non-Executive Director**

Herman Man-Hei FUNG

### **Independent Non-Executive Directors**

Yuen-Tin NG  
Chi-Chiu WU  
Alexander Yan-Zau FANG  
Ronald James BLAKE

## AUDIT COMMITTEE

Yuen-Tin NG (*Chairman*)  
Chi-Chiu WU  
Herman Man-Hei FUNG

## REMUNERATION COMMITTEE

Chi-Chiu WU (*Chairman*)  
Yuen-Tin NG  
Herman Man-Hei FUNG

## COMPANY SECRETARY

Yun-Sang LO

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
The Bank of East Asia, Limited  
Shanghai Commercial Bank Limited  
Hang Seng Bank Limited  
Bank of China (Hong Kong) Limited

## AUDITORS

Ernst & Young

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Management (Bermuda) Ltd.  
Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## REGISTERED OFFICE

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

23rd Floor  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

## STOCK CODE

00385

# CORPORATE INFORMATION

## BUSINESS ADDRESSES AND CONTACTS

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### **Kin Wing Engineering Company Limited**

#### **Kin Wing Foundations Limited**

Block A&B, 9th Floor  
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### **Shun Cheong Electrical Engineering Company Limited**

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### **Westco Chinney Limited**

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481-483 Castle Peak Road  
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Website : <http://www.westcochinney.com>  
E-mail : [wcl@westcochinney.com](mailto:wcl@westcochinney.com)

### **Chinney Construction Company, Limited**

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### **DrilTech Ground Engineering Limited**

#### **DrilTech Geotechnical Engineering Limited**

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481-483 Castle Peak Road  
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### **Jacobson van den Berg (Hong Kong) Limited**

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### **Chinney Alliance Engineering Limited**

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# REVIEW OF OPERATIONS

## RESULTS

The board of directors (the "Board") of Chinney Alliance Group Limited (the "Company", collectively with its subsidiaries, the "Group") is pleased to announce that the Group recorded a turnover of HK\$1,760 million for the six months ended 30 June 2014 (2013: HK\$1,477 million). The profit for the period was HK\$30.4 million (2013: HK\$41.4 million, including a fair value gain on equity investments of HK\$17.0 million). Current period's operating profit represents an increase of HK\$6.0 million.

## INTERIM DIVIDEND

The Board does not propose the payment of an interim dividend for the six months ended 30 June 2014 (2013: Nil).

## BUSINESS REVIEW AND PROSPECTS

### Trading of plastics and chemicals products

The Plastic Trading division, which consists of Jacobson van den Berg (Hong Kong) Limited ("Jacobson HK") and other companies, contributed a turnover of HK\$264 million (2013: HK\$224 million) with operating profit of HK\$2.4 million (2013: HK\$3.6 million). The increased turnover was attributable to products from new distributorship. However, the tough business environment and the tight liquidity of the manufacturing sector had squeezed the division's margin. The drop of Renminbi also affected the half year results of the division as a result of retranslating Renminbi assets into Hong Kong dollars. The division has a good customer base with good potential. The management continues to develop new supply sources and products to suit customers' need thereby improving the quality of earnings of the division.

### Building related contracting services

Shun Cheong Investments Limited and its subsidiaries ("Shun Cheong") contributed a turnover of HK\$375 million (2013: HK\$419 million) and an operating profit of HK\$2.4 million (2013: HK\$4.6 million). While the existing projects were near completion, new projects awarded were still at early stage of construction hence the turnover was decreased, accompanying by the decrease in profit. The projects engaged during the period included public housing, private residential and commercial development and government term maintenance contracts. As at 30 June 2014, the division had outstanding contracts on hand of HK\$1,336 million. Subsequent to the reporting date, the division was awarded HK\$475 million worth of contracts.

### Foundation piling and ground investigation

The principal subsidiaries of the division include Kin Wing Engineering Company Limited, Kin Wing Foundations Limited and DrilTech Ground Engineering Limited (collectively, the "Kin Wing Group"). Turnover for the period was HK\$679 million (2013: HK\$574 million) and operating profit was HK\$38.5 million (2013: HK\$33.4 million). The turnover and profit were mainly contributed from foundation piling projects for private developments. The outstanding contracts on hand were HK\$1,170 million as at 30 June 2014 with additional HK\$375 million worth of projects awarded after period end.

### Building construction

The division recorded a turnover of HK\$439 million (2013: HK\$249 million) with an operating profit of HK\$7.4 million (2013: HK\$4.5 million). The principal subsidiaries include Chinney Construction Company, Limited and Chinney Builders Company Limited, which operate in Hong Kong, and Chinney Timwill Construction (Macau) Company Limited, which operates in Macau. Turnover increased from contribution of projects commenced in the second half of 2013 and the period under review. The division has a mix of clients including schools, tertiary institutions, property developers, hotels and non-profit organisations. As at 30 June 2014, the division had outstanding contracts on hand of HK\$1,312 million. There were additional HK\$77 million worth of contracts awarded after 30 June 2014 by the division.

# REVIEW OF OPERATIONS

## BUSINESS REVIEW AND PROSPECTS *(continued)*

### Other businesses

Other businesses include Chinney Alliance Engineering Limited (“CAE”), which is engaged in the distribution of aviation system and other hi-tech products, and the holding of properties for the Group’s own use.

CAE recorded a turnover of HK\$4 million (2013: HK\$12 million) and an operating loss of HK\$2.8 million (2013: HK\$3.7 million). The decrease in turnover and the loss for the period was attributable to the delay of the Hong Kong Airport related projects.

The property holding companies recorded a loss of HK\$0.5 million (2013: HK\$1.2 million) which was arrived after deduction of depreciation charges of HK\$2.2 million (2013: HK\$1.9 million) for properties.

The Group’s share of the profits and losses of associates reported losses of HK\$1.1 million where it was breakeven in the same period of last year. The two associates are Jiangxi Kaitong New Materials Company Limited which is engaged in the manufacturing of stainless steel and plastic compound pipes in the People’s Republic of China (the “PRC”) and Fineshade Investments Limited (“Fineshade”) which has an investment in a real estate property known as Binjiang Intelligence Port located in Hangzhou, the PRC for rental income. The losses were mainly attributable to decrease in rental income after the moving out of a major tenant upon expiry of lease. The management team of Fineshade is working on leasing strategy to lease up the empty space.

## FINANCIAL REVIEW

### Liquidity and financial resources

Total interest-bearing debts of the Group amounted to HK\$309.9 million as at 30 June 2014 (31 December 2013: HK\$334.4 million), of which HK\$305.7 million or 99% (31 December 2013: HK\$329.7 million or 99%) were classified as current liabilities. The current portion of the interest-bearing debts included HK\$26.0 million (31 December 2013: HK\$26.9 million) bank and other borrowings repayable after one year according to the lenders’ repayment schedules but were classified as current liabilities as the loan agreements contained repayment-on-demand clause. The current portion of the interest-bearing debts would be HK\$279.7 million or 90% (31 December 2013: HK\$302.8 million or 91%) based on lenders’ repayment schedules. Also included in the current portion of bank and other borrowings were trust receipt loans of HK\$184.7 million (31 December 2013: HK\$153.7 million). The increase in trust receipt loans was mainly due to the increase in purchases of Jacobson HK for stock sales and the purchases of materials and equipment for installation for the Shun Cheong’s projects. Current ratio of the Group as at 30 June 2014, measured by total current assets over total current liabilities, was 1.1 (31 December 2013: 1.1). Total unpledged cash and bank balances as at 30 June 2014 was HK\$394.1 million (31 December 2013: HK\$312.1 million). The increase in unpledged bank balances was mainly due to funds generated from operations. During the period, the Group used approximately HK\$23.8 million for purchases of items of property, plant and machinery, mainly for the Kin Wing Group.

The Group had a total of HK\$652.6 million undrawn banking facilities at the end of the reporting period available for its working capital, trade finance and/or issue of performance/surety bonds. The gearing ratio of the Group, measured by total interest-bearing borrowings of HK\$309.9 million over the equity attributable to the holders of the Company of HK\$789.8 million, was 39.2% as at 30 June 2014 (31 December 2013: 42.8%).

### Funding and treasury policy

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with leading banks. Borrowings are mainly denominated in Hong Kong dollars and bear interest at floating rates. Forward contracts of non-speculative nature are entered to hedge the foreign currency trade purchase commitments of the Group when desirable.

# REVIEW OF OPERATIONS

## FINANCIAL REVIEW *(continued)*

### **Pledge of assets**

Certain properties, a motor vehicle and a time deposit having aggregate book value of HK\$348.0 million and HK\$0.5 million and HK\$1.0 million respectively as at 30 June 2014 were pledged to banks to secure certain bank loans, obligations under finance leases and general banking facilities extended to the Group. In addition, time deposits of HK\$17.9 million were pledged to banks to secure the performance/surety bonds issued in favour of the Group's clients on contracting works.

### **Contingent liability**

Details of the contingent liabilities of the Group are set out in note 12 to the condensed consolidated interim financial statements.

### **Employees and remuneration policies**

The Group employed approximately 1,200 staff in Hong Kong and other parts of the PRC as at 30 June 2014. Remuneration packages are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments and year-end discretionary bonuses, the Group also provides other employment benefits including medical insurance cover, provident fund and educational subsidies to eligible staff.

## CONNECTED TRANSACTION

On 29 May 2014, a subsidiary of the Company as the vendor (the "Vendor") entered into a sale and purchase agreement for the disposal of a property located in Shenzhen, the PRC to a subsidiary of Hon Kwok Land Investment Company, Limited ("Hon Kwok") and Chinney Investments, Limited ("Chinney Investments") as the purchaser (the "Purchaser") for a cash consideration of HK\$8,063,000. Since Dr. James Sai-Wing Wong, the Chairman of the Company, has control in Chinney Investments, Hon Kwok and the Company, the transaction constituted a connected transaction of the Company pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and was subject to the reporting and announcement requirements but was exempt from independent shareholders' approval. On 27 June 2014, the Vendor received the balance of the consideration for the disposal and passed all title documents to the Purchaser for submission to relevant government departments for title transfer. Details of the transaction were set out in an announcement published on 29 May 2014.

Save as disclosed above, there was no transaction or arrangement during the period under review needed to be disclosed as a connected transaction pursuant to the Listing Rules.

## OUTLOOK

The recovery of the global economy continues. In the US, there is considerable progress in recovery of the economy from the depression and unemployment rate dropped significantly from the peak in 2009 to the current 6.2%. While the market is speculating the coming of interest rise, the Federal Reserve considers that there is still significant underutilisation of labour resources and the inflation rate is still below the longer term expectation of 2%, although it is moving gradually towards it. As such, the current federal funds rate will be maintained until there is progress in labour market or inflation moves faster towards the expectation. On the other hand, the recovery of the Euro zone is still slow. The tension between Russia and Ukraine is escalating. Sanctions by the Euro countries and counter action by Russia will slow down the economic activities in the region and affect the economy. In China, the central government recently loosens the control over the real estate market with partial relaxation of the purchase restrictions. It is expected that the domestic consumption will improve and the GDP growth target for 2014 will be met. Returning to Hong Kong, the growth of the economy had slowed down during the period under review with the growth rate of 1.8% in the second quarter of 2014, as comparing with 2.6% in the first quarter. The slowdown was mainly caused by decrease in tourist spending as well as domestic demand. In view of the local and external environments, the government tunes down the 2014 GDP growth forecast to 2-3%. Nevertheless, the forthcoming implementation of Shanghai-Hong Kong Connect Scheme brings positive expectation on the growth of local equity market as well as improved liquidity.

# REVIEW OF OPERATIONS

## OUTLOOK *(continued)*

With the slow but gradually revival of the advanced economies, the manufacturing sector is expecting a better business environment. But given the uncertainty of the political and economic environment, the manufacturers are keen on bargaining so the Group's Plastic Trading division is facing hard driving on prices. The division continues to develop business presence in the Mainland China and source new products and distributorship to enhance the earnings. On the construction side, all the Foundation Piling division, Building Construction division and Building Services division have sufficient tenders on hand for the second half of this year. In Macau, the hotel and casino expansion projects will continue to grow in the coming years. In Hong Kong, the building of infrastructure and public facilities, as well as government's policy to increase the supply of public housing, will continue to provide business opportunity to the local construction sector. The management is cautious on costs control and tender price when balancing the risk of costs escalation, keen competition and maintaining business growth and profitability.

## APPRECIATION

I would like to thank my fellow directors for their advice and support and all staff for their hard work and contribution during the period under review.

By Order of the Board  
**James Sai-Wing Wong**  
*Chairman*

Hong Kong, 27 August 2014



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>REVENUE</b>	3	<b>1,759,975</b>	1,477,316
Cost of sales/services provided		<b>(1,573,080)</b>	(1,304,884)
Gross profit		<b>186,895</b>	172,432
Other income	3	<b>5,146</b>	3,452
Selling and distribution costs		<b>(4,946)</b>	(4,652)
Administrative expenses		<b>(143,948)</b>	(139,312)
Other operating income/(expenses), net		<b>(1,309)</b>	1,473
Fair value gains on equity investments at fair value through profit or loss, net		–	17,021
Finance costs	4	<b>(3,445)</b>	(3,061)
Share of profits and losses of associates		<b>(1,057)</b>	23
<b>PROFIT BEFORE TAX</b>	5	<b>37,336</b>	47,376
Income tax expense	6	<b>(6,941)</b>	(5,972)
<b>PROFIT FOR THE PERIOD</b>		<b>30,395</b>	41,404
Attributable to:			
Owners of the Company		<b>30,395</b>	41,404
		<b>HK cents</b>	HK cents
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	7		
Basic and diluted		<b>5.11</b>	6.96

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>PROFIT FOR THE PERIOD</b>	<b>30,395</b>	41,404
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations and net other comprehensive income to be reclassified to profit or loss in subsequent periods	<b>(1,414)</b>	1,647
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>28,981</b>	43,051
Attributable to:		
Owners of the Company	<b>28,981</b>	43,051

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		620,993	623,284
Investment properties		16,791	25,052
Investments in associates		48,276	49,476
Investment in a joint venture		–	–
Goodwill		5,767	5,767
Deferred tax assets		3,268	2,128
Other assets		2,345	2,345
Total non-current assets		<u>697,440</u>	<u>708,052</u>
<b>CURRENT ASSETS</b>			
Inventories		63,718	85,743
Gross amount due from contract customers		213,098	235,810
Trade receivables	8	396,858	439,818
Retention monies receivable		249,127	214,526
Amount due from a joint venture		967	967
Prepayments, deposits and other receivables		82,118	69,874
Tax recoverable		4,579	7,048
Pledged time deposits		18,892	16,781
Cash and cash equivalents		394,088	312,087
Total current assets		<u>1,423,445</u>	<u>1,382,654</u>
<b>CURRENT LIABILITIES</b>			
Gross amount due to contract customers		534,181	431,855
Trade and bills payables	9	246,548	297,013
Trust receipt loans		184,725	153,690
Retention monies payable		100,821	93,070
Other payables and accruals		65,040	83,327
Tax payable		8,424	6,091
Obligations under finance leases		165	160
Interest-bearing bank borrowings		120,849	175,857
Total current liabilities		<u>1,260,753</u>	<u>1,241,063</u>
<b>NET CURRENT ASSETS</b>		<u>162,692</u>	<u>141,591</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>860,132</u>	<u>849,643</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>860,132</b>	849,643
<b>NON-CURRENT LIABILITIES</b>			
Obligations under finance leases		145	229
Interest-bearing bank borrowings		4,020	4,453
Deferred tax liabilities		66,128	63,282
Total non-current liabilities		70,293	67,964
Net assets		789,839	781,679
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	10	59,490	59,490
Reserves		730,349	701,368
Proposed final dividend		–	20,821
Total equity		789,839	781,679

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Issued capital	Share premium account	Contributed surplus	Asset revaluation reserve	Legal reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total equity
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
At 1 January 2014	59,490	60,978	120,946	195,763	49	3,063	320,569	20,821	781,679
Profit for the period	-	-	-	-	-	-	30,395	-	30,395
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	-	(1,414)	-	-	(1,414)
Total comprehensive income for the period	-	-	-	-	-	(1,414)	30,395	-	28,981
Release of revaluation reserve on land and buildings to retained profits	-	-	-	(3,304)	-	-	3,304	-	-
Final 2013 dividend declared	-	-	-	-	-	-	-	(20,821)	(20,821)
<b>At 30 June 2014</b>	<b>59,490</b>	<b>60,978*</b>	<b>120,946*</b>	<b>192,459*</b>	<b>49*</b>	<b>1,649*</b>	<b>354,268*</b>	<b>-</b>	<b>789,839</b>
At 1 January 2013	59,490	60,978	120,946	153,819	49	234	231,742	17,847	645,105
Profit for the period	-	-	-	-	-	-	41,404	-	41,404
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	-	-	1,647	-	-	1,647
Total comprehensive income for the period	-	-	-	-	-	1,647	41,404	-	43,051
Release of revaluation reserve on land and buildings to retained profits	-	-	-	(2,575)	-	-	2,575	-	-
Final 2012 dividend declared	-	-	-	-	-	-	-	(17,847)	(17,847)
At 30 June 2013	59,490	60,978	120,946	151,244	49	1,881	275,721	-	670,309

\* These reserve accounts comprise the consolidated reserves of HK\$730,349,000 in the condensed consolidated statement of financial position.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		37,336	47,376
Adjustments for:			
Finance costs	4	3,445	3,061
Share of profits and losses of associates		1,057	(23)
Depreciation	5	25,337	21,194
Bad debts written off	5	–	4
Provision/(write-back of provision) for inventories included in cost of inventories sold		(758)	93
Fair value gains on equity investments at fair value through profit or loss, net		–	(17,021)
Gain on disposals of items of property, plant and equipment	5	(88)	(1,015)
Loss on disposal of an investment property	5	548	467
Interest income	3	(2,007)	(1,919)
		<b>64,870</b>	<b>52,217</b>
Decrease in inventories		22,783	11,643
Decrease in gross amount due from contract customers		22,962	25,476
Decrease in trade receivables		42,960	47,068
Increase in retention monies receivable		(34,601)	(23,276)
Increase in prepayments, deposits and other receivables		(12,244)	(2,977)
Increase in gross amount due to contract customers		102,326	56,745
Decrease in trade and bills payables		(50,465)	(90,488)
Increase in retention monies payable		7,751	9,475
Decrease in other payable and accruals		(18,287)	(5,462)
		<b>148,055</b>	<b>80,421</b>
Cash generated from operations		148,055	80,421
Interest received		928	840
Interest paid		(3,434)	(2,693)
Interest element of finance lease rental payments		(11)	(368)
Dividend paid		(20,821)	(17,847)
Hong Kong profits tax paid, net		(421)	(323)
Overseas tax paid		–	(146)
		<b>124,296</b>	<b>59,884</b>
Net cash flows from operating activities		<b>124,296</b>	<b>59,884</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of items of property, plant and equipment		(23,777)	(60,926)
Proceeds from disposals of items of property, plant and equipment		551	2,212
Proceeds from disposal of an investment property		7,713	8,217
Proceeds from disposals of equity investments at fair value through profit or loss		–	22,948
		<b>(15,513)</b>	<b>(27,549)</b>
Net cash flows used in investing activities		<b>(15,513)</b>	<b>(27,549)</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<i>Notes</i>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in trust receipt loans	31,035	3,541
New bank loans	57,800	93,000
Repayment of bank loans	(116,281)	(43,441)
Increase in pledged time deposits	(2,111)	(523)
Capital element of finance lease rental payments	(79)	(5,029)
Net cash flows from/(used in) financing activities	<u>(29,636)</u>	<u>47,548</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	313,087	165,183
Effect of foreign exchange rate changes, net	(186)	453
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><b>392,048</b></u>	<u><b>245,519</b></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	203,863	204,780
Non-pledged time deposits with original maturity of less than three months when acquired	<u>190,225</u>	<u>39,739</u>
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	<b>394,088</b>	244,519
Time deposit with original maturity of less than three months when acquired, pledged as security for bank overdraft facility	1,000	1,000
Bank overdrafts	<u>(3,040)</u>	<u>–</u>
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<u><b>392,048</b></u>	<u><b>245,519</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2013.

The accounting policies and basis of preparation adopted in the preparation of this unaudited condensed consolidated interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2013 except that the Group has adopted the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time which are pertinent to its operations and relevant to these unaudited condensed consolidated interim financial statements.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities.

HKAS 32 Amendments address inconsistencies in current practice when applying the offsetting criteria and clarifies the meaning of “currently has a legally enforceable right of setoff”; and the application of offsetting criteria to some gross settlement systems (such as central clearing house systems) that may be considered equivalent to net settlement.

HKAS 39 Amendments introduce a relief to allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation.

HK(IFRIC)-Int 21 addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. For a levy that is triggered upon reaching a minimum threshold, no liability should be anticipated before the specified minimum threshold is reached.

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these unaudited condensed consolidated financial statements.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the trading of plastics and chemical products, provision of building related contracting services, provision of foundation piling works and sub-structure works, building construction works for both public and private sectors and others, which include distribution of aviation system and other hi-tech products and property holding. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Operating segments are reported in a manner consistent with the internal reporting provided to key management personnel.

### Six months ended 30 June 2014

	Plastic and chemical products (Unaudited) HK\$'000	Building related contracting services (Unaudited) HK\$'000	Foundation piling and ground investigation (Unaudited) HK\$'000	Building construction (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Segment revenue:</b>						
Sales to external customers	263,956	375,101	678,770	438,559	3,589	1,759,975
Intersegment sales	–	6,711	–	–	359	7,070
Other revenue	1,522	1	89	1	629	2,242
	<u>265,478</u>	<u>381,813</u>	<u>678,859</u>	<u>438,560</u>	<u>4,577</u>	<u>1,769,287</u>
<i>Reconciliation:</i>						
Elimination of intersegment sales						<u>(7,070)</u>
Revenue						<u>1,762,217</u>
<b>Segment results</b>	<b>2,367</b>	<b>2,416</b>	<b>38,531</b>	<b>7,361</b>	<b>(3,338)</b>	<b>47,337</b>
<i>Reconciliation:</i>						
Interest income and unallocated gains						1,169
Unallocated expenses						(10,113)
Share of profits and losses of associates						<u>(1,057)</u>
Profit before tax						<u>37,336</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 2. OPERATING SEGMENT INFORMATION *(continued)*

As at 30 June 2014

	Plastic and chemical products (Unaudited) <i>HK\$'000</i>	Building related contracting services (Unaudited) <i>HK\$'000</i>	Foundation piling and ground investigation (Unaudited) <i>HK\$'000</i>	Building construction (Unaudited) <i>HK\$'000</i>	Others (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Segment assets</b>	326,867	395,182	822,729	372,692	164,205	2,081,675
<i>Reconciliation:</i>						
Elimination of intersegment receivables						(25,200)
Investments in associates						48,276
Corporate and other unallocated assets						<u>16,134</u>
Total assets						<u>2,120,885</u>
<b>Segment liabilities</b>	148,438	303,840	545,427	227,685	54,315	1,279,705
<i>Reconciliation:</i>						
Elimination of intersegment payables						(25,200)
Corporate and other unallocated liabilities						<u>76,541</u>
Total liabilities						<u>1,331,046</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 2. OPERATING SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2013

	Plastic and chemical products (Unaudited) <i>HK\$'000</i>	Building related contracting services (Unaudited) <i>HK\$'000</i>	Foundation piling and ground investigation (Unaudited) <i>HK\$'000</i>	Building construction (Unaudited) <i>HK\$'000</i>	Others (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Segment revenue:</b>						
Sales to external customers	224,332	418,521	573,517	249,422	11,524	1,477,316
Intersegment sales	–	4,482	–	–	107	4,589
Other revenue	1,177	273	1	–	621	2,072
	225,509	423,276	573,518	249,422	12,252	1,483,977
<i>Reconciliation:</i>						
Elimination of intersegment sales						(4,589)
Revenue						1,479,388
<b>Segment results</b>	3,579	4,632	33,366	4,515	(4,861)	41,231
<i>Reconciliation:</i>						
Interest income and unallocated gains						1,380
Unallocated expenses						(12,279)
Fair value gains on equity investments at fair value through profit or loss, net						17,021
Share of profits and losses of associates						23
Profit before tax						47,376

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 2. OPERATING SEGMENT INFORMATION *(continued)*

As at 31 December 2013

	Plastic and chemical products (Audited) <i>HK\$'000</i>	Building related contracting services (Audited) <i>HK\$'000</i>	Foundation piling and ground investigation (Audited) <i>HK\$'000</i>	Building construction (Audited) <i>HK\$'000</i>	Others (Audited) <i>HK\$'000</i>	Total (Audited) <i>HK\$'000</i>
<b>Segment assets</b>	333,393	454,294	731,950	349,442	173,117	2,042,196
<i>Reconciliation:</i>						
Elimination of intersegment receivables						(29,550)
Investments in associates						49,476
Corporate and other unallocated assets						<u>28,584</u>
Total assets						<u>2,090,706</u>
<b>Segment liabilities</b>	156,141	365,799	472,263	211,846	59,892	1,265,941
<i>Reconciliation:</i>						
Elimination of intersegment payables						(29,550)
Corporate and other unallocated liabilities						<u>72,636</u>
Total liabilities						<u>1,309,027</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 3. REVENUE AND OTHER INCOME

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
<b>Revenue</b>		
Sale of goods	267,544	235,856
Construction contracts	1,492,431	1,241,460
	<u>1,759,975</u>	<u>1,477,316</u>
<b>Other Income</b>		
Interest income	2,007	1,919
Commission income	628	611
Gross rental income	629	621
Others	1,882	301
	<u>5,146</u>	<u>3,452</u>

## 4. FINANCE COSTS

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	3,355	2,602
Interest on bank loans wholly repayable after five years	79	91
Interest on obligations under finance leases	11	368
	<u>3,445</u>	<u>3,061</u>

No interest was capitalised by the Group in both periods.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Depreciation	25,337	21,194
Employee benefit expense (including directors' remuneration)	80,728	83,165
Bad debts written off*	–	4
Gain on disposal of items of property, plant and equipment*	(88)	(1,015)
Loss on disposal of an investment property*	548	467
Foreign exchange differences, net*	849	(869)

\* These expenses/(income) are included in "Other operating income/(expenses), net" in the condensed consolidated statement of profit or loss.

## 6. INCOME TAX

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Group:		
Current – Hong Kong	5,175	3,834
Current – Elsewhere	60	109
Deferred	1,706	2,029
Total tax charge for the period	6,941	5,972

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$30,395,000 (2013: HK\$41,404,000) and the weighted average number of 594,899,245 ordinary shares in issue during both periods.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2014 and 2013 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during both periods.

## 8. TRADE RECEIVABLES

	<b>30 June 2014</b> <b>(Unaudited)</b> <i>HK\$'000</i>	31 December 2013 (Audited) <i>HK\$'000</i>
Trade receivables	<b>399,013</b>	441,973
Impairment	<b>(2,155)</b>	(2,155)
	<b>396,858</b>	439,818

The Group's trading terms with its customers are mainly on credit. The credit period normally ranges from cash on delivery to 60 days. A longer credit period may be allowed to customers with good business relationships. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

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

	<b>30 June 2014</b> <b>(Unaudited)</b> <i>HK\$'000</i>	31 December 2013 (Audited) <i>HK\$'000</i>
Current to 30 days	<b>320,270</b>	391,112
31 to 60 days	<b>40,339</b>	22,823
61 to 90 days	<b>8,837</b>	4,557
Over 90 days	<b>27,412</b>	21,326
	<b>396,858</b>	439,818

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 9. TRADE AND BILLS PAYABLES

	<b>30 June 2014</b> <b>(Unaudited)</b> <i>HK\$'000</i>	31 December 2013 (Audited) <i>HK\$'000</i>
Trade payables	<b>235,318</b>	275,889
Bills payable	<b>11,230</b>	21,124
	<b>246,548</b>	297,013

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

	<b>30 June 2014</b> <b>(Unaudited)</b> <i>HK\$'000</i>	31 December 2013 (Audited) <i>HK\$'000</i>
Current to 30 days	<b>209,919</b>	238,787
31 to 60 days	<b>13,618</b>	19,601
61 to 90 days	<b>2,697</b>	5,399
Over 90 days	<b>9,084</b>	12,102
	<b>235,318</b>	275,889

The trade payables are non-interest bearing and are normally settled within terms of 60 to 120 days.

## 10. SHARE CAPITAL

	<b>30 June 2014</b> <b>(Unaudited)</b> <i>HK\$'000</i>	31 December 2013 (Audited) <i>HK\$'000</i>
Authorised: 2,500,000,000 (31 December 2013: 2,500,000,000) ordinary shares of HK\$0.10 each	<b>250,000</b>	250,000
Issued and fully paid: 594,899,245 (31 December 2013: 594,899,245) ordinary shares of HK\$0.10 each	<b>59,490</b>	59,490



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 11. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the period:

	Notes	Six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Management fee to a major shareholder	(i)	–	1,500
Share of rental and office expenses with a related company	(ii)	1,474	1,423
Interest income from an associate	(iii)	1,375	1,375
Construction contract income from a related company	(iv)	916	939

Notes:

- (i) The management fee was charged by Chinney Investments based on the time involvement of the personnel providing services. Dr. James Sai-Wing Wong, a director of the Company, is also a director of and has beneficial interests in Chinney Investments. Mr. Herman Man-Hei Fung and Mr. James Sing-Wai Wong are common directors of the Company and Chinney Investments.
- (ii) The rental and office expenses were charged by Hon Kwok, a subsidiary of Chinney Investments, on an actual basis. Dr. James Sai-Wing Wong is a director of and has a beneficial interest in Hon Kwok. Mr. Herman Man-Hei Fung and Mr. Yuen-Keung Chan are common directors of the Company and Hon Kwok.
- (iii) The interest income was charged on a loan to an associate, Fineshade, at 9.7% per annum.
- (iv) Construction contract income represented the value of building maintenance works and building services installation works certified during the period from a subsidiary of Hon Kwok.

(b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Short-term employee benefits	22,799	22,569
Post-employment benefits	677	692
Total compensation paid to key management personnel	23,476	23,261

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 12. CONTINGENT LIABILITY

As at 30 June 2014, the Group provided corporate guarantees and indemnities to certain banks for an aggregate amount of HK\$378,742,000 for the issue of surety/performance bonds in favour of the Group's clients on contracting works.

Save as disclosed above, the Group had no other material contingent liabilities as at 30 June 2014.

## 13. OPERATING LEASE ARRANGEMENTS

### (a) As lessor

During the period, the Group leases certain of its investment properties under operating lease arrangements, with leases negotiated for terms of two years (31 December 2013: one year). The terms of the leases generally also require the tenants to pay security deposits.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants due as follows:

	<b>30 June 2014</b> <b>(Unaudited)</b> <i>HK\$'000</i>	31 December 2013 (Audited) <i>HK\$'000</i>
Within one year	<b>1,263</b>	105
In the second to fifth years, inclusive	<b>737</b>	–
	<b>2,000</b>	105

### (b) As lessee

The Group leases certain of its office properties and warehouses under operation lease arrangements. Leases for properties are negotiated for terms ranging from one to three years (31 December 2013: one to four years).

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 June 2014</b> <b>(Unaudited)</b> <i>HK\$'000</i>	31 December 2013 (Audited) <i>HK\$'000</i>
Within one year	<b>5,478</b>	1,367
In the second to fifth years, inclusive	<b>7,730</b>	512
	<b>13,208</b>	1,879

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
<b>Financial liabilities</b>				
Obligations under finance leases	310	389	310	389
Interest-bearing bank borrowings	124,869	180,310	124,869	180,310
	<b>125,179</b>	<b>180,699</b>	<b>125,179</b>	<b>180,699</b>

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, trade and bills payables, retention monies receivable and payable, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amount due from a joint venture and trust receipt loans approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of obligations under finance leases and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for finance lease payables and interest-bearing bank borrowings as at 30 June 2014 was assessed to be insignificant.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

### **Fair value hierarchy**

As at 30 June 2014 and 31 December 2013, the Group did not have any financial assets measured at fair value.

The Group did not have any financial liabilities measured at fair value as at 30 June 2014 and 31 December 2013. As at 30 June 2014, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included obligations under finance leases of HK\$310,000 (31 December 2013: HK\$389,000) and interest-bearing bank borrowings of HK\$124,869,000 (31 December 2013: HK\$180,310,000). The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (Level 2).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2013: Nil).

# OTHER INFORMATION

## CORPORATE GOVERNANCE

### 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. On specific enquiries made, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2014.

### Compliance with the Corporate Governance Code

In the opinion of the directors, the Company has complied with all relevant code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules during the period from 1 January to 30 June 2014, except A.4.1, A.4.2, A.5.1 to A.5.4 and A.6.7, which are explained below.

1. Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election and that code provision A.4.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The existing non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation and re-election at the Company's annual general meeting under the Bye-laws of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

According to the provisions of the Company's Bye-laws, at each annual general meeting one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation save that the Chairman and/or the Managing Director of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year.

Dr. James Sai-Wing Wong, the beneficial owner of Chinney Investments, Enhancement Investments Limited ("EIL") and Chinney Capital Limited, which collectively holds approximately 73.28% interest in the Company, is the Chairman of the Board to safeguard their investments in the Company. In addition, the Board considers that the continuity of the office of the Chairman and Managing Director provide the Group with a strong and consistent leadership for the smooth operation of the businesses of the Group. As a result, the Board concurred that the Chairman and the Managing Director need not be subject to retirement by rotation.

2. Code provisions A.5.1 to A.5.4 of the CG Code in respect of the establishment, terms of reference and resources of a nomination committee. The Company has not established a nomination committee. The Board is responsible for considering the suitability of a candidate to act as a director, and collectively approving and terminating the appointment of a director as this allows a more informed and balanced decision to be made. The Chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman will propose the appointment of such candidates to the Board for consideration and the Board will determine the suitability of the relevant candidates on the basis of their gender, age, professional qualifications and experience as well as educational background.
3. Code provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Herman Man-Hei Fung, Mr. Chi-Chiu Wu and Mr. Alexander Yan-Zau Fang, being non-executive directors of the Company, did not attend the 2014 annual general meeting of the Company held on 5 June 2014 due to their engagement in their own official business.

# OTHER INFORMATION

## CORPORATE GOVERNANCE *(continued)*

### Audit Committee

Regular meetings have been held by the audit committee of the Company (the "Audit Committee") since establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Company's interim results for the six months ended 30 June 2014 has not been audited, but has been reviewed by the Audit Committee.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code, were as follows:

### Long positions in ordinary shares of the Company

Name of Director	Number of shares held, capacity and nature of interest				Percentage of the Company's issued share capital
	Personal interests	Family interests	Corporate interests	Total	
James Sai-Wing Wong	–	–	435,940,216 <i>(Note)</i>	435,940,216	73.28%

*Note:* Among these shares, 19,602,000 shares are held by Chinney Capital Limited, 173,093,695 shares are held by Multi-Investment Group Limited and 243,244,521 shares are held by EIL, all of which Dr. James Sai-Wing Wong is a director and has beneficial interests.

Save as disclosed above, as at 30 June 2014, none of the directors had registered an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six-month period ended 30 June 2014 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, the interests and short positions of those persons in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company under Section 336 of the SFO were as follows:

#### Long positions in ordinary shares of the Company

Name	Notes	Capacity and nature of interest	Number of shares held	Percentage of the Company's issued share capital
James Sai-Wing Wong	1, 2, 3	Interest through controlled corporations	435,940,216	73.28%
Madeline May-Lung Wong	1	Interest through a controlled corporation	173,093,695	29.10%
Lucky Year Finance Limited	1	Interest through a controlled corporation	173,093,695	29.10%
Chinney Holdings Limited	1	Interest through a controlled corporation	173,093,695	29.10%
Chinney Investments	1	Interest through a controlled corporation	173,093,695	29.10%
Newsworthy Resources Limited	1	Interest through a controlled corporation	173,093,695	29.10%
Multi-Investment Group Limited	1	Beneficial owner	173,093,695	29.10%
EIL	2	Beneficial owner	243,244,521	40.89%

#### Notes:

1. Dr. James Sai-Wing Wong, Ms. Madeline May-Lung Wong, Lucky Year Finance Limited, Chinney Holdings Limited, Chinney Investments, Newsworthy Resources Limited and Multi-Investment Group Limited are deemed to be interested in the same parcel of 173,093,695 shares by virtue of section 316 of the SFO;
2. EIL is beneficially wholly owned by Dr. James Sai-Wing Wong; and
3. 19,602,000 shares are held by Chinney Capital Limited, which is beneficially wholly owned by Dr. James Sai-Wing Wong.

Save as disclosed above, as at 30 June 2014, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares, underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed shares during the six months ended 30 June 2014.