



CHEUK NANG (HOLDINGS) LIMITED

(Stock Code: 131)

INTERIM REPORT
FOR THE SIX MONTHS ENDED 31/12/2014

CHEUK NANG (HOLDINGS) LIMITED

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

CHAIRMAN STATEMENT

RESULTS

I take pleasure to announce that the unaudited consolidated profit after taxation for the six months ended 31 December 2014 of our Group is HK\$195,966,000 (2013: HK\$154,622,000) as set out in the unaudited consolidated income statement which has been reviewed by the Company's audit committee, an increment of 26.7% as compared with last year.

The Directors resolved the payment of an interim dividend of HK5.5 cents per share (2013: HK5 cents) which is 10% higher than last year.

SCRIP DIVIDEND

The Company proposes that a scrip dividend election will be offered to shareholders with Hong Kong addresses. Details of the scrip dividend scheme will be announced later. The interim dividend is payable to shareholders whose names appeared on the register of members at the close of business on 27 March 2015.

WARRANTS

On 10 November 2014, the Company issued 9,304,965 units of bonus warrants on the basis of one bonus warrant for every fifty existing shares of the Company held by the shareholders who appeared at the register of members as at 31 October 2014 (Stock code: 1291) ("2015 November Warrants"). The holders of 2015 November Warrants are entitled to subscribed at any time during 10 November 2014 to 10 November 2015 for fully paid shares of the Company at an initial subscription price of HK\$4.80 per share (subject to adjustment). During the six months period ended 31 December 2014, 322,497 new shares were issued upon the exercise of 322,497 units of 2015 November Warrants.

REVIEW OF OPERATIONS

Hong Kong Properties

The Market sentiment was affected by the break out of the Occupy Central campaign in September 2014, which caused investors to take a wait-and-see attitude throughout its 75 day duration. However, the residential market became more active in early 2015. Price for small residential units has record increment.

The progress of our projects is as follows:–

1. *One Kowloon Peak, No. 8 Po Fung Terrace, Ting Kau, Tsuen Wan*
The presale consents for both Phases 1 and 2 were issued on 30 December 2014. The sales campaign of Phase 1 has been launched.
2. *Villa Cecil Phase II, 192 Victoria Road, Pokfulam*
The construction work to sub-divide three selected units into six smaller units is in progress. It is anticipated that the construction work will be completed in mid 2015 and marketing of those units has commenced.
3. *Villa Cecil Phase III, 216 Victoria Road, Pokfulam*
The two blocks (Villa I and Villa II) have achieved 80% occupancy with satisfactory rental income.
4. *Cheuk Nang Plaza, 250 Hennessy Road*
The occupancy of the building has increased to 90%.
5. *Cheuk Nang Lookout, 30 Severn Road, The Peak*
The renovation of Villa Begonia is in progress.
6. *New Villa Cecil, 33 Cheung Chau Sai Tai Road, Cheung Chau*
The superstructure work of the villas in Phase 2 is completed except House No. 30. It is anticipated that the Occupation Permit of Phase 2 will be obtained within this year.

China Properties

During the first three quarters of 2014, the overall economy of Shenzhen maintained a steady growth. In November 2014, benefiting from the credit policy adjustment, interest rate cuts and reduction in the deposit-reserve ratio, transaction volume for properties in Shenzhen turned to increase. In general, the monetary policy in China will pave a steady growth for the economy and beneficial to the property market.

Cheuk Nang Garden

Longhwa, Shenzhen

The construction of the project is 95% has been completed with the landscaping work, the electrical work and decoration work are in progress. The presale consent has been submitted to the authority for approval.

Cheuk Nang • Riverside

Yue Hang Qu, Hangzhou

The building construction is basically completed. The landscaping work, the electrical work, water piping and drainage work and show flat decoration work are in progress.

Macau Properties

As impacted by the policies of the Mainland China, the inflow of hot money was slowed down. The gambling business in Macau declined but the overall property market in Macau remain steady due to supply is limited.

Golden Cotai No. 1

Estrada de Seac Pai Van, Coloane

We have received comments from the DSSOPT on the buildings plans and our architect is currently revising the plans accordingly.

Malaysia Properties

Commencing from 1 January 2015, the following anti-speculation measures became operative:-

1. the real property gains tax (“RPGT”) will double from the current 15% rate. For disposals of properties within the first three years, the new RPGT will be 30%. For citizens, RPGT will be 20% for disposal in the 4th year, 15% for disposal in the 5th year. No tax is levied after the 5th year. For non-citizens and corporation, RPGT will be 30% within a 5-year holding period and 5% in any subsequent year.
2. the minimum price of property that can be purchased by foreigners increased from RM500,000 to RM1,000,000.
3. Property developers and financial institutions will be banned from using the Developer Interest Bearing Scheme whereby the developer absorbs the home loan interest of the buyer during the period of construction of the property.

The property price in Malaysia remain steady, albeit at a slower pace following anti-speculation measures. Residential prices in Kuala Lumpur, Malaysia still remain much cheaper than in Singapore or Hong Kong.

Phase I named “Parkview”

Lot 1359, Section 57, Lorong Perak, Kuala Lumpur, Malaysia

The serviced apartments have maintained an occupancy rate at 80%.

Phase II named “Cecil Central Residence”

Lot 11385 and 11386, Section 57, Lorong Perak, Kuala Lumpur, Malaysia

A preview of Cecil Central Residence was held on 16 January 2015 to test the market response. It is planned to commence the sale in mid 2015. The structures of Ground Floor to the Fifth Floor Car Park Podium are under construction. The building plans will be slightly revised to cope with the market demand.

INVESTMENT IN HONG KONG STOCK MARKET

The market price of our investment in the Hong Kong stocks as at 31 December 2014 is HK\$37,345,000 as compared to HK\$51,975,000 as at 30 June 2014. During the period, a total of HK\$20,259,000 stock was sold and of HK\$318,000 was purchased.

OUTLOOK

Although the Hong Kong Government has tried to cool down the property price during the past years, according to the current release of the Rating and Valuation Department, the price for residential properties, up to December 2014, has recorded a continuous increase for a consecutive of nine months. Driven by the increase in property price, the rental has recorded an increase of consecutive of ten months. The Hong Kong property market in our view may be more stabilize in the near future.

Our projects in China progress well as a whole and will bring good development growth.

DIRECTORS AND STAFF

I would also like on behalf of the Group to thank all our directors and staff for their dedication during the period.

By order of the Board
CECIL CHAO SZE-TSUNG
Executive Chairman

Hong Kong, 25 February 2015

RESULTS

The unaudited accounts of the Company and its subsidiaries (collectively referred to as the “Group”) which have been reviewed by the Company’s audit committee are listed as follows:

Condensed Consolidated Income Statement

For the six months ended 31 December 2014

		Six months ended 31 December	
	<i>Note</i>	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue	3	25,368	24,810
Direct costs		(10,119)	(10,435)
Gross profit		15,249	14,375
Other income	4	4,729	2,291
Change in fair value of investment properties		196,304	165,196
Change in fair value of financial assets and liabilities at fair value through profit or loss		5,599	5,431
Administrative expenses		(16,303)	(14,911)
Other operating expenses		(93)	(9,526)
Finance costs	5a	(9,519)	(8,105)
Profit before income tax	5	195,966	154,751
Income tax expense	6	–	(129)
Profit for the period		<u>195,966</u>	<u>154,622</u>
Profit for the period attributable to:			
Owners of the Company		188,263	146,258
Non-controlling interests		7,703	8,364
		<u>195,966</u>	<u>154,622</u>
Earnings per share for profit attributable to the owners of the Company during the period			
Basic	8	<u>HK\$0.40</u>	<u>HK\$0.33</u>
Diluted		<u>HK\$0.40</u>	<u>HK\$0.32</u>

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2014

	Six months ended 31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	195,966	154,622
Other comprehensive income for the period, net of tax		
Item that will be reclassified subsequently to profit or loss:		
Exchange (loss)/gain on translation of financial statements of foreign operations	(6,007)	9,411
Item that will not be reclassified subsequently to profit or loss:		
Change in fair value of land and buildings held for own use	8,807	12,507
Total comprehensive income for the period	198,766	176,540
Total comprehensive income for the period attributable to:		
Owners of the Company	191,063	168,176
Non-controlling interests	7,703	8,364
	198,766	176,540

Condensed Consolidated Statement of Financial Position

As at 31 December 2014

		At 31 December 2014 <i>HK\$'000</i> (Unaudited)	At 30 June 2014 <i>HK\$'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	9	4,558,246	4,362,799
Property, plant and equipment		138,768	131,424
Other non-current asset		950	950
Deferred tax assets		7,706	6,971
		<u>4,705,670</u>	<u>4,502,144</u>
Current assets			
Properties under development for sale	9	2,186,823	2,056,103
Completed properties for sale		372,979	376,089
Other financial assets		–	1,647
Financial assets at fair value through profit or loss	10	37,388	52,018
Trade and other receivables	11	22,264	16,351
Amount due from a related company		604	–
Tax recoverable		503	429
Pledged bank deposits		14,920	11,726
Bank balances and cash		86,879	99,658
		<u>2,722,360</u>	<u>2,614,021</u>
Current liabilities			
Trade and other payables	12	26,560	29,854
Derivative financial instruments		251	538
Amounts due to non-controlling shareholders		239,990	239,990
Amount due to a related company		–	312
Interest-bearing borrowings		2,041,999	1,680,461
Tax payable		890	904
		<u>2,309,690</u>	<u>1,952,059</u>
Net current assets		<u>412,670</u>	<u>661,962</u>
Total assets less current liabilities		<u>5,118,340</u>	<u>5,164,106</u>

Condensed Consolidated Statement of Financial Position (Continued)

As at 31 December 2014

		At 31 December 2014 <i>HK\$'000</i> (Unaudited)	At 30 June 2014 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Interest-bearing borrowings		24,439	295,580
Advances from a director		57,118	30,967
Deferred tax liabilities		6,577	6,577
		<hr/>	<hr/>
		88,134	333,124
		<hr/>	<hr/>
Net assets		5,030,206	4,830,982
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Share capital	13	1,778,984	1,741,281
Reserves		3,118,200	2,964,382
		<hr/>	<hr/>
Equity attributable to the owners of the Company		4,897,184	4,705,663
Non-controlling interests		133,022	125,319
		<hr/>	<hr/>
Total equity		5,030,206	4,830,982
		<hr/> <hr/>	<hr/> <hr/>

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2014

	Six months ended	
	31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(103,700)	(191,465)
Net cash used in investing activities	(24,745)	(42,831)
Net cash generated from financing activities	115,666	276,668
Net (decrease)/increase in cash and cash equivalents	(12,779)	42,372
Cash and cash equivalents at 1 July	99,658	56,589
Cash and cash equivalents at 31 December	86,879	98,961

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2014

	Equity attributable to the owners of the Company							Non-controlling interests	Total equity
	Share capital	Exchange reserve*	Property revaluation reserve*	Special capital reserve*	Share premium*	Retained profits*	Total		
	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000		
Balance at 1 July 2013	44,716	34,906	15,401	320,065	1,297,257	2,569,805	4,282,150	127,219	4,409,369
Profit for the period	-	-	-	-	-	146,258	146,258	8,364	154,622
Other comprehensive income for the period									
Exchange gain on translation of financial statements of foreign operations	-	9,411	-	-	-	-	9,411	-	9,411
Surplus on revaluation of land and building	-	-	12,507	-	-	-	12,507	-	12,507
Total comprehensive income for the period	-	9,411	12,507	-	-	146,258	168,176	8,364	176,540
2013 final dividend approved and paid	-	-	-	-	-	(22,730)	(22,730)	-	(22,730)
Issue of share capital:									
Pursuant to scrip dividend scheme	456	-	-	-	20,990	-	21,446	-	21,446
By exercise of warrants	750	-	-	-	29,253	-	30,003	-	30,003
Balance at 31 December 2013	<u>45,922</u>	<u>44,317</u>	<u>27,908</u>	<u>320,065</u>	<u>1,347,500</u>	<u>2,693,333</u>	<u>4,479,045</u>	<u>135,583</u>	<u>4,614,628</u>

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 31 December 2014

	Equity attributable to the owners of the Company						
	Share capital	Exchange reserve*	Property revaluation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Note 13)</i>						
Balance at 1 July 2014	1,741,281	13,373	31,693	2,919,316	4,705,663	125,319	4,830,982
Profit for the period	-	-	-	188,263	188,263	7,703	195,966
Other comprehensive income for the period							
Exchange loss on translation of financial statements of foreign operations	-	(6,007)	-	-	(6,007)	-	(6,007)
Surplus on revaluation of land and building	-	-	8,807	-	8,807	-	8,807
Total comprehensive income for the period	-	(6,007)	8,807	188,263	191,063	7,703	198,766
2014 final dividend approved and paid	-	-	-	(37,245)	(37,245)	-	(37,245)
Issue of share capital:							
Pursuant to scrip dividend scheme	36,155	-	-	-	36,155	-	36,155
By exercise of warrants	1,548	-	-	-	1,548	-	1,548
Balance at 31 December 2014	1,778,984	7,366	40,500	3,070,334	4,897,184	133,022	5,030,206

* These reserve accounts comprise the Group's reserves of HK\$3,118,200,000 (As at 30 June 2014: HK\$2,964,382,000) in the condensed consolidated statement of financial position.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2014

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements 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 the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It was authorised for issue on 25 February 2015.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30 June 2014, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include individual Hong Kong Financial Reporting Standards, HKAS and Interpretations) as disclosed in Note 2 to this condensed consolidated interim financial statements and the accounting policy changes that are expected to be reflected in the 2015 annual financial statements.

These 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 30 June 2014.

The financial information relating to the year ended 30 June 2014 that is included in the condensed consolidated interim financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but 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 (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 30 June 2014 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 those financial statements. 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.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

2. ADOPTION OF NEW OR AMENDED HKFRSs

Adoption of new/revised HKFRSs

In the current period, the Group has applied, for the first time the following new and revised HKFRSs issued by HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial periods beginning on 1 July 2014.

HKFRS 10 HKFRS 12 and HKAS 27 (Amendments)	Investment entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of the new and revised HKFRSs has no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

3. SEGMENT INFORMATION

The Group is principally engaged in property development and investment and provision of property management and related services. Turnover of the Group is the revenue from these activities.

In accordance with the Group's internal financial reporting provided to the Group's most senior executive management who is responsible for allocating resources, assessing performance of the operating segments and making strategic decision, the management considers the business from business perspective.

From business perspective, the Group organised into the following main business segments:

- Property sales;
- Property rental;
- Estate management; and
- Others – securities trading, investments in derivative financial instruments and debentures

The Group's most senior executive management assesses the performance of the operating segments based on the profit before income tax for the period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

3. SEGMENT INFORMATION (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management is set out below:

For the six months ended 31 December 2014 (Unaudited)

	Property sales HK\$'000	Property rental HK\$'000	Estate management HK\$'000	Others HK\$'000	Total HK\$'000
Revenue					
From external customers	–	23,862	1,506	–	25,368
From other segments	–	2,790	10,519	–	13,309
Reportable segment revenue	–	26,652	12,025	–	38,677
Reportable segment (loss)/profit	(480)	211,849	328	9,891	221,588
Other information:					
Interest income	8	96	–	–	104
Interest expense	626	7,324	–	1,569	9,519
Depreciation of property, plant and equipment	13	1,422	–	114	1,549
Increase in fair value of investment properties	–	196,304	–	–	196,304
Increase in fair value of financial assets and liabilities at fair value through profit or loss	–	–	–	5,599	5,599
As at 31 December 2014 (Unaudited)					
Reportable segment assets	2,572,908	4,573,077	1,064	37,388	7,184,437
Reportable segment liabilities	3,296	263,332	98	251	266,977

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

3. SEGMENT INFORMATION (Continued)

For the six months ended 31 December 2013 (Unaudited)

	Property sales <i>HK\$'000</i>	Property rental <i>HK\$'000</i>	Estate management <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
From external customers	–	23,489	1,321	–	24,810
From other segments	–	6,756	10,245	–	17,001
Reportable segment revenue	–	30,245	11,566	–	41,811
Reportable segment (loss)/profit	(198)	178,153	1,179	6,658	185,792
Other information:					
Interest income	21	410	–	–	431
Interest expense	3,430	4,308	–	367	8,105
Income tax expenses	–	–	129	–	129
Depreciation of property, plant and equipment	14	1,359	–	142	1,515
Increase in fair value of investment properties	–	165,196	–	–	165,196
Increase in fair value of financial assets and liabilities at fair value through profit or loss	–	–	–	5,431	5,431
As at 30 June 2014 (Audited)					
Reportable segment assets	2,438,637	4,376,209	430	52,018	6,867,294
Reportable segment liabilities	6,756	262,113	88	538	269,495

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

3. SEGMENT INFORMATION (Continued)

The reportable segment profit can be reconciled to the Group's profit before income tax as presented in this interim financial report as follows:

	Six months ended	
	31 December	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Reportable segment profit	221,588	185,792
Unallocated corporate income	437	1,064
Unallocated corporate expenses	(16,540)	(24,000)
Finance costs	(9,519)	(8,105)
	<hr/>	<hr/>
Profit before income tax of the Group	195,966	154,751
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4. OTHER INCOME

	Six months ended	
	31 December	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gain on disposal of financial assets		
at fair value through profit or loss	3,843	546
Dividend income from listed equity investments	449	681
Interest received	104	431
Sundry income	333	633
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	4,729	2,291
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Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting) the following:

	Six months ended 31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(a) Finance costs		
Interest charges on:		
Bank loans and overdrafts wholly repayable within five years	36,652	22,682
Advances from a director	1,033	359
Other incidental borrowing costs	1,122	267
	<hr/>	<hr/>
Total borrowing costs	38,807	23,308
Less: Interest capitalised into investment properties and properties under development for sale	(29,288)	(15,203)
	<hr/>	<hr/>
	9,519	8,105
	<hr/> <hr/>	<hr/> <hr/>
(b) Other items		
Depreciation	1,549	1,515
Net exchange loss	93	9,526
Gain on disposal of financial assets at fair value through profit or loss	(3,843)	(546)
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	9,322	8,296
Contribution to defined contribution plans	141	145
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Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profit derived for the six months ended 31 December 2014. Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 31 December 2013.

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. No provision for overseas profits tax has been made in the financial statements as the Group has no overseas assessable profit derived for the period (2013: Nil).

	Six months ended	
	31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax		
– Hong Kong	–	129
– Overseas	–	–
	<hr/>	<hr/>
	–	129
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

7. DIVIDENDS

	Six months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend declared and paid of		
HK8 cents (2013: HK5 cents) per ordinary share	37,245	22,730
Proposed interim dividend of HK5.5 cents (2013: HK5 cents) per ordinary share	26,031	22,961
	63,276	45,691

The interim dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

During the six months ended 31 December 2014, scrip dividend alternative was offered to shareholders in respect of 2014 final dividend. This alternative was accepted by shareholders as follows:

	Six months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividends:		
Cash	1,090	1,284
Share alternative	36,155	21,446
	37,245	22,730

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the period is based on the following data:

	Six months ended 31 December	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to the owners of the Company for the purpose of calculating basic and diluted earnings per share	188,263	146,258
Number of shares		
	Six months ended 31 December	
	2014	2013
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purposes of basic earnings per share	467,884,603	449,346,235
Effect of dilutive potential ordinary shares:		
Warrants	782,167	2,787,593
Weighted average number of ordinary shares for the purposes of diluted earnings per share	468,666,770	452,133,828

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

9. INVESTMENT PROPERTIES AND PROPERTIES UNDER DEVELOPMENT FOR SALE

During the six months ended 31 December 2014, capital expenditure on additions of the investment properties was HK\$26,107,000 (30 June 2014: HK\$32,672,000), on properties under development for sale was HK\$106,721,000 (30 June 2014: HK\$407,105,000).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December 2014 <i>HK\$'000</i> (Unaudited)	At 30 June 2014 <i>HK\$'000</i> (Audited)
Financial assets at fair value through profit or loss		
Held for trading		
Equity securities listed in Hong Kong	37,345	51,975
Derivative financial instrument	43	43
	<hr/>	<hr/>
	37,388	52,018
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

11. TRADE AND OTHER RECEIVABLES

	At 31 December 2014 <i>HK\$'000</i> (Unaudited)	At 30 June 2014 <i>HK\$'000</i> (Audited)
Trade receivables	1,798	511
Prepayments, deposits and other receivables	20,466	15,840
	<u>22,264</u>	<u>16,351</u>

The trade receivables of the Group represent rental and management fee in arrears. The Group maintains a credit policy to minimise any credit risk associated with trade receivables. As at the end of the reporting period the ageing analysis of the trade receivables (which is included in trade and other receivables), based on the debit note or invoice date, is as follows:

	At 31 December 2014 <i>HK\$'000</i> (Unaudited)	At 30 June 2014 <i>HK\$'000</i> (Audited)
0 – 30 days	834	462
31 – 60 days	553	21
61 – 90 days	49	16
Over 90 days	362	12
	<u>1,798</u>	<u>511</u>

Trade receivables are due upon presentation of invoices.

At each reporting date the Group reviews receivables for evidence of impairment on both an individual and collective basis. No impairment has been recognised on receivables through the provision account for the six months ended 31 December 2014 and the year ended 30 June 2014.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

12. TRADE AND OTHER PAYABLES

	At 31 December 2014 <i>HK\$'000</i> (Unaudited)	At 30 June 2014 <i>HK\$'000</i> (Audited)
Trade payables	380	2,306
Accrued charges and other payables	26,180	27,548
	<hr/>	<hr/>
	26,560	29,854
	<hr/> <hr/>	<hr/> <hr/>

As at the end of the reporting period, the ageing analysis of the trade payables (which is included in trade and other payables), based on the invoice date, is as follows:

	At 31 December 2014 <i>HK\$'000</i> (Unaudited)	At 30 June 2014 <i>HK\$'000</i> (Audited)
0 – 30 days	118	2,066
31 – 60 days	25	99
61 – 90 days	25	55
Over 90 days	212	86
	<hr/>	<hr/>
	380	2,306
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

13. SHARE CAPITAL

	Issued and fully paid	
	<i>No. of shares</i>	<i>HK\$'000</i>
Ordinary shares		
At 1 July 2014	465,248,269	1,741,281
Issue of share pursuant to scrip dividend scheme	7,692,606	36,155
Issue of shares by exercise of warrants (<i>Note 1</i>)	322,497	1,548
At 31 December 2014 (Unaudited)	473,263,372	1,778,984

Note:

1. With reference to the Circular issued on 16 October 2014, and the announcement on 22 October 2014, the Company proposed of one bonus warrant for every fifty existing shares of the Company held by the shareholders ("2015 November Warrants"). On 10 November 2014, the Company issued 9,304,965 units of 2015 November Warrants. The holders of 2015 November Warrants are entitled to subscribe at any time during 10 November 2014 to 10 November 2015 for fully paid shares of the Company at an initial subscription price of HK\$4.80 per share (subject to adjustment). During the period, 322,497 new shares were issued upon the exercise of 322,497 units of 2015 November Warrants. As at 31 December 2014, 8,982,468 units of 2015 November Warrants remained outstanding.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

14. CAPITAL COMMITMENTS

As at the end of the reporting period, capital commitments in respect of properties under development outstanding not provided for in the interim financial statements are as follows:

	At 31 December 2014 HK\$'000 (Unaudited)	At 30 June 2014 HK\$'000 (Audited)
Authorised but not contracted for	744,250	642,034
Contracted but not provided for	597,651	728,142
	<hr/> 1,341,901 <hr/>	<hr/> 1,370,176 <hr/>

15. PLEDGE OF ASSETS

At 31 December 2014, the Group's total bank borrowings of HK\$2,066,438,000 (30 June 2014: HK\$1,976,041,000) was secured by the following:

- (i) legal charges on certain of the Group's investment properties, properties for sale, property, plant and equipment and financial assets at fair value through profit or loss with carrying values of HK\$3,509,555,000 (30 June 2014: HK\$3,343,235,000), HK\$1,315,077,000 (30 June 2014: HK\$1,178,847,000), HK\$136,270,000 (30 June 2014: HK\$128,750,000) and HK\$36,757,000 (30 June 2014: HK\$33,986,000) respectively;
- (ii) floating charge over all the assets and undertakings of certain subsidiaries;
- (iii) charge over certain bank account balances with carrying values of HK\$14,920,000 (30 June 2014: HK\$11,726,000);
- (iv) mortgages over the shares of certain subsidiaries; and
- (v) assignments of sale proceeds, insurance proceeds, rental income and deposits arising from the tenancy agreements of certain properties.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

Details of significant related party transactions which were carried out in the ordinary course of the Group's business are as follows:

		Six months ended	
		31 December	
		2014	2013
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits paid to key management personnel, including amounts paid to the Company's directors		5,539	5,187
Interest paid to Dr. Chao Sze-Tsung Cecil	(a)	1,033	359
Architect and other professional service fees paid to Cecil Chao & Associates Limited ("CCAL")	(b)	1,980	7,755
Rental income received from CCAL	(c)	84	84
Commission paid to Szehope Securities Company Limited	(d)	61	16
		=====	=====

(a) Dr. Chao Sze-Tsung Cecil, a director of the Company, has provided unsecured advances, which have no fixed repayment term to the Group at HIBOR rate plus 3% (30 June 2014: 3%) per annum. At 31 December 2014, the advances from Dr. Chao Sze-Tsung Cecil amounted to HK\$57,118,000 (30 June 2014: HK\$30,967,000). Dr. Chao Sze-Tsung Cecil has confirmed that he will not request repayment of these advances until such time as the Group is in a position to repay.

(b) CCAL rendered architectural and related services to the Group on terms agreed between both parties. Dr. Chao Sze Tsung Cecil is the beneficial owner of CCAL.

(c) Certain properties were leased to CCAL as office premises on terms mutually agreed between both parties.

(d) Dr. Chao Sze-Tsung Cecil is the beneficial owner of Szehope Securities Company Limited.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

17. FAIR VALUE MEASUREMENT

(i) Financial assets and financial liabilities measured at amortised cost

The fair values of financial assets and financial liabilities measured at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow methodology taking into account the market interest rate and credit risk of the counterparties and of the Group as appropriate.

The Directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values.

(ii) Financial assets and financial liabilities measured at fair value

The following table provides an analysis of financial instruments that are measured at fair value on a recurring basis, grouped into Levels 1 to 3 based on the degree to which the inputs to the fair value measurements are observable.

- Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets
- Level 2: Fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

17. FAIR VALUE MEASUREMENT (Continued)

(ii) Financial assets and financial liabilities measured at fair value (Continued)

	At 30 June 2014 (Audited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets				
<i>Financial assets at fair value through profit or loss</i>				
Listed equity investment in Hong Kong	51,975	–	–	51,975
Derivative financial instrument	–	43	–	43
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial liabilities				
<i>Derivative financial instruments</i>				
Interest rate swaps	–	(538)	–	(538)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2014

17. FAIR VALUE MEASUREMENT (Continued)

(ii) Financial assets and financial liabilities measured at fair value (Continued)

	At 31 December 2014 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets				
<i>Financial assets at fair value through profit or loss</i>				
Listed equity investment				
in Hong Kong	37,345	–	–	37,345
Derivative financial instrument	–	43	–	43
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial liabilities				
<i>Derivative financial instruments</i>				
Interest rate swaps	–	(251)	–	(251)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

There were no transfers between Levels 1 and 2.

(iii) Valuation techniques and inputs used in fair value measurements categorised as Level 2

The derivatives entered into by the Group are not traded on active markets. The fair values of such contracts are estimated using a valuation technique that maximises the use of observable market inputs e.g. market currency and interest rates (Level 2).

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform to the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

Revenue for the six months ended 31 December 2014 (the “Period”) amounted to HK\$25,368,000 (for the six months ended 31 December 2013: HK\$24,810,000), representing a 2.25% increase as compared with the same period last year. It was mainly due to increase in rental income.

For property leasing, the Period recorded an increase of 1.6% in rental income as compared with the corresponding period in 2013, amounting HK\$23,862,000 (31 December 2013: HK\$23,489,000).

Gross profit for the Period amounted to HK\$15,249,000, a 6.1% increase as compared with the same period last year.

Other income recorded an increase of 106.4% to HK\$4,729,000 when compared with the same period last year (31 December 2013: HK\$2,291,000). The other income for the Period was mainly attributed to gain on disposal of financial assets at fair value through profit or loss, dividend income from listed securities and interest income. Increase in fair value of financial assets at fair value through profit or loss amounted to HK\$5,599,000 (31 December 2013: HK\$5,431,000). Increase in fair value of investment properties amounted to HK\$196,304,000 (31 December 2013: HK\$165,196,000). Administrative expenses increased by 9.3% to HK\$16,303,000 as compared with the same period last year. Finance costs recorded an increase of 17.5% to HK\$9,519,000 as compared with the same period last year.

Profit attributable to owners of the Company for the Period was HK\$188,263,000 (31 December 2013: HK\$146,258,000). Basic earnings per share was HK\$0.40 (31 December 2013: HK\$0.33) and fully diluted earnings per share was HK\$0.40 (31 December 2013: HK\$0.32).

Final dividend of HK8 cents for the year ended 30 June 2014 (30 June 2013: HK5 cents) was paid during the Period. Scrip dividend alternative was offered to shareholders in respect of the final dividend for the year ended 30 June 2014.

The Board resolved an interim dividend for the six months ended 31 December 2014 of HK5.5 cents (31 December 2013: HK5 cents). Scrip dividend alternative was offered to shareholders in respect of the interim dividend for the six months ended 31 December 2014.

TOTAL EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

As at 31 December 2014, the Group's total equity attributable to the owners of the Company amounted to approximately HK\$4,897,184,000 (30 June 2014: HK\$4,705,663,000), an increase of HK\$191,521,000 or 4.1% when compared with 30 June 2014. With the total number of ordinary shares in issue of 473,263,372 as at 31 December 2014 (30 June 2014: 465,248,269 shares), the total equity attributable to the owners of the Company per share was HK\$10.35, representing an increase of 2.4% compared to HK\$10.11 as at 30 June 2014. The increase in total equity attributable to owners of the Company per share was mainly attributable to increase in fair value of investment properties but offset by increase in number of ordinary shares during the Period.

Other than the existing projects and those disclosed in the interim report, the Group did not have any confirmed future plans for material investment or acquiring capital assets.

INVESTMENT IN LISTED SECURITIES

As at 31 December 2014, the fair value of investment in listed securities amounted to HK\$37,345,000 was classified as the financial assets at fair value through profit or loss. During the Period, the portfolio was increased by a net disposal of HK\$19,941,000 and gain on fair value of HK\$5,311,000. The investment in listed securities of HK\$37,345,000 as at 31 December 2014 represented 0.5% (30 June 2014: 0.7%) of the total assets, which formed part of the Group's cash management activities.

RISK MANAGEMENT

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control the various types of risk it faces. This is supplemented by active management involvement and effective internal controls in the best interests of the Group.

EQUITY

The number of issued ordinary shares as at 31 December 2014 and 30 June 2014 were 473,263,372 and 465,248,269 respectively.

DEBT AND GEARING

As at 31 December 2014, the Group's bank and other borrowings amounted to HK\$2,123,556,000 (30 June 2014: HK\$2,007,008,000). Cash and bank balances amounted to HK\$101,799,000 (30 June 2014: HK\$111,384,000) and net borrowing amounted to HK\$2,021,757,000 (30 June 2014: HK\$1,895,624,000).

Total debts to equity ratio was 43.4% (30 June 2014: 42.7%) and net debt to equity ratio was 41.3% (30 June 2014: 40.3%).

The increase in the total debt to equity ratio and the increase in net debt to equity ratio were mainly due to increase in bank borrowing during the year resulted from increase in cost incurred in development project.

As at 31 December 2014, the Group's bank and other borrowings were denominated in Hong Kong dollars, Renminbi and Malaysian Ringgit. Of the Group's total bank and other borrowings HK\$2,123,556,000, 65.5%, 9.1% and 25.4% were repayable within 1 year, 1 to 2 years and 2 to 5 years respectively by reference to the repayment schedule of the loan agreement. The Group's bank and other borrowings carried interest rates by reference to HIBOR, PBRC of PRC and BLR of Malaysia. HK\$200,000,000 hedging for interest rate subsisted at the end of the Period.

PLEDGE OF ASSETS

As at 31 December 2014, the Group's investment properties, properties for sales, property, plant and equipment and financial assets at fair value through profit or loss with their respective carrying value of HK\$3,509,555,000 (30 June 2014: HK\$3,343,235,000), HK\$1,315,077,000 (30 June 2014: HK\$1,178,847,000), HK\$136,270,000 (30 June 2014: HK\$128,750,000) and HK\$36,757,000 (30 June 2014: HK\$33,986,000) were pledged to secure general banking facilities of the Group.

FINANCE COSTS

Financial costs included interest expenses on bank and other loans, arrangement, facility and commitment fee expenses. Interest capitalized for the Period was HK\$29,288,000 as compared to HK\$15,203,000 for the same period last year. Interest expenses for the Period amounted to HK\$9,519,000, representing 17.5% increase over the interest expenses of HK\$8,105,000 recorded for the same period last year. The increase in interest expense was mainly due to increase in interest charges but partly offset by interest capitalized used for development project during the Period. The average interest rate over the Period under review was 3.7% (31 December 2013: 2.8%) which was expressed as a percentage of total interest expenses over the average total borrowing.

REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 31 December 2014, the Group employed a total of 52 (as at 31 December 2014: 53) staff.

Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary, year end double pay and year end discretionary bonus based on market conditions and individual performance. The Executive Directors continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance. No share option scheme was adopted for the Year.

HONG KONG

During the Period, the Government has proposed relaxation of Double Stamp Duty. The residential market became active since the second quarter of the year 2014.

1. One Kowloon Peak

Presale consent for Phases 1 and 2 have been granted in December 2014. Presale for 30 units in Phase 1 was commenced in February 2015.

2. Villa Cecil Phase II

Occupancy rate is satisfactory and negotiation for renewal continues for tenancy expiry in 2015. Sub-divide three units into six smaller units will be completed in mid 2015 to cope with the current market demand.

3. Villa Cecil Phase III

Occupancy rate is satisfactory and negotiation for renewal continues for tenancy expiry in 2015.

4. Cheuk Nang Plaza

Occupancy rate is satisfactory and negotiation for renewal continues for tenancy expiry in 2015.

5. Cheuk Nang Lookout

Renovation for Villa Crocus was completed. The renovation of Villa Begonia commenced.

6. New Villa Cecil

Occupancy Permit for Phase 1 has obtained. Superstructure work for Phase 2 commenced and anticipated to be completed in 2015.

CHINA

The reduction in interest rate and deposit-reserve ratio has positive effect to the property market.

1. Cheuk Nang Garden, Shenzhen

The construction decoration and landscaping work of the project are close to complete. Application for presale consent has been submitted to the authority for approval.

2. Cheuk Nang • Riverside, Hangzhou

The construction work has basically completed and some minor work and landscaping are still in progress.

MACAU

Our architect is revising the building plans according to the comments from the DSSOPT.

MALAYSIA

The unsold units of Phase I “Parkview”, has been operated as a service apartment with satisfactory income. For Phase II named “Cecil Central Residence”, the construction work of Ground Floor to the Fifth Floor Carpark Podium is in progress.

PROPERTY VALUATION

A property valuation has been carried out by Directors in respect of the Group's investment properties and certain property, plant and equipment as at 31 December 2014 and that valuation was used in preparing financial statements for the six months ended 31 December 2014. The Group's investment properties and investment properties under development were valued at HK2,717,962,000 and HK\$1,840,284,000 respectively making the total HK\$4,558,246,000 (30 June 2014: investment properties and investment properties under development were valued at HK\$2,572,683,000 and HK\$1,790,116,000 making the total HK\$4,362,799,000). The increase in fair value of approximately HK\$196,304,000 was credited to the income statement for the Period. The Group land and building held for own use and as a director's quarter carried at fair value were valued at HK\$109,000,000 (30 June 2014: HK\$102,280,000) and HK\$27,270,000 (30 June 2014: HK\$26,470,000) respectively. An increase in fair value of HK\$7,520,000 for the Period was recorded in property revaluation reserves. Properties under development for sale of the Group were stated at lower of cost or net realizable value in the financial statements.

POLICY AND OUTLOOK

The property market in Hong Kong anticipated will be stable for the coming half year. The growth of the Group will be supported by our investment in China and Malaysia.

INTERIM DIVIDEND

The Directors resolved the payment of an interim dividend of HK5.5 cents (2013: HK5 cents) per share payable to those shareholders whose names appeared in the register of members as at the close of business on 27 March 2015. The interim dividend will be paid on 17 April 2015.

CLOSURE OF REGISTER

The register of members of the Company will be closed from 23 March 2015 to 27 March 2015 (both days inclusive) during which period no transfers of shares would be effected. In order to qualify for the interim dividend, all transfer of shares together with the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 20 March 2015.

PURCHASE AND CANCELLATION OF SHARES

There was no redemption, purchase or cancellation of shares by the Company or any of its subsidiaries during the six months ended 31 December 2014.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Board believes that good corporate governance is crucial to improve the efficiency and performance of the Group and to safeguard the interests of the shareholders. During the period, the Company had complied with the relevant provisions set out in the Corporate Governance Code (the "CG Code") based on the principles set out in Appendix 14 to the Listing Rules, save the following:–

- (i) the non-executive directors were not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Bye-Laws of the Company. As such, the Company considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the CG Code;
- (ii) the role and responsibilities of Chairman and the Chief Executive Officer are not separated as we are still looking for suitable person to act as Chief Executive Officer; and

- (iii) the chairman of Audit Committee has not attended the Annual General Meeting held on 19 November 2014 in accordance with the provision of Clause E.1.2.

Board Audit Committee

During the period, the Board Audit Committee comprises Mr. Lam Ka Wai, Graham (independent non-executive director), Dr. Sun Ping Hsu Samson (independent non-executive director) and Mr. Lee Ding Yue, Joseph (non-executive director). The Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed the auditing, internal controls and financial reporting matters including a review of the unaudited interim results of the Company for the six months ended 31 December, 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted codes of conduct regarding securities transactions by Directors (the “Securities Code”) and relevant employees on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 of the Listing Rules throughout the six months ended 31 December 2014. The Company had also made specific enquiries of all Directors and the Company was not aware of any non-compliance with the required standard of dealings set out in the Model Code and its code of conduct regarding securities transactions by Directors.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SHARES AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2014, the interests and short positions of the Directors and Chief Executive in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register maintained 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 for Securities Transactions by Directors of Listed Companies, were as follows:

Name	Equity	Personal interest	Corporate interests
Chao Sze-Tsung Cecil	Ordinary Shares of	22,114,998 shares	312,620,269 shares
Lee Ding Yue Joseph	Ordinary Shares of	1,765,767 shares	–

Note: The shareholdings disclosed by Dr. Cecil Sze-Tsung Chao under the heading “Corporate Interests” in the above represents the shares held by Yan Yin Company Limited and Szehope Securities Company Limited, substantial shareholders of the Company.

The Company did not grant to the Directors, Chief Executive or their associates any right to subscribe for shares in the Company.

Save as disclosed above, none of the Directors or their associates had any interest or short position in the shares of the Company or its subsidiaries as at 31 December 2014 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 for Securities Transactions by Directors of Listed Companies

At no time during the year was the Company, any of its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

By order of the Board
HO SAU FUN CONNIE
Company Secretary

Hong Kong, 25 February 2015