



中國興業控股有限公司

China Investments Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 132)

Interim Report
2015

CORPORATE INFORMATION

Executive Directors	He Xiangming (Chairman) Su Wenzhao (Managing Director) You Guang Wu (Director) Huang Zhihe (Deputy Managing Director) Wang Xin (Deputy Managing Director)
Independent Non-executive Directors	Chan Kwok Wai Chen Da Cheng Deng Hong Ping
Audit Committee	Chan Kwok Wai (Chairman) Chen Da Cheng Deng Hong Ping
Remuneration Committee	Chen Da Cheng (Chairman) Chan Kwok Wai Deng Hong Ping He Xiangming You Guang Wu
Nomination Committee	He Xiangming (Chairman) You Guang Wu Chan Kwok Wai Chen Da Cheng Deng Hong Ping
Registered Office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Principal Place of Business	Unit 601, Tsim Sha Tsui Centre 66 Mody Road Tsimshatsui Kowloon Hong Kong
Registrar	MUFG Fund Services (Bermuda) Limited The Belvedere Building 69 Pitts Bay Road Pembroke HM08 Bermuda
Branch Registrar	Tricor Progressive Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal Bankers	Bank of China Bank of Communications Bank of East Asia Limited OCBC Wing Hang Bank Limited Hang Seng Bank
Solicitors	Woo, Kwan, Lee & Lo
Auditor	HLM CPA Limited <i>Certified Public Accountants</i>
Company Secretary	Lo Tai On
Stock Code	132
Website	http://chinainvestments.quamir.com

RESULTS

For the six months ended 30 June 2015, the Group's revenue amounted to HK\$18,680,000, representing an increase of 36.1% as compared to the same period last year. Due to the good gains on investments in associated companies, the Group turned from loss for the same period of last year to profit and recorded a profit of HK\$22,924,000.

BUSINESS REVIEW

Hotel Business

The hotel management continued to constantly adjust customer structure and to strengthen network sales according to the market conditions, as a result, the occupancy rate recorded a slight increase as compared with the same period of last year. Even under a continuous price war, Guilin Plaza recorded a turnover of HK\$9,756,000 for the first half of the year, representing a decrease of 1.2% as compared to the same period of last year, and recorded an operating loss of HK\$4,289,000, representing an increase of 9.3% as compared to the same period of last year.

Property Investment

Taily International Traders Limited, a wholly-owned subsidiary of the Company, entered into a formal sale and purchase agreement on 13 January 2015, acquiring the premises of flats 1, 14 and 15, 5th floor, Wing On Plaza, 62 Mody Road, Kowloon, Hong Kong, for a total consideration of HK\$72,900,000. The acquisition was completed on 18 March 2015. Such property is currently leased back to the vendor for a term of 12 months at a total rent of HK\$1,900,000. Upon expiration of the lease term, such premises will be used as the Group's headquarters in Hong Kong.

During the period, the Group completed the disposal of eight units in Shantou Commercial Plaza and recorded a profit on property investment of HK\$1,652,000. As of 30 June 2015, the Group's rental income amounted to HK\$2,182,000, which was an increase of 77.5% over the same period of last year. The property occupancy rate was 86.0%, representing an increase of 8.5% as compared to the same period of last year.

Gains on Investments in Associated Companies

As the coal price continued to fall, Nanhai Changhai Power Company Limited (“Changhai Power”, of which the Group is interested in 32.636% of the equity interest) realized a good operating efficiency for the first half of the year. As of 30 June 2015, Changhai Power recorded operating profit of HK\$105,212,000, contributing a profit of HK\$34,337,000 to the Group.

The business of Guangdong Financial Leasing Co., Ltd. (“Guangdong Financial Leasing”, of which the Group is interested in 25% of the equity interest) continued to grow. As of 30 June 2015, Guangdong Financial Leasing recorded operating profit of HK\$28,730,000, contributing a profit of HK\$7,183,000 to the Group, representing an increase of 356% as compared to the same period of last year.

Financial Position and Analysis

As of 30 June 2015, the Group had total assets of HK\$1,392,321,000 (31 December 2014: HK\$1,458,734,000). The Group had bank loans and other long-term debts of HK\$258,105,000 (31 December 2014: HK\$336,337,000). Net assets was HK\$1,017,621,000 (31 December 2014: HK\$995,582,000). Gearing ratio (being bank loans and long term debts divided by total assets) was 18.5% (31 December 2014: 23.1%). Net assets per share amounted to HK59.43 cents (31 December 2014: HK58.14 cents).

The Group’s net current assets amounted to HK\$117,542,000 (31 December 2014: HK\$94,776,000). Current ratio (being current assets divided by current liabilities) was approximately 1.81 times (31 December 2014: 1.39 times), while bank balances and cash amounted to HK\$196,796,000 (31 December 2014: HK\$267,826,000) and expected there would be sufficient funds to meet the capital requirements for the Group’s operations and new projects or business development in the future.

Pledge of Assets

As of 30 June 2015, investment properties of the Group with a carrying amount of approximately HK\$331,597,000 were pledged to bank as the security for the bank borrowings granted to the Group (2014: certain bank deposits with a carrying amount of approximately HK\$122,467,000 and investment property with a carrying amount of approximately HK\$252,500,000 were pledged to bank).

Foreign Exchange Exposure

The Group's main operating income and costs are denominated in Renminbi. During the Group's operating process, the foreign exchange fluctuation of the income and costs can be mutually offset. However, due to the Hong Kong based Group putting a great deal of business loans into domestic wholly-owned subsidiaries and the great amount of RMB-denominated monetary assets owned by the Group, the RMB appreciation and depreciation should bring exchange gain and loss respectively. It is expected that, when the exchange rate of Renminbi to HK dollar appreciates or depreciates by 5%, it will cause an increase or decrease of approximately HK\$14,671,000 in the profit. In retrospect of the past few years, Renminbi was always in the trend of appreciation, and gradually became stable until the second half of 2008 and still maintained upward momentum. But the exchange rate of RMB showed a temporary downward trend last year, and began to fluctuate narrowly since the beginning of this year and returned to the stable and upward track, resulting in an exchange profit of approximately HK\$1,862,000 by the Group. In light of this, the Board believed that the exchange rate of RMB would continue to fluctuate narrowly and return to a stable and upward track in the long run and would not bring material adverse foreign exchange exposure to the Group in the long run. Accordingly, it is unnecessary for the Group to hedge against any foreign exchange risk.

Outlook

The Group expects that Changhai Power and Guangdong Financial Leasing will continue to provide good investment return during the second half of the year. The Group will continue to explore the investment opportunities in environmental protection infrastructure, financial services and other industries with good prospects and high potentials for creating additional value, gradually strengthen business growth and continuously contribute operating earnings to the Group.

DIRECTORS' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the interest of the Company's directors and chief executive in the shares, underlying shares and debentures 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 required to be kept by the Company under 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 Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules were as follows:

Long positions in the shares of the Company

Name of director	Capacity	Nature of Interest	Number of ordinary shares held	Approximate percentage of total issued share capital as at 30 June 2015
He Xiangming	Beneficial owner	Personal	1,441,000	0.08%

Save as disclosed above, as at 30 June 2015, none of the directors or chief executive of the Company had any interest or short positions in any shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, according to the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, the persons who were interested in 5% or more in the shares and underlying shares of the Company are as follows:

Names	Number of shares/ underlying shares	Notes	Capacity	Approximate percentage of total issued share capital as at 30 June 2015
廣東南海控股投資有限公司 (Guangdong Nanhai Holding Investment Co., Ltd.*)	1,243,554,272	1	Corporate interest	72.62%
Nam Keng Van Investment Company Limited	121,864,487	2	Beneficial owner	7.12%
Cui Guo Jian	121,864,487	2	Corporate interest	7.12%
Pu Jian Qing	121,864,487	2	Corporate interest	7.12%

* For identification purpose only

Notes:

1. These 1,243,554,272 shares comprises: (i) 1,024,827,957 shares held by Prize Rich Inc. which was wholly-owned by 廣東南海控股投資有限公司 (Guangdong Nanhai Holding Investment Co., Ltd.*); and (ii) 218,726,315 new shares to be allotted and issued by the Company to Prize Rich Inc. upon the exercise of conversion rights attaching to the convertible bonds issued by the Company to Prize Rich Inc. pursuant to an acquisition agreement as part of the consideration.
2. These 121,864,487 shares were held by Nam Keng Van Investment Company Limited which was wholly-owned by Mr. Cui Guo Jian and Mr. Pu Jian Qing equally.

Save as disclosed above, no other parties were recorded in the register as having an interest in 5% or more of the issued share capital of the Company.

SHARE OPTIONS

A share option scheme was adopted by shareholders of the Company at the annual general meeting held on 26 April 2013 (the "Share Option Scheme"). The Share Option Scheme is for a term of 10 years from the date of adoption. No option has been granted since the adoption of the Share Option Scheme.

DIVIDEND

The Directors do not declare payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

EMPLOYEES

The total number of employees of the Group is approximately 192 (31 December 2014: 193). The remuneration of each employee of the Group is determined on the basis of his or her performance and responsibility. The Group provides education allowances to the employees.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed shares.

CORPORATE GOVERNANCE

The Company puts great emphasis on corporate governance which is reviewed and strengthened on a continued basis. The Company has adopted all the code provisions under the Corporate Governance Code ("the Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practice. For the six months ended 30 June 2015, the Company has complied with all code provisions under the Code.

* For identification purpose only.

AUDIT COMMITTEE

The audit committee comprising the three independent non-executive Directors of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a general review of the unaudited interim results for the six months ended 30 June 2015.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer ("the Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. On specific enquiry made, all Directors have confirmed that, in respect of the six months ended 30 June 2015, they have complied with the required standard as set out in the Model Code.

CHANGES OF DIRECTOR'S INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, change of directors' information of the Company since the date of the 2014 annual report is as follows:

The five executive directors of the Company, namely Mr. HE Xiangming, Mr. SU Wenzhao, Mr. YOU Guang Wu, Mr. HUANG Zhihe and Ms. WANG Xin, are appointed as directors of 中創興科(深圳)投資有限公司(Zhong Chuang Xing Ke (Shenzhen) Investments Company Limited*), a wholly-owned subsidiary of the Company, with effect from 9 June 2015.

By Order of the Board of
China Investments Holdings Limited
He Xiangming
Chairman

Hong Kong, 13 August 2015

* For identification purpose only.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
	Notes	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	4	18,680	13,727
Cost of sales and services		(11,590)	(8,814)
Gross profit		7,090	4,913
Other operating income	6	5,303	4,103
Selling and distribution costs		(687)	(828)
Administrative expenses		(18,682)	(30,343)
Share of profit of associates, net of tax		41,520	1,575
Finance costs	7	(11,559)	(379)
Profit/(loss) before taxation		22,985	(20,959)
Income tax expense	8	(61)	(150)
Profit/(loss) for the period and attributable to owners of the Company	9	22,924	(21,109)
Other comprehensive (expense)/income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(709)	(4,377)
Share of exchange difference of associates		(176)	1,520
Other comprehensive expense for the period, net of income tax		(885)	(2,857)
Total comprehensive income/(expense) for the period and attributable to owners of the Company		22,039	(23,966)
Earnings/(loss) per share	11		
Basic		HK1.34 cents	(HK1.78 cents)
Diluted		HK1.34 cents	(HK1.78 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	<i>Notes</i>	30 June 2015 <i>HK\$'000</i> (unaudited)	31 December 2014 <i>HK\$'000</i> (audited)
Non-current assets			
Investment properties	12	370,401	291,304
Property, plant and equipment	12	135,101	137,177
Interests in associates	13	623,723	694,625
		1,129,225	1,123,106
Current assets			
Properties held for sale		55,614	57,454
Inventories		1,167	1,284
Trade and other receivables	14	9,519	9,064
Pledged bank deposit		–	122,467
Bank balances and cash		196,796	145,359
		263,096	335,628
Current liabilities			
Trade and other payables	15	106,259	105,267
Tax payables		7,929	19,141
Bank loans	16	31,366	116,444
		145,554	240,852
Net current assets		117,542	94,776
Total assets less current liabilities		1,246,767	1,217,882
Capital and reserves			
Share capital	18	171,233	171,233
Reserves		846,388	824,349
Total equity		1,017,621	995,582
Non-current liabilities			
Bank loans	16	122,424	122,424
Convertible notes	17	104,315	97,469
Deferred tax liabilities		2,407	2,407
		229,146	222,300
		1,246,767	1,217,882

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company							Total
	Share capital	Share premium	Statutory reserve <i>(note)</i>	Hotel properties revaluation reserve ^a	Exchange reserve	Convertible note equity reserve	Retained earnings	
	<i>HKS'000</i> (unaudited)	<i>HKS'000</i> (unaudited)	<i>HKS'000</i> (unaudited)	<i>HKS'000</i> (unaudited)	<i>HKS'000</i> (unaudited)	<i>HKS'000</i> (unaudited)	<i>HKS'000</i> (unaudited)	<i>HKS'000</i> (unaudited)
THE GROUP								
At 1 January 2015	171,233	725,199	47,098	41,135	(55,546)	34,700	31,763	995,582
Profit for the period	-	-	-	-	-	-	22,924	22,924
Other comprehensive (expense)/income for the period								
- Release of revaluation reserve of hotel properties	-	-	-	(722)	-	-	722	-
- Exchange differences arising on translation of foreign operations	-	-	-	-	(709)	-	-	(709)
- Share of exchange differences of associates	-	-	-	-	(176)	-	-	(176)
Other comprehensive (expense)/income for the period	-	-	-	(722)	(885)	-	722	(885)
Total comprehensive income/(expense) for the period	-	-	-	(722)	(885)	-	23,646	22,039
Transfer to statutory reserve	-	-	10,302	-	-	-	(10,302)	-
At 30 June 2015	<u>171,233</u>	<u>725,199</u>	<u>57,400</u>	<u>40,413</u>	<u>(56,431)</u>	<u>34,700</u>	<u>45,107</u>	<u>1,017,621</u>

	Attributable to owners of the Company						
	Share capital	Share premium	Statutory reserve <i>(note)</i>	Hotel properties revaluation reserve*	Exchange reserve	Accumulated losses	Total
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
THE GROUP							
At 1 January 2014	118,833	484,159	31,753	39,580	(46,995)	(35,272)	592,058
Loss for the period	-	-	-	-	-	(21,109)	(21,109)
Other comprehensive (expense)/ income for the period							
- Release of revaluation reserve of hotel properties	-	-	-	(671)	-	671	-
- Exchange differences arising on translation of foreign operations	-	-	-	-	(4,377)	-	(4,377)
- Share of exchange differences of an associate	-	-	-	-	1,520	-	1,520
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,520</u>	<u>-</u>	<u>1,520</u>
Other comprehensive (expense)/ income for the period	-	-	-	(671)	(2,857)	671	(2,857)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(671)</u>	<u>(2,857)</u>	<u>671</u>	<u>(2,857)</u>
Total comprehensive expense for the period	-	-	-	(671)	(2,857)	(20,438)	(23,966)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(671)</u>	<u>(2,857)</u>	<u>(20,438)</u>	<u>(23,966)</u>
Transfer to statutory reserve	-	-	10,824	-	-	(10,824)	-
	<u>-</u>	<u>-</u>	<u>10,824</u>	<u>-</u>	<u>-</u>	<u>(10,824)</u>	<u>-</u>
At 30 June 2014	<u>118,833</u>	<u>484,159</u>	<u>42,577</u>	<u>38,909</u>	<u>(49,852)</u>	<u>(66,534)</u>	<u>568,092</u>

* *Item that will not be reclassified to profit or loss*

Note: Statutory reserve represents general reserve and enterprise expansion fund which are set up by subsidiaries and associates established and operated in the People's Republic of China ("PRC") by way of appropriation from the profit after taxation in accordance with the relevant laws and regulations in the PRC. The rate of appropriation of the general reserve and enterprise expansion fund is subject to the decision of the board of Directors of the PRC subsidiaries and associates, but the minimum appropriation rate for the general reserve is 10% of the profit after taxation for each period, until when the accumulated balance reaches 50% of the total registered capital of the subsidiaries and associates. Pursuant to the relevant laws and regulations of the PRC, if approvals are obtained from the relevant government authorities, the general reserve can be used in setting off accumulated losses or to increase the capital, and the enterprise expansion fund can be used to increase the capital.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2015*

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Operating activities		
Profit/(loss) for the period	22,924	(21,109)
Adjustments for:		
Interest income	(3,353)	(3,515)
Interest expense	11,559	379
Income tax expense	61	150
Exchange (gain)/loss	(1,862)	8,627
Depreciation of property, plant and equipment	4,492	4,439
Share of profit of associates, net of tax	(41,520)	(1,575)
Loss/(gain) on disposal of property, plant and equipment	8	(18)
	<hr/>	<hr/>
Operating cash flow before movements in working capital	(7,691)	(12,622)
Decrease in inventories	117	148
(Increase)/decrease in trade and other receivables	(4,562)	2,520
Increase/(decrease) in trade and other payables	1,394	(248)
Decrease in properties held for sale	1,840	-
	<hr/>	<hr/>
Cash used in operations	(8,902)	(10,202)
Tax paid	(11,245)	(3,565)
	<hr/>	<hr/>
Net cash used in operating activities	(20,147)	(13,767)
Investing activities		
Purchase of property, plant and equipment	(2,441)	(1,777)
Investment in an associate	-	(191,977)
Purchase of investment properties	(77,097)	-
Placement of pledged bank deposit	-	(120,237)
Release of pledged bank deposit	122,467	-
Decrease/(increase) in time deposits with more than three months to maturity when placed	25,000	(62,422)
Interest received	5,460	5,103
Dividend received	112,246	-
Net proceeds from disposal of property, plant and equipment	12	54
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	185,647	(371,256)

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Financing activities		
Interest paid	(5,115)	(29)
Proceeds from borrowings	31,160	101,878
Repayment of bank loan	(116,238)	-
	<u> </u>	<u> </u>
Net cash (used in)/generated from financing activities	(90,193)	101,849
	<u> </u>	<u> </u>
Net increase/(decrease) in cash and cash equivalents	75,307	(283,174)
Cash and cash equivalents at 1 January	79,036	378,888
Effect of foreign exchange rates changes	1,130	(13,587)
	<u> </u>	<u> </u>
Cash and cash equivalents at 30 June	155,473	82,127
	<u> </u>	<u> </u>
Analysis of the balances of cash and cash equivalents, being:		
Bank balances and cash	196,796	144,549
Less: Time deposit with maturity over three months	(41,323)	(62,422)
	<u> </u>	<u> </u>
	155,473	82,127
	<u> </u>	<u> </u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“the Listing Rules”) and with Hong Kong Accounting Standard 34 (“HKAS 34”) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim condensed consolidated financial statements have not been audited by the Company’s auditor but have been reviewed by the Company’s audit committee and auditor.

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair value or revalued amounts, as appropriate.

The interim condensed consolidated 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 2014.

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The interim financial statements and selected explanatory notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards.

2. PRINCIPAL ACCOUNTING POLICIES AND APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle
HKAS 19 (Amendments)	Defined benefit plans: Employee Contributions

2. PRINCIPAL ACCOUNTING POLICIES AND APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (Continued)

The adoption of the new or revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting period. Accordingly, no prior period adjustment has been required.

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

HKFRS 9	Financial Instruments ³
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle ¹
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations ¹
HKAS 1 (Amendments)	Disclosure Initiative ¹
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ¹
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements ¹

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

² Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

³ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the condensed consolidated financial statements of the Group.

3. FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2014.

In 2015, there were no significant changes in the business or economic circumstances that affect the fair value of the group's financial assets and financial liabilities. There were no reclassifications of financial assets.

4. REVENUE

Revenue represents the gross amounts received and receivable for revenue arising on hotel operation, sale of properties, goods sold by the Group to outside customers, less return and allowances and gross rental income during the period.

5. SEGMENT INFORMATION

For management purposes, the Group is currently organised into three operating divisions – hotel operations, property investment and other operating segment. These divisions are the basis on which the Group reports its primary segment information. In line with the management segment review, certain comparative amounts have been reclassified to confirm to the current period presentation.

Principal activities are as follows:

Hotel operations	–	hotel ownership and management
Property investment	–	holding investment properties and properties held for sale
Other operating segment	–	wood processing

5. SEGMENT INFORMATION (Continued)

	Segment Revenue from external customers		Segment Result	
	Six months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited) (restated)
Hotel operations	9,756	9,873	(4,289)	(3,923)
Property investment	7,263	1,229	2,909	(28)
Other operating segment	1,661	2,625	(699)	(438)
	<u>18,680</u>	<u>13,727</u>		
Total			(2,079)	(4,389)
Interest income			3,353	3,515
Professional fee			(968)	(3,865)
Net central administration cost			(9,144)	(8,789)
Net exchange gain/(loss)			1,862	(8,627)
Share of profit of associates			41,520	1,575
Finance costs			(11,559)	(379)
			<u>22,985</u>	<u>(20,959)</u>
Profit/(loss) before taxation			(61)	(150)
Income tax expense				
			<u>22,924</u>	<u>(21,109)</u>
Profit/(loss) for the period				

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period (six months ended 30 June 2014: nil).

Segment result represents the profit/(loss) generated by each segment without allocation of interest income, professional fee, net central administration costs, net exchange gain or loss, share of profit of associates and finance costs. This is the measure reported to the Group's management for the purposes of resource allocation and performance assessment.

5. SEGMENT INFORMATION *(Continued)***Segment assets and liabilities**
As at 30 June 2015

	30 June 2015 <i>HK\$'000</i> (unaudited)	31 December 2014 <i>HK\$'000</i> (audited) (restated)
Segment Assets		
Hotel operations	122,818	125,736
Property investment	444,362	365,134
Other operating segment	<u>912</u>	<u>1,368</u>
Total segment assets	568,092	492,238
Pledged bank deposit	–	122,467
Bank balances and cash	196,796	145,359
Interests in associates	623,723	694,625
Unallocated assets	<u>3,710</u>	<u>4,045</u>
Consolidated assets	<u><u>1,392,321</u></u>	<u><u>1,458,734</u></u>
Segment Liabilities		
Hotel operations	3,000	3,927
Property investment	157,597	127,555
Other operating segment	<u>203</u>	<u>522</u>
Total segment liabilities	160,800	132,004
Convertible notes (the "2002 CB")	78,908	78,908
Convertible notes (the "2014 CB")	104,315	97,469
Bank loans	–	113,944
Unallocated liabilities	<u>30,677</u>	<u>40,827</u>
Consolidated liabilities	<u><u>374,700</u></u>	<u><u>463,152</u></u>

5. SEGMENT INFORMATION (Continued)

Other segment information
For the six months ended 30 June 2015

	Hotel operations <i>HK\$'000</i> (unaudited)	Property investment <i>HK\$'000</i> (unaudited)	Other operating segment <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Depreciation	3,878	233	289	4,400
Addition to property, plant and equipment	54	2,387	-	2,441
Addition to investment properties	-	79,097	-	79,097
Loss on disposal of property, plant and equipment	<u>8</u>	<u>-</u>	<u>-</u>	<u>8</u>

For the six months ended 30 June 2014

	Hotel operations <i>HK\$'000</i> (unaudited)	Property investment <i>HK\$'000</i> (unaudited)	Other operating segment <i>HK\$'000</i> (unaudited)	Total <i>HK\$'000</i> (unaudited)
Depreciation	4,061	5	294	4,360
Additions to property, plant and equipment	1,763	-	-	1,763
Gain on disposal of property, plant and equipment	<u>14</u>	<u>-</u>	<u>-</u>	<u>14</u>

Geographical information

The Group's hotel operation and other operating segment are located in the PRC, other than Hong Kong.

Property investment is located in both PRC and Hong Kong.

5. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

The Group's revenue from external customers by location of operation and information about its non-current assets by location of assets are detailed below:

	Revenue by geographical market		Non-current assets*	
	Six months ended 30 June		30 June	31 December
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
The PRC	17,465	13,377	374,709	376,856
Hong Kong	1,215	350	130,283	51,413
	<u>18,680</u>	<u>13,727</u>	<u>504,992</u>	<u>428,269</u>

* Non-current assets exclude interest in associates and unallocated non-current asset.

6. OTHER OPERATING INCOME

Other operating income included the following items:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income	3,353	3,515
Net exchange gain	<u>1,862</u>	<u>–</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on:		
Convertible notes	6,846	–
Bank loans		
– wholly repayable within five years	897	379
– not wholly repayable within five years	<u>3,816</u>	<u>–</u>
	<u>11,559</u>	<u>379</u>

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Tax charges comprise:		
Current tax – Provision for PRC enterprises		
income tax	–	150
Under-provision for PRC enterprises income tax	<u>61</u>	<u>–</u>
	<u>61</u>	<u>150</u>

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for both periods. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both periods.

The tax charge for the period can be reconciled to the profit/(loss) before taxation per the condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit/(loss) before taxation	<u>22,985</u>	<u>(20,959)</u>
Tax at the rates applicable to profit/(loss) in the countries concerned	3,040	(3,960)
Tax effect of non-deductible expenses	4,551	5,644
Tax effect of non-taxable revenue	(3,026)	(2,428)
Under-provision in previous period	61	–
Tax effect of tax losses not recognised	2,286	894
Tax effect of share profit of associates	<u>(6,851)</u>	<u>–</u>
Tax effect for the period	<u>61</u>	<u>150</u>

9. PROFIT/(LOSS) FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit/(loss) for the period has been arrived at after (charging)/crediting:		
Depreciation of property, plant and equipment	(4,492)	(4,439)
Auditor's remuneration	(440)	(400)
Staff costs (including Directors' remuneration and retirement benefit scheme contribution)	(8,232)	(7,296)
(Loss)/gain on disposal of property, plant and equipment	(8)	18
Net exchange gain/(loss)	1,862	(8,627)
Finance costs	(11,559)	(379)
Cost of properties held for sale disposed of during the period	(1,840)	-
Gross rental income from investment properties	2,182	1,229
Less: Direct operating expenses from investment properties that generated rental income during the period	(890)	(797)
Direct operating expenses from investment properties that did not generate rental income during the period	(134)	(143)
	<u>1,158</u>	<u>289</u>

10. DIVIDEND

The Board does not declare an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share is based on the profit attributable to owners of the Company of approximately HK\$22,924,000 (six months ended 30 June 2014: loss of HK\$21,109,000) and on the number of 1,712,329,142 ordinary shares (six months ended 30 June 2014: 1,188,329,142 ordinary shares) in issue during the period.

The calculation of diluted earnings per share for the period ended 30 June 2015 was based on the profit for the period of HK\$22,924,000 and on the number of ordinary shares of 1,712,329,142 during the period as used in the basic earnings per share calculation.

The denominators used are the same as those detailed above for both basis and diluted earnings/(loss) per share.

For the period ended 30 June 2015, the outstanding convertible notes for the period had no dilutive effect on the basic earnings per share as the conversion of the Company's outstanding convertible notes could only be converted into shares at any time following the third anniversary of the issue date up to the maturity date on 13 October 2019.

12. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the current period, the Group disposed of certain furniture and fixture with an aggregate carrying amount of HK\$20,000 (six months ended 30 June 2014: HK\$36,000) for consideration of HK\$12,000 (six months ended 30 June 2014: HK\$54,000), resulting in a loss on disposal of HK\$8,000 (six months ended 30 June 2014: profit of HK\$18,000).

The Company acquired an investment property at a total cost of HK\$79,097,000 and paid a deposit of HK\$2,000,000 in year 2014 upon signing the provisional agreement. The acquisition was completed on 18 March 2015.

The carrying amount of investment properties amounting of HK\$331,597,000 have been pledged to secure general banking facilities and mortgage loan to the Group.

The Group's hotel properties and investment properties as at 30 June 2015 were valued by the Directors and the valuation was arrived by reference to market evidence of transaction prices for similar properties. The Directors considered that the carrying amounts of the Group's hotel properties and investment properties approximate to their respective fair value as at 31 December 2014.

13. INTERESTS IN ASSOCIATES

Details of the Group's interests in associates are as follows:

	Guangdong Financial Leasing Co., Ltd 30 June 2015 HK\$'000 (unaudited)	Nanhai Changhai Power Company Limited 30 June 2015 HK\$'000 (unaudited)	Total 30 June 2015 HK\$'000 (unaudited)	Total 31 December 2014 HK\$'000 (audited)
Initial cost of investments in associates				
Unlisted	191,977	485,042	677,019	677,019
Less: Dividend from pre-acquisition profit	-	(112,246)	(112,246)	-
	191,977	372,796	564,773	677,019
Share of post-acquisition profits	14,146	49,408	63,554	22,034
Share of other comprehensive income/(expenses)	1,747	(6,351)	(4,604)	(4,428)
	<u>207,870</u>	<u>415,853</u>	<u>623,723</u>	<u>694,625</u>

Details of each the Group's material associates at the end of the reporting period are as follows:

Entity Name	Form of the entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of ownership interest held by the Group	Proportion of voting rights held by the Group	Principal activities
Guangdong Financial Leasing Co., Ltd	Incorporated	PRC	PRC	Ordinary	25%	25%	Finance leasing business and related advisory and guarantee services
Nanhai Changhai Power Company Limited	Incorporated	PRC	PRC	Ordinary	32.636%	32.636%	Generation and sale of electricity and heated steam

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in the condensed consolidated financial statements.

13. INTERESTS IN ASSOCIATES (Continued)

Guangdong Financial Leasing Co., Ltd

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Current assets	883,095	519,646
Non-current assets	880,235	600,748
Current liabilities	(551,968)	(25,188)
Non-current liabilities	<u>(379,883)</u>	<u>(292,529)</u>
Net asset value	<u>831,479</u>	<u>802,677</u>

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	48,562	8,191
Profit for the period	28,730	6,301
Other comprehensive income for the period	<u>72</u>	<u>6,080</u>
Total comprehensive income for the period	<u>28,802</u>	<u>12,381</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the condensed consolidated financial statements:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Net assets of the associate	831,479	802,677
Proportion of the Group's ownership interest in Guangdong Financial Leasing Co., Ltd	25%	25%
Carrying amount of the Group's interest in Guangdong Financial Leasing Co., Ltd	<u>207,870</u>	<u>200,669</u>

13. INTERESTS IN ASSOCIATES (Continued)

Nanhai Changhai Power Company Limited

	30 June 2015 <i>HK\$'000</i> (unaudited)	31 December 2014 <i>HK\$'000</i> (audited)
Current assets	539,966	602,987
Non-current assets	1,006,507	1,021,957
Current liabilities	<u>(273,116)</u>	<u>(456,205)</u>
Net asset value	<u>1,273,357</u>	<u>1,168,739</u>
	Six months ended 30 June	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Revenue	501,210	–
Profit for the period	105,212	–
Other comprehensive expense for the period	<u>(594)</u>	<u>–</u>
Total comprehensive income for the period	<u>104,618</u>	<u>–</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the condensed consolidated financial statements:

	30 June 2015 <i>HK\$'000</i> (unaudited)	31 December 2014 <i>HK\$'000</i> (audited)
Net assets of the associate	1,273,357	1,168,739
Proportion of the Group's ownership interest in Nanhai Changhai Power Company Limited	32.636%	32.636%
Carrying amount of the Group's interest in Nanhai Changhai Power Company Limited (Note)	<u>415,853</u>	<u>493,956</u>

Note:

On 13 October 2014, there was an undistributed profit due to Southern Limited included in the carrying value of Nanhai Changhai Power Company Limited which had been acquired by the Company through the acquisition of Southern Limited. The carrying amount of the Group's interest in Nanhai Changhai Power Company Limited as at 30 June 2015 and 31 December 2014 is therefore cannot be directly calculated by multiplying its net assets with the proportion of the Group's ownership interest.

14. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 90 days to its trade customers. The following is an aging analysis of the Group's trade receivables after deducting the allowance for doubtful debts presented based on invoice dates at the end of the reporting period:

	30 June 2015 <i>HK\$'000</i> (unaudited)	31 December 2014 <i>HK\$'000</i> (audited)
0 – 60 days	1,227	683
61 – 90 days	345	202
91 – 120 days	62	181
over 120 days	<u>51</u>	<u>86</u>
Trade receivables	1,685	1,152
Other receivables	<u>7,834</u>	<u>7,912</u>
	<u>9,519</u>	<u>9,064</u>

Other receivables included the following items:

	30 June 2015 <i>HK\$'000</i> (unaudited)	31 December 2014 <i>HK\$'000</i> (audited)
Deposit for the acquisition of property	–	2,000
Prepayment for construction works	2,938	–
Interest receivable	157	2,264
Utility deposit, prepayment and other receivables	<u>4,739</u>	<u>3,648</u>
	<u>7,834</u>	<u>7,912</u>

The Group does not hold any collateral or other credit enhancements over these balances.

15. TRADE AND OTHER PAYABLES

The credit period granted by the Group's suppliers ranges from 30 days to 90 days.

The following is an aging analysis of the Group's trade payables by age based on the invoice date at the end of the reporting period:

	30 June 2015 <i>HK\$'000</i> (unaudited)	31 December 2014 <i>HK\$'000</i> (audited)
0 – 60 days	926	941
61 – 90 days	157	126
91 – 120 days	43	113
over 120 days	195	183
	<hr/>	<hr/>
Trade payables	1,321	1,363
Other payables	104,938	103,904
	<hr/>	<hr/>
	106,259	105,267
	<hr/> <hr/>	<hr/> <hr/>

Other payables included the following items:

	30 June 2015 <i>HK\$'000</i> (unaudited)	31 December 2014 <i>HK\$'000</i> (audited)
Other tax payable	9,924	9,832
Payable on convertible notes and interest payable (Note 1)	78,908	78,908
Others (Note 2)	16,106	15,164
	<hr/>	<hr/>
	104,938	103,904
	<hr/> <hr/>	<hr/> <hr/>

Note:

- On 9 May 2002, the Group issued HK\$230,000,000 convertible notes (the "2002 CB") which were due on 9 May 2007 (the "Maturity Date"), bearing interest at 1% per annum and in units of HK\$1,000,000 each. As at 30 June 2015 and 31 December 2014, the balance of HK\$75,000,000 2002 CB were due but not converted. Such principal monies together with all interest accrued thereon up to Maturity Date, amounting to HK\$3,908,000, were reclassified as other payables and are repayable on demand.
- Others include accrued staff salaries and welfare, deposit received from hotel customers and other temporary receipts.

15. **TRADE AND OTHER PAYABLES** *(Continued)*

The Directors considered that the carrying amount of trade and other payables approximates to their fair value. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

16. **BANK LOANS**

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Secured	<u>153,790</u>	<u>238,868</u>
Carrying amount repayable:		
Within one year	3,692	116,444
More than one year, but not exceeding two years	11,218	10,000
More than two years, but not more than five years	41,310	37,500
More than five years	<u>97,570</u>	<u>74,924</u>
	153,790	238,868
<i>Less:</i> Amounts shown under current liabilities	<u>31,366</u>	<u>116,444</u>
	<u><u>122,424</u></u>	<u><u>122,424</u></u>

During the current period, the Group raised bank loan amounting to HK\$31,160,000 and settled the loan amounting to HK\$116,238,000.

According to HK Int 5 which requires the classification of whole instalment loans containing the repayment on demand clause as current liabilities, the aggregate carrying amounts of HK\$27,674,000 (31 December 2014: Nil) have been reclassified from non-current liabilities to current liabilities as at 30 June 2015.

17. CONVERTIBLE NOTES

On 9 May 2002, the Group issued HK\$230,000,000 convertible notes (the "2002 CB") which were due on 9 May 2007, bearing interest at 1% per annum and in units of HK\$1,000,000 each. As at 30 June 2015 and 31 December 2014, the balance of HK\$75,000,000 2002 CB were due but not converted. Such principal monies together with all interest accrued thereon up to maturity, amounting to HK\$3,908,000, were reclassified as other payables and are repayable on demand.

On 13 October 2014, the Company issued convertible notes in the principal amount of HK\$166,232,000 (the "2014 CB") (of which its fair value at the issuance date is approximately HK\$129,270,000) as part of the consideration for the acquisition of Southern Limited. The 2014 CB bears coupon rate of 2% per annum and are convertible into shares of the Company at a conversion price of HK\$0.76 per share at any time following the third anniversary of the issue date up to the maturity date on 13 October 2019. At any time prior to the maturity date of the 2014 CB, the Company is entitled to redeem in whole or in part of the 2014 CB at the principal amount then outstanding or such parts of the principal amount then outstanding together with the relevant accrued and unpaid interest. Unless previously redeemed, converted or purchased and cancelled, the 2014 CB will be redeemed on the maturity date on 13 October 2019. The 2014 CB carries interest at a rate of 2% per annum, which is payable annually in arrears or upon the conversion or redemption of the bonds.

	Liability component <i>HK\$'000</i>	Equity component <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2015 (audited)	97,469	34,700	132,169
Interest charge calculated at an effective interest rate of 14.16%	6,846	–	6,846
At 30 June 2015 (unaudited)	104,315	34,700	139,015

18. SHARE CAPITAL

	Number of shares		Share Capital	
	30 June 2015 (unaudited)	31 December 2014 (audited)	30 June 2015 (unaudited) <i>HK\$'000</i>	31 December 2014 (audited) <i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.1 each	<u>3,000,000,000</u>	<u>3,000,000,000</u>	<u>300,000</u>	<u>300,000</u>
Issued and fully paid:				
At beginning of period	1,712,329,142	1,188,329,142	171,233	118,833
Issue of shares	<u>-</u>	<u>524,000,000</u>	<u>-</u>	<u>52,400</u>
At the end of period	<u>1,712,329,142</u>	<u>1,712,329,142</u>	<u>171,233</u>	<u>171,233</u>

19. PLEDGED OF ASSETS

Assets with the following carrying amounts have been pledged to secure bank loan and general banking facilities to the Group or borrowings of the Group (see note 16):

	30 June 2015 <i>HK\$'000</i> (unaudited)	31 December 2014 <i>HK\$'000</i> (audited)
Investment properties	331,597	252,500
Bank deposits	<u>-</u>	<u>122,467</u>
	<u>331,597</u>	<u>374,967</u>

20. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	30 June 2015 <i>HK\$'000</i> (unaudited)	31 December 2014 <i>HK\$'000</i> (audited)
Minimum lease payments paid under operating leases during the period:		
Premises	<u>855</u>	<u>2,663</u>

20. OPERATING LEASE ARRANGEMENTS (Continued)

The Group as lessee (Continued)

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Within one year	1,587	1,625
In the second to fifth year inclusive	<u>260</u>	<u>1,038</u>
	<u>1,847</u>	<u>2,663</u>

Operating lease payments represent rentals payable by the Group for certain of its office properties with lease terms of between 1 to 2 years (31 December 2014: 1 to 2 years).

The Group as lessor

The Group's property rental income earned during the reporting period was approximately HK\$2,182,000 (six months ended 30 June 2014: HK\$1,229,000). All of the properties held have committed tenants between 1 to 2 years (31 December 2014: 1 to 2 years).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	30 June 2015 HK\$'000 (unaudited)	31 December 2014 HK\$'000 (audited)
Within one year	4,700	4,488
In the second to fifth year inclusive	10,038	10,674
Over fifth year	<u>5,852</u>	<u>7,018</u>
	<u>20,590</u>	<u>22,180</u>

21. CONTINGENT LIABILITIES

The Group had a maximum contingent consideration of HK\$48,000,000 in respect of the acquisition of the entire issued share capital of Can Manage Trading Limited (“Can manage”). This amount would become payable, among others, if the consolidated net profit of Can Manage and its subsidiary, Foshan City Nanhai JiaShun Timber Company Limited (“Jia Shun”), achieved an amount of HK\$70,000,000 for the year ended 31 December 2002 and HK\$80,000,000 for the year ended 31 December 2003.

However, the operation of Jia Shun was suspended during the period from 17 August 2003 to 10 October 2003 due to a failure in the supply of electricity and steam from the power plant operated under the power supply agreement and a court order dated 19 August 2003 to freeze Jia Shun’s assets in relation to an alleged claim from the Shenzhen Development Bank Foshan Branch. In addition, the production facilities were substantially different from those prior to the suspension. In view of all the above incidences, and as the consolidated net profit of Can Manage and Jia Shun for the year ended 31 December 2003 did not reach HK\$80,000,000, the Directors consider that the Group is not liable to pay any contingent consideration.

However, as the vendor is not contactable up to the date of this report, the Directors have decided to reflect this amount as a contingent liability.

22. COMMITMENT

	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Commitments for the acquisition of the property, plant and equipment	–	70,988
Commitments for the refurbishment of property, plant and equipment	1,095	–
Commitments for the refurbishment of the investment properties	<u>5,240</u>	<u>2,777</u>

23. RELATED PARTY TRANSACTIONS

During the period from 1 January to 30 June 2015, the Group entered into the following transactions with related key management personnel of the Group:

Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Salary and other short term benefits	2,492	2,383
Post-employment employee benefits	107	63
	<u>2,599</u>	<u>2,446</u>

24. FAIR VALUE MEASUREMENT

Trade and other receivables are carried at cost less provision for impairment and trade and other payables are carried at cost or amortised cost which are not materially different from their fair values as at 30 June 2015 and 31 December 2014.