



Chinney Investments, Limited

Stock Code: 216

Interim Report 2015/16

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CORPORATE INFORMATION

DIRECTORS

James Sai-Wing Wong (*Chairman*)
William Chung-Yue Fan
Herman Man-Hei Fung (*Managing Director*)
Paul Hon-To Tong
James Sing-Wai Wong
Clement Kwok-Hung Young*
Peter Man-Kong Wong*
James C. Chen*

* *Independent non-executive directors*

AUDIT COMMITTEE

James C. Chen
William Chung-Yue Fan
Clement Kwok-Hung Young
Peter Man-Kong Wong

REMUNERATION COMMITTEE

Clement Kwok-Hung Young
James C. Chen
Herman Man-Hei Fung

SECRETARY

Louisa Kai-Nor Siu

PRINCIPAL BANKERS

The Bank of East Asia, Limited
Chong Hing Bank Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Shanghai Commercial Bank Limited
Wing Lung Bank, Limited

AUDITORS

Ernst & Young

REGISTRARS

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STOCK CODE

SEHK 216

WEBSITE

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CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

For the six months ended 30 September 2015, the Group's unaudited consolidated turnover and net profit attributable to shareholders amounted to HK\$639 million (2014: HK\$242 million) and HK\$250 million (2014: HK\$50 million), respectively. Basic earnings per share were 45.39 Hong Kong cents (2014: 9.11 Hong Kong cents). As at 30 September 2015, the shareholders' equity amounted to HK\$5,032 million (as at 31 March 2015: HK\$4,936 million). Net assets per share attributable to shareholders were HK\$9.13 (as at 31 March 2015: HK\$8.95).

INTERIM DIVIDEND

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

BUSINESS REVIEW

1. Property

The Group's property development and investment activities are conducted by Hon Kwok Land Investment Company, Limited ("Hon Kwok") (Stock Code: 160). Hon Kwok reported turnover of HK\$594 million (2014: HK\$197 million) and profit attributable to their shareholders of HK\$375 million (2014: HK\$103 million) for the six months ended 30 September 2015. The substantial increase in turnover for the period was mainly due to the sale of property units of two development projects in PRC held by Hon Kwok, namely Botanica Phase 3 (development project in Guangzhou) and Metropolitan Oasis Phase 1 (development project in Nanhai), whilst the increase in net profit was mainly due to the upward revaluation of investment properties and the increase in contribution from property sales for the period under review.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

1. Property *(Continued)*

Property Development

Botanica Phase 3 寶翠園三期, **Guangzhou, PRC**

The **Botanica** 寶翠園, comprises 39 blocks of high-rise residential building with a total gross floor area of approximately 229,000 sq.m., is situated in the greenery zone of Tian He District near the Botanical Garden. It is scheduled for development by phases. **Botanica Phases 1 and 2** 寶翠園一及二期, with total 16 blocks of over 750 units, had been sold out and the relevant profits had been recognized in the previous financial statements. During the period under review, **Botanica Phase 3** 寶翠園三期, comprises 12 blocks of about 530 units, three blocks of which have been delivered to individual purchasers and the profits derived therefrom were recorded in the statement of profit or loss. The remaining blocks are under internal finishing works and expected to be delivered to individual purchasers by stages during the first half of 2016. Over 95% of the above phase have been sold up to the date of this report, generated sale proceeds amounted to RMB1,650 million. Construction works of **Botanica Phase 4** 寶翠園四期, comprises 11 blocks of about 550 units, are in progress and expected to be completed by stages commencing last quarter of 2016 through the first quarter of 2017. Several blocks have been recently launched to the market for pre-sale and up to the date of this report, total contracted sales exceeding RMB330 million.

Metropolitan Oasis 雅瑤綠洲, **Nanhai, PRC**

This project, situated in Da Li District, Nanhai with a total gross floor area of approximately 273,000 sq.m., is also scheduled for development by phases. Phase 1 of the project comprises 71 units of 3-storey town houses of about 18,000 sq.m. and 24 blocks of high-rise apartments of about 121,000 sq.m. All the town houses and above 90% of the apartment units have been launched to the market for sale, of which over 75% have been sold up to the date of this report, generated sale proceeds exceeding RMB800 million. Delivery of the town houses and 6 blocks of the above apartments to individual purchasers is in progress and the remaining blocks of apartments are expected to be completed and delivered early next year.

The Dong Guan Zhuan Road and the Beijing Nan Road projects, Guangzhou, PRC

The development site at Dong Guan Zhuan Road, Tian He District is under the planning and design stage whilst preliminary works on project site at 45-107 Beijing Nan Road, Yue Xiu District have been commenced.

BUSINESS REVIEW *(Continued)*

1. Property *(Continued)*

Property Development *(Continued)*

Enterprise Square 僑城坊, **Shenzhen, PRC**

The project, situated at Qiaoxiang Road North, Nanshan District, measures a site area of 48,764 sq.m. and with a total gross floor area of approximately 224,500 sq.m. It is being developed in two phases into 12 blocks of buildings for composite use in which Hon Kwok Group has 20% interest. Construction works of both Phase 1 and Phase 2 are in progress and expected to be completed in the third quarter of 2016 and mid-2017 respectively.

Property Investment

Shenzhen, PRC

Construction works of **Hon Kwok City Commercial Centre** 漢國城市商業中心, with a total gross floor area of 128,000 sq.m. and situated at the junction of Shen Nan Zhong Road and Fu Ming Road, Futian District, are well in progress and expected to be completed in mid-2016. Thereafter, this 80-storey (including 5 storeys underground) commercial/office tower will be held by the Group for recurrent rental income.

The retail shops at ground level and the entire first floor of the 5-storey commercial podium of **City Square** 城市天地廣場, situated at Jia Bin Road, Luo Hu District, are fully let. The average occupancy and room rates of **The Bauhinia Hotel (Shenzhen)** 寶軒酒店(深圳), a 162-room hotel at upper three floors of the above podium, are both satisfactory whilst the average occupancy rate of **City Suites** 寶軒公寓, a 64-unit serviced apartments atop of the same podium, close to 100%.

Guangzhou, PRC

Ganghui Dasha 港匯大廈, a 20-storey commercial/office building, is situated at the junction of Beijing Road, Nanti Er Road and Baqi Er Road, Yue Xiu District. Its current occupancy rate is about 85%.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

1. Property *(Continued)*

Property Investment *(Continued)*

Chongqing, PRC

The occupancy rate of **Chongqing Hon Kwok Centre** 重慶漢國中心, a 21-storey twin-tower office building atop of a 4-storey retail/commercial podium and situated in Bei Bu Xin Qu, is currently about 95%.

Jinshan Shangye Zhongxin 金山商業中心, a twin-tower project, is also situated in Bei Bu Xin Qu and adjacent to the above **Chongqing Hon Kwok Centre** 重慶漢國中心. It comprises a 41-storey grade A office tower and a 42-storey 5-star hotel plus office tower with respective 4-storey retail/commercial podium. In respect of the office tower, certain tenants have recently moved in and the related leasing activities are being closely followed up. On the other hand, the hotel/office tower is in the course of renovation.

Hong Kong

All the retail areas at street level of the hotel/apartment building at Connaught Road Central and Des Voeux Road Central are leased out. **The Bauhinia Hotel (Central)** 寶軒酒店(中環), situated at four podium floors of the aforesaid building, is a 42-room boutique hotel with average occupancy rate over 90% with encouraging room rates. **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, has an average occupancy rate of about 85%.

The average occupancy and room rates of **The Bauhinia Hotel (TST)** 寶軒酒店(尖沙咀), a 98-room boutique hotel occupying total 20 floors of a 23-storey commercial/office building at Observatory Court, Tsim Sha Tsui, are both satisfactory. The existing tenant of the first floor of the above building is a restaurant operator and the remaining floors for lease as commercial use.

The current occupancy rate of **Hon Kwok Jordan Centre** 漢國佐敦中心, a 23-storey commercial/office building situated at Hillwood Road, Tsim Sha Tsui, exceeds 95%.

The bare site at **Kin Chuen Street, Kwai Chung, New Territories** acquired in January 2015 via government public tender is under the planning and design stage and will be developed for non-residential use with a total gross floor area of approximately 228,000 sq. ft. for recurrent rental income.

BUSINESS REVIEW *(Continued)*

1. Property *(Continued)*

Property Investment *(Continued)*

The Bauhinia Hotel and Serviced Apartment Chain

The Group operates a chain of hotels and serviced apartments under the brand name of Bauhinia in Hong Kong, Shenzhen, Guangzhou plus one multi-storey 5-star hotel in the course of development in Chongqing. With the exception of **The Bauhinia Hotel (Guangzhou)** 寶軒酒店(廣州), which is leased by the Group, properties of all other hotels and serviced apartments are wholly owned by the Group.

Hotel operation business is a long term investment which necessitates capital injections from time to time by way of replacements of furniture, fixtures and fittings plus substantial external renovation in order to enhance the recurrent operating income so as to maintain the intrinsic value of the properties.

After years of operation, the building of **The Bauhinia Hotel (Guangzhou)** 寶軒酒店(廣州), albeit at good location, is rather dilapidated that substantial capital investment is needed in order to compete with other hotels nearby. In view of it being a leased property, intensive refurbishment and renovation thereto are not justified. As such, the management has decided to cease its operation upon expiry of the business licence by the end of this year. However, the Group still intends to acquire and enlarge its hotel and serviced apartment chain, including in Guangzhou, should opportunities arise.

2. Garment

J.L. Garment Group, a wholly-owned subsidiary of our Company with garment factory situated at Dongguan, the Mainland China, reported turnover of HK\$45 million (2014: HK\$45 million) with a net loss of HK\$6.3 million (2014: loss HK\$7.7 million) for the six months ended 30 September 2015.

The Eurozone's economy merely recorded slight GDP growth and inflation, the pace of recovery remained disappointing given the stimulus measures implemented by the European Central Bank in early 2015 and despite the low oil prices environment. The European consumer markets were feeble with meager orders demand. Eventually, the price driven market competition further exerted pressure on our garment sales and profit margin. Nevertheless, our garment business strived to narrow its operating losses through implementing stringent measures on cost control and transformation of its business structure to suit the prevailing market needs. To enhance profitability, J.L. Garment Group continues to broaden its customer base and develop new business opportunities.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW *(Continued)*

2. Garment *(Continued)*

Due to the moderate demand in Hong Kong industrial property market, J.L. Garment Group recorded a property revaluation gain of HK\$1.1 million (2014: HK\$0.2 million) on its investment properties while the self use property in Hong Kong was carrying at historical cost which is substantially lower than the current market value. The investment properties are held for rental income.

3. Construction and Trading

Chinney Alliance Group Limited (“Chinney Alliance”), a 29.1% owned associate recorded turnover and net profit for the six months ended 30 June 2015 of HK\$2,170 million (2014: HK\$1,760 million) and HK\$77.4 million (2014: HK\$30.4 million).

The construction division, mainly included the Foundation Piling and Building Construction, recorded substantial increase in both turnover and profit contribution. The local construction sector continued to be benefited from the ample project tenders in the market including government's infrastructure works and residential housing projects. Coupled with the enhancement of piling plant and machinery in prior years, our Foundation division was able to engage in projects with larger contract sum with better profit margin, leading to further improvement in the operating results in Chinney Alliance for the period under review.

In August 2015, Chinney Alliance submitted an application to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the listing of and permission to deal with the shares of Chinney Kin Wing Holdings Limited (“Kin Wing”), the holding company of the foundation division of Chinney Alliance by way of Spin-off, which constituted a deemed disposal of the interest in a subsidiary of Chinney Alliance under Rule 14.29 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). On 11 November 2015, Kin Wing (Stock Code: 1556) was successfully listed on the Stock Exchange. For details, please refer to the announcement dated 10 November 2015 from Chinney Alliance.

The plastic trading division recorded slight increase in both turnover and operating profit. With the Mainland China market slowing down, the division continued to face keen competition from peers, thus profit margin was further squeezed. Nonetheless, the division continues to explore new products and services and broaden its business lines to improve its profitability.

OUTLOOK

The global economy is still recovering at a slow pace and full of uncertainties. After struggling in the past few years, the eurozone countries have shown sign of stabilization in their economic, financial and political aspects, yet the investor sentiment remained weak. It is forecast that the eurozone will merely grow at low rate under the present fragile environment. In the United States, the satisfactory statistical data on inflation and employment had signified solid economic growth in the US market. The US Federal Reserve reiterated that they were considering raising the interest rate from its record low in nearly a decade within a few months. The timing of the first rate hike since 2008 becomes the major focus on the global recovery.

In the Mainland China, the forecast economic growth slowed to below 7 percent in 2015 with the manufacturing sector contracted. There were significant concerns to investors regarding the impact of the economic slowdown and the recent fluctuation in Renminbi. To combat the slowdown, the People's Bank of China had further reduced the benchmark interest rates and lowered bank's reserve requirement ratio in 2015. Nevertheless, the Chinese economy was resilient and outperformed the economic peers. Besides, a series of supportive policies was announced in this month to boost economic growth. These policies, including accelerated urbanization, poverty relief and child policy change, will probably bolster the domestic demand and drive up economic growth gradually.

In Hong Kong, the retail market was hit by the falling consumption of the Mainland Chinese tourists, in particular, the spending on the luxury goods recorded significant decline in the third quarter, retail rental in prime shopping districts also dropped accordingly. Nonetheless, the local building construction industry remains robust with abundant infrastructure projects and residential development underway. It is likely that the construction sector remains as the driving force on the Hong Kong economy in the medium term.

Finally, I wish to express my sincere thanks to my fellow directors for their contributions and all staff members for their dedicated hard work during the period under review.

James Sai-Wing Wong
Chairman

Hong Kong, 26 November 2015

GENERAL INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2015, the interests and short positions of the directors of the Company 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 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"), were as follows:

(a) Directors' interests in the ordinary shares of the Company

Name of director	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
James Sai-Wing Wong	1 & 2	Through controlled corporations	348,019,324	63.12
	1	Beneficially owned	480,000	0.09
William Chung-Yue Fan	1	Beneficially owned	1,882,285	0.34

(b) Directors' interests in the ordinary shares of associated corporations

Name of director	Notes	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/ amount of paid-up registered capital held	Percentage of the associated corporation's issued shares/ paid-up registered capital
James Sai-Wing Wong	1 & 3	Hon Kwok	Through controlled corporation	501,194,139	69.57
	1 & 4	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000	100.00
	1 & 7	Chinney Trading Company Limited	Through controlled corporations	10,400	80.00
	1 & 5	Chinney Alliance	Through controlled corporations	435,940,216	73.28
	1 & 6	Chinney Holdings Limited ("Chinney Holdings")	Through controlled corporation	9,900,000	99.00
	1	Chinney Holdings	Beneficially owned	100,000	1.00
	1	Lucky Year Finance Limited ("Lucky Year")	Beneficially owned	20,000	100.00
Herman Man-Hei Fung	1	Hon Kwok	Beneficially owned	500,000	0.07

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Notes:

1. *All the interests stated above represent long positions.*
2. *These shares are beneficially held by Chinney Holdings, which is a subsidiary of Lucky Year. James Sai-Wing Wong is a director of Lucky Year and has beneficial interests therein.*
3. *Out of the 501,194,139 shares, 490,506,139 shares are beneficially held by the Company. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in these shares. The remaining 10,688,000 shares are held by Chinney Capital Limited of which James Sai-Wing Wong is a director and has beneficial interests therein.*
4. *Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is held by a wholly-owned subsidiary of Hon Kwok and RMB74,000,000 is held by a company controlled by James Sai-Wing Wong. By virtue of note 3, James Sai-Wing Wong is deemed to be interested in this company.*
5. *Out of the 435,940,216 shares, 173,093,695 shares are held by a wholly-owned subsidiary of the Company and the remaining 262,846,521 shares are held by companies controlled by James Sai-Wing Wong. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in these shares.*
6. *These shares are beneficially held by Lucky Year. By virtue of note 2, James Sai-Wing Wong is deemed to be interested in these shares.*
7. *Out of the 10,400 shares, 2,600 shares are held by a wholly-owned subsidiary of Hon Kwok and the remaining 7,800 shares are held by a company controlled by James Sai-Wing Wong. By virtue of note 3, James Sai-Wing Wong is deemed to be interested in this company.*

Save as disclosed herein, as at 30 September 2015, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be recorded in the register kept by the Company under Section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

GENERAL INFORMATION *(Continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2015, so far as is known to the directors of the Company, the following substantial shareholders and other persons (other than directors of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
Chinney Holdings	Directly beneficially owned	348,019,324	63.12
Lucky Year	Through controlled corporation	348,019,324	63.12

All the interests stated above represent long positions. Chinney Holdings and Lucky Year are deemed to be interested in the same parcel of shares by virtue of Section 316 of the SFO.

Save as disclosed herein, as at 30 September 2015, none of the substantial shareholders or other persons (other than the directors of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2015.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

- (a) In August 2013, Chinney Treasury Limited, a wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the “HK\$500 million Facility Agreement”) relating to a HK\$500 million transferable term and revolving loan facilities (the “HK\$500 million Loan Facilities”) with a syndicate of banks. The HK\$500 million Loan Facilities have a term of 48 months commencing from the date of the HK\$500 million Facility Agreement and to be used for financing the Group’s general working capital requirements.

Pursuant to the HK\$500 million Facility Agreement, it shall be an event of default if James Sai-Wing Wong, Chairman and substantial shareholder of the Company, ceases to (i) maintain management control over the Company; or (ii) remain as the major beneficial ultimate shareholder of the Company; or (iii) hold (whether directly or indirectly) at least 50% of equity interest in the Company (within the meaning of Part XV of the SFO).

If an event of default under the HK\$500 million Facility Agreement occurs, the agent acting for the lending banks may, and shall if so requested by a majority of the lending banks, terminate the HK\$500 million Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the HK\$500 million Loan Facilities to be immediately due and payable.

- (b) In March 2015, Hon Kwok Treasury Limited, a wholly-owned subsidiary of Hon Kwok, as borrower, entered into a facility agreement (the “HK\$1,000 million Facility Agreement”) relating to a HK\$1,000 million transferable term and revolving loan facilities (the “HK\$1,000 million Loan Facilities”) with a syndicate of banks. The HK\$1,000 million Loan Facilities have a term of 48 months commencing from the date of the HK\$1,000 million Facility Agreement and to be used for refinancing the previous syndicated loans with outstanding balance of HK\$402 million and financing the general working capital requirements of Hon Kwok and its subsidiaries.

Pursuant to the HK\$1,000 million Facility Agreement, it shall be an event of default if (i) the Company ceases to be the single largest shareholder of Hon Kwok or ceases to hold (whether directly or indirectly) at least 30% of the effective shareholding in Hon Kwok or ceases to maintain management control of Hon Kwok; or (ii) James Sai-Wing Wong, Chairman of both Hon Kwok and the Company, ceases to remain as the largest beneficial ultimate shareholder of the Company.

If an event of default under the HK\$1,000 million Facility Agreement occurs, the agent acting for the lending banks may, and shall if so requested by a majority of the lending banks, terminate the HK\$1,000 million Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the HK\$1,000 million Loan Facilities to be immediately due and payable.

GENERAL INFORMATION *(Continued)*

CORPORATE GOVERNANCE

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct for directors' securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 September 2015.

Compliance with the Corporate Governance Code

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules for the six months ended 30 September 2015, except for the following deviations:

1. CG Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election and CG Code provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election in accordance with the articles of association of the Company (the "Articles of Association"). The Articles of Association do not require the directors to retire by rotation at least once every three years. However, in accordance with article 104 of the Articles of Association, at each annual general meeting of the Company, one-third of the directors for the time being (or, if their number is not three or a multiple of three, then the number nearest one-third), other than the one who holds the office as executive chairman or managing director, shall retire from office by rotation. The Board will ensure the retirement of each director, other than the one who holds the office as executive chairman or managing director, by rotation at least once every three years in order to comply with the CG Code provisions.

The Chairman and Managing Director will not be subject to retirement by rotation as stipulated in CG Code provision A.4.2 as the Board considers that the continuity of office of the Chairman and Managing Director provide the Group with a strong and consistent leadership and is of great importance to the smooth operations of the Group.

All directors appointed to fill a casual vacancy is subject to re-election by shareholders at the next following annual general meeting of the Company instead of at the first general meeting after their appointment as stipulated in CG Code provision A.4.2.

CORPORATE GOVERNANCE *(Continued)*

Compliance with the Corporate Governance Code *(Continued)*

2. CG Code provision A.5.1 stipulates that the Company should establish a nomination committee which should be chaired by the Chairman of the Board or an independent non-executive director. The Company has not established a nomination committee. The Board is responsible for considering the suitability of a candidate to act as a director, and collectively approving and terminating the appointment of a director as this allows a more informed and balanced decision to be made. The Chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman will propose the appointment of such candidates to the Board for consideration and the Board will determine the suitability of the relevant candidates on the basis of their gender, age, professional qualifications and experience as well as educational background.
3. CG Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Madam Madeline May-Lung Wong, non-executive director of the Company (who retired at the 2015 annual general meeting) and Dr. Clement Kwok-Hung Young and Mr. Peter Man-Kong Wong, independent non-executive directors of the Company, did not attend the 2015 annual general meeting of the Company held on 27 August 2015 due to their own business engagements or other commitments.
4. CG Code provision B.1.2 stipulates that the terms of reference of the remuneration committee should include, as a minimum, those specific duties as set out in the CG Code provisions. The Company has adopted the revised terms of reference of the Remuneration Committee on 30 March 2012 with certain deviations from the CG Code provisions. Pursuant to the revised terms of reference, the Remuneration Committee should review and make recommendations to the Board on the remuneration packages of directors (as opposed to directors and senior management).

Audit committee

The Company has established an Audit Committee comprising James C. Chen, William Chung-Yue Fan, Clement Kwok-Hung Young and Peter Man-Kong Wong.

Regular meetings have been held by the Audit Committee since its establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Company's interim results for the six months ended 30 September 2015 have not been audited, but have been reviewed by the Audit Committee.

GENERAL INFORMATION *(Continued)*

FINANCIAL REVIEW

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK\$6,383 million as at 30 September 2015 (as at 31 March 2015: HK\$6,016 million), of which approximately 29% (as at 31 March 2015: 51%) of the debts were classified as current liabilities. Included therein were debts of HK\$174 million (as at 31 March 2015: HK\$182 million) related to bank loans with repayable on demand clause and HK\$820 million related to bank loans which will be refinanced during the forthcoming twelve months. Based on the repayment schedules pursuant to the related loan agreements and assuming that the aforesaid refinancing will be completed on schedule, the current portion of the total interest-bearing debts was approximately 14%. The increase in total debts was mainly due to the drawdown of bank loans for construction of mainland development projects.

Total cash and bank balances including time deposits were approximately HK\$1,491 million as at 30 September 2015 (as at 31 March 2015: HK\$923 million). Included in cash and bank balances are restricted bank deposits of HK\$688 million (as at 31 March 2015: HK\$172 million) which can only be applied in the designated property development projects prior to their completion of construction. The Group had committed but undrawn banking facilities of a total of approximately HK\$879 million at period end available for its working capital purpose.

Total shareholders' funds as at 30 September 2015 were approximately HK\$5,032 million (as at 31 March 2015: HK\$4,936 million). The increase was mainly due to current period's profit attributable to shareholders.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK\$4,892 million (as at 31 March 2015: HK\$5,093 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK\$7,799 million (as at 31 March 2015: HK\$7,649 million), was 63% as at 30 September 2015 (as at 31 March 2015: 67%).

Funding and treasury policies

There are no significant changes in the Group's funding and treasury policies. As at 30 September 2015, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Properties and bank balances with an aggregate carrying value of approximately HK\$12,195 million as at 30 September 2015 (as at 31 March 2015: HK\$11,771 million) and shares in certain subsidiaries were pledged to secure certain banking facilities of the Group.

FINANCIAL REVIEW *(Continued)*

Employees and remuneration policies

The Group, not including its associates and a joint venture, employed approximately 670 employees as at 30 September 2015. There have been no significant changes in the remuneration policies and benefits to the employees of the Group.

Contingent liabilities

Particulars of the Group's contingent liabilities are set out in note 11 to the condensed interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended	
		30 September	
		2015	2014
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	2	639,407	242,366
Cost of sales		(373,467)	(134,439)
Gross profit		265,940	107,927
Other income and gains	3	4,952	6,350
Fair value gains on investment properties, net		441,948	110,755
Fair value gains/(losses) on equity investments at fair value through profit or loss		(121)	162
Gain on disposal of a subsidiary		7,360	–
Selling and distribution expenses		(6,166)	(7,602)
Administrative and other operating expenses		(79,498)	(65,106)
Finance costs	4	(57,691)	(44,858)
Share of profits and losses of:			
Associates		22,373	8,201
Profit before tax	5	599,097	115,829
Income tax expense	6	(201,359)	(36,367)
Profit for the period		397,738	79,462
Attributable to:			
Owners of the Company		250,243	50,235
Non-controlling interests		147,495	29,227
		397,738	79,462
Earnings per share attributable to ordinary equity holders of the Company	7		
Basic and diluted		45.39 HK cents	9.11 HK cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	397,738	79,462
Other comprehensive income/(loss)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive losses of associates	(3,178)	(412)
Exchange differences on translation of foreign operations	(187,905)	35,085
Other comprehensive income/(loss) for the period	(191,083)	34,673
Total comprehensive income for the period	206,655	114,135
Attributable to:		
Owners of the Company	123,893	72,701
Non-controlling interests	82,762	41,434
	206,655	114,135

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2015 (Unaudited) <i>HK\$'000</i>	At 31 March 2015 (Audited) <i>HK\$'000</i>
<i>Notes</i>			
NON-CURRENT ASSETS			
Property, plant and equipment		87,443	90,332
Prepaid land lease payments		9,329	10,313
Investment properties		11,564,843	11,013,061
Investments in associates		566,590	554,319
Investment in a joint venture		199	199
Total non-current assets		12,228,404	11,668,224
CURRENT ASSETS			
Inventories		3,758	4,439
Properties held for sale under development and completed properties held for sale		3,248,722	3,065,609
Prepaid land lease payments		1,261	1,276
Equity investments at fair value through profit or loss		699	820
Trade and bills receivables	8	31,192	27,216
Prepayments, deposits and other receivables		175,689	156,028
Tax recoverable		31,551	44,232
Pledged deposits		207,317	344,048
Cash and bank balances		1,283,303	579,093
Total current assets		4,983,492	4,222,761
CURRENT LIABILITIES			
Trade payables and accrued liabilities	9	420,705	152,733
Customer deposits		1,269,830	840,098
Due to an associate		37,490	37,490
Tax payable		109,389	101,633
Interest-bearing bank borrowings		1,877,538	3,069,728
Total current liabilities		3,714,952	4,201,682

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	<i>Note</i>	At 30 September 2015 (Unaudited) <i>HK\$'000</i>	At 31 March 2015 (Audited) <i>HK\$'000</i>
NET CURRENT ASSETS		<u>1,268,540</u>	<u>21,079</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,496,944</u>	<u>11,689,303</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		4,505,552	2,946,190
Deferred tax liabilities		<u>1,192,015</u>	<u>1,094,083</u>
Total non-current liabilities		<u>5,697,567</u>	<u>4,040,273</u>
Net assets		<u><u>7,799,377</u></u>	<u><u>7,649,030</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	10	405,411	405,411
Reserves		<u>4,626,650</u>	<u>4,530,325</u>
		5,032,061	4,935,736
Non-controlling interests		<u>2,767,316</u>	<u>2,713,294</u>
Total equity		<u><u>7,799,377</u></u>	<u><u>7,649,030</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital	Other reserve	Asset revaluation reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014	405,411	434,067	5,489	447,189	2,388,644	3,680,800	2,158,883	5,839,683
Profit for the period	-	-	-	-	50,235	50,235	29,227	79,462
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	-	-	-	22,466	-	22,466	12,207	34,673
Total comprehensive income for the period	-	-	-	22,466	50,235	72,701	41,434	114,135
Acquisition of non-controlling interests	-	6,151	-	1,212	-	7,363	(10,886)	(3,523)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(28,908)	(28,908)
Final dividend in respect of previous financial year	-	-	-	-	(27,568)	(27,568)	-	(27,568)
At 30 September 2014	405,411	440,218	5,489	470,867	2,411,311	3,733,296	2,160,523	5,893,819
At 1 April 2015	405,411	440,218	5,489	439,751	3,644,867	4,935,736	2,713,294	7,649,030
Profit for the period	-	-	-	-	250,243	250,243	147,495	397,738
Other comprehensive loss for the period:								
Exchange differences on translation of foreign operations	-	-	-	(126,350)	-	(126,350)	(64,733)	(191,083)
Total comprehensive income/(loss) for the period	-	-	-	(126,350)	250,243	123,893	82,762	206,655
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	(28,740)	(28,740)
Final dividend in respect of previous financial year	-	-	-	-	(27,568)	(27,568)	-	(27,568)
At 30 September 2015	405,411	440,218	5,489	313,401	3,867,542	5,032,061	2,767,316	7,799,377

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 September	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		599,097	115,829
Adjustments for:			
Share of profits and losses of a joint venture and associates		(22,373)	(8,201)
Interest income	3	(2,428)	(2,886)
Finance costs	4	57,691	44,858
Depreciation	5	5,698	5,753
Amortisation of prepaid land lease payments	5	630	638
Fair value gains on investment properties, net		(441,948)	(110,755)
Loss/(gain) on disposal of items of property, plant and equipment		(92)	9
Fair value (gain)/loss on equity investments at fair value through profit or loss, net	5	121	(162)
Gain on disposal of investment properties, net	3	–	(443)
Gain on disposal of a subsidiary		(7,360)	–
		189,036	44,640
Decrease/(increase) in inventories		681	(1,812)
Decrease/(increase) in properties held for sale under development and completed properties held for sale		69,687	(171,383)
Increase in loan receivables, trade and bills receivables and prepayments, deposits and other receivables		(27,751)	(53,100)
Decrease in trade payables and accrued liabilities		(37,960)	(65,804)
Increase in customer deposits		450,024	171,073
		643,717	(76,386)
Cash generated from/(used in) operations		643,717	(76,386)
Hong Kong profits tax paid		–	(99)
Overseas taxes paid		(55,397)	(24,504)
		588,320	(100,989)
Net cash flows generated from/(used in) operating activities		588,320	(100,989)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

	Six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash flows generated from/(used in) operating activities	<u>588,320</u>	<u>(100,989)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(4,581)	(5,516)
Acquisition of non-controlling interests	–	(3,523)
Additions to investment properties	(251,791)	(168,546)
Disposal of a subsidiary	13,442	–
Dividends received from an associate	6,924	6,058
Interest received	2,428	2,886
Proceeds from disposal of items of property, plant and equipment	341	29
Proceeds from disposal of investment properties	–	2,552
Additions of equity investments at fair value through profit or loss	–	(15)
Decrease/(increase) in pledged deposits	132,847	(26,266)
Advance from an associate	–	37,490
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired	<u>(126,985)</u>	<u>135,000</u>
Net cash flows used in investing activities	<u>(227,375)</u>	<u>(19,851)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(121,429)	(98,533)
Dividends paid to non-controlling shareholders	(28,740)	(28,908)
Dividend paid	(27,568)	(27,568)
New bank loans	1,166,703	507,199
Repayment of bank loans	<u>(763,904)</u>	<u>(370,477)</u>
Net cash flows from/(used in) financing activities	<u>225,062</u>	<u>(18,287)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

	Six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<hr/>		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	586,007	(139,127)
Cash and cash equivalents at beginning of period	573,494	680,044
Effect of foreign exchange rate changes, net	<u>(8,782)</u>	<u>2,224</u>
 CASH AND CASH EQUIVALENTS AT END OF PERIOD	 <u>1,150,719</u>	 <u>543,141</u>
 ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,080,719	419,198
Non-pledged time deposits	<u>202,584</u>	<u>128,943</u>
 Cash and bank balances as stated in the condensed consolidated statement of financial position	 1,283,303	 548,141
Non-pledged time deposits with original maturity of more than three months when acquired	<u>(132,584)</u>	<u>(5,000)</u>
	<u>1,150,719</u>	<u>543,141</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The unaudited condensed interim consolidated 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 with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The unaudited condensed interim consolidated financial statements do not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2015.

The financial information relating to the year ended 31 March 2015 that is included in these unaudited condensed consolidated financial statements for the six months ended 30 September 2015 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s auditor has reported on those consolidated 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 Companies Ordinance.

The condensed interim consolidated financial statements have been prepared under the historical cost convention, except for investment properties and equity investment, which have been measured at fair value. The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2015 except as described below. In the current period, the Group has applied, for the first time, the following revised and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2015.

Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs

The adoption of the above revised HKFRSs had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented.

2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in garment manufacturing and trading, property development and property investment activities. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Operating segments are reported in a manner consistent with the internal reporting provided to key management personnel.

(a) Business segments

	Six months ended 30 September 2015 (Unaudited)				
	Garment	Property development	Property investment	Others	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue:					
Sales to external customers	<u>45,225</u>	<u>485,921</u>	<u>87,822</u>	<u>20,439</u>	<u>639,407</u>
Segment results	<u>(6,105)</u>	<u>166,277</u>	<u>485,328</u>	<u>(6,138)</u>	<u>639,362</u>
<i>Reconciliation:</i>					
Net income from investments					2,453
Unallocated expenses					(7,279)
Fair value losses on equity investments at fair value through profit or loss					(121)
Finance costs					(57,691)
Share of profits and losses of associates					<u>22,373</u>
Profit before tax					<u>599,097</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	Six months ended 30 September 2014 (Unaudited)				
		Property	Property		
	Garment <i>HK\$'000</i>	development <i>HK\$'000</i>	investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:					
Sales to external customers	45,091	90,832	87,210	19,233	242,366
Segment results					
	(8,586)	20,169	148,830	(4,193)	156,220
<i>Reconciliation:</i>					
Net income from investments					2,911
Unallocated expenses					(6,807)
Fair value gains on equity investments at fair value through profit or loss					162
Finance costs					(44,858)
Share of profits and losses of associates					8,201
Profit before tax					115,829

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. OPERATING SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

	At 30 September 2015 (Unaudited)				
	Garment HK\$'000	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
Segment assets	83,807	3,442,234	12,653,934	1,992,495	18,172,470
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(3,050,233)
Investments in associates					566,590
Investment in a joint venture					199
Corporate and other unallocated assets					<u>1,522,870</u>
Total assets					<u><u>17,211,896</u></u>
Segment liabilities	15,443	2,702,519	904,904	1,155,392	4,778,258
<i>Reconciliation:</i>					
Elimination of intersegment payables					(3,050,233)
Corporate and other unallocated liabilities					<u>7,684,494</u>
Total liabilities					<u><u>9,412,519</u></u>
	At 31 March 2015 (Audited)				
	Garment HK\$'000	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
Segment assets	81,989	3,250,650	11,597,834	1,950,591	16,881,064
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(2,512,790)
Investments in associates					554,319
Investment in a joint venture					199
Corporate and other unallocated assets					<u>968,193</u>
Total assets					<u><u>15,890,985</u></u>
Segment liabilities	15,180	1,984,856	892,124	650,951	3,543,111
<i>Reconciliation:</i>					
Elimination of intersegment payables					(2,512,790)
Corporate and other unallocated liabilities					<u>7,211,634</u>
Total liabilities					<u><u>8,241,955</u></u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. OPERATING SEGMENT INFORMATION *(Continued)*

(b) Geographical segments

The following table provides an analysis of the Group's revenue by geographical market:

	Six months ended 30 September 2015 (Unaudited)					Total HK\$'000
	Hong Kong	Mainland	Europe	North	Others	
	HK\$'000	China HK\$'000	HK\$'000	America HK\$'000	HK\$'000	
Segment revenue:						
Sales to external customers	<u>56,550</u>	<u>543,128</u>	<u>38,686</u>	<u>1,043</u>	<u>-</u>	<u>639,407</u>

	Six months ended 30 September 2014 (Unaudited)					Total HK\$'000
	Hong Kong	Mainland	Europe	North	Others	
	HK\$'000	China HK\$'000	HK\$'000	America HK\$'000	HK\$'000	
Segment revenue:						
Sales to external customers	<u>52,683</u>	<u>147,964</u>	<u>40,550</u>	<u>1,169</u>	<u>-</u>	<u>242,366</u>

3. OTHER INCOME AND GAINS

	Six months ended	
	30 September 2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Bank interest income	2,428	2,886
Dividend income from listed investments	25	25
Gain on disposal of investment properties, net	-	443
Foreign exchange differences, net	(595)	(146)
Others	<u>3,094</u>	<u>3,142</u>
	<u>4,952</u>	<u>6,350</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. FINANCE COSTS

	Six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans, overdrafts and other loans	121,429	98,533
Less: Interest capitalized under property development projects	<u>(63,738)</u>	<u>(53,675)</u>
	<u>57,691</u>	<u>44,858</u>

5. PROFIT BEFORE TAX

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

	Six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	5,698	5,753
Amortisation of prepaid land lease payments	630	638
Employee benefit expense (including directors' remuneration)	41,838	37,384
Less: Amounts capitalized under property development projects	<u>(6,800)</u>	<u>(5,300)</u>
	<u>35,038</u>	<u>32,084</u>
Fair value (gains)/losses on equity investments at fair value through profit or loss	<u>121</u>	<u>(162)</u>

6. INCOME TAX

	Six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Group:		
Current – Hong Kong	30	4
– Outside Hong Kong	77,159	14,506
	77,189	14,510
Deferred	124,170	21,857
Total tax charge for the period	201,359	36,367

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$250,243,000 (2014: HK\$50,235,000) and the number of 551,368,153 ordinary shares in issue during both periods.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 September 2015 and 2014 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during both periods.

8. TRADE AND BILLS RECEIVABLES

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice/contract date and net of impairment, is as follows:

	At	At
	30 September	31 March
	2015	2015
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within 30 days	8,693	4,230
31 to 60 days	7,151	6,011
61 to 90 days	1,853	3,339
Over 90 days	13,495	13,636
Total	31,192	27,216

8. TRADE AND BILLS RECEIVABLES *(Continued)*

The Group's trading terms with its customers in the garment segment are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to four months for major customers. Each customer has a maximum credit limit. Monthly rent in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. The balance of the consideration in respect of sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

9. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables and accrued liabilities are trade payables of HK\$48,999,000 (at 31 March 2015: HK\$62,870,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Within 30 days	46,298	59,393
31 to 60 days	1,719	3,122
61 to 90 days	119	311
Over 90 days	863	44
Total	48,999	62,870

10. SHARE CAPITAL

There were no movements in the issued and fully paid share capital of the Company in the current interim period.

11. CONTINGENT LIABILITIES

- (a) As at 30 September 2015, the Group has given a guarantee of HK\$40,000,000 (as at 31 March 2015 (audited): HK\$40,000,000) to a bank in connection with a facility granted to an associate and such banking facility guaranteed by the Group to the associate was utilized to the extent of HK\$40,000,000 (as at 31 March 2015 (audited): HK\$40,000,000).
- (b) As at 30 September 2015, the Group has given guarantees of HK\$539,263,000 (as at 31 March 2015 (audited): HK\$191,000,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

12. OPERATING LEASE ARRANGEMENTS
(a) As lessor

The Group leases certain of its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to twenty-two years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 September 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Within one year	119,496	128,182
In the second to fifth years, inclusive	199,044	213,919
After five years	<u>326,842</u>	<u>346,925</u>
	<u>645,382</u>	<u>689,026</u>

(b) As lessee

The Group leases certain of its properties and office equipment under operating lease arrangements. Leases for properties and office equipment are negotiated for terms ranging from one to ten years.

At 30 September 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 30 September 2015 (Unaudited) HK\$'000	At 31 March 2015 (Audited) HK\$'000
Within one year	30,934	20,481
In the second to fifth years, inclusive	<u>46,643</u>	<u>15,018</u>
	<u>77,577</u>	<u>35,499</u>

13. CAPITAL COMMITMENTS

At 30 September 2015, the Group had authorised and contracted capital commitments in respect of property development expenditure amounting to HK\$229,558,000 (at 31 March 2015 (audited): HK\$401,949,000).

14. RELATED PARTY TRANSACTIONS

- (a) In May 2014, a wholly-owned subsidiary of Hon Kwok entered into a sale and purchase agreement for the acquisition of a villa located in Longgang District, Shenzhen, PRC from a wholly-owned subsidiary of Chinney Alliance for a cash consideration of HK\$8,063,000. The above acquisition constituted a connected transaction for both the Company and Hon Kwok and was subject to the reporting and announcement requirements but was exempt from independent shareholders' approval. For details, please refer to the Company's announcement dated 29 May 2014. The above transaction was completed in June 2014.
- (b) Compensation of key management personnel of the Group

	Six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	2,278	2,016

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 September	31 March	30 September	31 March
	2015	2015	2015	2015
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets				
Equity investments at fair value through profit or loss	699	820	699	820
Financial liabilities				
Interest-bearing bank borrowings	6,383,090	6,015,918	6,383,090	6,015,918

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Management has assessed that the fair values of cash and bank balances, pledged deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in customer deposits, financial liabilities included in trade payables and accrued liabilities, the current portion of interest-bearing bank borrowings and a balance with an associate approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for finance lease payables, and interest-bearing bank and other borrowings as at 30 September 2015 was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices.

The Group did not have any financial liabilities measured at fair value as at 30 September 2015 and 31 March 2015. As at 30 September 2015, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank borrowings of HK\$4,505,552,000 (31 March 2015 (audited): HK\$2,946,190,000). The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are unobservable (Level 3).

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

16. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were approved and authorised for issue by the board of directors on 26 November 2015.