



DYNAMIC HOLDINGS LIMITED

達力集團有限公司

(Incorporated in Bermuda with limited liability)

Stock Code : 29

INTERIM REPORT

2015/16





www.dynamic.hk



This interim report is printed on environmentally friendly paper.

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CORPORATE AND INVESTOR INFORMATION

DIRECTORS

Executive Directors

TAN Harry Chua, *Chairman*

CHAN Wing Kit, Frank,
Chief Executive Officer

TAN Lucio Jr. Khao

TAN Michael Gonzales

PASCUAL Ramon Sy

CHIU Siu Hung, Allan

Independent Non-executive Directors

CHONG Kim Chan, Kenneth

SY Robin Chua

FOK Kam Chu, John

GO Patrick Lim

REMUNERATION COMMITTEE

CHONG Kim Chan, Kenneth, *Chairman*

TAN Harry Chua

CHAN Wing Kit, Frank

SY Robin Chua

FOK Kam Chu, John

COMPANY SECRETARY

WONG Oi Yee, Polly

AUDIT COMMITTEE

CHONG Kim Chan, Kenneth, *Chairman*

SY Robin Chua

FOK Kam Chu, John

GO Patrick Lim

NOMINATION COMMITTEE

TAN Harry Chua, *Chairman*

CHAN Wing Kit, Frank

CHONG Kim Chan, Kenneth

SY Robin Chua

FOK Kam Chu, John

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Deacons

Mayer Brown JSM

Appleby

King & Wood Mallesons

PRINCIPAL BANKERS

Hang Seng Bank Limited

Industrial and Commercial

Bank of China Limited

China Merchants Bank Co., Ltd.

Bank of China Limited

Bank of Communications Co., Ltd.

Corporate And Investor Information *(Continued)***STOCK CODE**

029

WEBSITES

<http://www.dynamic.hk>
<http://www.irasia.com/listco/hk/dynamic>

SHARE REGISTRAR*Principal Share Registrar*

MUFG Fund Services (Bermuda)
 Limited
 The Belvedere Building
 69 Pitts Bay Road
 Pembroke HM08
 Bermuda

Branch Share Registrar

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

REGISTERED OFFICE

Canon's Court
 22 Victoria Street
 Hamilton HM 12
 Bermuda

PRINCIPAL PLACE OF BUSINESS

17th Floor, Eton Tower
 8 Hysan Avenue
 Causeway Bay
 Hong Kong

REPRESENTATIVE OFFICE IN SHENZHEN

Unit 1321, Shenzhen Kerry Centre
 2008 Renminnan Road, Shenzhen
 The People's Republic of China

FINANCIAL CALENDAR

Last Registration Date for Interim Dividend	8 April 2016
Book-close Dates	11 April 2016 – 15 April 2016 (both days inclusive)
Record Date for Interim Dividend	15 April 2016
Payment of Interim Dividend	29 April 2016

MANAGEMENT STATEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of Dynamic Holdings Limited (the “**Company**”) hereby present their management statement and the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the six months ended 31 December 2015, which have been reviewed by external auditor of the Company, Deloitte Touche Tohmatsu.

INTERIM RESULTS

For the six months ended 31 December 2015, the Group reported total revenue of HK\$50,840,000 (2014: HK\$51,468,000) and gross profit of HK\$40,396,000 (2014: HK\$39,844,000). These results were principally attributable to the stable rental income of investment properties of the Group denominated in renminbi (“**RMB**”) with improved gross profit margin of 79% (2014: 77%) amid the currency fluctuation of RMB in the period as further explained below.

During the period under review, the Group accounted for other income of HK\$703,000 (2014: HK\$12,930,000), which was mainly interest income and reduced significantly, due to net exchange loss of HK\$9,805,000 (2014: net exchange gain of HK\$1,037,000) arisen from the fluctuation of RMB devalued against Hong Kong dollar (“**HKD**”). In terms of capital assets, the Group recognised an aggregate increase of HK\$47,593,000 (2014: HK\$29,897,000) in the fair value of the investment properties.

Taken account of the effect of currency translation from devalued functional currency in RMB to presentation currency in HKD, the profit for the period attributable to shareholders of the Company was HK\$52,720,000 (2014: HK\$55,434,000), which dropped by 5% from that of the last corresponding period, with basic earnings per share of HK\$0.2373 (2014: HK\$0.2527).

Together with other comprehensive expense of HK\$120,796,000 (2014: comprehensive income of HK\$12,350,000) as exchange difference on translation from depreciated (2014: appreciated) functional currency in RMB to presentation currency in HKD, the total comprehensive expense attributable to shareholders of the Company amounted to HK\$65,929,000 (2014: comprehensive income of HK\$67,571,000).

SEGMENT INFORMATION

Details of the segment information of the Group’s revenue and results by reportable segment for the period are set out in note 3 to the condensed consolidated financial statements.

Management Statement *(Continued)*

INTERIM DIVIDEND

The Directors have declared an interim dividend of 2.5 Hong Kong cents (2014: 2.5 Hong Kong cents) per share for the six months ended 31 December 2015 to the shareholders of the Company whose names appear on the register of members on 15 April 2016. The warrants for the interim dividend are expected to be despatched to those entitled on or about 29 April 2016.

BUSINESS REVIEW

In the period under review, the overall revenue and results of the Group were principally derived from its operating segment in terms of property rental in the mainland China, which recorded increments against the last corresponding period in RMB as functional currency. Upon translation into presentation currency in HKD, the financial performance and position of the Group were adversely affected due to the devaluation of RMB against HKD in the period.

The rental income of the Group generated from its investment properties in two major cities, Shanghai and Beijing amounted to HK\$50,840,000 (2014: HK\$51,468,000), which represented all (2014: all) of the consolidated revenue income of the Group in the period and a slight drop of 1% as compared with that of the last corresponding period. And the fair value of these investment properties of the Group comprising shopping mall and carparks in Beijing and office units in Shanghai appreciated in the sum of HK\$47,593,000 (2014: HK\$29,897,000) in the period. As such, the segment results of property rental showed a profit of HK\$87,971,000 (2014: HK\$69,756,000) and a rise of 26% over the last corresponding period.

In Beijing, the rental income generated from the well-established community mall of the Group in Chaoyang District slightly improved with occupancy rate over 95% throughout the period. In addition, the segment of property rental reported rental income of HK\$18,678,000 (2014: HK\$18,329,000) which accounted for 37% of the total revenue of the Group and increased fair value of HK\$2,440,000 (2014: HK\$8,452,000), contributing to a profit of HK\$15,861,000 (2014: HK\$21,519,000) in the segment results in the period. Due to limited residential units held for sale by the Group in Beijing, there was nil (2014: nil) proceeds of property sales of the Group making an administrative loss of HK\$102,000 (2014: HK\$166,000) in the segment results of property sales in the period.

Management Statement *(Continued)*

BUSINESS REVIEW *(Continued)*

In Shanghai, the quality offices of the Group known as “Eton Place” which is in the prominent financial location of Little Lujiazui in Pudong attained virtually full occupancy with slightly increased rental rate during the period. Yet, the rental income was in the sum of HK\$32,162,000 (2014: HK\$33,139,000) which shared 63% of the total revenue of the Group and showed a slight decrease of 3% against the last corresponding period pursuant to adverse exchange effect as mentioned above. Under the positive sentiment of office market in Pudong as growing financial hub in China, these investment properties appreciated the fair value in the sum of HK\$45,153,000 (2014: HK\$21,445,000), and these segment results recorded a total profit of HK\$72,110,000 (2014: HK\$48,237,000) in the period, surging 49% over the last corresponding period.

As regards Shenzhen Zhen Wah Harbour Enterprises Ltd. (“**Zhen Wah**”), a joint venture in which the Company holds 49% that holds in a piece of land located in Tung Kok Tau, Nanshan District, Shenzhen (“**Land**”), a portion of the southern part of the Land was granted to the Shenzhen municipal government to occupy for the purpose of constructing a 15-mile long thorough area of coastal recreation leisure belt at Shenzhen Bay. The Company believes that the works will generally improve and upgrade the surrounding area of the Land. Moreover, due to recent explosion of gas and oil tanks in Tianjin, the operation of gas and oil tanks nearby the Land had officially been closed down. The Company has closely monitored the position of the Land and continued to negotiate with the Chinese joint venture partner and relevant governmental authorities on a master proposal for feasibility, comprehensive planning and design of the Land (“**Discussion Proposal**”). The Discussion Proposal included detailed matters such as compensation for land expropriation and relocation regarding a portion of the Land for development of city infrastructure as well as increasing the plot ratio and rezoning certain areas with an option to splitting the Land between the joint venture partners and the related tax implications (“**Re-development Plan**”).

Due to the complexities that the Re-development Plan involved and the prolonged divergent stance of the joint venture parties, no material or significant agreement regarding the Re-development Plan has been reached so far and no approval or clearance has been obtained in relation thereto.

Management Statement *(Continued)*

BUSINESS REVIEW *(Continued)*

If the joint venture partners cannot come to terms or relevant official approvals cannot be obtained, based on PRC legal advice received by the Group, the Land will eventually be sold by way of public auction or other applicable means in accordance with PRC laws, and any surplus (after settlement of all relevant liabilities) will be distributed to the joint venture partners in accordance with their equity contributions.

The Company has been exploring with its legal advisers on the appropriate measures available to the Company to expedite the liquidation of Zhen Wah, including the detailed procedures and pros and cons of petitioning for a winding up of Zhen Wah under the supervision of the PRC courts.

FINANCIAL REVIEW

Capital Structure

The financial position of the Group remains sound and liquid, and its financing and treasury policies are managed and controlled at the corporate level and prudent manner during the period. The main objective is to utilise the group funding efficiently and to manage the financial risks effectively. At 31 December 2015, the equity attributable to its owners amounted to HK\$1,907,779,000 (30 June 2015: HK\$1,974,794,000) with net asset value per share of HK\$8.53 (30 June 2015: HK\$9.00). Total unsecured and secured bank borrowings of the Group amounted to about HK\$160,390,000 (30 June 2015: HK\$172,192,000), which were in HKD and repayable within two years on floating rate basis. As at 31 December 2015, the gearing ratio of the Group was 8% (30 June 2015: 9%) based on the total debt of the Group to its equity attributable to owners of the Company. The exposure to foreign currency fluctuations affected the Group in the period under review was mainly the fluctuation of RMB devalued against HKD, resulting in the net exchange loss of HK\$9,805,000 (2014: net exchange gain of HK\$1,037,000) and exchange difference on translation functional currency of RMB to presentation currency of HKD, amounting to comprehensive expense of HK\$120,796,000 (2014: comprehensive income of HK\$12,350,000). No financial instruments were used for hedging purpose in the period. And the Group will continue to closely monitor the impact of fluctuation of RMB in order to minimise its adverse impact (if any).

Management Statement *(Continued)*

FINANCIAL REVIEW *(Continued)*

Financial Resources and Liquidity

In the period under review, there was sufficient cashflow as generated by rental revenue of investment properties in Shanghai and Beijing. As at 31 December 2015, the bank balance and deposits and cash of the Group stood at HK\$254,268,000 (30 June 2015: HK\$252,829,000), in aggregate and denominated primarily in RMB. With sufficient cashflow, the Group maintained an un-utilised credit facilities of HK\$11,000,000 (30 June 2015: HK\$11,000,000) as working capital at floating interest rate as at 31 December 2015. And no significant capital expenditure commitments and authorisations was made in the period.

Pledge of Assets and Contingent Liabilities

As at 31 December 2015, the Group pledged its properties with a total carrying value of HK\$830,767,000 (30 June 2015: HK\$850,864,000), an assignment of rental and sale proceeds from such properties and a charge over shares in respect of a wholly-owned subsidiary of the Group to financial institutions as security against general banking facilities granted to the Group, and also pledged certain of its bank deposits in the sum of HK\$5,093,000 (30 June 2015: HK\$7,488,000) to banks to secure banking facilities and home loans granted to the home buyers of property project of the Group. As at the end of the reporting period, the Group has given guarantees in respect of settlement of home loans provided by banks to the home buyers of a property project in Beijing. As at 31 December 2015, the Group had given guarantees in respect of such home loans of HK\$10,251,000 (30 June 2015: HK\$13,313,000). The Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant on the basis of the low loan ratio.

PROSPECTS

It is anticipated that the economy in China will evolve into a new normality of slower but more resilient growth, driving growth on emerging sectors such as the services industry and domestic consumption, bolstering leasing demand of office and retail sectors.

Management Statement *(Continued)*

PROSPECTS *(Continued)*

In Beijing, the launch of new shopping areas, strong growth of on-line retail sales and sluggish luxury market will continue to reduce rental growth of retail market. Nevertheless, the increasing urban disposable income and consumption from local growing middle-class will stabilise leasing activities of mid-end and mass-market retailers. And the Group will continue to strategically optimise tenant mix and brand portfolio from time to time in line with shoppers' need and lifestyle at the mall of the Group for sustaining high occupancy rate and constant revenue to the Group.

In Shanghai, office demand from small- and medium-sized domestic enterprises of financial and services sectors will remain firm, particularly in Pudong given its strong position as financial hub, despite impending glut of premier office supply and infrastructural construction nearby "Eton Place". To maintain high occupancy rate and steady recurring revenue, the Group will continue to strive for retention and expansion of existing tenants and target on small- and medium-sized domestic tenants for new leases at competitive rental strategies.

The 49% interests of the Company in Zhen Wah is an important investment of the Group. Shareholders should be assured that the Company has been taking and will continue to take the best available measures with a view to protecting the Company's interests in the context of the liquidation of Zhen Wah. The issues involved are however complex and delicate, involving not only the joint venture parties but also various governmental authorities. As disclosed in the annual report of the Company for the year ended 30 June 2015, it is not possible to set any timetable for the negotiations to come to a conclusion but if it becomes clear that a satisfactory resolution cannot be reached by agreement, the Company will take such measures as are available to expedite the liquidation based on legal advice received including a petition for the winding up of Zhen Wah under the supervision of the PRC courts.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 11 April 2016 to Friday, 15 April 2016 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 8 April 2016.

Management Statement *(Continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2015, the interests and short positions held by the Directors or the chief executive(s) of the Company or any of their associates in the shares of the Company (the “**Shares**”), shares of any of its associated corporations and 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 of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) were as follows:

Name of Director	Personal interests in number of issued ordinary Shares of the Company (long position)	Personal interests in underlying Shares pursuant to share options (long position) <i>(note 1)</i>	Aggregate interests	Total interests as approximate percentage of issued share capital <i>(note 2)</i>
Mr. TAN Harry Chua	636,000	1,500,000	2,136,000	0.96%
Dr. CHAN Wing Kit, Frank	–	1,650,000	1,650,000	0.74%
Mr. TAN Lucio Jr. Khao	–	1,500,000	1,500,000	0.67%
Mr. PASCUAL Ramon Sy	80,000	1,500,000	1,580,000	0.71%
Mr. CHIU Siu Hung, Allan	1,000,000	–	1,000,000	0.45%
Mr. CHONG Kim Chan, Kenneth	–	1,000,000	1,000,000	0.45%
Dr. SY Robin Chua	–	1,000,000	1,000,000	0.45%
Dr. FOK Kam Chu, John	150,000	600,000	750,000	0.34%
Mr. GO Patrick Lim	–	1,000,000	1,000,000	0.45%

Notes:

- The Directors' interests in the underlying Shares are through share options granted by the Company on 25 October 2011 under the 2001 share option scheme and 10 November 2015 under the 2011 share option scheme respectively, details of which are set out in note 16 to the condensed consolidated financial statements in this interim report.

- The calculation is derived from the aggregate interests as a percentage of the total number of issued Shares of the Company (i.e. 223,553,681 Shares) as at 31 December 2015.

Management Statement *(Continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

(Continued)

Save as disclosed above, as at 31 December 2015, none of the Directors, the chief executive(s) of the Company or any of their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers stipulated in the Listing Rules. Save as disclosed above, none of the Directors, the chief executive(s) of the Company or any of their associates had been granted or exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) during the six months ended 31 December 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors of the Company, all the Directors confirmed that they had complied with the required standards of dealings as set out therein during the six months ended 31 December 2015.

Management Statement *(Continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2015, so far as is known to any Director or chief executive(s) of the Company, persons (other than the Directors or the chief executive(s) of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity	Number of issued ordinary Shares and underlying Shares (long position)	Total interests (long position)	Total interests as approximate percentage of issued share capital <i>(note 5)</i>
Dr. TAN Lucio C.	Founder of a private discretionary trust	89,321,279	93,701,279	41.91%
	Beneficial owner <i>(note 1)</i>	2,190,000		
	Family interests <i>(note 1)</i>	2,190,000		
Mrs. TAN Carmen K.	Family interests <i>(note 2)</i>	91,511,279	93,701,279	41.91%
	Beneficial owner <i>(note 2)</i>	2,190,000		
Dynamic Development Corporation	Beneficial owner	89,321,279	89,321,279	39.96%
Carnation Investments Inc.	Trustee of a private discretionary trust <i>(note 3)</i>	89,321,279	89,321,279	39.96%
Mr. CHUA Domingo	Corporate interests <i>(note 4)</i>	89,321,279	95,121,279	42.55%
	Beneficial owner <i>(note 4)</i>	5,800,000		

Management Statement *(Continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES *(Continued)*

- Notes:*
1. Dr. TAN Lucio C. beneficially held 2,190,000 underlying Shares as derivative interests. Dr. TAN, being the spouse of Mrs. TAN Carmen K. who was interested in 2,190,000 underlying Shares as derivative interests, was deemed or taken to be interested in such Shares as family interests in which Mrs. TAN Carmen K. was interested under the SFO.
 2. Mrs. TAN Carmen K. beneficially held 2,190,000 underlying Shares as derivative interests. Mrs. TAN, being the spouse of Dr. TAN Lucio C. who was interested in 89,321,279 Shares of the Company as a founder of a private discretionary trust and 2,190,000 underlying Shares as derivative interests, was deemed or taken to be interested in such Shares as family interests in which Dr. TAN Lucio C. was interested under the SFO.
 3. Carnation Investments Inc. was taken to be interested in 89,321,279 Shares in the Company as the entire issued share capital of Dynamic Development Corporation was held by Carnation Investments Inc. as trustee for a private discretionary trust.
 4. The corporate interests of Mr. CHUA Domingo were held through Dynamic Development Corporation. Dynamic Development Corporation is wholly-owned by Carnation Investments Inc. Mr. CHUA Domingo is the sole shareholder and director of Carnation Investments Inc. Mr. CHUA Domingo beneficially held 1,800,000 underlying Shares as derivative interests.
 5. The calculation is derived from the aggregate interests as a percentage of the total number of issued Shares of the Company (i.e. 223,553,681 Shares) as at 31 December 2015.
 6. The references to 89,321,279 Shares in the Company in which Dr. TAN Lucio C., Mrs. TAN Carmen K., Mr. CHUA Domingo, Dynamic Development Corporation and Carnation Investments Inc. were interested or taken to be interested relate to the same block of Shares.

Save as disclosed above, as at 31 December 2015, no other person (other than the Directors and the chief executive(s) of the Company) had any interests or short positions in the Shares and underlying Shares recorded in the register required to be kept by the Company under Section 336 of the SFO.

Management Statement *(Continued)*

EMOLUMENT POLICY

At 31 December 2015, the Group had about 50 employees (including Directors) in Hong Kong and the mainland China at prevailing market remuneration with employee benefits such as medical insurance, provident fund schemes and share option schemes.

Both the emoluments of the respective Directors of the Company and the emolument policy of the employees of the Group are recommended by the remuneration committee of the Company on the basis of the respective merits, responsibilities and duties, performance, qualifications and competence, taking into account of comparable market level, operating results of the Group, corporate goals and objectives of the Board of Directors and relevant legal requirements, provisions, guidelines and recommendations of regulatory bodies.

The Company has adopted share option schemes as incentive to Directors and eligible employees, details of the schemes are set out in note 16 to the condensed consolidated financial statements.

CORPORATE GOVERNANCE

Throughout the six months ended 31 December 2015, the Company has applied the principles and has complied with the code provisions set out in the Corporate Governance Code stipulated in Appendix 14 to the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting practices and principles adopted by the Group and discussed with the management as to auditing, internal control, corporate governance and financial reporting matters including the review of this unaudited interim report for the six months ended 31 December 2015.

By Order of the Board
CHAN Wing Kit, Frank
Director and Chief Executive Officer

Hong Kong, 26 February 2016

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.
德勤

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香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

TO THE BOARD OF DIRECTORS OF DYNAMIC HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Dynamic Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 17 to 35, which comprises the condensed consolidated statement of financial position as of 31 December 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on Review of Condensed Consolidated Financial Statements *(Continued)***CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 26 February 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2015

	Notes	Six months ended 31 December	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	3	50,840	51,468
Direct costs		(10,444)	(11,624)
Gross profit		40,396	39,844
Other income, gains and losses	4	703	12,930
Increase in fair value of investment properties	10	47,593	29,897
Administrative expenses		(13,223)	(12,817)
Selling expenses		(326)	(345)
Finance costs	5	(2,200)	(2,477)
Share of loss of a joint venture		(5,359)	(6,374)
Profit before taxation	6	67,584	60,658
Taxation	7	(14,254)	(4,355)
Profit for the period		53,330	56,303
Other comprehensive (expense) income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation to presentation currency		(120,796)	12,350
Total comprehensive (expense) income for the period		(67,466)	68,653

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income *(Continued)*

For the six months ended 31 December 2015

	<i>Note</i>	Six months ended 31 December	
		2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Profit for the period attributable to:			
Owners of the Company		52,720	55,434
Non-controlling interest		610	869
		53,330	56,303
Total comprehensive (expense) income attributable to:			
Owners of the Company		(65,929)	67,571
Non-controlling interest		(1,537)	1,082
		(67,466)	68,653
Earnings per share (<i>Hong Kong cents</i>)	9		
Basic		23.73	25.27
Diluted		22.54	23.75

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

		At 31 December 2015 <i>HK\$'000</i> (Unaudited)	At 30 June 2015 <i>HK\$'000</i> (Audited)
Non-current Assets			
Property, plant and equipment		1,833	2,012
Investment properties	10	1,929,265	2,000,101
Interest in a joint venture	11	82,208	94,467
Amount due from a joint venture	11	233,014	239,924
		2,246,320	2,336,504
Current Assets			
Properties held for sale		16,307	17,440
Loan receivables	12	–	–
Trade and other receivables	13	17,695	14,815
Amount due from a non-controlling shareholder		913	970
Pledged bank deposits		5,093	7,488
Fixed bank deposits		167,817	167,844
Bank balances and cash		86,451	84,985
		294,276	293,542
Current Liabilities			
Trade and other payables	14	60,325	62,206
Tax payable		97,462	102,231
Dividend payable		6,706	–
Bank loans – due within one year		7,590	7,600
		172,083	172,037
Net Current Assets		122,193	121,505
Total Assets less Current Liabilities		2,368,513	2,458,009

Condensed Consolidated Statement of Financial Position (Continued)

At 31 December 2015

	<i>Note</i>	At 31 December 2015 <i>HK\$'000</i> (Unaudited)	At 30 June 2015 <i>HK\$'000</i> (Audited)
Non-current Liabilities			
Bank loans – due after one year		152,800	164,592
Deferred tax liabilities		273,496	282,051
		426,296	446,643
Net Assets		1,942,217	2,011,366
Capital and Reserves			
Share capital	15	223,554	219,404
Reserves		1,684,225	1,755,390
Equity attributable to owners of the Company		1,907,779	1,974,794
Non-controlling interest		34,438	36,572
Total Equity		1,942,217	2,011,366

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2015

	Attributable to owners of the Company											Non-controlling interest HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note a)	Capital redemption reserve HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000 (Note b)	Statutory reserve HK\$'000 (Note c)	Retained profits HK\$'000	Sub-total HK\$'000			
At 1 July 2015 (audited)	219,404	426,759	55,018	1,644	394,584	8,100	92,451	8,287	768,547	1,974,794	36,572	2,011,366	
Profit for the period	-	-	-	-	-	-	-	-	52,720	52,720	610	53,330	
Exchange differences arising on translation	-	-	-	-	(118,649)	-	-	-	-	(118,649)	(2,147)	(120,796)	
Total comprehensive (expense) income for the period	-	-	-	-	(118,649)	-	-	-	52,720	(65,929)	(1,537)	(67,466)	
Transfer	-	-	-	-	-	-	242	(242)	-	-	-	-	
Issue of shares upon exercise of share options (note 15)	4,150	2,096	-	-	-	(1,556)	-	-	4,690	-	-	4,690	
Recognition of equity-settled share-based payments	-	-	-	-	-	930	-	-	930	-	-	930	
Cash dividends (note 8)	-	-	-	-	-	-	-	(6,706)	(6,706)	-	-	(6,706)	
Cash dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(597)	(597)	
At 31 December 2015 (unaudited)	223,554	428,855	55,018	1,644	275,935	7,474	92,451	8,529	814,319	1,907,779	34,438	1,942,217	
At 1 July 2014 (audited)	219,404	426,759	55,018	1,644	381,719	8,100	92,451	7,248	678,970	1,871,313	34,466	1,905,779	
Profit for the period	-	-	-	-	-	-	-	-	55,434	55,434	869	56,303	
Exchange differences arising on translation	-	-	-	-	12,137	-	-	-	-	12,137	213	12,350	
Total comprehensive income for the period	-	-	-	-	12,137	-	-	-	55,434	67,571	1,082	68,653	
Transfer	-	-	-	-	-	-	272	(272)	-	-	-	-	
Cash dividends (note 8)	-	-	-	-	-	-	-	(5,485)	(5,485)	-	-	(5,485)	
At 31 December 2014 (unaudited)	219,404	426,759	55,018	1,644	393,856	8,100	92,451	7,520	728,647	1,933,399	35,548	1,968,947	

Notes:

- The special reserve of the Group arose from the difference between the aggregate amount of the then share capital, share premium, general reserve and retained profits of the subsidiaries acquired, and the nominal amount of the Company's shares issued for the acquisition in relation to a previous group reorganisation.
- The other reserve of the Group represents deemed contributions from equity holders of the Company which arose from the difference between the fair value of consideration paid and payable and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired through acquisition of the subsidiaries during the year ended 30 June 2006.
- The statutory reserve transferred from retained profits are required by relevant laws and regulations of the People's Republic of China ("PRC") applicable to the Company's subsidiary in the PRC.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2015

	Six months ended 31 December	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	22,821	24,364
NET CASH FROM (USED IN) INVESTING ACTIVITIES		
Interest received	893	1,598
Placement of fixed bank deposits	(9,939)	(55,306)
Withdrawal of pledged bank deposits	1,999	2,987
Other investing cash flows	(12)	(44)
	(7,059)	(50,765)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		
Issue of shares upon exercise of share options	4,690	–
Repayment of bank loans	(12,000)	(8,000)
Interest paid	(2,200)	(2,288)
	(9,510)	(10,288)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,252	(36,689)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	84,985	142,676
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(4,786)	1,475
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	86,451	107,462

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2015

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties, that are measured at their fair values.

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

3. REVENUE AND SEGMENT INFORMATION

Information reported to the board of Directors (the “**Board**”) of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of performance focused on the location of the properties for property rental and property sales.

The property rental segment includes property leasing operation in the People’s Republic of China (the “**PRC**”). The Group’s investment properties portfolio, which mainly consists of offices, shopping mall and car parks, are located in Shanghai and Beijing. The property sales segment includes sales of the Group’s trading properties in Beijing.

These divisions, property rental and property sales analysed based on distinct geographical locations, are the basis on which the Group reports its segment information under HKFRS 8 “*Operating Segments*”.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

3. REVENUE AND SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue and results by reportable and operating segment for the period:

	Property rental				Property sales		Consolidated	
	Beijing		Shanghai		Beijing		2015	2014
	2015	2014	Six months ended 31 December (Unaudited)		2015	2014		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
SEGMENT REVENUE								
External sales	18,678	18,329	32,162	33,139	-	-	50,840	51,468
SEGMENT RESULT	15,861	21,519	72,110	48,237	(102)	(166)	87,869	69,590
Unallocated other income							35	12,102
Unallocated corporate expenses							(12,761)	(12,183)
Finance costs							(2,200)	(2,477)
Share of loss of a joint venture							(5,359)	(6,374)
Profit before taxation							67,584	60,658

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the profit (loss) from each segment without the allocation of central administration costs, exchange gain (loss), bank interest income, imputed interest income on amount due from a joint venture, finance costs and share of loss of a joint venture. This is the measure reported to the Board for the purposes of resources allocation and performance assessment.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

For the six months ended 31 December 2015

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 31 December	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Included in other income, gains and losses are:		
Bank interest income	2,661	3,103
Exchange (loss) gain, net	(9,805)	1,037
Imputed interest income on amount due from a joint venture	6,926	7,774
Imputed interest income on other receivables	3	5

5. FINANCE COSTS

	Six months ended 31 December	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Interest on bank borrowings	2,200	2,477

6. PROFIT BEFORE TAXATION

	Six months ended 31 December	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	91	76

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

7. TAXATION

	Six months ended 31 December	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
The tax charge (credit) comprises:		
Current tax in the PRC (other than Hong Kong)		
Current period	6,089	5,573
Deferred taxation	8,165	(1,218)
	14,254	4,355

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Company and its subsidiaries operating in Hong Kong has no assessable profit for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25% from 1 January 2008 onwards.

Certain subsidiaries of the Company incorporated in Hong Kong and the British Virgin Islands are subject to withholding tax ranging from 10% to 25% on their taxable rental income, management fee income and interest income in the PRC.

8. DIVIDENDS

	Six months ended 31 December	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Final dividend payable in respect of year ended 30 June 2015 of 3 Hong Kong cents (2014: 2.5 Hong Kong cents) per share	6,706	5,485

Subsequent to the end of the current interim period, the Directors of the Company have declared that an interim dividend of 2.5 Hong Kong cents (six months ended 31 December 2014: 2.5 Hong Kong cents) will be paid to the owners of the Company whose names appear on the register of members of the Company on 15 April 2016.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 31 December	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	52,720	55,434

	Six months ended 31 December	
	2015 (Unaudited)	2014 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	222,203,681	219,403,681
Effect of dilutive potential ordinary shares on share options	11,730,057	13,972,500
Weighted average number of ordinary shares for the purpose of diluted earnings per share	233,933,738	233,376,181

10. INVESTMENT PROPERTIES

	HK\$'000
FAIR VALUE	
At 1 July 2015 (audited)	2,000,101
Exchange realignment	(118,429)
Increase in fair value of investment properties	47,593
At 31 December 2015 (unaudited)	1,929,265

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

10. INVESTMENT PROPERTIES (Continued)

The fair value of the Group's investment properties as at 30 June 2015 and 31 December 2015 has been arrived at on the basis of valuations carried out on those dates by Savills Valuation and Professional Services Limited, an independent firm of qualified professional valuers not connected with the Group with appropriate qualification and recent experience in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same location and conditions or where appropriate by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties. The revaluation gave rise to a net gain arising from increase in fair value of HK\$47,593,000 (six months ended 31 December 2014: HK\$29,897,000) which has been recognised in profit or loss.

11. INTEREST IN A JOINT VENTURE/AMOUNT DUE FROM A JOINT VENTURE

	At 31 December 2015 HK\$'000 (Unaudited)	At 30 June 2015 HK\$'000 (Audited)
Cost of investment, unlisted	142,222	147,766
Share of post-acquisition loss and reserves	(60,014)	(53,299)
	82,208	94,467
Amount due from a joint venture	233,014	239,924

Particulars of the joint venture as at 31 December 2015 and 30 June 2015 are as follows:

Name of joint venture	Place of establishment	The Group's equity interest	Principal activity
Shenzhen Zhen Wah Harbour Enterprises Ltd. ("Zhen Wah")	PRC	49%	Operation ceased (<i>Note</i>)

Note: The operation period of Zhen Wah expired on 16 January 2014. Thereafter, Zhen Wah ceased its operation and is now in the process of liquidation.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

11. INTEREST IN A JOINT VENTURE/AMOUNT DUE FROM A JOINT VENTURE (Continued)

Zhen Wah is a sino-foreign equity joint venture company and indirectly held by the Company. The Group is able to exercise 50% voting power in the joint venture, which is determined by the proportion of the Group's representatives in the board of directors of Zhen Wah. The operation period of Zhen Wah expired on 16 January 2014. Both joint venture partners of Zhen Wah have determined not to extend its operation period.

Based on the PRC laws and regulations and the related interpretations by an external PRC legal counsel engaged by the Group, after the expiry of the operation period, the legal identity of Zhen Wah still exists and the net assets of Zhen Wah will be distributed to the joint venture partners based on their equity contributions after the completion of the winding up. All the decision making of the voluntary winding up process requires the unanimous consent of both joint venture partners. Accordingly, the Directors of the Company continue to account for Zhen Wah as a joint venture of the Group using the equity method of accounting in these condensed consolidated financial statements.

The management of the Group has been discussing with the Chinese joint venture partner on relevant arrangements (which may require approvals from relevant PRC governmental authorities) regarding the winding up. As at 31 December 2015 and up to the date of this report, the winding up of Zhen Wah is underway, however the detailed plan to proceed with the winding up (including but not limited to the potential sale of Zhen Wah's assets) is subject to agreement between the Group and the Chinese joint venture partner.

The amount due from a joint venture is unsecured and to be repayable after the next twelve months from the end of the reporting period. The amount is carried at amortised cost at an effective interest rate of 6% (30 June 2015: 6%) per annum.

The Directors of the Company have assessed the recoverability of interest in a joint venture and amount due from a joint venture amounting to HK\$82,208,000 and HK\$233,014,000, respectively as at 31 December 2015. Based on the latest financial information of Zhen Wah, the Directors of the Company have concluded that the amounts will be fully recoverable.

12. LOAN RECEIVABLES

	At 31 December 2015 <i>HK\$'000</i> (Unaudited)	At 30 June 2015 <i>HK\$'000</i> (Audited)
Loan receivables	1,701	1,807
Less: Allowance for doubtful debts	(1,701)	(1,807)
	-	-

The loan receivables were unsecured and interest-free. The amounts were all past due at the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

13. TRADE AND OTHER RECEIVABLES

For property sales, the Group allows an average credit period of 30 days (30 June 2015: 30 days) to the buyers. Rentals receivable from tenants and service income receivables from customers are payable on presentation of invoices.

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on invoice date at the end of the reporting period:

	At 31 December 2015 HK\$'000 (Unaudited)	At 30 June 2015 HK\$'000 (Audited)
0-60 days	634	771
61-90 days	178	396
More than 90 days	265	20
	1,077	1,187

Included in the Group's trade receivable balances are debtors with a carrying amount of HK\$1,077,000 (30 June 2015: HK\$1,187,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. There has not been a significant change in credit quality and the management considers that the amounts are still recoverable. The Group does not hold any collateral over these balances. The average overdue age of these receivables is 54 days (30 June 2015: 52 days) overdue.

Aging of past due but not impaired trade receivables

	At 31 December 2015 HK\$'000 (Unaudited)	At 30 June 2015 HK\$'000 (Audited)
Overdue:		
0-30 days	381	771
31-60 days	253	-
61-90 days	178	396
More than 90 days	265	20
Total	1,077	1,187

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

14. TRADE AND OTHER PAYABLES

At 31 December 2015, the balance of trade and other payables included trade payables of HK\$1,636,000 (30 June 2015: HK\$1,648,000). The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	At 31 December 2015 <i>HK\$'000</i> (Unaudited)	At 30 June 2015 <i>HK\$'000</i> (Audited)
0-60 days	828	609
Over 60 days	808	1,039
	1,636	1,648

The other payables mainly include rental deposits of HK\$29,326,000 (30 June 2015: HK\$29,578,000) and receipt in advance of HK\$4,195,000 (30 June 2015: HK\$4,065,000).

15. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$1.00 each		
Authorised:		
At 1 July 2014, 30 June 2015 and 31 December 2015	300,000,000	300,000
Issued and fully paid:		
At 1 July 2014 and 30 June 2015	219,403,681	219,404
Issue upon exercise of share options (<i>Note</i>)	4,150,000	4,150
At 31 December 2015	223,553,681	223,554

Note: During the six months ended 31 December 2015, the Company issued 4,150,000 ordinary shares of HK\$1 each upon exercise of share options. The exercise price of the share options during the period was HK\$1.13 per share. The new ordinary shares rank pari passu with the then existing shares in all respects.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

16. SHARE OPTION SCHEMES

The Company previously adopted a share option scheme on 21 December 2001 (the “**2001 Scheme**”). On 9 December 2011, an ordinary resolution was passed by the shareholders at the annual general meeting of the Company approving the adoption of a new share option scheme (the “**2011 Scheme**”) which will expire on 8 December 2021 and the simultaneous termination of the 2001 Scheme with effect from 9 December 2011. Both the 2001 Scheme and 2011 Scheme were adopted for the purpose of providing incentives to Directors, employees and eligible participants.

Under both the 2001 Scheme and 2011 Scheme, the Board of Directors of the Company may grant share options (the “**Options**”) to Directors, employees of the Company and its subsidiaries and such eligible participants at the discretion of the Board of Directors of the Company pursuant to the terms thereof, to subscribe for shares of the Company (the “**Shares**”), at a price per Share not less than the highest of (i) the closing price of a Share as stated in the Stock Exchange’s daily quotation sheets on the date of grant of the relevant Option, which must be a trading day; (ii) the average of the closing price of a Share as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the date of grant of the relevant Option; and (iii) the nominal value of a Share. The maximum number of Shares which may be issued upon exercise of all options to be granted under the share option schemes shall not in aggregate exceed 10% of the issued share capital of the Company at the date of the adoption of the relevant share option scheme. No director, employee or eligible participant may exercise option(s) granted to him or her under the share option scheme if such exercise would result in him or her subscribing for more than 1% of the issued share capital of the Company as at the date of such new grant in any 12-month period. The option period for which the options granted are exercisable, shall be such period as notified by the Board of Directors of the Company, save that it shall not be more than ten years from the date of grant. A nominal consideration of HK\$1 is payable by the grantee on acceptance of each grant. The offer of a grant of share options may be accepted within 28 days from the date of the offer. As at 31 December 2015, the number of Shares in respect of which Options had been granted and remained outstanding under the 2001 Scheme and the 2011 Scheme were 17,450,000 (30 June 2015: 21,600,000) Shares and 1,000,000 (30 June 2015: Nil) Shares respectively, representing 8.0% (30 June 2015: 9.9%) and 0.5% (30 June 2015: Nil) of the Shares of the Company in issue as at the date of approval of the 2001 Scheme and 2011 Scheme.

One tranche of Options under the 2011 Scheme was granted during the six months ended 31 December 2015. Fair value of these Options was calculated using the binominal model. The inputs into the model were as follows:

	Share options granted on 10 November 2015
Closing Share price on date of grant	HK\$3.05
Exercise price per Share	HK\$3.05
Life of Options	3.96 years
Expected volatility	43.19%
Expected dividend yield	1.75%
Risk-free interest rate	1.018%

The fair value of the Options granted during the six months ended 31 December 2015 is HK\$930,000.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

16. SHARE OPTION SCHEMES (Continued)

The following tables disclose details of the Company's Options held by employees (including Directors and consultants):

For the six months ended 31 December 2015

Date of grant	Exercise price per share HK\$	Exercisable period	Number of Options				Outstanding at 31 December 2015
			Outstanding at 1 July 2015	Granted during the period	Exercised during the period	Lapsed during the period	
2001 Scheme							
25 October 2011	1.13	25 October 2011 to 24 October 2019	21,600,000	–	(4,150,000)	–	17,450,000
Exercisable at the end of the period							17,450,000
Weighted average exercise price (HK\$)			1.13	–	1.13	–	1.13
2011 Scheme							
10 November 2015	3.05	10 November 2015 to 24 October 2019	–	1,000,000	–	–	1,000,000
Exercisable at the end of the period							1,000,000
Weighted average exercise price (HK\$)			–	3.05	–	–	3.05

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

16. SHARE OPTION SCHEMES (Continued)

For the six months ended 31 December 2014

Date of grant	Exercise price per share HK\$	Exercisable period	Number of Options				Outstanding at 31 December 2014
			Outstanding at 1 July 2014	Granted during the period	Exercised during the period	Lapsed during the period	
2001 Scheme							
25 October 2011	1.13	25 October 2011 to 24 October 2019	21,600,000	-	-	-	21,600,000
Exercisable at the end of the period							21,600,000
Weighted average exercise price (HK\$)			1.13	-	-	-	1.13

Save as disclosed, no other option was granted under the 2001 Scheme and 2011 Scheme since their adoption.

17. CONTINGENT LIABILITIES

The Group has given guarantees in respect of the settlement of home loans provided by banks to the home buyers of a property project in Beijing, the PRC. At 31 December 2015, the Group had given guarantees in respect of such home loans of HK\$10,251,000 (30 June 2015: HK\$13,313,000). The Directors of the Company consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of the reporting period are insignificant on the basis of the low loan to value ratio.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 31 December 2015

18. RELATED PARTY TRANSACTIONS

Other than those disclosed in notes 4 and 11, during the period, the Group entered into the following transactions with related companies:

	Six months ended 31 December	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Rental income received	–	242
Other income received	217	187
Rental and management fees paid	1,479	1,283
Consultancy service fees paid	500	500
Agency fees paid	366	379

Other outstanding balances with the following related companies, which are unsecured, interest-free and repayable on demand, at 31 December 2015 and 30 June 2015, are as follows:

	At	At
	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Deposits due from related companies included in trade and other receivables	522	531
Amounts due from related companies included in trade and other receivables	2,551	1,920
Amount due to a related company included in trade and other payables	765	814
Amount due from a non-controlling shareholder	913	970

The related companies are companies controlled by certain Directors of the Company.

During the current interim period, the emoluments of key management personnel were HK\$2,942,000 (six months ended 31 December 2014: HK\$2,652,000).

PROFORMA COMBINED BALANCE SHEET OF AFFILIATED COMPANY

Details of advances given to an affiliated company as at 31 December 2015, which exceeded 8% under the assets ratio as defined under rule 13.16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) are as follows:

Affiliated company	Percentage of equity held by the Group	Amount of advances HK\$'000
Shenzhen Zhen Wah Harbour Enterprises Ltd. (“ Zhen Wah ”) (Note)	49%	233,014

Note: The operation period of Zhen Wah expired on 16 January 2014. Thereafter, Zhen Wah ceased its operation and is now in the process of liquidation.

The advances to Zhen Wah by the Group have been accounted for as amount due from a joint venture, details of which are disclosed in note 11 to the condensed consolidated financial statements.

The amount of advances are unsecured and to be repayable after the next twelve months from the end of the reporting period.

Pursuant to the continuing disclosure requirements under rule 13.22 of the Listing Rules, the proforma combined balance sheet of Zhen Wah and the attributable interest of the Group in Zhen Wah as at 31 December 2015 are disclosed as follows:

Proforma combined balance sheet of affiliated company

	Proforma combined balance sheet HK\$'000	Group's attributable interest HK\$'000
Non-current assets	235,513	115,401
Current assets	48,598	23,813
Current liabilities	(13,586)	(6,657)
Non-current liabilities	(233,014)	(114,177)
Net assets	37,511	18,380