建業實業有限公司
Chinney Investments, Limited
(Incorporated in Hong Kong with limited liability)
(Stock Code: 216)

2015-16 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL RESULTS

For the year ended 31 March 2016, the Group's consolidated turnover was HK$1,656 million (2015: HK$463 million) and net profit attributable to shareholders amounted to HK$310 million (2015: HK$1,284 million), inclusive of property revaluation gain attributable to shareholders of HK$288 million, net of deferred tax (2015: HK$1,298 million). Basic earnings per share were HK$0.56 (2015: HK$2.33). As at 31 March 2016, the shareholders' equity grew to HK$5,066 million (2015: HK$4,936 million). Net assets per share were HK$9.19 (2015: HK$8.95). Please also refer to the section headed "Financial Review".

DIVIDEND

The Directors recommend the payment of a final dividend of 5 Hong Kong cents per ordinary share for the year ended 31 March 2016 (2015: 5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 2 September 2016. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 23 September 2016.

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) and its subsidiaries ("Hon Kwok Group"). Hon Kwok reported a turnover of HK$1,570 million (2015: HK$361 million) and a net profit of HK$460 million (2015: HK$1,898 million) for the financial year 2015/16.

Acquisition of Properties

In May 2016, Hon Kwok Group entered into separate sale and purchase agreements with two vendors to acquire their respective offshore holding companies each holding 50% indirect interest in a completed 15-storey commercial and office building situated at No. 151 Jiefang Road South, Yuexiu District, Guangzhou, Guangdong Province, the PRC (中國廣東省廣州市越秀區解放南路151號) and known as Jie Fang Building (解放大廈). The total cash consideration of HK$137,590,000, net of PRC tax which the vendors are required to pay in connection with the sale of their offshore holding companies, is determined by reference to the unaudited consolidated net assets of the above holding companies, together with the shareholders' loans as at 31 March 2016. Upon completion of acquisitions, the above property, with a total gross floor area of approximately 11,507 sq.m., will be held by Hon Kwok Group for recurrent rental income.

As one of the above vendors is beneficially owned by Dr. James Sai-Wing Wong, the Chairman and substantial shareholder of Hon Kwok and the Company, the related transaction constitutes a discloseable and connected transaction of Hon Kwok and the Company under the listing rules and is subject to the approval of the independent shareholders at the forthcoming extraordinary general meetings. The other vendor is an independent third party and the related transaction constitutes a discloseable transaction only under the listing rules and has been completed earlier this month. For details, please refer to the Company's announcement dated 9 May 2016 and circular dated 20 June 2016.

Property Development and Investment

Guangzhou, PRC

The **Botanica** 寶翠園, situated in the greenery zone of Tian He District near the Botanical Garden, comprises 39 blocks of high-rise residential building. This project, with a total gross floor area of approximately 229,000 sq.m., is scheduled for development by phases. **Botanica Phases 1 and 2** 寶翠園一及二期, with a total 16 blocks of over 750 units, were sold out and profits derived therefrom had been recognized in the prior financial years. Nearly all units of **Botanica Phase 3** 寶翠園三期, comprising 12 blocks of about 530 units, have been sold up to the date of this announcement and generated sale proceeds amounted to RMB1,740 million. Eight blocks of which have been delivered to individual purchasers during the year under review and the relevant profits were recorded in the statement of profit or loss. The remaining four blocks have commenced to be delivered to individual purchasers earlier this month and the related profits will be recognized in the forthcoming financial year. Construction/internal finishing works of **Botanica Phase 4** 寶翠園四期, comprising 11 blocks of about 550 units, are well in progress and expected to be completed by stages commencing in the last quarter of this year through first quarter of 2017. Four blocks of which with about 180 units have been launched to the market for pre-sale, over 90% have been sold up to the date of this announcement and total contracted sales exceeding RMB580 million.

The project site at **Dong Guan Zhuan Road**, Tian He District is still under the planning and design stage whilst preliminary works on the other one at **45-107 Beijing Nan Road**, Yue Xiu District are in progress.

Ganghui Dasha 港滙大廈, situated at the junction of Beijing Road, Nanti Er Road and Baqi Er Road, Yue Xiu District, is a 20-storey commercial/office building with current occupancy rate about 90%.

As mentioned in the interim report, owing to its dilapidated condition and being a leased property, **The Bauhinia Hotel (Guangzhou)** 寶軒酒店（廣州）had ceased its operation upon expiry of the business licence at the end of last year.

Nanhai, Foshan, PRC

Metropolitan Oasis 雅瑤綠洲, with a total gross floor area of approximately 273,000 sq.m., is situated in Da Li District, Nanhai and 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 111,000 sq.m.. All units of the above phase have been launched to the market for sale, of which about 90% have been sold up to the date of this announcement, generated sale proceeds amounted to RMB1,022 million. Delivery of the town houses and 6 blocks of the above apartment units to individual purchasers is in progress and that of the remaining blocks have just commenced to deliver by stages through next quarter.

Shenzhen, PRC

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

Enterprise Square 僑城坊, in which Hon Kwok Group has 20% interest, is situated at Qiaoxiang Road North, Nanshan District. It covers a site area of 48,764 sq.m. and is being developed in two phases into 12 blocks of buildings for composite use with a total gross floor area of approximately 224,500 sq.m.. Finishing plus mechanical and electrical works of Phase 1 and superstructure works of Phase 2 are in progress and expected to be completed by the end of this year and in mid-2017 respectively.

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

Chongqing, PRC

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

Jinshan Shangye Zhongxin 金山商業中心, also situated in Bei Bu Xin Qu and adjacent to the above **Chongqing Hon Kwok Centre** 重慶漢國中心, is a twin-tower project comprising a 41-storey grade A office tower and a 42-storey 5-star hotel plus office tower with respective 4-storey retail/commercial podium. The leasing status of the completed office tower are being closely monitored in order to fill up the tenancy whilst the hotel/office tower is in the course of development.

Hong Kong – Property Investment

The vacant site acquired through government public tender last year at **Kin Chuen Street, Kwai Chung, New Territories**, with a total gross floor area of approximately 228,000 sq. ft., will be developed for non-residential use and be held by the Group for recurrent rental income. It is under the planning and design stage and foundation works are scheduled to be commenced in last quarter of this year.

The retail areas at street level of the hotel/apartment building at Connaught Road Central and Des Voeux Road Central are fully let. The average occupancy rate of **The Bauhinia Hotel (Central)** 寶軒酒店（中環）, a 42-room boutique hotel situated at four podium floors of the above building, approximated 95% with encouraging room rates whilst that of **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, is about 85%.

The Bauhinia Hotel (TST) 寶軒酒店（尖沙咀） is a 98-room boutique hotel situated at a 23-storey commercial/office building at Observatory Court, Tsim Sha Tsui and occupying total 20 floors of the building with average occupancy and room rates maintained at a satisfactory level. The remaining floors of the above building are for commercial use with the first floor being leased out to a restaurant.

Hon Kwok Jordan Centre 漢國佐敦中心, situated at Hillwood Road, Tsim Sha Tsui, is a 23-storey commercial/office building with current occupancy rate about 90%.

2. Garment

J.L. Garment Group, a wholly-owned subsidiary of our Company with garment factory situated at Dongguan, the Mainland China, reported a turnover of HK$86 million (2015: HK$102 million) with a net loss of HK$14.2 million (2015: HK$11.1 million) for the year ended 31 March 2016.

The Group’s garment business, which focused on fashionable garment production in Mainland China and exported mainly to European market, continued to encounter a challenging year. Following a few years’ turbulence, the Eurozone countries showed a more stable period of recovery with a slight rebound in GDP growth and employment rate in major European countries, yet the pace of recovery remained slower than expected albeit the cheaper oil and weak euro environment. Nevertheless, the price driven market further exerted pressure on our garment sales and profit margin.

To strive for improved profitability, J.L. Garment Group is under transformation by scaling down its business structure to reduce overhead, leasing out unoccupied office space and continues to implement stringent measures on cost control both in Hong Kong and Dongguan operations. In addition to broadening new customer base in the European countries, new business opportunities were also developed in the local market and Asia region which have lower downside risks.

Due to the moderate demand in Hong Kong industrial property market, J.L. Garment Group recorded a property revaluation loss of HK$0.1 million (2015: gain HK$2.1 million) on its investment properties which were held for rental income while the self use property in Hong Kong was carrying at historical cost which is substantially lower than its professional valuation at current market value.

3. Construction and Trading

Chinney Alliance Group Limited ("Chinney Alliance"), a 29.1% owned associate recorded turnover and net profit for the year ended 31 December 2015 of HK$4,552 million (2014: HK$3,813 million) and HK$169.1 million (2014: HK$142.3 million), respectively.

As mentioned in our interim report and the announcement dated 10 November 2015 of Chinney Alliance, Chinney Alliance successfully spun-off its Foundation division for separate listing. The shares of Chinney Kin Wing Holdings Limited ("Chinney Kin Wing") (Stock code: 1556) were traded on the Main Board of the Stock Exchange commencing on 11 November 2015. Chinney Kin Wing has become a 74.5% subsidiary of Chinney Alliance since then while Chinney Alliance remains as a 29.1% associate.

The principal activities of Chinney Kin Wing mainly consisted of foundation business and ground drilling business contributed revenue of HK$1,515 million (2014: HK$1,382 million) and operating profit of HK$168.9 million (2014: HK$110.7 million) to Chinney Alliance Group. The substantial increase in revenue and operating profit was resulted from the efforts in pursuing larger scale and technically complex projects following the enhancement of piling plant and machinery in past years to enlarge its operating capacity. Coupled with the stringent project costs control, profit margin was also improved.

The Building Construction division, mainly consists of Chinney Construction Company, Limited engaged in superstructure construction works, contributed a revenue of HK$1,120 million (2014: HK$1,027 million) and operating profit of HK$35.1 million (2014: HK$38.7 million). Current contracts included residential and commercial development in both public and private sectors. Although more contracts were awarded during the year, the division faced a general increase in staff cost and overhead, thus operating profit decreased slightly.

The Building related contracting services division, consists of Shun Cheong Investments Limited and its subsidiaries, engaged in the electrical and mechanical contracting businesses, contributed a revenue of HK$1,325 million (2014: HK$845 million) and operating profit of HK$30.9 million (2014: HK$29.2 million). With more sizeable contracts are underway, the management is cautious to monitor the progress and cost control to cater for the expected increase in costs, especially labour cost.

The Plastic Trading division recorded a slight increase in revenue resulted from the development of more competitive products to customers. However, the sharp decrease in oil prices over the year reduced the general plastic selling prices. Moreover, the customers were cost-conscious and were keen on bargaining prices, thus profit margin of the division was slightly reduced. Nevertheless, the division continues to broaden the product line to enhance its earnings and profitability.

OUTLOOK

The global economy continues its slowdown, in particular, the emerging and developing countries, including China, were growing at a slower pace than previously envisioned, holding back the recovery in advanced economies. In the US, the improved job market and continued housing recovery buoyed the consumer confidence. However, the export sector was hit by the strong US dollar. It is expected that the US Federal Reserve will continue to adopt a cautious approach and proceed moderately in raising interest rates as any major global slump will, in turn hinder US growth. For the Eurozone countries, major economies including France and Germany show more stable and sustainable growth and there is indication that consumer spending will likely improve and drive up growth in Eurozone recovery. Besides, it is likely that a weaker euro will increase the price competiveness of exports and thus, further enhance its recovery in the medium term. Yet, economic uncertainty is set to be the largest concern to the global economy in the aftermath of the UK referendum and the pace of interest rates hike in the US will likely to be further disrupted.

In the Mainland China, contraction in manufacturing activities and drop in exports led to the slowdown in economic growth and overcapacity in commodity sectors. Furthermore the volatility in Renminbi and stock market during the year deteriorated investors' confidence and market sentiment. Nevertheless, domestic demand remained strong and continued to be a crucial driver to boost GDP growth. It is anticipated that the Central Government will continue its supportive measures and urbanization policies to maintain a steady economic growth.

In Hong Kong, the retail market was hit by the falling consumption of the Mainland Chinese tourists. Besides, the residential property market has shown sign of decline with a general fall in property prices. It is expected that overall employment rate is likely to drop, especially in the retail sector. Nevertheless, the building construction sector will maintain its momentum under the intensive public construction works. It is likely that the Hong Kong economy is set to maintain a mild growth in the year ahead.

Finally, I would like to take this opportunity to thank my fellow directors for their advices and all staff members for their dedication and hard work during the year under review.

James Sai-Wing Wong
Chairman

Hong Kong, 28 June 2016

CONSOLIDATED RESULTS

The consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2016 together with comparative figures for the previous year are as follows:

Consolidated Statement of Profit or Loss

		For the year ended 31 March	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**1,655,688**	462,905
Cost of sales		**(1,115,598)**	(253,135)
Gross profit		**540,090**	209,770
Other income	*3*	**21,878**	13,714
Fair value gains on investment properties, net		**616,256**	2,528,809
Fair value gains on equity investments at fair value through profit or loss, net		**51**	149
Gain on disposal of a subsidiary		**7,360**	-
Gain on disposal of investment properties, net		**-**	443
Selling and distribution expenses		**(12,377)**	(14,707)
Administrative and other operating expenses, net		**(195,741)**	(154,324)
Finance costs	*4*	**(134,491)**	(93,510)
Share of profits and losses of associates		**48,982**	41,073
Profit before tax	*5*	**892,008**	2,531,417
Income tax expense	*6*	**(370,035)**	(649,439)
Profit for the year		**521,973**	1,881,978
Attributable to:			
Owners of the Company		**309,615**	1,283,791
Non-controlling interests		**212,358**	598,187
		521,973	1,881,978
Earnings per share attributable to ordinary equity holders of the Company	*7*		
Basic and diluted		**HK$0.56**	HK$2.33

Consolidated Statement of Comprehensive Income

	For the year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Profit for the year	**521,973**	1,881,978
Other comprehensive loss		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss of associates	**(5,765)**	(118)
Exchange differences on translation of foreign operations	**(279,547)**	(12,513)
Other comprehensive loss for the year, net of tax	**(285,312)**	(12,631)
Total comprehensive income for the year	**236,661**	1,869,347
Attributable to:		
Owners of the Company	**120,537**	1,275,143
Non-controlling interests	**116,124**	594,204
	236,661	1,869,347

Consolidated Statement of Financial Position

	Notes	**31 March 2016 *HK$'000***	31 March 2015 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**71,988**	90,332
Prepaid land lease payments		**8,552**	10,313
Investment properties	*9*	**11,864,978**	11,013,061
Investment in a joint venture		**199**	199
Investments in associates		**628,002**	554,319
Total non-current assets		**12,573,719**	11,668,224
CURRENT ASSETS			
Inventories		**4,687**	4,439
Properties held for sale under development and completed properties held for sale		**3,065,950**	3,065,609
Prepaid land lease payments		**1,240**	1,276
Trade and bills receivables	*10*	**24,510**	27,216
Prepayments, deposits and other receivables		**203,503**	156,028
Equity investments at fair value through profit or loss		**871**	820
Tax recoverable		**16,896**	44,232
Pledged deposits		**142,207**	344,048
Cash and bank balances		**1,730,080**	579,093
Total current assets		**5,189,944**	4,222,761
CURRENT LIABILITIES			
Trade payables and accrued liabilities	*11*	**552,666**	152,733
Customer deposits		**1,510,460**	840,098
Due to an associate		**37,490**	37,490
Obligation under a finance lease		**153**	-
Interest-bearing bank borrowings		**3,330,804**	3,069,728
Tax payable		**98,057**	101,633
Total current liabilities		**5,529,630**	4,201,682
NET CURRENT ASSETS/(LIABILITIES)		**(339,686)**	21,079
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,234,033**	11,689,303

Consolidated Statement of Financial Position *(Continued)*

	31 March 2016 *HK$'000*	31 March 2015 *HK$'000*
NON-CURRENT LIABILITIES		
Obligation under a finance lease	**238**	-
Interest-bearing bank borrowings	**3,120,285**	2,946,190
Deferred tax liabilities	**1,246,737**	1,094,083
Total non-current liabilities	**4,367,260**	4,040,273
Net assets	**7,866,773**	7,649,030
EQUITY		
Equity attributable to owners of the Company		
Share capital	**405,411**	405,411
Reserves	**4,660,684**	4,530,325
	5,066,095	4,935,736
Non-controlling interests	**2,800,678**	2,713,294
Total equity	**7,866,773**	7,649,030

Notes:

1. Basis of Preparation and Changes in Accounting Policies and Disclosures

The Group had consolidated net current liabilities of approximately HK$340 million as at 31 March 2016. After taking into account the available unutilised banking facilities, the directors of the Company consider that the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due, and accordingly, are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance (the "Companies Ordinance"). They have been prepared under the historical cost convention, except for certain investment properties and equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 March 2016 and 2015 included in this preliminary announcement of annual results 2016 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the 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 and will deliver the financial statements for the year ended 31 March 2016 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

<u>Changes in accounting policies and disclosures</u>
The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Group has voluntarily changed its accounting policy regarding the recognition of property agent commission expense arising from property sales. In prior years, the property agent commission was charged to profit or loss in the period when it was incurred. In the current year, the Group has changed its accounting policy. Under the revised accounting policy, the property agent commission is charged to profit or loss in the same period in which the relevant property sales income is recognised when the relevant properties are handed over to the buyers. In the opinion of the directors, the financial statements prepared using the revised policy will provide reliable and more relevant information to the users of the financial statements about the effects of transactions to sell properties on the Group's financial position and financial performance. This change in policy has been applied retrospectively, but does not have any significant financial effect on the Group's financial performance and cash flows for the year ended 31 March 2015 and on the Group's financial positions as of 31 March 2015 and 1 April 2014.

2. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the garment segment manufactures and trades garments;

(b) the property development segment develops properties for sale;

(c) the property investment segment holds investment properties for development and the generation of rental income; and

(d) the "others" segment comprises, principally, the sub-leasing business and the property management service business which provides management services to residential and commercial properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, dividend income, finance costs, share of profits and losses of associates, gain on disposal of a subsidiary as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment in a joint venture, investments in associates, and other unallocated head office and corporate assets, including tax recoverable, pledged deposits, cash and bank balances, and equity investments at fair value through profit or loss, as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities, including obligation under a finance lease, interest-bearing bank borrowings, tax payable and deferred tax liabilities, as these liabilities are managed on a group basis.

During the current and prior years, there were no intersegment transactions.

2. Operating Segment Information *(Continued)*

For the year ended 31 March 2016

	Garment HK$'000	Property development HK$'000	Property investment HK$'000	Others HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	**86,183**	**1,357,389**	**175,227**	**36,889**	**1,655,688**
Segment results	**(14,024)**	**357,232**	**664,361**	**(23,378)**	**984,191**
Reconciliation:					
Interest income					**6,475**
Dividend income and unallocated gains					**88**
Corporate and other unallocated expenses					**(20,597)**
Finance costs					**(134,491)**
Gain on disposal of a subsidiary					**7,360**
Share of profits and losses of associates					**48,982**
Profit before tax					**892,008**

For the year ended 31 March 2015

	Garment HK$'000	Property development HK$'000	Property investment HK$'000	Others HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	102,207	148,421	175,064	37,213	462,905
Segment results	(11,340)	29,084	2,583,397	(3,193)	2,597,948
Reconciliation:					
Interest income					5,041
Dividend income and unallocated gains					185
Corporate and other unallocated expenses					(19,320)
Finance costs					(93,510)
Share of profits and losses of associates					41,073
Profit before tax					2,531,417

2. Operating Segment Information *(Continued)*

	At 31 March 2016				
	Garment *HK$'000*	**Property development** *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment assets	**71,627**	**3,281,509**	**12,928,705**	**2,024,514**	**18,306,355**
Reconciliation:					
Elimination of intersegment receivables					**(3,060,947)**
Investments in associates					**628,002**
Investment in a joint venture					**199**
Corporate and other unallocated assets					**1,890,054**
Total assets					**17,763,663**
Segment liabilities	**12,729**	**3,065,023**	**954,338**	**1,129,473**	**5,161,563**
Reconciliation:					
Elimination of intersegment payables					**(3,060,947)**
Corporate and other unallocated liabilities					**7,796,274**
Total liabilities					**9,896,890**

	For the year ended 31 March 2016				
	Garment *HK$'000*	**Property development** *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Other segment information:					
Fair value gains/(losses) on investment properties, net	**(60)**	**-**	**616,316**	**-**	**616,256**
Gain/(loss) on disposal of items of property, plant and equipment, net	**403**	**-**	**-**	**(10,983)**	**(10,580)**
Depreciation and amortisation	**1,408**	**923**	**2,208**	**8,044**	**12,583**
Capital expenditure *	**1,354**	**449**	**515,390**	**3,099**	**520,292**

* Capital expenditure represents additions to property, plant and equipment and investment properties.

2. Operating Segment Information *(Continued)*

	At 31 March 2015				
	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
Reconciliation:					
Elimination of intersegment receivables					(2,512,790)
Investments in associates					554,319
Investment in a joint venture					199
Corporate and other unallocated assets					968,193
Total assets					15,890,985
Segment liabilities	15,180	1,984,856	892,124	650,951	3,543,111
Reconciliation:					
Elimination of intersegment payables					(2,512,790)
Corporate and other unallocated liabilities					7,211,634
Total liabilities					8,241,955

	For the year ended 31 March 2015				
	Garment *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Other segment information:					
Fair value gains on investment properties, net	2,140	-	2,526,669	-	2,528,809
Gain/(loss) on disposal of items of property, plant and equipment, net	142	-	-	(121)	21
Depreciation and amortisation	1,447	997	2,210	8,023	12,677
Capital expenditure *	127	879	1,151,351	1,638	1,153,995

* Capital expenditure represents additions to property, plant and equipment and investment properties.

2. Operating Segment Information *(Continued)*

Geographical information

(a) Revenue

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**113,331**	104,713
Mainland China	**1,468,490**	262,388
Europe	**72,700**	94,635
North America	**1,167**	1,169
	1,655,688	462,905

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**3,216,978**	3,356,198
Mainland China	**8,728,540**	7,757,508
	11,945,518	11,113,706

The non-current asset information above is based on the locations of the assets and excludes investments in associates and a joint venture.

3. Other Income

	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**6,475**	5,041
Dividend income from listed investments at fair value through profit or loss	**37**	36
Management fee income received from an associate	**7,500**	-
Others	**7,866**	8,637
	21,878	13,714

4. Finance Costs

	2016	2015
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans	**241,579**	203,873
Less: Interest capitalised under property development projects	**(107,088)**	(110,363)
	134,491	93,510

5. Profit Before Tax

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

	2016 HK$'000	2015 HK$'000
Cost of properties sold	**948,360**	88,785
Cost of inventories sold	**71,001**	84,026
Depreciation	**11,343**	11,401
Amortisation of prepaid land lease payments	**1,240**	1,276
Minimum lease payments under operating leases	**26,332**	21,791
Auditors' remuneration	**3,329**	3,176
Loss/(gain) on disposal of items of property, plant and equipment, net	**10,580**	(21)
Employee benefit expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	**97,386**	89,516
Pension scheme contributions	**2,817**	2,648
	100,203	92,164
Less: Amount capitalised under property development projects	**(18,400)**	(12,400)
	81,803	79,764
Gross rental income included in the following categories:		
Rental income	**(210,556)**	(210,432)
Other income	**(703)**	(862)
	(211,259)	(211,294)
Less: Outgoing expenses	**96,237**	80,324
	(115,022)	(130,970)
Interest income	**(6,475)**	(5,041)

At 31 March 2016 and 31 March 2015, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant.

6. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Land appreciation tax has been calculated in conformity with the prevailing rules and practices on the Group's completed projects in Mainland China at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

	2016 HK$'000	2015 HK$'000
Current – Hong Kong		
Charge for the year	**54**	25
Current – Elsewhere		
Charge for the year	**81,580**	14,446
Land appreciation tax in Mainland China	**91,279**	13,753
Deferred	**197,122**	621,215
Total tax charge for the year	**370,035**	649,439

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 year attributable to ordinary equity holders of the Company of HK$309,615,000 (2015: HK$1,283,791,000) and the weighted average number of ordinary shares in issue during the year of 551,368,153 (2015: 551,368,153).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2016 and 2015 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during the year ended 31 March 2016 and 2015.

8. Dividend

	2016	2015
	HK$'000	*HK$'000*
Proposed final – 5 HK cents (2015: 5 HK cents) per ordinary share	**27,568**	27,568

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. Investment Properties

In the prior year, one of the Group's investment properties under construction which was stated at cost as at 31 March 2014 was revalued on an open market and existing use basis, by independent professionally qualified valuers as its fair value can be determined reliably. That gave rise to a revaluation gain of HK$2,383 million and a related deferred tax of HK$596 million which were both recognized in the consolidated statement of profit or loss for that year.

10. 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:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**5,082**	4,230
31 to 60 days	**2,153**	6,011
61 to 90 days	**2,269**	3,339
Over 90 days	**15,006**	13,636
Total	**24,510**	27,216

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 the 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. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances. Trade and bills receivables are non-interest-bearing.

11. Trade Payables and Accrued Liabilities

Included in trade payables and accrued liabilities are trade payables of HK$73,932,000 (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:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**71,330**	59,393
31 to 60 days	**1,979**	3,122
61 to 90 days	**401**	311
Over 90 days	**222**	44
Total	**73,932**	62,870

12. Contingent Liabilities

(a) As at 31 March 2016, the Group has given a guarantee of HK$40,000,000 (2015: 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 (2015: HK$40,000,000).

(b) As at 31 March 2016, the Group has given guarantees of HK$1,119,000,000 (2015: 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 ownership certificates to the purchasers.

13. Event after the Reporting Period

On 9 May 2016, True Light Enterprises Limited ("True Light"), an indirect wholly-owned subsidiary of Hon Kwok, entered into a sale and purchase agreement with Rich Fate Limited ("Rich Fate"), pursuant to which True Light has conditionally agreed to acquire and Rich Fate has conditionally agreed to sell the entire issued share capital of Right Colour Limited ("Right Colour") and the assignment of the related shareholder's loan to True Light for an aggregate cash consideration of HK$68,795,000, net of PRC tax which Rich Fate is required to pay in connection with the sale of the entire issued share capital of Right Colour. A deposit of HK$6,879,500 was paid upon signing of the above agreement.

On 9 May 2016, True Light also entered into a sale and purchase agreement with Pine International Limited ("Pine International"), pursuant to which True Light has conditionally agreed to acquire and Pine International has conditionally agreed to sell the entire issued share capital of Network Success Limited ("Network Success") and the assignment of the related shareholder's loan to True Light for an aggregate cash consideration of HK$68,795,000, net of PRC tax which Pine International is required to pay in connection with the sale of the entire issued share capital of Network Success. A deposit of HK$6,879,500 was paid upon signing of the above agreement.

Each of Right Colour and Network Success holds 50% of the issued share capital of a Hong Kong company which indirectly holds the entire interest of an investment property in Guangzhou, the PRC.

As Rich Fate is beneficially owned by Dr. James Sai-Wing Wong, the Chairman and substantial shareholder of Hon Kwok and the Company, the related transaction constitutes a connected transaction of Hon Kwok and the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and is subject to the approval of the independent shareholders at the forthcoming extraordinary general meetings. Pine International is an independent third party and the related transaction has been completed on 3 June 2016. For details, please refer to the Company's announcement dated 9 May 2016 and circular dated 20 June 2016.

FINANCIAL REVIEW

Turnover and net profit

The increase in turnover was mainly due to more property sales from the Group's PRC projects were recognized during the year that led to an increase in core profits from property sales in our 68.09% Hon Kwok. Property revaluation gain, net of deferred tax, of HK$423 million was recorded in current year's financial statements. Such amount in last year of HK$1,907 million was mainly attributable to an investment property in the course of construction in Shenzhen was stated at cost in prior years and revalued to market value at last year end that gave rise to a significant revaluation gain. However, since such property was already stated at market value at last year end, only moderate revaluation gain was recognized during the year.

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$6,451 million as at 31 March 2016 (2015: HK$6,016 million), of which approximately 52% (2015: 51%) of the debts were classified as current liabilities. Included therein were debts of HK$163 million (2015: HK$182 million) related to bank loans with repayable on demand clause and HK$2,442 million (2015: HK$2,218 million) related to project loans which will be refinanced during the forthcoming financial year. 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 11% (2015: 11%). 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$1,872 million as at 31 March 2016 (2015: HK$923 million). Included in cash and bank balances are restricted bank deposits of HK$623 million (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$371 million at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2016 were approximately HK$5,066 million (2015: HK$4,936 million). The increase was mainly due to current year's profit attributable to shareholders offset by depreciation in value of assets less liabilities denominated in Renminbi.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK$4,579 million (2015: HK$5,093 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$7,867 million (2015: HK$7,649 million), was 58% as at 31 March 2016 (2015: 67%).

Funding and treasury policies

The Group adopts prudent funding and treasury policies. Surplus funds are primarily maintained in the form of cash deposits with leading banks.

Acquisition and development of properties are financed partly by internal resources and partly by bank loans. Repayments of bank loans are scheduled to match asset lives and project completion dates. Bank loans are mainly denominated in Hong Kong dollars and Renminbi and bear interest at floating rates.

Foreign currency exposure is closely monitored by management and hedged to the extent desirable. As at 31 March 2016, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Bank balances, certain properties and investments with an aggregate carrying value of approximately HK$12,481 million as at 31 March 2016 and shares in certain subsidiaries were pledged to secure certain banking facilities of the Group.

Employees and remuneration policies

The Group, not including its associates and a joint venture, employed approximately 630 employees as at 31 March 2016. Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical cover, provident fund, personal accident insurance and educational subsidies to all eligible staff.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 25 August 2016. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 22 August 2016 to 25 August 2016 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on 19 August 2016.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2016 is subject to the approval by the shareholders at the annual general meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on 1 September 2016 and 2 September 2016, during which period no share transfers will be registered. The last day for dealing in the Company’s shares cum entitlements to the proposed final dividend will be 29 August 2016. In order to qualify for the proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on 31 August 2016.

CORPORATE GOVERNANCE

Compliance with Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") 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 throughout the year ended 31 March 2016.

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 year ended 31 March 2016, except for the following deviations:

1. CG Code provision A.1.1 stipulates that the board of directors should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

   During the year ended 31 March 2016, the board of directors of the Company (the "Board") met twice for approving the annual results of the Company for the year ended 31 March 2015 and the interim results for the period ended 30 September 2015. As business operations were under the management and supervision of the executive directors of the Company, who had from time to time held meetings to resolve all material business or management issues, only two regular board meetings were held for the year ended 31 March 2016.

2. 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 the 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.

3. 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.

4. 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.

5. 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

Regular meetings have been held by the Audit Committee of the Company 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 Audit Committee has reviewed with management the annual results of the Group for the year ended 31 March 2016.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2016 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2016.

By Order of the Board
James Sai-Wing Wong
Chairman

Hong Kong, 28 June 2016

At the date of this announcement, the directors of the Company are Dr. James Sai-Wing Wong (Chairman) and Mr. Herman Man-Hei Fung (Managing Director) as executive directors; Mr. William Chung-Yue Fan, Mr. Paul Hon-To Tong and Mr. James Sing-Wai Wong as non-executive directors; and Dr. Clement Kwok-Hung Young, Mr. Peter Man-Kong Wong and Mr. James C. Chen as independent non-executive directors.