



建聯集團有限公司<sup>\*</sup>  
**Chinney Alliance Group Limited**

(Incorporated in Bermuda with limited liability)

Stock Code : 385

INTERIM REPORT 2016

<sup>\*</sup> For identification purpose only

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

James Sai-Wing WONG (*Chairman*)  
Yuen-Keung CHAN (*Vice Chairman and  
Managing Director*)  
James Sing-Wai WONG  
Philip Bing-Lun LAM

#### *Non-Executive Directors*

Herman Man-Hei FUNG  
Wendy Kim-See GAN

#### *Independent Non-Executive Directors*

Yuen-Tin NG  
Chi-Chiu WU  
Ronald James BLAKE

### AUDIT COMMITTEE

Yuen-Tin NG (*Chairman*)  
Chi-Chiu WU  
Herman Man-Hei FUNG

### REMUNERATION COMMITTEE

Chi-Chiu WU (*Chairman*)  
Yuen-Tin NG  
Herman Man-Hei FUNG

### COMPANY SECRETARY

Yun-Sang LO

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
The Bank of East Asia, Limited  
Shanghai Commercial Bank Limited  
Hang Seng Bank Limited  
Bank of China (Hong Kong) Limited

### AUDITORS

Ernst & Young

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Management (Bermuda) Ltd.  
Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### REGISTERED OFFICE

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2 Church Street  
Hamilton HM 11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Wing On Centre  
111 Connaught Road Central  
Hong Kong

### STOCK CODE

SEHK 00385

### BUSINESS ADDRESSES AND CONTACTS

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#### **Kin Wing Engineering Company Limited Kin Wing Foundations Limited**

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#### **Shun Cheong Electrical Engineering Company Limited Westco Airconditioning Limited**

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#### **Chinney Construction Company, Limited**

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#### **DrilTech Ground Engineering Limited DrilTech Geotechnical Engineering Limited**

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#### **Jacobson van den Berg (Hong Kong) Limited**

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#### **Chinney Alliance Engineering Limited**

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## REVIEW OF OPERATIONS

### RESULTS

The board of directors (the “Board”) of Chinney Alliance Group Limited (the “Company”, collectively with its subsidiaries, the “Group”) is pleased to announce that the Group recorded a revenue of HK\$2,227 million for the six months ended 30 June 2016 (2015: HK\$2,170 million). The profit for the period was HK\$89.6 million (2015: HK\$77.4 million). The profit attributable to the owner of the Company was HK\$74.3 million (2015: HK\$77.4 million).

### INTERIM DIVIDEND

The Board does not propose the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

### BUSINESS REVIEW AND PROSPECTS

#### *Trading of plastics and chemical products*

The Plastic Trading division, which consists of Jacobson van den Berg (Hong Kong) Limited and other companies, contributed a revenue of HK\$260 million (2015: HK\$275 million) with an operating profit of HK\$2.4 million (2015: HK\$4.6 million). The market was very soft and the division’s customers suffered both in terms of business volume and margin under the weakened external market. While the sales of the division were dropped, the commission and rebate from supplier could not be maintained at last year’s level and the profit was also decreased. The division is developing new products and sales platform to broaden its earning base and exploring the market in the Mainland China to be more in sync with the economic rhythm of China growth.

#### *Building related contracting services*

Shun Cheong Investments Limited and its subsidiaries (“Shun Cheong”) contributed a revenue of HK\$648 million (2015: HK\$503 million) and an operating profit of HK\$19.6 million (2015: HK\$15.0 million). The increase in revenue and profit were mainly attributable to more contracts awarded and in progress. The management is cautiously monitoring the progress of projects and expenses to maintain the profitability level. The division has diversified client base in both public and private sectors in Hong Kong and hotel and resorts in Macau. The division had outstanding contracts on hand of HK\$3,498 million as at 30 June 2016 and additional HK\$450 million worth contracts were awarded subsequent to the end of the financial period.

#### *Building construction*

The division consists of Chinney Construction Company, Limited and Chinney Builders Company Limited which operate in Hong Kong and Chinney Timwill Construction (Macau) Company Limited which operates in Macau. During the period, the division recorded a revenue of HK\$452 million (2015: HK\$514 million) with an operating profit of HK\$22.3 million (2015: HK\$6.0 million). Although the revenue decreased, the operating profit increased as a result of the new projects which commenced in the second half of 2015 progressed to the stage to recognise profit in accordance with the accounting policies adopted and improved profit margin of certain projects due to cost saving. The division’s client base included schools, institutions, property developers, hospitality facilities and non-profit organisations in Hong Kong and Macau. As at 30 June 2016, the division had outstanding contracts on hand of HK\$2,057 million. Subsequent to the period end, an aggregate amount of HK\$298 million contracts was awarded to the division.

### ***Foundation piling and ground investigation***

Chinney Kin Wing Holdings Limited (“Chinney Kin Wing”) and its subsidiaries (the “Chinney Kin Wing Group”) contributed revenue of HK\$856 million (2015: HK\$871 million) and an operating profit of HK\$73.5 million (2015: HK\$81.9 million). The decrease in revenue of the division was mainly due to the drop in revenue of the drilling business of the division as certain infrastructure projects in Hong Kong are entering into the stage of completion in the near future which suppressed the demand for drilling and site investigation. The division recorded an improved gross profit margin which was due to the award of certain technically complex and sizeable projects in 2015 and the continuing successful implementation of stringent project cost control policies. However, due to the increase in staff costs as well as the increase in depreciation charges, which was resulted from plant and machinery acquired during the last 12 months ended 30 June 2016 and the reduction of the estimated useful lives of certain plant and machineries, the operating profit decreased. The division adjusts its tendering strategy by lowering the profit margin in bidding new contracts to deal with the combined impacts of reducing sizeable public and private projects and increasing competition amongst market players. Despite the current market condition, the board of directors of Chinney Kin Wing is conservatively positive to the long-term demands in the foundation and construction sectors, in particular, the need for providing 460,000 public and private housing units in the next decade.

### ***Other businesses***

Other businesses include the holding of properties for the Group’s own use and investment, and the distribution of aviation system and other hi-tech products engaged by Chinney Alliance Engineering Limited (“CAE”). CAE recorded a revenue of HK\$12 million (2015: HK\$8 million) and an operating loss of HK\$0.6 million (2015: loss of HK\$1.0 million). The new air traffic management system of the Hong Kong airport has commenced phased functional implementation since June 2016. The construction of the Three-Runway System kicked off in August 2016 with estimated completion in 2024. CAE will have many business opportunities to participate in this development.

The properties holding recorded a loss of HK\$0.6 million which was mainly due to depreciation charges.

The Group’s share of the profits and losses of associates reported net profit of HK\$0.3 million (2015: net losses of HK\$0.5 million), which represented share of the results of the Group’s investment in a real estate property in Hangzhou, the People’s Republic of China (the “PRC”) held for rental income. The improved performance was due to better occupancy rate.

## REVIEW OF OPERATIONS

### FINANCIAL REVIEW

#### *Liquidity and financial resources*

Total interest-bearing debts of the Group amounted to HK\$111.8 million as at 30 June 2016 (31 December 2015: HK\$178.2 million), of which HK\$109.4 million or 98% (31 December 2015: HK\$175.4 million or 98%) were classified as current liabilities. Included in the current portion of bank and other borrowings were trust receipt loans of HK\$108.6 million (31 December 2015: HK\$171.5 million), which represented trade financing for purchases of goods by the Group's Plastic Trading division and the purchases of materials and equipment for installation for the projects of the Group's Building Services division. Current ratio of the Group as at 30 June 2016, measured by total current assets over total current liabilities, was 1.4 (31 December 2015: 1.3). Total unpledged cash and bank balances as at 30 June 2016 was HK\$808.6 million (31 December 2015: HK\$792.6 million). The increase in unpledged bank balances was mainly due to cash generated from operations, less purchases of plant and machinery of HK\$38.7 million, mainly by Chinney Kin Wing Group, net repayment of bank loans of HK\$63.4 million and dividend paid during the period.

The Group had a total of HK\$1,053 million undrawn banking facilities at period-end available for its working capital, trade finance and issue of performance/surety bonds. The gearing ratio of the Group, measured by total interest-bearing borrowings of HK\$111.8 million over the equity attributable to the owners of the Company of HK\$1,273 million, was 8.8% as at 30 June 2016 (31 December 2015: 14.5%).

#### *Funding and treasury policy*

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with leading banks. Borrowings are mainly denominated in Hong Kong dollars and bear interest at floating rates. Forward contracts of non-speculative nature are entered to hedge the foreign currency trade purchase commitments of the Group when desirable.

#### *Pledge of assets*

As at 30 June 2016, certain properties and a time deposit having aggregate book value of HK\$149.6 million and HK\$1 million respectively were pledged to banks to secure certain bank loans and general banking facilities extended to the Group. In addition, time deposits of HK\$15.7 million were pledged to certain banks to secure the performance/surety bonds issued in favour of the Group's clients on contracting works.

#### *Contingent liability*

Details of the contingent liabilities of the Group are set out in note 13 to the condensed consolidated interim financial statements.

#### *Employees and remuneration policies*

The Group employed approximately 1,530 staff in Hong Kong and other parts of the PRC as at 30 June 2016. Remuneration packages are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments and year-end discretionary bonuses, the Group also provides other employment benefits including medical insurance cover, provident fund and educational subsidies to eligible staff.

### OUTLOOK

The recovery of the global economy was still in slow pace during the first half of 2016. The referendum of the United Kingdom voted in favour of leaving the European Union in late June 2016 brought uncertainties to the already fragile recovery of the Europe and the global economy. In August 2016, the Bank of England announced aggressive easing package which included interest rate cut for households and businesses, expansion of asset purchase programme for UK government bonds, purchases of corporate bonds and launch of term funding scheme to lower lending rate to banks to stimulate the British economy. Given the uncertainties on the timing of Brexit and future negotiations on trade relationships between UK and EU, as well as other global trading partners, the global economy will be volatile in the coming years. The US economy continues modest growth with continuing improvement employment rate and rise of inflation rate which are close to the targets of US Federal Reserve. The market speculates how quick the US Federal Reserve rate will rise in this year. In China, the GDP in the second quarter of 2016 reported 6.7% growth with increase in contribution from consumption and decrease in contribution from investment. China is still in the progress to transform its economy from export-oriented to self-sustaining growth driven by domestic consumption. While the average wage and standard of living of China citizens continue to improve, the domestic market is expected to be prospering.

The Hong Kong economy recorded modest growth by 1.6% in real GDP in the second quarter of 2016, comparing to a contraction of 0.5% in the first quarter of 2016. The unemployment rate remained unchanged at 3.4% in the second quarter. The growth in private consumption and exports goods contributed to the growth in GDP. Although the investment expenditure still declined, the overall building and construction shows remarkable improvement. The approval of the implementation plan for Shenzhen-Hong Kong Stock Connect will facilitate the further opening-up of the capital markets of the Mainland China. On the other hand, funds from international investors to invest in Mainland's market through Hong Kong market will reinforce Hong Kong's position as an international financial centre. The Group's Plastic Trading division continues to face a tough year under the current global economy environment. With the depreciation of Renminbi, the China export may gain some competitive advantage but China is transforming to rely on domestic consumption and services to support future economic growth so the development in China domestic market will be crucial to enlarge the division's earning base. On the building construction side, the competition is still very keen as evidenced by the very competitive tender prices. The supply of public housing, the new runway of the airport and projects from private sector will provide business opportunities to the Group. With satisfactory level outstanding contracts on hand, the Group's construction related businesses will seek new tender opportunities and monitor projects cautiously to maintain profitability and liquidity.

### APPRECIATION

I would like to thank my fellow directors for their valuable advice and support and all staff for their hard work and contribution for the success during the period under review.

By Order of the Board  
**James Sai-Wing Wong**  
*Chairman*

Hong Kong, 30 August 2016



## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>REVENUE</b>	3	<b>2,227,079</b>	2,170,305
Cost of sales/services provided		<b>(1,886,445)</b>	(1,895,311)
Gross profit		<b>340,634</b>	274,994
Other income	3	<b>4,227</b>	4,337
Selling and distribution costs		<b>(6,763)</b>	(5,456)
Administrative expenses		<b>(215,206)</b>	(173,340)
Other operating expenses, net		<b>(9,645)</b>	(2,564)
Finance costs	4	<b>(1,617)</b>	(2,460)
Share of profits and losses of associates		<b>271</b>	(489)
<b>PROFIT BEFORE TAX</b>	5	<b>111,901</b>	95,022
Income tax expense	6	<b>(22,307)</b>	(17,652)
<b>PROFIT FOR THE PERIOD</b>		<b>89,594</b>	77,370
Attributable to:			
Owners of the Company		<b>74,260</b>	77,370
Non-controlling interests		<b>15,334</b>	–
		<b>89,594</b>	77,370
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	7		
Basic and diluted		<b>HK12.48 cents</b>	HK13.01 cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>89,594</b>	77,370
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations and net other comprehensive income to be reclassified to profit or loss in subsequent periods	(1,180)	79
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>88,414</b>	77,449
Attributable to:		
Owners of the Company	73,080	77,449
Non-controlling interests	15,334	–
	<b>88,414</b>	77,449

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		785,286	810,598
Investment properties		16,864	16,864
Investment in an associate		47,350	47,043
Investment in a joint venture		–	–
Goodwill		12,528	12,528
Deferred tax assets		260	612
Other assets		2,345	2,345
Total non-current assets		<u>864,633</u>	<u>889,990</u>
<b>CURRENT ASSETS</b>			
Inventories		55,286	87,317
Gross amount due from contract customers		199,340	274,368
Trade receivables	9	488,372	420,532
Retention monies receivable		437,844	395,830
Amount due from a joint venture		967	967
Prepayments, deposits and other receivables		97,190	57,378
Tax recoverable		792	853
Pledged time deposits		16,685	19,465
Cash and cash equivalents		808,583	792,555
Total current assets		<u>2,105,059</u>	<u>2,049,265</u>
<b>CURRENT LIABILITIES</b>			
Gross amount due to contract customers		917,448	785,272
Trade and bills payables	10	190,343	295,372
Trust receipt loans		108,571	171,545
Retention monies payable		164,641	148,537
Other payables and accruals		100,313	113,673
Tax payable		29,642	19,519
Interest-bearing bank borrowings		864	3,891
Total current liabilities		<u>1,511,822</u>	<u>1,537,809</u>
<b>NET CURRENT ASSETS</b>		<u>593,237</u>	511,456
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,457,870</u>	1,401,446
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		2,325	2,754
Deferred tax liabilities		88,993	79,334
Total non-current liabilities		<u>91,318</u>	82,088
Net assets		<u>1,366,552</u>	<u>1,319,358</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	11	<b>59,490</b>	59,490
Reserves		<b>1,213,190</b>	1,169,855
		<b>1,272,680</b>	1,229,345
Non-controlling interests		<b>93,872</b>	90,013
Total equity		<b>1,366,552</b>	1,319,358

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Issued capital	Share premium account	Contributed surplus	Asset revaluation reserve	Legal reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2016	59,490	60,978	120,946	237,484	49	(852)	751,250	1,229,345	90,013	1,319,358
Profit for the period	-	-	-	-	-	-	74,260	74,260	15,334	89,594
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(1,180)	-	(1,180)	-	(1,180)
Total comprehensive income for the period	-	-	-	-	-	(1,180)	74,260	73,080	15,334	88,414
Release of revaluation reserve on land and buildings to retained profits	-	-	-	(4,271)	-	-	4,271	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(11,475)	(11,475)
Final 2015 dividend declared	-	-	-	-	-	-	(29,745)	(29,745)	-	(29,745)
<b>At 30 June 2016</b>	<b>59,490</b>	<b>60,978*</b>	<b>120,946*</b>	<b>233,213*</b>	<b>49*</b>	<b>(2,032)*</b>	<b>800,036*</b>	<b>1,272,680</b>	<b>93,872</b>	<b>1,366,552</b>
At 1 January 2015	59,490	60,978	120,946	237,792	49	2,656	469,491	951,402	-	951,402
Profit for the period	-	-	-	-	-	-	77,370	77,370	-	77,370
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	79	-	79	-	79
Total comprehensive income for the period	-	-	-	-	-	79	77,370	77,449	-	77,449
Release of revaluation reserve on land and buildings to retained profits	-	-	-	(3,991)	-	-	3,991	-	-	-
Final 2014 dividend declared	-	-	-	-	-	-	(23,796)	(23,796)	-	(23,796)
At 30 June 2015	59,490	60,978	120,946	233,801	49	2,735	527,056	1,005,055	-	1,005,055

\* These reserve accounts comprise the consolidated reserves of HK\$1,213,190,000 in the condensed consolidated statement of financial position.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		111,901	95,022
Adjustments for:			
Finance costs	4	1,617	2,460
Share of profits and losses of associates		(271)	489
Depreciation	5	46,681	31,154
Bad debts written off	5	–	1
Provision/(write-back of provision) for inventories included in cost of inventories sold		83	(1,694)
Loss on disposal of items of property, plant and equipment, net	5	15,321	2,336
Gain on dissolution of a former associate	5	(6,243)	–
Interest income	3	(2,016)	(1,937)
		167,073	127,831
Decrease in inventories		31,948	11,104
Decrease/(increase) in gross amount due from contract customers		75,381	(51,289)
Decrease/(increase) in trade receivables		(67,840)	48,062
Increase in retention monies receivable		(42,014)	(52,763)
Increase in prepayments, deposits and other receivables		(40,920)	(5,385)
Increase in gross amount due to contract customers		132,176	164,228
Decrease in trade and bills payables		(105,029)	(2,682)
Increase in retention monies payable		16,104	19,563
Decrease in other payables and accruals		(13,360)	(16,548)
		153,519	242,121
Cash generated from operations		153,519	242,121
Interest received		934	858
Interest paid		(1,617)	(2,460)
Dividend paid		(29,745)	(23,796)
Dividend paid to non-controlling shareholders		(11,475)	–
Hong Kong profits tax paid, net		(1,659)	(1,426)
Overseas tax paid, net		(428)	–
		109,529	215,297
Net cash flows from operating activities		109,529	215,297
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of items of property, plant and equipment		(38,736)	(66,566)
Purchase of a subsidiary		–	(11,614)
Proceeds from disposals of items of property, plant and equipment		1,691	5
Proceeds from dissolution of a former associate		7,351	–
		(29,694)	(78,175)
Net cash flows used in investing activities		(29,694)	(78,175)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<i>Notes</i>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/(decrease) in trust receipt loans	(62,974)	24,064
New bank loans	–	64,563
Repayment of bank loans	(428)	(63,936)
Decrease/(increase) in pledged time deposits	2,780	(1,734)
Net cash flows from/(used in) financing activities	(60,622)	22,957
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	790,527	371,578
Effect of foreign exchange rate changes, net	(157)	161
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>809,583</b>	<b>531,818</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	385,925	376,754
Non-pledged time deposits with original maturity of less than three months when acquired	422,658	158,949
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	808,583	535,703
Time deposit with original maturity of less than three months when acquired, pledged as security for bank overdraft facility	1,000	1,000
Bank overdrafts	–	(4,885)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	809,583	531,818

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for investment properties and certain buildings classified as property, plant and equipment, which have been measured at fair value. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015, except as described below. In the current period, the Group has applied, for the first time, the following revised Hong Kong Financial Reporting Standards (“HKFRSs”, which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA which are effective for the Group’s financial year beginning on 1 January 2016.

Amendments to HKFRS 10 HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011) <i>Annual Improvements 2012-2014 Cycle</i>	<i>Equity Method in Separate Financial Statements</i> Amendments to a number of HKFRSs

The adoption of the above revised HKFRSs has had no significant financial effect on this interim financial information and there have been no significant changes to the accounting policies applied in this interim financial information.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the trading of plastics and chemical products, provision of building related contracting services, provision of foundation piling works and sub-structure works, building construction works for both public and private sectors and others, which include distribution of aviation system and other hi-tech products and property holding. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Operating segments are reported in a manner consistent with the internal reporting provided to key management personnel.

Segment assets exclude investment in an associate and other unallocated head office and corporate assets as there are managed on a group basis.

Segment liabilities excluded other allocated head office and corporate liabilities as there are managed on a group basic.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales make to third parties at the true prevailing market prices.

#### Six months ended 30 June 2016

	Plastic and chemical products (Unaudited) HK\$'000	Building related contracting services (Unaudited) HK\$'000	Building construction (Unaudited) HK\$'000	Foundation piling and ground investigation (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Segment revenue:</b>						
Sales to external customers	259,570	647,618	451,881	855,587	12,423	2,227,079
Intersegment sales	147	23,879	–	30,434	–	54,460
Other revenue	809	241	1	112	628	1,791
	<u>260,526</u>	<u>671,738</u>	<u>451,882</u>	<u>886,133</u>	<u>13,051</u>	<u>2,283,330</u>
<i>Reconciliation:</i>						
Elimination of intersegment sales						<u>(54,460)</u>
Revenue						<u>2,228,870</u>
<b>Segment results</b>	<b>2,435</b>	<b>19,647</b>	<b>22,264</b>	<b>73,492</b>	<b>(1,161)</b>	<b>116,677</b>
<i>Reconciliation:</i>						
Gain on dissolution of a former associate						6,243
Interest income and unallocated gains						2,436
Unallocated expenses						(13,726)
Share of profit and loss of an associate						<u>271</u>
Profit before tax						<u>111,901</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 2. OPERATING SEGMENT INFORMATION *(continued)*

As at 30 June 2016

	Plastic and chemical products (Unaudited) <i>HK\$'000</i>	Building related contracting services (Unaudited) <i>HK\$'000</i>	Building construction (Unaudited) <i>HK\$'000</i>	Foundation piling and ground investigation (Unaudited) <i>HK\$'000</i>	Others (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Segment assets</b>	301,760	583,000	517,394	1,124,255	170,641	2,697,050
<i>Reconciliation:</i>						
Elimination of intersegment receivables						(22,245)
Investment in an associate						47,350
Corporate and other unallocated assets						<u>247,537</u>
Total assets						<u>2,969,692</u>
<b>Segment liabilities</b>	106,650	414,339	267,732	688,398	26,956	1,504,075
<i>Reconciliation:</i>						
Elimination of intersegment payables						(22,245)
Corporate and other unallocated liabilities						<u>121,310</u>
Total liabilities						<u>1,603,140</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 2. OPERATING SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2015

	Plastic and chemical products (Unaudited) <i>HK\$'000</i>	Building related contracting services (Unaudited) <i>HK\$'000</i>	Building construction (Unaudited) <i>HK\$'000</i>	Foundation piling and ground investigation (Unaudited) <i>HK\$'000</i>	Others (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>Segment revenue:</b>						
Sales to external customers	274,654	502,657	513,978	871,355	7,661	2,170,305
Intersegment sales	–	17,424	–	–	65	17,489
Other revenue	2,025	217	1	51	631	2,925
	<u>276,679</u>	<u>520,298</u>	<u>513,979</u>	<u>871,406</u>	<u>8,357</u>	<u>2,190,719</u>
<i>Reconciliation:</i>						
Elimination of intersegment sales						<u>(17,489)</u>
Revenue						<u>2,173,230</u>
<b>Segment results</b>	4,607	14,998	5,950	81,924	(1,695)	105,784
<i>Reconciliation:</i>						
Interest income and unallocated gains						1,412
Unallocated expenses						(11,685)
Share of profits and losses of associates						<u>(489)</u>
Profit before tax						<u>95,022</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 2. OPERATING SEGMENT INFORMATION *(continued)*

As at 31 December 2015

	Plastic and chemical products (Audited) <i>HK\$'000</i>	Building related contracting services (Audited) <i>HK\$'000</i>	Building construction (Audited) <i>HK\$'000</i>	Foundation piling and ground investigation (Audited) <i>HK\$'000</i>	Others (Audited) <i>HK\$'000</i>	Total (Audited) <i>HK\$'000</i>
<b>Segment assets</b>	322,982	603,053	505,776	1,050,415	173,618	2,655,844
<i>Reconciliation:</i>						
Elimination of intersegment receivables						(18,790)
Investment in an associate						47,043
Corporate and other unallocated assets						<u>255,158</u>
Total assets						<u>2,939,255</u>
<b>Segment liabilities</b>	128,798	453,729	275,640	643,432	28,133	1,529,732
<i>Reconciliation:</i>						
Elimination of intersegment payables						(18,790)
Corporate and other unallocated liabilities						<u>108,955</u>
Total liabilities						<u>1,619,897</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 3. REVENUE AND OTHER INCOME

	Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Revenue</b>		
Sale of goods	271,993	282,315
Construction contracts	1,955,086	1,887,990
	<u>2,227,079</u>	<u>2,170,305</u>
<b>Other Income</b>		
Interest income	2,016	1,937
Commission income	727	1,375
Gross rental income	628	631
Others	856	394
	<u>4,227</u>	<u>4,337</u>

### 4. FINANCE COSTS

	Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interest on bank loans and overdrafts	1,617	2,460

No interest was capitalised by the Group in both periods.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 5. PROFIT BEFORE TAX

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

	<b>Six months ended 30 June</b>	
	<b>2016</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2015</b> <b>(Unaudited)</b> <b>HK\$'000</b>
Depreciation	<b>46,681</b>	31,154
Employee benefit expense (including directors' remuneration)	<b>119,664</b>	91,173
Bad debts written off*	–	1
Loss on disposal of items of property, plant and equipment, net*	<b>15,321</b>	2,336
Gain on dissolution of a former associate*	<b>(6,243)</b>	–
Foreign exchange differences, net*	<b>567</b>	227

\* These expenses/(income) are included in "Other operating expenses, net" in the condensed consolidated statement of profit or loss.

### 6. INCOME TAX

	<b>Six months ended 30 June</b>	
	<b>2016</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2015</b> <b>(Unaudited)</b> <b>HK\$'000</b>
Current – Hong Kong		
Charge for the period	<b>10,734</b>	15,630
Over provision in prior years	–	(10)
Current – Elsewhere	<b>1,563</b>	1,175
Deferred	<b>10,010</b>	857
Total tax charge for the period	<b>22,307</b>	17,652

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 period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$74,260,000 (2015: HK\$77,370,000) and 594,899,245 ordinary shares in issue during both periods.

No adjustment has been made to the basic earnings per share amounts presented for the periods ended 30 June 2016 and 2015 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during both periods.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

The final dividend of HK5.0 cents per ordinary share for the year ended 31 December 2015 was approved by the Company's shareholders at the annual general meeting of the Company held on 1 June 2016 and paid on 27 June 2016.

### 9. TRADE RECEIVABLES

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Trade receivables	<b>499,541</b>	431,701
Impairment	<b>(11,169)</b>	(11,169)
	<b>488,372</b>	420,532

The Group's trading terms with its customers are mainly on credit. The credit periods range from cash on delivery to 60 days. A longer credit period may be allowed to customers with good business relationships with the Group. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade 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 receivable balances. Trade receivables are non-interest bearing.

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

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Current to 30 days	<b>352,481</b>	278,724
31 to 60 days	<b>78,688</b>	92,784
61 to 90 days	<b>26,579</b>	23,561
Over 90 days	<b>30,624</b>	25,463
	<b>488,372</b>	420,532

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 10. TRADE AND BILLS PAYABLES

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Trade payables	<b>173,000</b>	278,797
Bills payable	<b>17,343</b>	16,575
	<b>190,343</b>	295,372

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Current to 30 days	<b>112,610</b>	221,670
31 to 60 days	<b>30,446</b>	27,851
61 to 90 days	<b>9,109</b>	14,865
Over 90 days	<b>20,835</b>	14,411
	<b>173,000</b>	278,797

The trade payables are non-interest bearing and are normally settled within terms of 60 to 120 days.

### 11. SHARE CAPITAL

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Authorised: 2,500,000,000 (31 December 2015: 2,500,000,000) ordinary shares of HK\$0.10 each	<b>250,000</b>	250,000
Issued and fully paid: 594,899,245 (31 December 2015: 594,899,245) ordinary shares of HK\$0.10 each	<b>59,490</b>	59,490



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 12. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the period:

	Notes	Six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Management fee to a major shareholder	(i)	1,500	–
Share of rental and office expenses with a related company	(ii)	1,468	1,458
Interest income from an associate	(iii)	1,378	1,375
Construction contract income from a related company	(iv)	–	24

Notes:

- (i) The management fee was charged by Chinney Investments, Limited (“Chinney Investments”) based on the time involvement of the personnel providing services. Dr. James Sai-Wing Wong, a director of the Company, is also a director of and has beneficial interests in Chinney Investments. Mr. Herman Man-Hei Fung and Mr. James Sing-Wai Wong are common directors of the Company and Chinney Investments.
- (ii) The rental and office expenses were charged by Hon Kwok Land Investment Company, Limited (“Hon Kwok”), a subsidiary of Chinney Investments, on an actual basis. Dr. James Sai-Wing Wong is a director of and has a beneficial interest in Hon Kwok. Mr. Herman Man-Hei Fung and Mr. Yuen-Keung Chan are common directors of the Company and Hon Kwok.
- (iii) The interest income was charged on a loan to an associate, Fineshade Investments Limited, at 9.7% per annum.
- (iv) Construction contract income represented the value of building maintenance works and building services installation works certified during the period from a subsidiary of Hon Kwok.

(b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Short-term employee benefits	36,811	29,046
Post-employment benefits	818	753
Total compensation paid to key management personnel	37,629	29,799

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 13. CONTINGENT LIABILITY

As at 30 June 2016, the Group provided corporate guarantees and indemnities to certain banks and financial institutions for an aggregate amount of HK\$601,774,000 to secure the surety/performance bonds issued in favour of the Group's clients on contracting works. The amount included surety/performance bonds issued in favour of the clients of Chinney Kin Wing Group of which corporate guarantees and indemnities of HK\$258,516,000 were provided by Chinney Kin Wing Group.

Save as disclosed above, the Group had no other material contingent liabilities as at 30 June 2016.

### 14. OPERATING LEASE ARRANGEMENTS

#### (a) As lessor

During the period, the Group leases certain of its investment properties under operating lease arrangements, with leases negotiated for terms of two years (31 December 2015: two year). The terms of the leases generally also require the tenants to pay security deposits.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants due as follows:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Within one year	<b>1,215</b>	100
In the second to fifth years, inclusive	<b>708</b>	–
	<b>1,923</b>	100

#### (b) As lessee

The Group leases certain of its office properties under operation lease arrangements. Leases for properties are negotiated for terms ranging from one to five years (31 December 2015: one to five years).

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Within one year	<b>4,028</b>	5,706
In the second to fifth years, inclusive	<b>1,518</b>	1,469
	<b>5,546</b>	7,175

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 15. COMMITMENTS

In addition to the operating lease commitments detailed in note 14 above, the Group had the following capital commitments as at end of the reporting period:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Contracted, but not provided for:		
Plant and machinery	<b>2,315</b>	11,913
Intangible assets	–	102
Capital contribution to a subsidiary	–	1,192
	<b>2,315</b>	13,207

### 16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	<b>Carrying amounts</b>		<b>Fair Values</b>	
	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
<b>Financial liabilities</b>				
Interest-bearing bank borrowings	<b>3,189</b>	6,645	<b>3,189</b>	6,645

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, trade and bills payables, retention monies receivable and payable, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, loan to an associate and amount due from a joint venture approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

The fair values of the non-current portion of interest-bearing bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2016 was assessed to be insignificant.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

#### *Fair value hierarchy*

As at 30 June 2016 and 31 December 2015, the Group did not have any financial assets measured at fair value.

The Group did not have any financial liabilities measured at fair value as at 30 June 2016 and 31 December 2015. As at 30 June 2016, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank borrowings of HK\$3,189,000 (31 December 2015: HK\$6,645,000). The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (Level 2).

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2015: Nil).

## OTHER INFORMATION

### CORPORATE GOVERNANCE

#### ***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") set out in Appendix 10 of the Listing Rules. On specific enquiries made, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2016.

#### ***Compliance with the Code on Corporate Governance Practices***

In the opinion of the directors, the Company has complied with all relevant code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2016, except A.4.1, A.4.2, A.5.1 to A.5.4 and A.6.7, which are explained below.

1. Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election and that code provision A.4.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The existing non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation and re-election at the Company's annual general meeting under the Bye-laws of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

According to the provisions of the Company's Bye-laws, at each annual general meeting one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation save that the Chairman and/or the Managing Director of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year.

Dr. James Sai-Wing Wong, the beneficial owner of Chinney Investments, Enhancement Investments Limited ("EIL") and Chinney Capital Limited, which collectively hold approximately 73.43% interest in the Company, is the Chairman of the Board to safeguard their investments in the Company. In addition, the Board considers that the continuity of the office of the chairman and managing director provide the Group with a strong and consistent leadership for the smooth operation of the businesses of the Group. As a result, the Board concurred that the chairman and the managing director need not be subject to retirement by rotation.

2. Code provisions A.5.1 to A.5.4 of the CG Code in respect of the establishment, terms of reference and resources of a nomination committee. 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.

**CORPORATE GOVERNANCE** (continued)**Compliance with the Code on Corporate Governance Practices** (continued)

3. Code provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Herman Man-Hei Fung and Mr. Chi-Chiu Wu, being non-executive directors of the Company and an executive director Mr. James Sing-Wai Wong, did not attend the annual general meeting of the Company held on 1 June 2016 due to engagement in their own business.

**Audit Committee**

Regular meetings have been held by the audit committee of the Company (the "Audit Committee") since establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Company's interim results for the six months ended 30 June 2016 has not been audited, but has been reviewed by the Audit Committee.

**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 June 2016, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company and 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 pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code in the Listing Rules, were as follows:

**Long positions in ordinary shares of the Company**

Name of Director	Number of shares held, capacity and nature of interest			Total	Percentage of the Company's issued share capital
	Personal interests	Family interests	Corporate interests		
James Sai-Wing Wong	–	–	436,860,216 (Note)	436,860,216	73.43%

Note: Among these shares, 20,522,000 shares are held by Chinney Capital Limited, 173,093,695 shares are held by Multi-Investment Group Limited ("Multi-Investment") and 243,244,521 shares are held by EIL, all of which Dr. James Sai-Wing Wong is a director and has beneficial interests.

Save as disclosed above, as at 30 June 2016, none of the directors had registered an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the six-month period ended 30 June 2016 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2016, the interests and short positions of those persons in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company under Section 336 of the SFO were as follows:

#### *Long positions in ordinary shares of the Company*

<b>Name</b>	<b>Notes</b>	<b>Capacity and nature of interest</b>	<b>Number of ordinary shares held</b>	<b>Percentage of the Company's issued share capital</b>
James Sai-Wing Wong	1, 2, 3	Interest through controlled corporations	436,860,216	73.43%
Lucky Year Finance Limited	1	Interest through a controlled corporation	173,093,695	29.10%
Chinney Holdings Limited	1	Interest through a controlled corporation	173,093,695	29.10%
Chinney Investments	1	Interest through a controlled corporation	173,093,695	29.10%
Newsworthy Resources Limited	1	Interest through a controlled corporation	173,093,695	29.10%
Multi-Investment EIL	1 2	Beneficial owner Beneficial owner	173,093,695 243,244,521	29.10% 40.89%

Notes:

1. Dr. James Sai-Wing Wong, Lucky Year Finance Limited, Chinney Holdings Limited, Chinney Investments, Newsworthy Resources Limited and Multi-Investment are deemed to be interested in the same parcel of 173,093,695 shares by virtue of section 316 of the SFO;
2. EIL is beneficially wholly owned by Dr. James Sai-Wing Wong; and
3. 20,522,000 shares are held by Chinney Capital Limited, which is beneficially wholly owned by Dr. James Sai-Wing Wong.

Save as disclosed above, as at 30 June 2016, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares, underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed shares during the six months ended 30 June 2016.