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

2013-14 ANNUAL RESULTS ANNOUNCEMENT

RESULTS

The directors (the “Directors”) of Chinney Investments, Limited (the “Company”) are pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2014 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 31 March	
		2014	2013
		HK\$'000	HK\$'000
	Notes		
Revenue	2	496,323	363,330
Cost of sales		(269,811)	(197,261)
Gross profit		226,512	166,069
Other income	3	12,641	16,647
Gain on disposal of investment properties, net		1,057	2,269
Fair value gains on investment properties, net		590,308	421,624
Gain on disposal of equity investments at fair value through profit or loss		7,944	-
Fair value gain on equity investments at fair value through profit or loss, net		47	10,697
Selling and distribution expenses		(18,435)	(14,550)
Administrative and other operating expenses, net		(140,316)	(114,149)
Finance costs	4	(83,155)	(59,782)
Share of profits and losses of a joint venture and associates		30,395	14,497
Profit before tax	5	626,998	443,322
Income tax expense	6	(187,902)	(25,078)
Profit for the year		439,096	418,244
Attributable to:			
Owners of the Company		256,490	242,540
Non-controlling interests		182,606	175,704
		439,096	418,244

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

	<i>Note</i>	For the year ended 31 March	
		2014	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings per share attributable to ordinary equity holders of the Company	7		
Basic and diluted		<u>HK46.52 cents</u>	<u>HK43.99 cents</u>

Details of the proposed final dividend for the year are disclosed in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	439,096	418,244
Other comprehensive income/(loss)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of associates	928	(37)
Exchange differences on translation of foreign operations	(18,749)	114,339
Other comprehensive income/(loss) for the year, net of tax	(17,821)	114,302
Total comprehensive income for the year	421,275	532,546
Attributable to:		
Owners of the Company	237,860	303,224
Non-controlling interests	183,415	229,322
	421,275	532,546

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 March 2014 HK\$'000	31 March 2013 HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		94,338	102,762
Prepaid land lease payments		11,567	12,792
Investment properties	9	7,340,072	6,126,039
Investments in associates		519,423	493,292
Investment in a joint venture		199	199
Deferred tax assets		-	243
Loan receivables		-	1,103
Total non-current assets		7,965,599	6,736,430
CURRENT ASSETS			
Inventories		3,071	6,060
Properties held for sale under development and completed properties held for sale		2,535,364	2,203,230
Prepaid land lease payments		1,294	1,261
Equity investments at fair value through profit or loss		657	64,736
Trade and bills receivables	10	19,786	20,299
Prepayments, deposits and other receivables		96,257	65,205
Amount due from a related company		-	496
Tax recoverable		2,813	1,194
Pledged deposits		116,370	120,803
Cash and cash equivalents		820,044	463,305
Total current assets		3,595,656	2,946,589
CURRENT LIABILITIES			
Trade payables and accrued liabilities	11	177,151	116,553
Customer deposits		224,402	91,445
Tax payable		89,260	76,121
Interest-bearing bank borrowings		2,024,588	1,402,316
Total current liabilities		2,515,401	1,686,435

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

		31 March 2014	31 March 2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CURRENT ASSETS		<u>1,080,255</u>	<u>1,260,154</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,045,854</u>	<u>7,996,584</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		2,733,303	2,264,333
Deferred tax liabilities		<u>472,868</u>	<u>310,360</u>
Total non-current liabilities		<u>3,206,171</u>	<u>2,574,693</u>
Net assets		<u>5,839,683</u>	<u>5,421,891</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	12	405,411	137,842
Reserves		3,247,821	2,821,434
Proposed final dividend		<u>27,568</u>	<u>27,568</u>
		3,680,800	2,986,844
Non-controlling interests		<u>2,158,883</u>	<u>2,435,047</u>
Total equity		<u>5,839,683</u>	<u>5,421,891</u>

Notes:

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

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. 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.

Changes in accounting policies and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i> (early adopted)
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
<i>Annual Improvements 2009-2011 Cycle</i>	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

- (a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled. As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group. The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 April 2013.

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

(Continued)

- (b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).
- (c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.
- (d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.
- (e) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.
- (f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.
- (g) HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

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

(Continued)

- (h) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 April 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.
- (i) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- *HKAS 1 Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- *HKAS 32 Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

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 miscellaneous rental income generated by the Group other than income received from its investment properties and property management service fee income.

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 before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, unallocated gains and expenses, finance costs, share of profits and losses of a joint venture and associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, equity investments at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate 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 2014

	Garment HK\$'000	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue:					
Sales to external customers	114,086	177,009	168,474	36,754	<u>496,323</u>
Segment results	(20,260)	56,907	643,400	3,219	<u>683,266</u>
<i>Reconciliation:</i>					
Interest income					5,408
Dividend income and unallocated gains					9,035
Corporate and other unallocated expenses					(17,951)
Finance costs					(83,155)
Share of profits and losses of a joint venture and associates					<u>30,395</u>
Profit before tax					<u>626,998</u>

For the year ended 31 March 2013

	Garment HK\$'000	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue:					
Sales to external customers	124,960	43,415	155,765	39,190	<u>363,330</u>
Segment results	1,860	10,964	468,462	3,599	<u>484,885</u>
<i>Reconciliation:</i>					
Interest income					7,208
Dividend income and unallocated gains					11,832
Corporate and other unallocated expenses					(15,318)
Finance costs					(59,782)
Share of profits and losses of a joint venture and associates					<u>14,497</u>
Profit before tax					<u>443,322</u>

2. OPERATING SEGMENT INFORMATION *(Continued)*

At 31 March 2014					
	Garment HK\$'000	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
Segment assets	77,198	2,671,435	7,855,590	1,585,691	12,189,914
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(2,088,165)
Investments in associates					519,423
Investment in a joint venture					199
Corporate and other unallocated assets					<u>939,884</u>
Total assets					<u>11,561,255</u>
Segment liabilities	15,084	1,394,805	537,653	542,176	2,489,718
<i>Reconciliation:</i>					
Elimination of intersegment payables					(2,088,165)
Corporate and other unallocated liabilities					<u>5,320,019</u>
Total liabilities					<u>5,721,572</u>

For the year ended 31 March 2014					
	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	2,100	-	588,208	-	590,308
Depreciation and amortisation	1,643	1,157	1,938	8,796	13,534
Capital expenditure *	<u>180</u>	<u>177</u>	<u>638,607</u>	<u>864</u>	<u>639,828</u>

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

At 31 March 2013

	Garment HK\$'000	Property development HK\$'000	Property investment HK\$'000	Others HK\$'000	Total HK\$'000
Segment assets	92,489	2,272,299	6,505,855	1,592,218	10,462,861
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(1,923,614)
Investments in associates					493,292
Investment in a joint venture					199
Corporate and other unallocated assets					<u>650,281</u>
Total assets					<u><u>9,683,019</u></u>
Segment liabilities	18,222	1,233,381	468,992	411,017	2,131,612
<i>Reconciliation:</i>					
Elimination of intersegment payables					(1,923,614)
Corporate and other unallocated liabilities					<u>4,053,130</u>
Total liabilities					<u><u>4,261,128</u></u>

For the year ended 31 March 2013

	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	9,200	-	412,424	-	421,624
Depreciation and amortisation	1,967	1,442	1,562	8,632	13,603
Capital expenditure *	<u>722</u>	<u>2,351</u>	<u>397,681</u>	<u>176</u>	<u>400,930</u>

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue

	2014 HK\$'000	2013 HK\$'000
Hong Kong	104,327	98,481
Mainland China	293,761	152,104
Europe	96,200	101,372
North America	1,046	10,224
Others	989	1,149
	<u>496,323</u>	<u>363,330</u>

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

(b) Non-current assets

	2014 HK\$'000	2013 HK\$'000
Hong Kong	2,601,441	2,586,482
Mainland China	4,844,536	3,655,111
	<u>7,445,977</u>	<u>6,241,593</u>

The non-current asset information above is based on the locations of the assets and excludes investments in associates, investment in a joint venture, deferred tax assets and loan receivables.

3. OTHER INCOME

	2014 HK\$'000	2013 HK\$'000
Bank interest income	5,378	7,045
Other interest income	30	163
Dividend income from listed investments at fair value through profit or loss	1,044	1,135
Management fee income received from an associate	1,500	3,000
Others	4,689	5,304
	<u>12,641</u>	<u>16,647</u>

4. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years	162,833	99,630
Interest on bank loans wholly repayable after five years	2,487	2,659
	<u>165,320</u>	<u>102,289</u>
Less: Interest capitalised under property development projects	<u>(82,165)</u>	<u>(42,507)</u>
	<u>83,155</u>	<u>59,782</u>

5. PROFIT BEFORE TAX

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

	2014 HK\$'000	2013 HK\$'000
Cost of properties sold	100,139	23,210
Cost of inventories sold	95,620	97,831
Depreciation	12,240	12,342
Amortisation of prepaid land lease payments	1,294	1,261
Minimum lease payments under operating leases on land and buildings	20,435	20,456
Auditors' remuneration	3,018	2,911
Employee benefits expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	93,139	85,171
Pension scheme contributions	2,590	3,034
	95,729	88,205
Less: Amounts capitalised under property development projects	(11,300)	(9,800)
	84,429	78,405
Gross rental income included in the following categories:		
Rental income	(202,963)	(192,718)
Other income	(762)	(728)
	(203,725)	(193,446)
Less: Outgoing expenses	74,052	76,220
	(129,673)	(117,226)
Interest income	(5,408)	(7,208)

At the end of the reporting period, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant (2013: Nil).

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	40	553
Overprovision in prior years	(20)	-
Current – Elsewhere		
Charge for the year	16,953	3,921
Overprovision in prior years	(4,211)	-
Land appreciation tax in Mainland China	10,425	5,774
Deferred	<u>164,715</u>	<u>14,830</u>
Total tax charge for the year	<u>187,902</u>	<u>25,078</u>

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\$256,490,000 (2013: HK\$242,540,000) and the number of 551,368,153 ordinary shares in issue during both years.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2014 and 2013 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during these years.

8. DIVIDEND

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Proposed final – 5 HK cents (2013: 5 HK cents) per ordinary share	<u>27,568</u>	<u>27,568</u>

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

During the year, one of the Group's investment properties under construction which was stated at cost as at 31 March 2013 are revalued on an open market, existing use basis, by independent professionally qualified valuers as its fair value can be determined reliably. This gave rise to a revaluation gain of HK\$605 million and a related deferred tax of HK\$151 million which were both recognized in the consolidated statement of profit or loss for the 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:

	2014 HK\$'000	2013 HK\$'000
Within 30 days	5,066	12,370
31 to 60 days	4,064	3,559
61 to 90 days	7,715	4,370
Over 90 days	<u>2,941</u>	<u>-</u>
Total	<u>19,786</u>	<u>20,299</u>

The Group's trading terms with its customers in the garment segment are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to four months for major customers. Each customer has a maximum credit limit. Monthly rent in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. The balance of the consideration in respect of sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancement 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\$75,373,000 (2013: HK\$28,190,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2014 HK\$'000	2013 HK\$'000
Within 30 days	73,884	23,469
31 to 60 days	1,446	4,543
61 to 90 days	36	167
Over 90 days	<u>7</u>	<u>11</u>
Total	<u>75,373</u>	<u>28,190</u>

12. SHARE CAPITAL

	2014 HK\$'000	2013 HK\$'000
Issued and fully paid:		
551,368,153 ordinary shares	<u>405,411</u>	<u>137,842</u>

A summary of the transactions during the year in the Company's issued share capital is as follows:

	Number of shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 April 2012, 31 March 2013 and 1 April 2013	551,368,153	137,842	267,569	405,411
Transfer to issued capital (<i>note</i>)	<u>-</u>	<u>267,569</u>	<u>(267,569)</u>	<u>-</u>
At 31 March 2014	<u>551,368,153</u>	<u>405,411</u>	<u>-</u>	<u>405,411</u>

Note: Pursuant to the transitional provisions for the abolition of the nominal value of share capital included in the new Hong Kong Companies Ordinance (Cap. 622) which became effective on 3 March 2014, the balance of the share premium account as at 3 March 2014 has been transferred to issued capital.

13. CONTINGENT LIABILITIES

As at 31 March 2014, the Group has given guarantees of HK\$9,518,000 (2013: HK\$7,078,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

14. EVENT AFTER THE REPORTING PERIOD

On 29 May 2014, a wholly-owned subsidiary of Hon Kwok Land Investment Company, Limited ("Hon Kwok"), a subsidiary of the Company, entered into a sale and purchase agreement for the acquisition of a villa located in Longgang District, Shenzhen, PRC from a wholly-owned subsidiary of Chinney Alliance Group Limited ("Chinney Alliance") for a cash consideration of HK\$8,063,000. The above acquisition constituted a connected transaction for both the Company and Hon Kwok and was subject to the reporting and announcement requirements but was exempt from independent shareholders' approval. A deposit of HK\$806,300 was paid upon signing of the sale and purchase agreement. The above transaction is scheduled to be completed by the end of June 2014.

DIVIDEND

The Directors recommend the payment of a final dividend of 5 Hong Kong cents per ordinary share for the year ended 31 March 2014 (2013: 5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 5 September 2014. 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 26 September 2014.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 28 August 2014. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 25 August 2014 to 28 August 2014 (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 22 August 2014.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2014 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 4 September 2014 and 5 September 2014, 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 1 September 2014. 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 3 September 2014.

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 2014.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 2014.

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 2014, 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 2014, 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 2013 and the interim results for the period ended 30 September 2013. 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 2014.

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 collectively reviews and approves the appointment of any new director as this allows a more informed and balanced decision to be made by the Board as to suitability for the role.

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 and Dr. Clement Kwok-Hung Young and Mr. Peter Man-Kong Wong, independent non-executive directors of the Company, did not attend the 2013 annual general meeting of the Company held on 29 August 2013 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 2014.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2014 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

FINANCIAL REVIEW

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK\$4,758 million as at 31 March 2014 (2013: HK\$3,667 million), of which approximately 43% (2013: 38%) of the debts were classified as current liabilities. Included therein were debts of HK\$199 million (2013: HK\$191 million) related to bank loans with repayable on demand clause and HK\$1,045 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 16%. The increase in total debts was mainly due to the refinancing of certain investment properties with increased facilities and the drawdown of construction bank loans for mainland development projects.

Total cash and bank balances including time deposits were approximately HK\$936 million as at 31 March 2014 (2013: HK\$584 million). The Group had committed but undrawn banking facilities of a total of approximately HK\$828 million at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2014 were approximately HK\$3,681 million (2013: HK\$2,987 million). The increase was mainly due to current year's profit attributable to shareholders.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK\$3,822 million (2013: HK\$3,083 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK\$5,840 million (2013: HK\$5,422 million), was 65% as at 31 March 2014 (2013: 57%).

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 monitored closely by management and hedged to the extent desirable. As at 31 March 2014, 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\$8,230 million as at 31 March 2014 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 640 employees as at 31 March 2014. 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.

FINANCIAL RESULTS

For the year ended 31 March 2014, the Group's consolidated turnover and net profit attributable to shareholders amounted to HK\$496 million (2013: HK\$363 million) and HK\$256 million (2013: HK\$243 million), respectively. Basic earnings per share were 46.52 Hong Kong cents (2013: 43.99 Hong Kong cents). The shareholders' equity grew to HK\$3,681 million (2013: HK\$2,987 million). Net assets per share attributable to shareholders were HK\$6.68 (2013: HK\$5.42).

During the year under review, the turnover recorded mainly included the property sale of a portion of Metropolitan Oasis Phase 1, in Da Li District, Nanhai, the sold units of which have been delivered to purchasers in progress and sales recognized starting from March 2013. Furthermore, the revaluation gain upon revaluation of the Group's investment properties, net of deferred tax, increased to HK\$424 million for current year (2013: HK\$397 million), thus leading to increase of the Group's overall net profit.

BUSINESS REVIEW

1. Transferable term and revolving loan facilities

In August 2013, Chinney Treasury Limited, a wholly-owned subsidiary of the Company, as borrower entered into a facility agreement relating to HK\$500 million transferable term and revolving loan facilities with a syndicate of banks. The Tenor of the loan facilities is 48 months commencing from the date of the facility agreement and use of proceeds is to finance the Group's general working capital and investment requirements.

2. Entering into the Underwriting Agreement with Hon Kwok relating to Hon Kwok Rights Issue ("Rights Issue")

In December 2013, Hon Kwok proposed to raise approximately HK\$648 million, before expenses, by a Rights Issue of 240,143,100 rights shares ("Rights Shares") at HK\$2.7 per Rights Share on the basis of one Rights Share for every two existing shares. Pursuant to the Underwriting Agreement, the Company, holding 55.79% interest in Hon Kwok before the Rights Issue had agreed to subscribe our entitlement of the Rights Shares and to underwrite the remaining Rights Shares for an underwriting commission at market rate. For details, please refer to the Company's circular dated 24 December 2013.

In January 2014, the Company fulfilled its underwriting obligation and has underwritten 65,895,310 Rights Shares. Together with its subscription of entitled Rights Shares, the Company has increased its shareholding in Hon Kwok to 64.94% immediately after the Rights Issue.

3. Property

The Group's property development and investment activities are conducted by Hon Kwok (Stock Code: 160). Hon Kwok reported a turnover of HK\$382 million (2013: HK\$238 million) and a net profit of HK\$437 million (2013: HK\$402 million) for the financial year 2013/14.

Acquisition of Properties

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

Property Development and Sales

Botanica Phase 3 寶翠園三期, Guangzhou, PRC

The **Botanica 寶翠園**, comprises 39 blocks of high-rise residential building with total gross floor area of approximately 229,000 sq.m., is situated in the greenery zone of Tian He District near the Botanical Garden. It is scheduled for development by phases. **Botanica Phases 1 and 2 寶翠園一及二期**, with total 16 blocks of over 750 units, had been sold out and profits derived therefrom had been recognized in the previous statements of profit or loss. Superstructure works of **Botanica Phase 3 寶翠園三期**, comprises 12 blocks of about 530 units, are in progress and expected to be completed by stages through financial year 2015/16. Two blocks of the above phase have been launched to the market for pre-sale. Up to the date of this announcement, about 80% has been sold and total contracted sales amounted to RMB225 million. Additional 2 blocks is scheduled to be launched to the market for pre-sale in next month upon obtaining the pre-sale consent.

Metropolitan Oasis 雅瑤綠洲, Nanhai, PRC

This project, situated in Da Li District, Nanhai with total gross floor area of approximately 273,000 sq.m., is also scheduled for development by phases. Phase I of the project comprises 71 units of completed 3-storey town houses of about 18,000 sq.m. and 24 blocks of high-rise apartments of about 121,000 sq.m. under construction which are expected to be completed by stages through financial year 2015/16. The above town houses and four blocks of apartment units have been launched to the market for sale and about 75% of which have been sold up to the date of this announcement, generated sale proceeds amounting to RMB320 million. The delivery of above sold town houses and apartment units to individual purchasers is in progress and profits derived from the delivered units have been recognized in the statements of profit or loss.

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

The development sites at Dong Guan Zhuan Road, Tian He District and 45-107 Beijing Nan Road, Yue Xiu District are both under the planning and design stage.

Enterprise Square 僑城坊, Shenzhen, PRC

The project, which measures a site area of 48,764 sq.m. and with total gross floor area of approximately 224,500 sq.m., is situated at Qiaoxiang Road North, Nanshan District. It is to be developed into 12 blocks of buildings for composite use in which Hon Kwok Group has 20% interest. Foundation works of this project will be completed by next quarter.

Property Investment

Shenzhen, PRC

Superstructure works of **Hon Kwok City Commercial Centre 漢國城市商業中心**, with total gross floor area of 128,000 sq.m. and situated at the junction of Shen Nan Zhong Road and Fu Ming Road, Futian District, are in progress. This 80-storey commercial/office/residential tower is planned to be held by the Group for recurrent rental income upon completion of construction which is expected to be in 2015.

The retail shops at ground level and the entire level 2 of the 5-storey commercial podium of **City Square** 城市天地廣場, situated at Jia Bin Road, Luo Hu District, are fully let. The average occupancy and room rates of **The Bauhinia Hotel (Shenzhen)** 寶軒酒店 (深圳), a 162-room hotel at levels 3 to 5 of the above podium and **City Suites** 寶軒公寓, a 64-unit serviced apartments atop of the same podium, are satisfactory.

Guangzhou, PRC

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

The Bauhinia Hotel (Guangzhou) 寶軒酒店 (廣州), a 166-room hotel leased by the Group and situated at Jie Fang Nan Road, Yue Xiu District, maintains an average occupancy and room rates at a satisfactory level.

Chongqing, PRC

Chongqing Hon Kwok Centre 重慶漢國中心, a 21-storey twin-tower office building atop of a 4-storey retail/commercial podium and situated in Bei Bu Xin Qu, is fully let.

The certificate of comprehensive completion of **Jinshan Shangye Zhongxin** 金山商業中心, adjacent to the above **Chongqing Hon Kwok Centre** 重慶漢國中心, is expected to be granted soon and air-conditioning and internal finishing works to be followed then. This twin-tower project, with total gross floor area of 133,502 sq.m. comprising a grade A office tower and a 5-star hotel plus serviced apartments/office building with respective retail/commercial podium, intends to be held by the Group for recurrent rental income.

Hong Kong

Above 80% of the retail areas at ground level of the hotel/apartment building at Connaught Road Central and Des Voeux Road Central is leased out. 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 aforesaid building, is over 90% with encouraging room rates whilst that of **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, approximates 80%.

The average occupancy rate of **The Bauhinia Hotel (TST)** 寶軒酒店 (尖沙咀), a 44-room boutique hotel situated at the upper floors of a 23-storey commercial/office building at Observatory Court, Tsim Sha Tsui, is about 75% with satisfactory room rates. Renovation works for conversion of the lower floors of the above building into additional 54 hotel rooms have been completed pending issuance of occupation permit and hotel licence which are expected to be obtained in the coming months. Thereafter, the whole building will be operated as a 98-room boutique hotel occupying 20 storeys with the remaining floors for lease as restaurant / commercial use.

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

The Bauhinia Groups of Hotels and Serviced Apartments

At present, about 650 guest rooms are operating under the brand name of “The Bauhinia” in Hong Kong, Shenzhen and Guangzhou to cater for the accommodation needs of short-stay or longer-term visitors/business travellers and contributing approximately 40% of the Group’s recurrent rental and service income. Upon issuance of hotel licence, additional rooms in **The Bauhinia Hotel (TST)** 寶軒酒店（尖沙咀） will be available to cope with the anticipated growth in demand from overnight visitors in Hong Kong. More hotel rooms will also be added to our portfolio upon completion of the 5-star hotel in Chongqing.

4. Garment

J.L. Garment Group, a wholly-owned subsidiary of our Company with garment factory situated at Dongguan, in Mainland China and customers/buyers mainly from the European countries, reported a turnover of HK\$114 million (2013: HK\$125 million). The net loss for the year was HK\$14.9 million (2013: profit of HK\$3.1 million) which included property revaluation gain on its investment properties of HK\$2.1 million (2013: HK\$9.2 million). Excluding the effect of property revaluation gain, the loss would be HK\$17.0 million (2013: HK\$6.1 million) for the year under review.

The business environment remained extremely tough for the export market although the major European countries exhibited signs of improvement. In the absence of sustainable growth momentum, coupled with persistent high unemployment rates in some European countries, the consumer markets continued slackening and lacked vitality. Thus, the garment manufacturing sector looks set to remain sluggish in the near term.

To strive for production efficiency, J.L. Garment Group put effort to scale down production units by reducing labour force while maintaining its manufacturing capacity at high quality level. Furthermore, it continues to broaden its customer base to develop new orders and opportunities.

Due to the upward trend in Hong Kong industrial property market, JL Garment Group recorded a property revaluation gain of HK\$2.1 million (2013: HK\$ 9.2 million) on its investment properties while the self use property in Hong Kong was carrying at historical cost which is substantially lower than the current market value. The investment properties were held for rental income.

5. Construction and Trading

Chinney Alliance, a 29.1% owned associate recorded turnover and net profit for the year ended 31 December 2013 of HK\$3,201 million (2012: HK\$2,852 million) and HK\$104.5 million (2012: HK\$49.8 million), respectively. The profit for the year included fair value gains on equity investments was HK\$21.7 million (2012: HK\$5.6 million). Excluding the effect of fair value gains on equity investments, the profit from its business operations was HK\$82.8 million (2012: HK\$44.2 million).

The foundation and building construction industries have benefited from the vast investment in infrastructure projects in Hong Kong and the expansion of hotel projects in Macau. Our foundation piling and construction related businesses recorded a substantial increase in turnover, profit margin contribution also increased due to improved cost control. The contracts on hand mainly included hotels and school projects, public housing and private development projects.

The plastic trading division recorded a slight increase in turnover amid the tough and lackluster external markets. However, as customers were more aggressive in negotiating prices, coupled with keen competition among suppliers, profit margin dropped slightly. The division continues to expand its business in the Mainland China and to develop new supply sources and products to enhance its productivity.

6. Other investment

During the year under review, the market price on a listed securities investment rose substantially over cost. The Group grasped this opportunity and realized the whole investment portfolio, which resulted in a profit of HK\$7.9 million over its carrying value. The actual profit realized on this long term listed investment as compared with its original acquisition cost amounted to HK\$27.4 million.

OUTLOOK

Looking ahead, the global economy is anticipated to continue its slow recovery. After struggling to gather momentum in the past few years, some of the eurozone countries have shown signs of improvement, yet varied in pace across different countries. Nevertheless, the high unemployment in Greece, Italy and Spain, remains a major concern which hinders the investor and consumer markets to restore confidence. In the United States, despite statistical data showing that economic fundamentals have been strengthened with job market slowly improving, the Federal Reserve's indication on the schedule of gradual tapering will probably add uncertainty to its recovery pace.

In the Mainland China, after the Central Government had implemented a series of restrictive measures to stabilize the rapidly growing property market, economic growth had further slowed down during the year. It is unlikely that the control measures will be loosened in the short-term. Nevertheless, the strong demand driven property markets in the major cities and urbanization policy look set to put China's economy on a more sustainable growth path in the long-term.

The Hong Kong economy is expected to continue its moderate growth, particularly for the building construction industry as the Government has resolved to increase land supply for more public and private housing development projects. Although the property market has been staggering for some time after the implementation of Double Stamp Duty ("DSD"), the recent implementation to fine-tuning the DSD measure will probably help to bring about a healthier property market in the near term.

James Sai-Wing Wong
Chairman

Hong Kong, 26 June 2014

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