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

2014-15 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 2015 together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 31 March	
		2015	2014
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**462,905**	496,323
Cost of sales		**(253,135)**	(269,811)
Gross profit		**209,770**	226,512
Other income	*3*	**13,714**	12,641
Gain on disposal of investment properties, net		**443**	1,057
Fair value gains on investment properties, net		**2,528,809**	590,308
Gain on disposal of equity investments at fair value through profit or loss		**-**	7,944
Fair value gains on equity investments at fair value through profit or loss, net		**149**	47
Selling and distribution expenses		**(14,707)**	(18,435)
Administrative and other operating expenses, net		**(154,324)**	(140,316)
Finance costs	*4*	**(93,510)**	(83,155)
Share of profits and losses of a joint venture and associates		**41,073**	30,395
Profit before tax	*5*	**2,531,417**	626,998
Income tax expense	*6*	**(649,439)**	(187,902)
Profit for the year		**1,881,978**	439,096
Attributable to:			
Owners of the Company		**1,283,791**	256,490
Non-controlling interests		**598,187**	182,606
		1,881,978	439,096

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

		For the year ended 31 March	
		2015	2014
	Note		
Earnings per share attributable to ordinary equity holders of the Company	*7*		
Basic and diluted		HK$**2.33**	HK$0.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Profit for the year	**1,881,978**	439,096
Other comprehensive income/(loss)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income/(loss) of associates	**(118)**	928
Exchange differences on translation of foreign operations	**(12,513)**	(18,749)
Other comprehensive loss for the year, net of tax	**(12,631)**	(17,821)
Total comprehensive income for the year	**1,869,347**	421,275
Attributable to:		
Owners of the Company	**1,275,143**	237,860
Non-controlling interests	**594,204**	183,415
	1,869,347	421,275

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 March 2015 HK$'000**	31 March 2014 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**90,332**	94,338
Prepaid land lease payments		**10,313**	11,567
Investment properties	*9*	**11,013,061**	7,340,072
Investments in associates		**554,319**	519,423
Investment in a joint venture		**199**	199
Total non-current assets		**11,668,224**	7,965,599
CURRENT ASSETS			
Inventories		**4,439**	3,071
Properties held for sale under development and completed properties held for sale		**3,065,609**	2,535,364
Prepaid land lease payments		**1,276**	1,294
Equity investments at fair value through profit or loss		**820**	657
Trade and bills receivables	*10*	**27,216**	19,786
Prepayments, deposits and other receivables		**156,028**	96,257
Tax recoverable		**44,232**	2,813
Pledged deposits		**344,048**	116,370
Cash and bank balances		**579,093**	820,044
Total current assets		**4,222,761**	3,595,656
CURRENT LIABILITIES			
Trade payables and accrued liabilities	*11*	**152,733**	177,151
Customer deposits		**840,098**	224,402
Due to an associate		**37,490**	-
Tax payable		**101,633**	89,260
Interest-bearing bank borrowings		**3,069,728**	2,024,588
Total current liabilities		**4,201,682**	2,515,401
NET CURRENT ASSETS		**21,079**	1,080,255
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,689,303**	9,045,854

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Note	**31 March 2015** ***HK$'000***	31 March 2014 *HK$'000* *(Restated)*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**2,946,190**	2,733,303
Deferred tax liabilities		**1,094,083**	472,868
Total non-current liabilities		**4,040,273**	3,206,171
Net assets		**7,649,030**	5,839,683
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**405,411**	405,411
Reserves		**4,530,325**	3,275,389
		4,935,736	3,680,800
Non-controlling interests		**2,713,294**	2,158,883
Total equity		**7,649,030**	5,839,683

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.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

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

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time, during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2. OPERATING SEGMENT INFORMATION

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

(a) the garment segment manufactures and trades garments;

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

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

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

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

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

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

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

For the year ended 31 March 2015

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

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	496,323
Segment results	(20,260)	56,907	643,400	3,219	683,266
Reconciliation:					
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					30,395
Profit before tax					626,998

2. OPERATING SEGMENT INFORMATION *(Continued)*

	At 31 March 2015				
	Garment *HK$'000*	**Property development** *HK$'000*	**Property investment** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment assets	**81,989**	**3,250,650**	**11,597,834**	**1,950,591**	**16,881,064**
Reconciliation:					
Elimination of intersegment receivables					**(2,512,790)**
Investments in associates					**554,319**
Investment in a joint venture					**199**
Corporate and other unallocated assets					**968,193**
Total assets					**15,890,985**
Segment liabilities	**15,180**	**1,984,856**	**892,124**	**650,951**	**3,543,111**
Reconciliation:					
Elimination of intersegment payables					**(2,512,790)**
Corporate and other unallocated liabilities					**7,211,634**
Total liabilities					**8,241,955**

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

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

	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
Reconciliation:					
Elimination of intersegment receivables					(2,088,165)
Investments in associates					519,423
Investment in a joint venture					199
Corporate and other unallocated assets					939,884
Total assets					11,561,255
Segment liabilities	15,084	1,394,805	537,653	542,176	2,489,718
Reconciliation:					
Elimination of intersegment payables					(2,088,165)
Corporate and other unallocated liabilities					5,320,019
Total liabilities					5,721,572

	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 *	180	177	638,607	864	639,828

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**104,713**	104,327
Mainland China	**262,388**	293,761
Europe	**94,635**	96,200
North America	**1,169**	1,046
Others	**-**	989
	462,905	496,323

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

(b) Non-current assets

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**3,356,198**	2,601,441
Mainland China	**7,757,508**	4,844,536
	11,113,706	7,445,977

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

3. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Bank interest income	**5,041**	5,378
Other interest income	**-**	30
Dividend income from listed investments at fair value through profit or loss	**36**	1,044
Management fee income received from an associate	**-**	1,500
Others	**8,637**	4,689
	13,714	12,641

4. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans	**203,873**	165,320
Less: Interest capitalised under property development projects	**(110,363)**	(82,165)
	93,510	83,155

5. PROFIT BEFORE TAX

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

	2015	2014
	HK$'000	*HK$'000*
Cost of properties sold	**88,785**	100,139
Cost of inventories sold	**84,026**	95,620
Depreciation	**11,401**	12,240
Amortisation of prepaid land lease payments	**1,276**	1,294
Minimum lease payments under operating leases on land and buildings	**21,791**	20,435
Auditors' remuneration	**3,176**	3,018
Employee benefits expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	**89,516**	93,139
Pension scheme contributions	**2,648**	2,590
	92,164	95,729
Less: Amount capitalised under property development projects	**(12,400)**	(11,300)
	79,764	84,429
Gross rental income included in the following categories:		
Rental income	**(210,432)**	(202,963)
Other income	**(862)**	(762)
	(211,294)	(203,725)
Less: Outgoing expenses	**80,324**	74,052
	(130,970)	(129,673)
Interest income	**(5,041)**	(5,408)

At 31 March 2015 and 31 March 2014, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant.

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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.

	2015	2014
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**25**	40
Overprovision in prior years	**-**	(20)
Current – Elsewhere		
Charge for the year	**14,446**	16,953
Overprovision in prior years	**-**	(4,211)
Land appreciation tax in Mainland China	**13,753**	10,425
Deferred	**621,215**	164,715
Total tax charge for the year	**649,439**	187,902

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$1,283,791,000 (2014: HK$256,490,000) 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 2015 and 2014 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during these years.

8. DIVIDEND

	2015	2014
	HK$'000	*HK$'000*
Proposed final – 5 HK cents (2014: 5 HK cents) per ordinary share	**27,568**	27,568

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

9. INVESTMENT PROPERTIES

During the year, one of the Group's investment properties under construction which was stated at cost as at 31 March 2014 was revalued on an open market, 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$2,383 million and a related deferred tax of HK$596 million which were both recognized in the consolidated statement of profit or loss for 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:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**4,230**	5,066
31 to 60 days	**6,011**	4,064
61 to 90 days	**3,339**	7,715
Over 90 days	**13,636**	2,941
Total	**27,216**	19,786

The Group's trading terms with its customers in the garment segment are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to four months for major customers. Each customer has a maximum credit limit. Monthly rent in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. The balance of the consideration in respect of the sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances. Trade and bills receivables are non-interest-bearing.

11. TRADE PAYABLES AND ACCRUED LIABILITIES

Included in trade payables and accrued liabilities are trade payables of HK$62,870,000 (2014: HK$75,373,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**59,393**	73,884
31 to 60 days	**3,122**	1,446
61 to 90 days	**311**	36
Over 90 days	**44**	7
Total	**62,870**	75,373

12. SHARE CAPITAL

	2015	2014
	HK$'000	*HK$'000*
Issued and fully paid:		
551,368,153 (2014: 551,368,153) ordinary shares	**405,411**	405,411

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital	Share premium account	Total
		HK$'000	*HK$'000*	*HK$'000*
At 1 April 2013	551,368,153	137,842	267,569	405,411
Transition to no-par value regime on 3 March 2014 *(note)*	-	267,569	(267,569)	-
At 31 March 2014, 1 April 2014 and 31 March 2015	551,368,153	405,411	-	405,411

Note: *In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance, on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.*

13. CONTINGENT LIABILITIES

(a) As at 31 March 2015, the Group has given a guarantee of HK$40,000,000 (2014: Nil) to a bank in connection with a facility granted to an associate and such banking facility guaranteed by the Group to the associate was utilized to the extent of HK$40,000,000 (2014: Nil).

(b) As at 31 March 2015, the Group has given guarantees of HK$191,000,000 (2014: HK$9,518,000) 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

In April 2015, a direct wholly-owned subsidiary of Hon Kwok Land Investment Company, Limited, as vendor, entered into a sale and purchase agreement with an independent third party, as purchaser, to dispose of one of its wholly-owned subsidiaries for a cash consideration of RMB10,800,000 (equivalent to HK$13,442,000). The principal asset of the subsidiary being disposed of was a property located in Shenzhen, PRC. The total consideration was received and the transaction was completed on 15 June 2015.

15. COMPARATIVE AMOUNTS

As further explained in note 1, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosure of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

DIVIDEND

The Directors recommend the payment of a final dividend of 5 Hong Kong cents per ordinary share for the year ended 31 March 2015 (2014: 5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 4 September 2015. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 23 September 2015.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 27 August 2015. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 24 August 2015 to 27 August 2015 (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 21 August 2015.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2015 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 3 September 2015 and 4 September 2015, 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 31 August 2015. 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 2 September 2015.

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 2015.

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 2015.

Compliance with the Corporate Governance Code

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2015, 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 2015, 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 2014 and the interim results for the period ended 30 September 2014. 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 2015.

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

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

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

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

3. CG Code provision A.5.1 stipulates that the Company should establish a nomination committee which should be chaired by the Chairman of the Board or an independent non-executive director. The Company has not established a nomination committee. The Board is responsible for considering the suitability of a candidate to act as a director, and collectively approving and terminating the appointment of a director as this allows a more informed and balanced decision to be made. The Chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman will propose the appointment of such candidates to the Board for consideration and the Board will determine the suitability of the relevant candidates on the basis of their gender, age, professional qualifications and experience as well as educational background.

4. CG Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Madam Madeline May-Lung Wong and Mr. Paul Hon-To Tong, non-executive directors 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 2014 annual general meeting of the Company held on 28 August 2014 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 2015.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2015 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$6,016 million as at 31 March 2015 (2014: HK$4,758 million), of which approximately 51% (2014: 43%) of the debts were classified as current liabilities. Included therein were debts of HK$182 million (2014: HK$199 million) related to bank loans with repayable on demand clause and HK$2,218 million (2014: 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 11% (2014: 16%). The increase in total debts was mainly due to the refinancing of the existing syndicated bank loan and certain investment properties with increased facilities as well as the drawdown of bank loans for acquisition and construction of development projects.

Total cash and bank balances including time deposits were approximately HK$923 million as at 31 March 2015 (2014: HK$936 million). The Group had committed but undrawn banking facilities of a total of approximately HK$434 million at year end available for its working capital purpose.

Total shareholders' funds as at 31 March 2015 were approximately HK$4,936 million (2014: HK$3,681 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$5,093 million (2014: HK$3,822 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$7,649 million (2014: HK$5,840 million), was 67% as at 31 March 2015 (2014: 65%).

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 2015, 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$11,771 million as at 31 March 2015 and shares in certain subsidiaries were pledged to secure certain banking facilities of the Group.

Employees and remuneration policies

The Group, not including its associates and a joint venture, employed approximately 630 employees as at 31 March 2015. 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 2015, the Group's consolidated turnover and net profit attributable to shareholders amounted to HK$463 million (2014: HK$496 million) and HK$1,284 million (2014: HK$256 million), respectively. Basic earnings per share were HK$2.33(2014: HK$0.47). The shareholders' equity grew to HK$4,936 million (2014: HK$3,681 million). Net assets per share were HK$8.95 (2014: HK$6.68).

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 property development project owned by our 68.09% Hon Kwok Land Investment Company, Limited ("Hon Kwok") (Stock Code: 160), the sold units of which have been delivered to purchasers in progress. The substantial increase in net profit for current year was attributable to the substantial valuation gain from one of the wholly-owned investment properties under construction, being the Hon Kwok City Commercial Centre in Shenzhen, which was stated at cost as at 31 March 2014, has been revalued on an open market by independent professional qualified valuers as at 31 March 2015 as its fair value can be determined reliably. Thus, the overall fair value gain upon revaluation of Hon Kwok Group's investment properties, net of deferred tax, substantially increased to HK$1,907 million for current year (2014: HK$424 million), leading to a significant increase of the Group's overall net profit.

The substantial valuation gain arising mainly from one of the investment properties under construction in the Hon Kwok Group represented the fair value gain recognized according to the stage of completion up to the year end date for year under review. The investment property under construction which was stated at cost in prior years, has been revalued when the fair value can be determined reliably at year end. Similar revaluation process will apply for the coming years according to the progress of completion.

BUSINESS REVIEW

1. Property

The Group's property development and investment activities are conducted by Hon Kwok. Hon Kwok reported a turnover of HK$361 million (2014: HK$382 million) and a net profit of HK$1,898 million (2014: HK$437 million) for the financial year 2014/15.

Acquisition of Properties

In January 2015, a wholly-owned subsidiary of Hon Kwok Group acquired a bare site at Kin Chuen Street, Kwai Chung, New Territories via government public tender at a cash consideration of HK$686.8 million. The site, with a total gross floor area of approximately 228,000 sq. ft., is under the planning and design stage and will be developed for non-residential use for recurrent rental income. The above acquisition was completed in February 2015 and constituted a major transaction for both the Company and Hon Kwok under the Listing Rules. For details, please refer to the Company's joint announcement dated 15 January 2015 and circular dated 5 March 2015.

As stated in the Interim Report 2014/15, a wholly-owned subsidiary of Hon Kwok Group entered into a sale and purchase agreement in May 2014 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 transaction was completed in June 2014. The above acquisition constituted a connected transaction for both the Company and Hon Kwok under the Listing Rules 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.

Property Development

Botanica Phase 3 寶翠園三期, Guangzhou, PRC

The Botanica 寶翠園, with a total gross floor area of approximately 229,000 sq.m., is situated in the greenery zone of Tian He District near the Botanical Garden. It comprises 39 blocks of high-rise residential building and is scheduled for development and pre-sale by phases. In the prior financial years, **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 income statements. Superstructure works of **Botanica Phase 3** 寶翠園三期, comprises 12 blocks of about 530 units, have been completed and internal finishing works are in progress and the sold units are expected to be delivered to individual purchasers commencing next quarter through financial year 2016/17. Eleven blocks of the above phase have been launched to the market for pre-sale, of which over 85% have been sold up to the date of this announcement and total contracted sales amounted to approximately RMB1,400 million.

Metropolitan Oasis 雅瑤綠洲, Nanhai, PRC

This project is also scheduled for development by phases. It is situated in Da Li District, Nanhai with a total gross floor area of approximately 273,000 sq.m. Phase 1 of the project comprises 71 units of 3-storey town houses of about 18,000 sq.m. and 24 blocks of high-rise apartments of about 121,000 sq.m. All the town houses and 6 blocks of the above apartments are completed and delivery of the sold units to individual purchasers is in progress. The remaining blocks of apartments are under construction and expected to be completed by the end of this year. The above town houses and seven blocks of apartment units have been launched to market for sale, of which about 85% have been sold up to the date of this announcement, generated sale proceeds exceeding RMB480 million.

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

The project site at Dong Guan Zhuan Road, Tian He District and the other one at 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, with a site area of 48,764 sq.m. and situated at Qiaoxiang Road North, Nanshan District, is being developed in two phases into 12 blocks of buildings for composite use with a total gross floor area of approximately 224,500 sq.m. Superstructure works of Phase 1 and substructure works of Phase 2 are in progress. Hon Kwok Group has 20% interest in this project.

Property Investment

Shenzhen, PRC

Superstructure works of **Hon Kwok City Commercial Centre** 漢國城市商業中心, situated at the junction of Shen Nan Zhong Road and Fu Ming Road, Futian District and with a total gross floor area of 128,000 sq.m., are well in progress. Construction of this 80-storey (including 5 storeys underground) commercial/office tower is expected to be completed in 2016 and Hon Kwok Group intends to hold this signature building for recurrent rental income. During the year under review, the Group's property revaluation gain being recognized was mainly attributable to this project as such revaluation gain could be determined reliably in line with the prevailing accounting standards. It is currently estimated that further revaluation gains in respect of this project will be progressively realized until financial year 2016/17 upon completion of construction of the property.

All the retail shops at ground floor and the entire first floor of the 5-storey commercial podium of **City Square** 城市天地廣場, situated at Jia Bin Road, Luo Hu District, are leased out. **The Bauhinia Hotel (Shenzhen)** 寶軒酒店（深圳）, a 162-room hotel at upper three floors of the above podium, maintained average occupancy and room rates at satisfactory level. The average occupancy rate of **City Suites** 寶軒公寓, a 64-unit serviced apartments on top of the podium, exceeded 95%.

Guangzhou, PRC

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

Both the average occupancy and room rates of **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, are satisfactory.

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, is situated in Bei Bu Xin Qu with current occupancy rate about 95%.

Jinshan Shangye Zhongxin 金山商業中心, a twin-tower project comprising a 41-storey grade A office tower and a 42-storey 5-star hotel plus office tower with respective 4-storey retail/commercial podium, is also situated in Bei Bu Xin Qu and adjacent to the above **Chongqing Hon Kwok Centre** 重慶漢國中心. Air-conditioning and internal finishing works as well as leasing activities in respect of the office tower are in progress and the tenants are expected to move in by next quarter. It is expected that upon commencement of rental contribution from this project in the second half of the forthcoming financial year, the Group's overall recurrent rental income will be further enhanced.

Hong Kong

The retail areas at ground level of the hotel/apartment building at Connaught Road Central and Des Voeux Road Central are fully let. The average occupancy rate of **The Bauhinia Hotel (Central)** 寶軒酒店（中環）, a 42-room boutique hotel situated at four podium floors of the above building, is about 95% with encouraging room rates whilst that of **The Bauhinia** 寶軒, a 171-room serviced apartments atop of the above hotel, is over 80%.

The Bauhinia Hotel (TST) 寶軒酒店（尖沙咀）, occupying total 20 floors of a 23-storey commercial/office building at Observatory Court, Tsim Sha Tsui, is a 98-room boutique hotel of which 54 additional rooms commenced operation in last month. Both its average occupancy and room rates are satisfactory. The first floor of the above building has been leased out to a restaurant with the remaining floors for commercial use.

Hon Kwok Jordan Centre 漢國佐敦中心, a 23-storey commercial/office building situated at Hillwood Road, Tsim Sha Tsui, is currently nearly fully let.

Operation of Carparks

Currently approximate 2,000 units of car parking space, comprising certain privately-owned by the Group plus those from government authorities for management under lease/contract, are being operated by the Group with satisfactory return.

2. Garment

J.L. Garment Group, a wholly-owned subsidiary of our Company with garment factory situated at Dongguan, the Mainland China, reported a turnover of HK$102 million (2014: HK$114 million) with a net loss of HK$11.1 million (2014: HK$14.9 million) for the year ended 31 March 2015.

The Group’s garment business, which focused on fashionable garment production in Mainland China and exported mainly to European market, continued to encounter a harsh environment. In 2014, the Eurozone’s economy remained stagnated and faltered with only minimal growth recorded. As the upturn of Eurozone economies remained uncertain, their domestic demand continued slackening. Furthermore, the euro exchange rate has weakened during last year, and thus inevitably undermined our garment sales and profit margin. Nevertheless, the weak euro currency may help revive the gloomy economy in the long term.

The Eurozone’s economy is expected to continue volatile. To strive for improved profitability, JL Garment Group has planned to scale down its operation and transform the business structure to suit the prevailing market needs. In addition, it continues to implement stringent measures on cost control and broaden its customer base to develop new orders and business opportunities.

Due to the modest demand in Hong Kong industrial property market, JL Garment Group recorded a property revaluation gain of HK$2.1 million (2014: HK$ 2.1 million) on its investment properties which were held for rental income while the self use property in Hong Kong was carrying at historical cost which is substantially lower than its professional valuation at current market value.

3. Construction and Trading

Chinney Alliance, a 29.1% owned associate recorded turnover and net profit for the year ended 31 December 2014 of HK$3,813 million (2013: HK$3,201 million) and HK$142.3 million (2013: HK$104.5 million, including fair value gains on equity investments of HK$21.7 million), respectively. Excluding the effect of fair value gains on equity investments in last year, the profit from its business operations was HK$142.3 million (2013: HK$82.8 million).

The construction division, mainly the Foundation Piling and Building Construction, continued its upward trend and recorded a substantial increase in turnover and profit contribution. With the enhancement of the piling plant and machinery over the past years, the division was able to enlarge its capacity for more projects with operating profit to be increased in tandem with improved efficiency. The construction related divisions will continue to be benefited from the local government’s planning to increase investments in infrastructure and the building of residential housing.

Chinney Alliance is currently considering a possible spin-off for separate listing of the foundation piling business and has submitted a spin-off proposal to the Stock Exchange which is still under consideration by the Stock Exchange. For details, please refer to the announcement dated 22 May 2015 from Chinney Alliance.

The plastic trading division recorded a slight increase in operating profit resulted from the development of new distributorships and products. During the year under review, the business environment remained tough, thus the division faced keen competition amongst traders. Besides, the customers were also cost-conscious, and intended to keep lower inventory level during the period when the crude oil price dropped. Nevertheless, the division continues to broaden the product line and develop the Mainland China market to enhance its earnings and profitability.

OUTLOOK

The global economy is striving to gain momentum. After struggling in the past few years of recession, the eurozone countries have shown some signs of growth and improved customer demand, as driven by the impact of weakening euro, low oil prices and the stimulus measures implemented by the European Central Bank in March 2015. Nevertheless, the eurozone economy remains fragile and the pace of recovery is susceptible to the setback in major countries including Germany, France and Italy. In the United States, some economic data and the satisfactory employment level indicated signs of steady economic growth. As consumer confidence and retail spending are also improving, the momentum is expected to continue. Yet, the market's speculation on the timing and pace of the US Federal Reserve to raise the interest rate remains a major concern underlying the upturn of the US economy and the global trade.

In the Mainland China, economic growth slowed to 7 percent in the first quarter of 2015. To boost the softening economy, the People's Bank of China cut interest rates in May, being the third time in six months. Besides, relaxation policies of down payment requirements on the second homes were introduced in major cities early this year to spur demand. It is expected that the real estate market will attain a stable growth gradually. In light of the fact that real estate market is a crucial driver of China economy, further measures are likely to be implemented to stimulate demand in the second half of the year.

In Hong Kong, the building construction industry is expected to remain robust as the government has resolved to increase supply of residential housing and meanwhile, major infrastructure projects are in progress which tend to tighten the labour supply and will also escalate construction cost. Despite the government's cooling measures to curb soaring property prices, the residential property market is expected to remain sturdy under the strong demand for residential housing, coupled with a moderate economic growth in Hong Kong for the current financial year.

James Sai-Wing Wong
Chairman

Hong Kong, 25 June 2015

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