



**Termbray Industries  
International (Holdings) Limited**

Stock Code: 0093

INTERIM REPORT  
**2015/2016**

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## Corporate Information

### Executive Directors

Mr. Lee Lap, Chairman  
Mr. Tommy Lee,  
Vice Chairman & Chief Executive Officer  
Mdm. Leung Lai Ping  
Mr. Wong Shiu Kee

### Independent Non-executive Directors

Mr. Lo Yiu Hee  
Mr. Tong Hin Wor  
Mr. Siu Lok Chow, Gabriel

### Non-executive Director

Mr. Lee Ka Sze, Carmelo

### Company Secretary

Mr. Lo Tai On

### Audit Committee

Mr. Lo Yiu Hee  
Mr. Tong Hin Wor  
Mr. Siu Lok Chow, Gabriel  
Mr. Lee Ka Sze, Carmelo

### Remuneration Committee

Mr. Lo Yiu Hee  
Mr. Lee Lap  
Mr. Siu Lok Chow, Gabriel

### Nomination Committee

Mr. Lee Lap  
Mr. Lo Yiu Hee  
Mr. Siu Lok Chow, Gabriel

### Registered Office

Clarendon House, Church Street  
Hamilton HM11  
Bermuda

### Head Office and Principal Place of Business

Flat B, 8/F, Waylee Industrial Centre  
30-38 Tsuen King Circuit  
Tsuen Wan, New Territories, Hong Kong  
Telephone : (852) 2487 5211  
Facsimile : (852) 2480 4214  
E-mail : group@termbray.com.hk  
Website : www.termbray.com.hk

### Hong Kong Registrar and Transfer Office

Tricor Standard Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong  
Telephone : (852) 2980 1768  
Facsimile : (852) 2528 3158

### Listing Information

The Listing Code of the Company's share  
on The Stock Exchange of Hong Kong  
Limited  
0093

### Principal Banker

The Hongkong & Shanghai Banking  
Corporation Limited  
Hang Seng Bank Limited

### Legal Advisors In Hong Kong

Woo, Kwan, Lee & Lo

### Auditor

Deloitte Touche Tohmatsu

The board of directors (the “Board”) of Termbray Industries International (Holdings) Limited (the “Company”) presents to shareholders the interim report together with the unaudited condensed consolidated financial statements of the Company and its subsidiaries (together the “Group”) for the six months ended 30th September, 2015.

The unaudited consolidated loss attributable to owners of the Company for the six months ended 30th September, 2015 amounted to approximately HK\$10,307,000 (six months ended 30/9/2014: profit of HK\$1,141,000). An analysis of the Group’s segment results for the period is set out on page 23 of this report.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30th September, 2015 (six months ended 30/9/2014: Nil).

## **Review of Operations**

During the current six months period under review, the Group achieved a turnover of HK\$3,374,000 (six months ended 30/9/2014: HK\$2,786,000) and suffered a loss for the period of HK\$10,307,000 (six months ended 30/9/2014: profit of HK\$1,141,000).

The loss for current period under review is due to the decrease in the Group’s share of operation results from Petro-king Oilfield Services Limited (“Petro-king”) and its subsidiaries (collectively, the “Petro-king Group”) (Stock code: 2178) for the six months ended 30th June, 2015 (“1H2015”) and the exchange loss arising from Renminbi monetary items. According to the interim report 2015 issued by Petro-king, the net profit attributable to the owners of Petro-king Group was approximately HK\$8.2 million in the current period, and it was approximately HK\$13.5 million in the last corresponding period, representing a decrease of approximately 39%.



### **Property Investment and Development**

The operating environment for the Group's property investment and development business remains tough during the period under review. Property market in Guangdong Province of Mainland China ("PRC") is still generally slack. The activities of the Group's property projects, which are mainly located in the Guangdong Province, continue at a low level during the period.

The Group's completed properties for sale – Ever Success Plaza, comprising of over 440 residential units standing on 3 levels of commercial arcades and car parks, is located at a convenient and prime location with a river view in Zhongshan, Guangdong Province. The competition of the property market in Zhongshan is keen. There are abundant supplies of properties with modern design. The commercial arcades is still vacant and the occupancy rate of the residential units is lower than that of last corresponding period. The management has put a lot of effort in marketing the properties and is endeavouring to improve the operation of the commercial arcades. The rental income earned by the Group from Ever Success Plaza during the period decreased by approximately 6% from that of the last corresponding period. The Group sold 1 residential unit during the period under review. As at 30th September, 2015, 213 residential units remained to be sold, out of which 131 residential units were let out.

### **Oilfield Engineering and Consultancy Services**

The Group held 30.47% interest as at 1st April, 2015 and 30th September, 2015 in Petro-king as an associate through Termbray Natural Resources Company Limited, a wholly owned subsidiary of the Group.

During the period under review, the Group has applied the equity method of accounting for the results of Petro-king Group as an associate for the six months ended 30th June, 2015.

According to the interim report issued by Petro-king, in 1H2015, Petro-king Group recorded a revenue of HK\$416 million, representing an increase of approximately 18% from that of HK\$353 million for the six months ended 30th June, 2014 ("1H2014"). The increase in revenue was mainly due to the increase in business activities of the Petro-king Group in the overseas market. Due to the increase in net finance costs, the net profit attributable to the owners of Petro-king Group in 1H2015 was dropped to approximately HK\$8.2 million in the current period from approximately HK\$13.5 million in 1H2014, representing a decrease of approximately 39%.

On 24th September, 2015, the Group entered into the subscription agreements with Petro-king for subscription for 28,480,000 new shares in cash consideration of approximately HK\$22,499,000. Completion of the subscription is subject to certain conditions to be satisfied on or before the long stop date (i.e. 30th November, 2015), including the approval of the subscription agreements at the extraordinary general meeting of Petro-king ("EGM"). On 16th November, 2015, the subscription agreements were not approved by the independent shareholders at the EGM. Petro-king is in negotiation with the Group to enter into supplemental agreements to, inter alia, extend the long stop date.

The first half year of 2015 was the most challenging period for Petro-king Group in the past decade. The slow-down in growth of China's economy and the weak international oil price led to a stringent cost cutting plan for most of Petro-king Group's customers in China and thus resulted in a slow-down in overall exploration and production activities in the China market. Although Petro-king Group has achieved significant business development and revenue growth from the overseas market, mainly from the Middle East, in 1H2015, the weakened international crude oil price remained a major uncertainty for most international oil companies ("IOCs"). The management of Petro-king Group estimate that most of the IOCs will continue to implement cost-saving measures in order to cope with the weak oil price.

In order to get through the tough time during the industry downturn of the oilfield service sector, Petro-king Group had implemented certain risk mitigation measures in 1H2015 including streamlined the cost structure of all major service lines and reduced headcount in general.

As a high-end integrated oilfield services provider, Petro-king Group attaches great importance to technology, and prides itself in introducing innovative products and services in a number of areas in oilfield services. In 1H2015, Petro-king Group continued to seek advancement in technology and introduced new products to the market.

## **Others**

There were no acquisitions of major subsidiaries or associates during the period under review.

## **Liquidity and Financial Resources**

The Group remains cash-rich and has no material capital expenditure commitments. The operations are financed by capital and reserves.

Foreign currency risk of the Group is not significant as the assets of the Group comprised substantially of cash denominated in Hong Kong dollar. No financial instrument is needed for hedging purposes in respect of interest rate and currency.

## **Order Book**

Due to its business nature, the Group has no order book at 30th September, 2015. The Group has no new product and service to be introduced to the market.

## **Staff and Emolument Policy**

As at 30th September, 2015, the Group employed 40 staff at market remunerations with staff benefits such as insurance, provident fund scheme, discretionary bonus and share option scheme.

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the directors are reviewed by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his associates, and executive is involved in dealing his own remuneration. The Company has a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out on page 12 of this report.

## Outlook

The global economy has been recovering from the global financial crisis happened in 2008. United States and China are experiencing various challenges after the global economic crisis. All of the factors including debt crisis in Europe, the stop buying of national debts by the US Government and the progress of increase in US interest rate have an unpredictable impact on the recovery of global economy. In China, Central government has implemented various tightening monetary policies to cool down the overheated property market. We believe China will continue to play a key role in the future global economic recovery. The Group is confidence in capitalising on these opportunities and will grasp every business opportunities available to build up its own distinctive strength and to explore new businesses in China.

Property investment and development has been the principal business of the Group for all these years and the Group has spent a lot of resources to look for investment opportunities in the property markets in the PRC, especially Guangdong province. However, due to the intense competition of the property market in Guangdong province, the Group has not yet acquired any land or properties during the period under review, but the Group will still continue to explore the investment opportunities in the property markets in the PRC.

Looking ahead to the second half of 2015, the management of Petro-king Group believe that the business environment for the oilfield service sector as a whole is likely to remain challenging. The international oil price dropped further after the rebound early this year, and market estimates of the oil price were revised down generally. It appears that the market is still bearish about the oil price and believes that the oil companies will continue to exercise a cautious approach in capital investments.

As the current business environment of the oilfield services is still associated with uncertainties such as the weak oil price and the China economy slow down, the management of Petro-king will continue to exercise a cautious approach in seeking business development in the second half of 2015.

We are cautiously optimistic about the future performance of Petro-king Group.



The Group will continue to operate its property investment and development business and be engaged in oilfield engineering and consultancy services through its interest in Petro-king Group. The Group will cautiously explore investment opportunities which will result in a steady growth in the Group's long term performance. On the other hand, there exists some underlying risk factors such as oil and commodity price volatility, interest rate movements, the recovery progress of the global economy and natural disasters which cannot be ignored. The Group remains cautiously optimistic about the year ahead in respect of its business and has the confidence to strengthen its competitiveness and to build value for our shareholders.

## Directors' Interests in Shares and Underlying Shares

As at 30th September, 2015, the interests of the Company's directors, chief executive and their associates in the shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or otherwise notified pursuant to Divisions 7 to 9 of Part XV of the SFO, were as follows:

### (A) Long Positions in Shares of the Company

Name of directors	Number of shares				Total	Percentage of total issued shares
	Personal interest	Family interest	Corporate interest	Other interest		
Mr. Lee Lap	-	-	-	1,252,752,780 <i>(note)</i>	1,252,752,780	63.99%
Mdm. Leung Lai Ping	-	-	-	1,252,752,780 <i>(note)</i>	1,252,752,780	63.99%
Mr. Tommy Lee	-	-	-	1,252,752,780 <i>(note)</i>	1,252,752,780	63.99%

*Note:*

The 1,252,752,780 shares included under the other interest of Mr. Lee Lap, Mdm. Leung Lai Ping and Mr. Tommy Lee are held by Lee & Leung (B.V.I.) Limited. Lee & Leung (B.V.I.) Limited is wholly-owned by Lee & Leung Family Investment Limited, which is wholly owned by HSBC International Trustee Limited as trustee for Lee & Leung Family Trust. Mr. Lee Lap is the settlor of Lee & Leung Family Trust. The discretionary beneficiaries of Lee & Leung Family Trust are Mdm. Leung Lai Ping, certain children of Mr. Lee Lap and Mdm. Leung Lai Ping (including Mr. Tommy Lee) and the offspring of such children.

**(B) Long Positions in Shares of Petro-king Oilfield Services Limited, an Associated Corporation**

<b>Name of directors</b>	<b>Number of shares interested</b>	<b>% of total issued shares</b>
Mr. Lee Lap	404,754,104 <i>(see note 1)</i>	32.78%
Mr. Tommy Lee	404,754,104 <i>(see note 1)</i>	32.78%

*Notes:*

- (1) The above 404,754,104 shares comprises 376,274,104 shares being held by the Company's wholly owned subsidiary as beneficial owner; and 28,480,000 new shares to be issued to the Company's wholly owned subsidiary pursuant to a subscription agreement dated 24th September, 2015.
- (2) 1,252,752,780 shares of the the Company are held by Lee & Leung (B.V.I.) Limited, representing approximately 63.99% of the total issued shares of the Company. Lee & Leung (B.V.I.) Limited is wholly-owned by Lee & Leung Family Investment Limited, which is wholly owned by HSBC International Trustee Limited as trustee for Lee & Leung Family Trust. Mr. Lee Lap is the settlor of Lee & Leung Family Trust. The discretionary beneficiaries of Lee & Leung Family Trust are Mdm. Leung Lai Ping, certain children of Mr. Lee Lap and Mdm. Leung Lai Ping (including Mr. Tommy Lee) and the offspring of such children.

**(C) Long Positions in Underlying Shares in respect of Share Options of Petro-king Oilfield Services Limited, an Associated Corporation**

<b>Name of directors</b>	<b>Number of underlying shares</b>	<b>% of total issued shares</b>
Mr. Tommy Lee	102,173	0.0083%
Mr. Tong Hin Wor	102,173	0.0083%

**(D) Long Positions in Shares of Other Associated Corporations**

<b>Name of directors</b>	<b>Name of subsidiary</b>	<b>Number of non-voting deferred shares held</b> <i>(note)</i>	<b>% of total issued non-voting deferred shares</b>
Mr. Lee Lap	Applied Industrial Company Limited	1,000	40%
	Lee Plastics Manufacturing Company Limited	250,000	50%
	Magnetic Electronics Limited	5,000	100%
	Termbray Electronics Company Limited	7,000	70%
Mdm. Leung Lai Ping	Applied Industrial Company Limited	1,500	60%
	Lee Plastics Manufacturing Company Limited	250,000	50%
	Termbray Electronics Company Limited	3,000	30%

*Note:* All the above non-voting deferred shares are held by the above directors personally as beneficial owner.

Saved as disclosed above, as at 30th September, 2015, none of the directors or chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO.

Apart from the share option scheme of the Company, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Substantial Shareholders

As at 30th September, 2015, the persons (other than the directors as disclosed in the "Directors' interests in Shares and Options") interested in 5% or more of the issued share capital of the Company as recorded in the register kept by the Company pursuant to Section 336 of the SFO were as follows:

### Ordinary Share of the Company

Name of shareholders	Capacity	Number of issued ordinary shares of HK\$0.08 each held	Percentage of the issued share capital of the Company
Lee & Leung (B.V.I.) Limited <i>(note 1)</i>	Beneficial owner	1,252,752,780	63.99%
Lee & Leung Family Investment Limited <i>(note 1)</i>	Held by controlled corporation	1,252,752,780	63.99%
HSBC International Trustee Limited <i>(note 1)</i>	Held by controlled corporation as trustee for Lee & Leung Family Trust	1,252,752,780	63.99%
Cosmo Telecommunication Inc. <i>(Note 2)</i>	Beneficial owner	151,202,960	7.72%
Ms. Jing Xiao Ju	Held by controlled corporation	151,202,960	7.72%
East Glory Trading Limited <i>(note 3)</i>	Beneficial owner	103,397,540	5.28%
Master Winner Limited <i>(note 3)</i>	Held by controlled corporation	103,397,540	5.28%
Mr. Yuan Qinghua	Held by controlled corporation	103,397,540	5.28%

### Notes:

- (1) The 1,252,752,780 shares are held by Lee & Leung (B.V.I.) Limited. Lee & Leung (B.V.I.) Limited is wholly-owned by Lee & Leung Family Investment Limited, which is wholly owned by HSBC International Trustee Limited as trustee for Lee & Leung Family Trust. Mr. Lee Lap is the settlor of Lee & Leung Family Trust. The discretionary beneficiaries of Lee & Leung Family Trust are Mdm. Leung Lai Ping, certain children of Mr. Lee Lap and Mdm. Leung Lai Ping (including Mr. Tommy Lee) and the offspring of such children.
- (2) Cosmo Telecommunication Inc. is a wholly owned by Ms. Jing Xiao Ju.
- (3) East Glory Trading Limited is wholly owned by Master Winner Limited, which in turn is wholly owned by Mr. Yuan Qinghua.

Saved as disclosed above, the Company has not been notified of any other interests or short positions in the shares or the underlying shares of the Company representing 5% or more of the issued share capital of the Company as at 30th September, 2015.

## Share Option Scheme

The existing share option scheme ("Scheme") of the Company was adopted on 18th August, 2006 as an incentive to attract, retain and motivate talented participants to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants. The Scheme is for a period of 10 years from the date of adoption on 18th August, 2006. The directors may, at their discretion, make an offer to any participant to take up options. An option is deemed to have been granted and accepted by the grantee upon his or her signing the duplicate letter comprising acceptance of the option and paying HK\$1 by way of consideration for the grant thereof.

The subscription price for shares of the Company under the Scheme will be highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the offer date (which date must be a business day); (ii) a price being the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a share of the Company.



The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 10 per cent. of the total number of shares of the Company in issue as at the date of approval of the Scheme. An option may be exercised during a period to be determined by the directors in its absolute discretion and in any event such period shall not be longer than 10 years from the date upon which the option is granted.

The total number of shares issued and to be issued upon exercise of the options granted to each participant under the Scheme in any 12-month period shall not exceed 1 per cent of the total number of shares in issue of the Company. Any further grant of options in excess of the 1 per cent limit shall be subject to shareholders' approval in a general meeting with such participant and his or her associates abstaining from voting.

No option was granted, exercised, lapsed or cancelled during the six months ended 30th September, 2015. There was no outstanding options as at 30th September, 2015.

## **Purchase, Sale or Redemption of the Company's Listed Securities**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th September, 2015.

## **Corporate Governance**

The Company has met the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30th September, 2015 save as disclosed below.

Pursuant to code provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company is subject to a private act called "The Termbray Industries International (Holdings) Limited Act 1991" Section 4(g) of the said Act provides that: "Notwithstanding anything contained in the Companies Act or rule of law to the contrary, the directors of the Company shall not be required to be elected at each annual general meeting, but shall (save for any chairman or managing director) be subject to retirement by rotation". The Company had amended its existing bye-laws to provide that every director of the Company, other than directors holding the office of chairman or managing director, shall be subject to retirement by rotation at least once every three years, while directors holding the office of chairman or managing director shall be subject to re-election every 3 years.

## Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"), as the code of conduct regarding directors' securities transactions. The Company have made specific enquiry of all directors that they have complied with the Model Code throughout the six months period ended 30th September, 2015.

## Audit Committee

The Company has established an audit committee comprising three independent non-executive directors and one non-executive director of the Company. The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the interim report for the six months ended 30th September, 2015.

## Changes of Director's Information Disclosed under Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of director's information of the Company since the date of the 2014/2015 annual report of the Company are as follows:

Mr. Lee Ka Sze, Carmelo resigned as an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd, on 30th June, 2015 and ceased to be the chairman of the Listing Committee of The Stock Exchange of Hong Kong Limited on 10th July, 2015.

By order of the Board

**Lee Lap**

*Chairman*

Hong Kong, 20th November, 2015

## Report on Review of Condensed Consolidated Financial Statements

# Deloitte.

# 德勤

**TO THE BOARD OF DIRECTORS OF  
TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED**

(incorporated in Bermuda with limited liability)

### Introduction

We have reviewed the condensed consolidated financial statements of Termbray Industries International (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 17 to 30, which comprises the condensed consolidated statement of financial position as of 30th September, 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

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

## Conclusion

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

### **Deloitte Touche Tohmatsu**

Certified Public Accountants

Hong Kong, 20th November, 2015

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

For the six months ended 30th September, 2015

		<b>Six months ended</b>	
	<i>Notes</i>	<b>30/9/2015</b> <i>HK\$'000</i> <b>(unaudited)</b>	30/9/2014 <i>HK\$'000</i> (unaudited)
Revenue	3	<b>3,374</b>	2,786
Cost of goods sold and services rendered		<b>(1,433)</b>	(1,225)
Gross profit		<b>1,941</b>	1,561
Other income	4	<b>439</b>	505
Other gains and losses	5	<b>(4,421)</b>	2,078
Administrative expenses		<b>(9,417)</b>	(6,881)
Share of result of an associate		<b>1,478</b>	4,148
(Loss) profit before taxation		<b>(9,980)</b>	1,411
Taxation	6	<b>(327)</b>	(270)
<b>(LOSS) PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	7	<b>(10,307)</b>	1,141
Other comprehensive income (expense)			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising from translation of foreign operations		<b>1,112</b>	(557)
Share of other comprehensive income of an associate		<b>965</b>	4,088
Reclassification adjustment for translation reserve transferred to profit or loss upon deemed dispose of interest in an associate		<b>–</b>	(197)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>2,077</b>	3,334
<b>TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>(8,230)</b>	4,475
		<i>HK cents</i> <b>(unaudited)</b>	<i>HK cents</i> (unaudited)
<b>BASIC (LOSS) EARNINGS PER SHARE</b>	9	<b>(0.53)</b>	0.06



**Condensed Consolidated Statement of Financial Position**

At 30th September, 2015

	<i>Notes</i>	<b>30/9/2015</b> <b>HK\$'000</b> <b>(unaudited)</b>	31/3/2015 <i>HK\$'000</i> (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>41,169</b>	41,691
Investment property		<b>29,007</b>	29,173
Interest in an associate	<i>10</i>	<b>611,446</b>	609,003
Prepayments	<i>10</i>	<b>22,499</b>	–
Pledged bank deposits	<i>12</i>	<b>2,000</b>	2,000
		<b>706,121</b>	681,867
<b>CURRENT ASSETS</b>			
Completed properties for sale		<b>118,563</b>	121,629
Other receivables		<b>40</b>	43
Deposits and prepayments		<b>1,701</b>	2,240
Bank balances and cash		<b>300,869</b>	330,334
		<b>421,173</b>	454,246
<b>CURRENT LIABILITIES</b>			
Other payables and accrued charges		<b>3,473</b>	3,241
Dividend payable		<b>12,505</b>	12,505
Deposit received		<b>711</b>	721
Amount due to a related company	<i>13(b)</i>	<b>2,358</b>	2,190
Taxation payable		<b>3,170</b>	4,151
		<b>22,217</b>	22,808
<b>NET CURRENT ASSETS</b>		<b>398,956</b>	431,438
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,105,077</b>	1,113,305

	<i>Notes</i>	<b>30/9/2015</b> <b>HK\$'000</b> <b>(unaudited)</b>	31/3/2015 HK\$'000 (audited)
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<u>236</u>	<u>234</u>
<b>NET ASSETS</b>		<u><b>1,104,841</b></u>	<u>1,113,071</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>11</i>	<b>156,611</b>	156,611
Reserves		<u><b>947,813</b></u>	<u>956,043</u>
Equity attributable to owners of the Company		<b>1,104,424</b>	1,112,654
Non-controlling interests		<u><b>417</b></u>	<u>417</u>
<b>TOTAL EQUITY</b>		<u><b>1,104,841</b></u>	<u>1,113,071</u>

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2015

	Attributable to owners of the Company				Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Exchange translation reserve HK\$'000	Retained profits HK\$'000			
At 1st April, 2014 (audited)	156,611	404,370	24,958	671,252	1,257,191	417	1,257,608
Profit for the period	-	-	-	1,141	1,141	-	1,141
Exchange differences arising from translation of foreign operations	-	-	(557)	-	(557)	-	(557)
Share of other comprehensive income of an associate	-	-	4,088	-	4,088	-	4,088
Reclassification adjustment to profit or loss upon deemed disposal of interest of an associate	-	-	(197)	-	(197)	-	(197)
Total comprehensive income for the period	-	-	3,334	1,141	4,475	-	4,475
At 30th September, 2014 (unaudited)	<u>156,611</u>	<u>404,370</u>	<u>28,292</u>	<u>672,393</u>	<u>1,261,666</u>	<u>417</u>	<u>1,262,083</u>
<b>At 1st April, 2015 (audited)</b>	<b><u>156,611</u></b>	<b><u>404,370</u></b>	<b><u>29,969</u></b>	<b><u>521,704</u></b>	<b><u>1,112,654</u></b>	<b><u>417</u></b>	<b><u>1,113,071</u></b>
<b>Loss for the period</b>	-	-	-	(10,307)	(10,307)	-	(10,307)
<b>Exchange differences arising from translation of foreign operations</b>	-	-	1,112	-	1,112	-	1,112
<b>Share of other comprehensive income of an associate</b>	-	-	965	-	965	-	965
<b>Total comprehensive income (expense) for the period</b>	-	-	2,077	(10,307)	(8,230)	-	(8,230)
<b>At 30th September, 2015 (unaudited)</b>	<b><u>156,611</u></b>	<b><u>404,370</u></b>	<b><u>32,046</u></b>	<b><u>511,397</u></b>	<b><u>1,104,424</u></b>	<b><u>417</u></b>	<b><u>1,104,841</u></b>

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September, 2015

	<b>Six months ended</b>	
	<b>30/9/2015</b> <i>HK\$'000</i> <b>(unaudited)</b>	30/9/2014 <i>HK\$'000</i> (unaudited)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(6,916)</b>	(4,452)
<b>INVESTING ACTIVITIES</b>		
Interest received	<b>388</b>	433
Dividend received from an associate	–	17,039
Prepayments for subscription of new shares of an associate	<b>(22,499)</b>	–
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(22,111)</b>	17,472
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(29,027)</b>	13,020
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>330,334</b>	354,739
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(438)</b>	233
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD,</b> represented by bank balances and cash	<b>300,869</b>	367,992

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2015

### 1. BASIS OF PREPARATION

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

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th September, 2015 are the same as those followed in the preparation of the Group's consolidated annual financial statements for the year ended 31st March, 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 Cycle

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosure set out in these condensed consolidated financial statements.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2015

### 3. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the period is as follows:

	<b>Six months ended</b>	
	<b>30/9/2015</b>	30/9/2014
	<b>HK\$'000</b>	HK\$'000
Sales of properties	<b>674</b>	–
Rental income	<b>2,700</b>	2,786
	<b>3,374</b>	2,786

The following is an analysis of the Group's result from the property investment and development segment:

	<b>Six months ended</b>	
	<b>30/9/2015</b>	30/9/2014
	<b>HK\$'000</b>	HK\$'000
Segment revenue	<b>3,374</b>	2,786
Segment (loss) profit	<b>(2,279)</b>	3,129
Unallocated other income	<b>392</b>	404
Unallocated other gains and losses	<b>(1,023)</b>	(255)
Unallocated expenses	<b>(8,875)</b>	(6,285)
Share of result of an associate	<b>1,478</b>	4,148
(Loss) profit for the period	<b>(10,307)</b>	1,141

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2015

### 4. OTHER INCOME

	Six months ended	
	30/9/2015	30/9/2014
	HK\$'000	HK\$'000
Interest income from bank balances	388	433
Sundry income	51	72
	<u>439</u>	<u>505</u>

### 5. OTHER GAINS AND LOSSES

	Six months ended	
	30/9/2015	30/9/2014
	HK\$'000	HK\$'000
Net exchange (loss) gain	(4,421)	2,327
Loss on deemed disposal of interest in an associate	-	(249)
	<u>(4,421)</u>	<u>2,078</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2015

### 6. TAXATION

	<b>Six months ended</b>	
	<b>30/9/2015</b>	<b>30/9/2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current taxation:		
Hong Kong Profits Tax	<b>141</b>	91
People's Republic of China ("PRC") Enterprise Income Tax	<b>184</b>	142
	<u>325</u>	<u>233</u>
Deferred taxation	<b>2</b>	37
	<u>327</u>	<u>270</u>

### 7. (LOSS) PROFIT FOR THE PERIOD

	<b>Six Months ended</b>	
	<b>30/9/2015</b>	<b>30/9/2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
(Loss) profit for the period has been arrived at after charging the following items:		
Cost of inventories recognised as expense	<b>238</b>	–
Depreciation of		
– property, plant and equipment	<b>522</b>	716
– investment property	<b>166</b>	166
	<u>166</u>	<u>166</u>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2015

### 8. DIVIDEND

No dividend was paid, declared or proposed during the current interim period. The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30th September, 2015 (six months ended 30th September, 2014: Nil).

### 9. BASIC (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to owners of the Company is based on the following data:

	<b>Six months ended</b>	
	<b>30/9/2015</b>	30/9/2014
	<b>HK\$'000</b>	HK\$'000
(Loss) earnings for the period attributable to owners of the Company for the purposes of basic (loss) earnings per share	<u><b>(10,307)</b></u>	<u>1,141</u>
	<b>Number of shares</b>	
	<b>'000</b>	<b>'000</b>
Number of ordinary shares for the purpose of basic (loss) earnings per share	<u><b>1,957,643</b></u>	<u>1,957,643</u>

Diluted (loss) earnings per share is not presented as there were no potential ordinary shares in issue for both periods.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2015

### 10. INTEREST IN AN ASSOCIATE

	<b>30/9/2015</b> <b>HK\$'000</b>	31/3/2015 HK\$'000
Cost of investment in an associate listed in Hong Kong	<b>308,706</b>	308,706
Share of post-acquisition profit and other comprehensive income and effect on deemed disposal of interest in an associate, net of dividends received	<b>302,740</b>	300,297
	<b>611,446</b>	609,003
Market value of interest in an associate	<b>267,155</b>	413,902
Prepayments for subscription of new shares of an associate	<b>22,499</b>	–

The financial year end date for the associate is 31st December. For the purpose of applying the equity method of accounting, the management accounts of the associate for the six months period ended 30th June, 2015 have been used.

Included in the cost of investment in an associate is goodwill of HK\$167,088,000 (31/3/2015: HK\$167,088,000) which is the difference between the initial cost of investment and the Group's share of the net value of the associate's identifiable assets and liabilities as at the date of acquisition of the associate.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2015

### 10. INTEREST IN AN ASSOCIATE (continued)

During the period ended 30th September, 2015, the Group's shareholding in the associate remains at 30.47%. On 24th September, 2015, the Group has entered into the subscription agreements with the associate for subscription of 28,480,000 new shares in consideration of approximately HK\$22,499,000. As at 30th September, 2015, such payment has been classified as non-current prepayments. Completion of the subscription is subject to certain conditions to be satisfied on or before the long stop date (i.e. 30th November, 2015), including the approval of the subscription agreement at the extraordinary general meeting of the associate ("EGM"). If the conditions are not fulfilled on or before the long stop date, the subscription agreements will lapse and become null and void and the prepayments will be refunded.

On 16th November, 2015, the subscription agreements were not approved by the independent shareholders (i.e. shareholders other than the subscribers) at the EGM. The associate is in negotiation with the Group to enter into supplemental agreements to, inter alia, extend the long stop date.

During the period ended 30th September, 2014, the Group's shareholding in the associate was diluted from 31.73% to 31.54% as the associate issued approximately 12,289,000 shares for share options exercise. As a result, a net loss on deemed disposal of interest in an associate of HK\$249,000 was recognised in profit or loss and the relevant accumulated translation reserve of HK\$197,000 was reclassified to profit or loss.

The carrying amount of the associate is higher than the market capitalisation with reference to the quoted market price of the shares of the associate as at 30th September, 2015 which constitutes an impairment indicator. The Group conducted an impairment assessment of the associate. The recoverable amount of the associate is determined based on the value in use estimation by the management. In determining the value in use of the interest in an associate, the directors estimated the present value of the estimated future cash flow comprising expected dividend incomes from an associate and expected ultimate disposal, by using a discount rate to discount the cash flow projections to net present value. The future cash flow from the expected ultimate disposal is calculated with reference to the expected return from the associate. Based on the assessment, the recoverable amount of the Group's interest in an associate is estimated to be higher than the carrying amount and no impairment loss is recognised.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2015

### 11. SHARE CAPITAL

#### Ordinary shares of HK\$0.08 each, issued and fully paid

	Number of share '000	Share capital HK\$'000
At 1st April, 2014, 31st March, 2015 and 30th September, 2015	<b>1,957,643</b>	<b>156,611</b>

### 12. PLEDGE OF ASSETS

At 30th September, 2015, bank deposits of HK\$2,000,000 (31/3/2015: HK\$2,000,000) were pledged to the banks as security in respect of mortgage loans granted to property purchasers by banks.

### 13. RELATED PARTY TRANSACTIONS

During the period, the Group had the following transactions with related parties:

- (a) Pursuant to the tenancy agreement entered into between Panda Investment Company Limited ("Panda Investment") and the Group, the Group leased certain office premises and warehouses from Panda Investment and paid rental of HK\$243,000 (six months ended 30/9/2014: HK\$243,000) during the current period. Panda Investment is a wholly owned subsidiary of Lee & Leung Family Investment Limited, the ultimate parent of the Company.
- (b) At 30th September, 2015, the Group had an amount of approximately HK\$2,358,000 (31/3/2015: HK\$2,190,000) due to Panda Investment, which is unsecured, interest-free and repayable on demand.
- (c) Pursuant to the tenancy agreement entered into between Mr. Lee Wing Keung, a son of Mr. Lee Lap and Mdm. Leung Lai Ping, directors of the Company and the Group, the Group leased its land and building to Mr. Lee Wing Keung for a period of 3 years from 16th March, 2014 to 15th March, 2017 at the monthly rental of HK\$157,000 (exclusive of rates, management fee and utility charges). The rental income recognised during the period is HK\$942,000 (six months ended 30/9/2014: HK\$942,000).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th September, 2015

### 13. RELATED PARTY TRANSACTIONS (continued)

- (d) The compensation of key management personnel paid or payable by the Group in respect of the current period, substantially all of which comprised of short term benefits attributable to the directors of the Company, amounted to HK\$4,663,500 (six months ended 30/9/2014: HK\$4,663,500).

The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

### 14. EVENTS AFTER THE REPORTING PERIOD

On 24th September, 2015, the Group entered into the subscription agreements with the associate for subscription for 28,480,000 new shares in cash consideration of approximately HK\$22,499,000. Completion of the subscription is subject to certain conditions to be satisfied on or before the long stop date (i.e. 30th November, 2015), including the approval of the subscription agreements at the extraordinary general meeting of the associate ("EGM").

On 16th November, 2015, the subscription agreements were not approved by the independent shareholders (i.e. shareholders other than the subscribers) at the EGM. The associate is in negotiation with the Group to enter into supplemental agreements to, inter alia, extend the long stop date.