



Deson Development International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 262)



INTERIM REPORT 2013

The board of directors (the “Board”) of Deson Development International Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2013, together with the comparative figures for the six months ended 30 September 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2013

	Notes	2013 HK\$'000	2012 HK\$'000
REVENUE	3	407,819	303,723
Cost of sales		<u>(365,905)</u>	<u>(261,262)</u>
Gross profit		41,914	42,461
Other income and gains	3	22,087	20,532
Gain on disposal of a subsidiary	13	15,445	–
Administrative expenses		(43,287)	(39,585)
Other operating income, net		725	402
Finance costs	5	(954)	(1,743)
Share of profits and losses of:			
A jointly-controlled entity		(4)	(4)
Associates		<u>355</u>	<u>270</u>
PROFIT BEFORE TAX	4	36,281	22,333
Income tax expense	6	<u>(9,037)</u>	<u>(9,522)</u>
PROFIT FOR THE PERIOD		<u>27,244</u>	<u>12,811</u>
Attributable to:			
Owners of the Company		27,468	12,834
Non-controlling interests		<u>(224)</u>	<u>(23)</u>
		<u>27,244</u>	<u>12,811</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>4.93 cents</u>	<u>2.25 cents</u>
Diluted		<u>4.93 cents</u>	<u>2.25 cents</u>

Details of the interim dividend proposed for the six months ended 30 September 2013 are disclosed in note 7 to the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	2013 HK\$'000	2012 HK\$'000
PROFIT FOR THE PERIOD	27,244	12,811
OTHER COMPREHENSIVE INCOME		
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive income of associates	1,472	177
Release of exchange fluctuation reserve upon disposal of a subsidiary	(5,438)	—
Exchange differences on translating foreign operations	9,191	327
TOTAL ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	5,225	504
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	32,469	13,315
Attributable to:		
Owners of the Company	32,587	13,339
Non-controlling interests	(118)	(24)
	32,469	13,315

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2013

		30 September 2013 HK\$'000	31 March 2013 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		155,461	158,083
Investment properties	9	172,085	169,375
Investment in a jointly-controlled entity		(4)	–
Investments in associates		2,366	939
Available-for-sale investments		21,641	21,641
Total non-current assets		351,549	350,038
CURRENT ASSETS			
Amounts due from associates		4,773	4,707
Amount due from an investee		100	100
Amount due from a related company		961	–
Properties held for sale under development and properties held for sale	10	1,020,436	942,959
Gross amount due from contract customers		7,599	8,682
Inventories		9,673	7,529
Accounts receivable	11	61,568	102,682
Prepayments, deposits and other receivables		116,860	34,303
Cash and cash equivalents		46,710	97,931
Pledged deposits		56,324	64,207
		1,325,004	1,263,100
Assets of a disposal group classified as held for sale		–	70,659
Total current assets		1,325,004	1,333,759

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 September 2013

		30 September 2013 HK\$'000	31 March 2013 HK\$'000
	Notes		
CURRENT LIABILITIES			
Gross amount due to contract customers		63,564	58,222
Accounts payable	12	39,599	44,021
Other payables and accruals		180,899	183,195
Amounts due to associates		48	48
Amounts due to non-controlling shareholders		1,497	1,500
Amount due to a related company		6,350	761
Tax payable		87,450	111,582
Interest-bearing bank borrowings		249,629	231,460
		629,036	630,789
Liabilities directly associated with the assets of a disposal group classified as held for sale		–	15,180
Total current liabilities		629,036	645,969
NET CURRENT ASSETS		695,968	687,790
TOTAL ASSETS LESS CURRENT LIABILITIES		1,047,517	1,037,828
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		136,743	150,223
Deferred tax liabilities		40,503	39,098
Total non-current liabilities		177,246	189,321
Net assets		870,271	848,507
EQUITY			
Equity attributable to owners of the Company			
Issued capital	14	55,448	56,077
Reserves		803,580	779,918
Proposed dividend	7	5,541	6,695
		864,569	842,690
Non-controlling interests		5,702	5,817
Total equity		870,271	848,507

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2012

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Issued capital	Share premium account	Contributed surplus	Property revaluation reserve	Capital reserve	Capital redemption reserve	Exchange fluctuation reserve	Investment revaluation reserve	Reserve funds	Retained profits	Proposed dividend	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012	57,272	124,293	15,262	82,524	(9,240)	12,319	53,347	2,232	3,260	418,458	5,719	765,446	4,652
Profit for the period	-	-	-	-	-	-	-	-	-	12,834	-	12,834	(23)
Other comprehensive income for the period:													
Share of other comprehensive income of associates	-	-	-	-	-	-	-	177	-	-	-	177	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	328	-	-	-	-	328	(1)
Total comprehensive income for the period	-	-	-	-	-	-	328	177	-	12,834	-	13,339	(24)
Release of revaluation reserve	-	-	-	(1,254)	-	-	-	-	-	1,254	-	-	-
Repurchase of shares	(183)	(723)	-	-	-	183	-	-	-	(183)	-	(906)	(906)
Share repurchase expenses	-	(15)	-	-	-	-	-	-	-	-	-	(15)	(15)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(175)	(175)
Final 2012 dividend declared	-	-	-	-	-	-	-	-	-	8	(5,719)	(5,711)	(5,711)
Proposed Interim 2013 dividend (note 7)	-	-	-	-	-	-	-	-	-	(5,697)	5,697	-	-
At 30 September 2012	57,089	123,555*	15,262*	81,270*	(9,240)*	12,502*	53,675*	2,409*	3,260*	426,674*	5,697	772,153	4,453

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Period ended 30 September 2013

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Issued capital	Share premium account	Contributed surplus	Property revaluation reserve	Capital reserve	Capital redemption reserve	Exchange fluctuation reserve	Investment revaluation reserve	Reserve funds	Retained profits	Proposed dividend	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013	56,077	118,408	15,262	120,059	(9,240)	13,514	58,365	3,764	3,260	456,526	6,695	842,690	5,817
Profit for the period	-	-	-	-	-	-	-	-	-	27,468	-	27,468	(224)
Other comprehensive income for the period:													
Share of other comprehensive income of associates	-	-	-	-	-	-	-	1,472	-	-	-	1,472	-
Exchange differences on translation of foreign operations	-	-	-	-	-	-	9,085	-	-	-	-	9,085	106
Disposal of a subsidiary	-	-	-	-	-	-	(5,438)	-	-	-	-	(5,438)	-
Total comprehensive income for the period	-	-	-	-	-	-	3,647	1,472	-	27,468	-	32,587	(118)
Release of revaluation reserve	-	-	-	(7,945)	-	-	-	-	-	7,945	-	-	-
Repurchase of shares	(629)	(3,380)	-	-	-	629	-	-	-	(629)	-	(4,009)	-
Share repurchase expenses	-	(33)	-	-	-	-	-	-	-	-	-	(33)	-
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	3
Final 2013 dividend declared	-	-	-	-	-	-	-	-	-	29	(6,695)	(6,666)	-
Proposed Interim 2014 dividend (note 7)	-	-	-	-	-	-	-	-	-	(5,541)	5,541	-	-
At 30 September 2013	55,448	114,995*	15,262*	112,114*	(9,240)*	14,143*	62,012*	5,236*	3,260*	485,798*	5,541	864,569	5,702

* These reserve accounts comprise the consolidated reserves of HK\$803,580,000 (31 March 2013: HK\$779,918,000) in the condensed consolidated statement of financial position.

The contributed surplus of the Group represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange thereof, pursuant to the Group reorganisation on 21 May 1997.

The reserve funds of the Group include statutory reserves required to be appropriated from the profit after tax of the Company's subsidiaries in Mainland China under the laws and regulations of the People's Republic of China. The amount of the appropriation is at the discretion of these subsidiaries' boards of directors.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	2013 HK\$'000	2012 HK\$'000
CASH FLOWS USED IN OPERATING ACTIVITIES	(123,895)	(44,965)
CASH FLOWS FROM INVESTING ACTIVITIES	77,152	5,496
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	(3,626)	79,811
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(50,369)	40,342
Cash and cash equivalents at beginning of period	91,479	(6,449)
Effect of foreign exchange rate changes, net	1,778	501
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>42,888</u>	<u>34,394</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents stated in the statement of financial position	46,710	62,562
Bank overdrafts, secured	(3,822)	(28,168)
Cash and cash equivalents as stated in the statement of cash flows	<u>42,888</u>	<u>34,394</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These unaudited condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention, except for leasehold land and buildings classified as property, plant and equipment, and investment properties, which have been measured at fair value. These unaudited condensed financial statements should be read in conjunction with the annual accounts for the year ended 31 March 2013.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual audited financial statements for the year ended 31 March 2013, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards (“HKFRS”) (which also include HKASs and Interpretations) for the first time in the current period.

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

The adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

2. OPERATING SEGMENT INFORMATION

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

- (a) the construction business segment is engaged in construction contract works as a main contractor and decoration, as well as the provision of electrical and mechanical engineering services;
- (b) the property development and investment business segment is engaged in property development of residential and commercial properties and holding of investment properties; and
- (c) the “others” segment comprises, principally, trading of medical equipment and home security and automation products, and provision of related installation and maintenance services.

Management monitors the results of its 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, gain on disposal of a subsidiary, gain on disposal of an available-for-sale investment, finance costs, share of profits and losses of a jointly-controlled entity and associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment in a jointly-controlled entity, investments in associates, other unallocated head office and corporate assets and assets of a disposal group classified as held for sale as these assets are managed on a group basis.

Segment liabilities exclude liabilities directly associated with the assets of a disposal group classified as held for sale and 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.

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

2. OPERATING SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 September

	Construction business		Property development and investment business		Others		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	335,600	211,553	61,697	80,699	10,322	11,471	407,819	303,723
Other income and gains	1,359	2,394	19,083	16,471	124	5	20,566	18,870
Revenue	336,959	213,947	80,780	97,170	10,646	11,476	428,385	322,593
Segment results:								
Operating profit/(loss)	4,617	411	18,205	24,547	22	(266)	22,844	24,692
Reconciliation:								
Interest income							1,021	1,662
Gain on disposal of a subsidiary							15,445	-
Gain on disposal of an available-for-sale investment							500	-
Unallocated expenses							(2,926)	(2,544)
Finance costs							(954)	(1,743)
Share of losses of a jointly-controlled entity							(4)	(4)
Share of profits and losses of associates							355	270
Profit before tax							36,281	22,333

The following table presents segment assets and liabilities of the Group's operating segments as at 30 September 2013 and 31 March 2013:

	Construction business	Property development and investment business	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
30 September 2013				
Segment assets	234,927	1,297,313	16,726	1,548,966
Reconciliation:				
Investment in a jointly-controlled entity				(4)
Investment in associates				2,366
Corporate and other unallocated assets				125,225
Total assets				1,676,553
Segment liabilities	132,697	153,165	3,812	289,674
Reconciliation:				
Corporate and other unallocated liabilities				516,608
Total liabilities				806,282

2. OPERATING SEGMENT INFORMATION (CONTINUED)

	Construction business HK\$'000	Property development and investment business HK\$'000	Others HK\$'000	Total HK\$'000
31 March 2013				
Segment assets	232,551	1,183,529	11,780	1,427,860
<i>Reconciliation:</i>				
Investment in associates				939
Corporate and other unallocated assets				184,339
Assets of a disposal group classified as held for sale				70,659
Total assets				1,683,797
Segment liabilities	122,498	158,702	4,397	285,597
<i>Reconciliation:</i>				
Liabilities directly associated with the assets of a disposal group classified as held for sale				15,180
Corporate and other unallocated liabilities				534,513
Total liabilities				835,290

For the six months ended 30 September

	Construction business		Property development and investment business		Others		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:								
Loss on disposal of items of property, plant and equipment	-	34	-	-	12	19	12	53
Reversal of impairment of accounts receivable	-	-	-	-	(18)	(18)	(18)	(18)
Provision for inventories	-	-	-	-	512	103	512	103
Depreciation	2,525	1,938	569	580	51	46	3,145	2,564

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue from construction contracts; income from property development and investment business; the net invoiced value of goods sold, after allowance for returns and trade discounts; and provision of related installation and maintenance services.

An analysis of revenue, other income and gains is as follows:

	2013 HK\$'000	2012 HK\$'000
Revenue		
Income from construction contracting and related business	335,600	211,553
Income from property development and investment business	61,697	80,699
Income from trading of medical equipment and home security and automation products, and provision of related installation and maintenance services	10,522	11,471
	<u>407,819</u>	<u>303,723</u>
Other income and gains		
Bank interest income	1,021	1,662
Gross rental income	18,831	16,287
Gain on disposal of an available-for sale investment	500	–
Others	1,735	2,583
	<u>22,087</u>	<u>20,532</u>

4. PROFIT BEFORE TAX

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

	2013 HK\$'000	2012 HK\$'000
Cost of properties sold	45,031	55,279
Cost of construction contracting	313,966	197,473
Cost of inventories sold and services provided	6,908	8,510
Depreciation	3,145	2,564
Minimum lease payments under operating leases on land and buildings	915	891
Loss on disposal of items of property, plant and equipment [^]	12	53
Employee benefit expense (including directors' remuneration):		
Wages and salaries	22,742	18,535
Pension schemes contributions*	542	503
Less: Amount capitalised	(5,095)	(2,677)
	<u>18,189</u>	<u>16,361</u>
Directors' remuneration:		
Fee	156	156
Salaries and allowances	2,249	1,599
Pension schemes contributions	38	30
	<u>2,443</u>	<u>1,785</u>
Foreign exchange differences, net [^]	(719)	(437)
Provision for inventories, included in cost of inventories sold	512	103
Reversal of impairment of accounts receivable [^]	<u>(18)</u>	<u>(18)</u>

* At 30 September 2013 there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (2012: Nil).

[^] These amounts are included in "Other operating income, net" on the face of the condensed consolidated income statement.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable within five years and total interest expense on financial liabilities not at fair value through profit or loss	18,865	12,439
Less: Interest capitalised	<u>(17,911)</u>	<u>(10,696)</u>
	<u>954</u>	<u>1,743</u>

6. INCOME TAX

No Hong Kong profits tax has been provided as the Group's subsidiaries either did not generate any assessable profits arising in Hong Kong during the period or have available tax losses brought forward from prior years to offset the assessable profits generated during the period (2012: Nil). 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 ("LAT") in Mainland China is levied 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.

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current – Elsewhere		
Charge for the period	7,070	2,023
Underprovision in prior periods	4	5,239
Deferred	(971)	802
LAT in Mainland China	<u>2,934</u>	<u>1,458</u>
Total tax charge for the period	<u>9,037</u>	<u>9,522</u>

7. INTERIM DIVIDEND

	2013 HK\$'000	2012 HK\$'000
Proposed interim – HK1 cent (2012: HK1 cent) per ordinary share	<u>5,541</u>	<u>5,697</u>

The Board of Directors has resolved to declare an interim dividend of HK1 cent (2012: HK1 cent) in respect of the six months ended 30 September 2013 per ordinary share in issue payable on or around 31 December 2013 to shareholders whose names appear on the register of members of the Company on 18 December 2013.

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

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 556,693,136 (2012: 571,607,070) in issue during the period.

The calculations of basic earnings per share are based on:

	2013 HK\$'000	2012 HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u>27,468</u>	<u>12,834</u>
	Number of shares	
	2013	2012
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<u>556,693,136</u>	<u>571,607,070</u>

The Group had no potential dilutive ordinary shares in issue during the six months ended 30 September 2013 (2012: Nil).

9. INVESTMENT PROPERTIES

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Carrying amount at 1 April	169,375	225,060
Net gain from fair value adjustment	–	218
Transferred from property, plant and equipment	–	8,875
Reclassified as a disposal group classified as held for sale	–	(66,625)
Exchange realignment	2,710	1,847
	172,085	169,375
Carrying amount at 30 September/31 March	172,085	169,375

The Group's investment properties are situated in Mainland China and are held under long term lease.

As at 30 September 2013, certain investment properties of the Group with an aggregate carrying amount of HK\$161,671,000 (31 March 2013: HK\$159,125,000) were pledged to secure certain banking facilities granted to the Group.

As at 30 September 2013, investment properties of the Group with a carrying amount of HK\$172,085,000 (31 March 2013: HK\$169,375,000) were leased to an independent third party.

10. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT AND PROPERTIES HELD FOR SALE

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Completed properties held for sale	630,958	660,960
Properties held for sale under development	389,478	281,999
	1,020,436	942,959
Properties held for sale under development:		
– expected to be recovered:		
Within one year	173,193	93,532
After one year	168,618	40,028
– pending for construction expected to be recovered after one year	47,667	148,439
	389,478	281,999

10. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT AND PROPERTIES HELD FOR SALE (CONTINUED)

As at 30 September 2013, certain completed properties held for sale and properties held for sales under development of the Group with an aggregate carrying amount of HK\$512,827,000 (31 March 2013: HK\$268,014,000) were pledged to secure certain banking facilities granted to the Group.

11. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit. The credit period is generally 90 days for the sale of trading goods and up to 180 days for the sale of completed properties held for sale. For retention monies receivable in respect of construction works carried out by the Group, the due dates are usually one year after the completion of the construction work. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Accounts receivable are non-interest-bearing.

An aged analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Current to 90 days	44,710	87,625
91 to 180 days	5,316	1,637
181 to 360 days	388	3,998
Over 360 days	1,327	1,538
	51,741	94,798
Retention monies receivable	9,827	7,884
Total	61,568	102,682

12. ACCOUNTS PAYABLE

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

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Current to 90 days	26,585	28,453
91 to 180 days	2,172	3,045
181 to 360 days	4,405	6,056
Over 360 days	6,437	6,467
	<u>39,599</u>	<u>44,021</u>

Accounts payable are non-interest-bearing and are normally settled on 30-day terms.

13. DISPOSAL OF A SUBSIDIARY

	2013 HK\$'000
Net assets disposed of:	
Property, plant and equipment	4,066
Investment properties	67,691
Prepayments, deposits and other receivables	3
Other payables and accruals	(6,302)
Deferred tax liabilities	(7,074)
	<u>58,384</u>
Exchange fluctuation reserve	(5,438)
Legal and professional fee and transaction costs directly attributable to disposal	2,140
Gain on disposal of a subsidiary	15,445
	<u>70,531</u>
Satisfied by:	
Cash	<u>70,531</u>

13. DISPOSAL OF A SUBSIDIARY (CONTINUED)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2013 HK\$'000
Cash consideration	70,531
Less: Legal and professional fee and transaction costs paid	(2,140)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	68,391

Note:

On 1 February 2013, Yew Siang Limited ("Yew Siang"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with an independent third party to dispose of its entire interest in 美格菲(成都)康體發展有限公司 ("Disposal Group"), a wholly-owned subsidiary of Yew Siang, together with the shareholder's loan for a total consideration of RMB56,453,000 (equivalent to HK\$70,531,000). The Disposal Group is principally engaged in property investment at the date of disposal. Details of the disposal are set out in the announcement of the Company dated 4 February 2013.

The disposal was completed on 29 May 2013.

14. SHARE CAPITAL

Shares

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Authorised:		
1,500,000,000 (31 March 2013: 1,500,000,000) ordinary shares of HK\$0.10 each	150,000	150,000
Issued and fully paid:		
554,475,267 (31 March 2013: 560,765,267) ordinary shares of HK\$0.10 each	55,448	56,077

14. SHARE CAPITAL (CONTINUED)

A summary of the transactions during the current period with reference to the movements in the Company's issued ordinary share capital is as follows:

	Note	Number of shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 April 2013		560,765,267	56,077	118,408	174,485
Repurchase of shares	(i)	(6,290,000)	(629)	(3,380)	(4,009)
Share repurchase expenses	(i)	–	–	(33)	(33)
At 30 September 2013		<u>554,475,267</u>	<u>55,448</u>	<u>114,995</u>	<u>170,443</u>

Note:

- (i) During the period, the Company repurchased a total of 6,290,000 of its own shares on the Stock Exchange at prices ranging from HK\$0.61 to HK\$0.65 per share at a total consideration, before expenses, of HK\$4,009,000. The repurchase shares were cancelled and an amount equivalent to the nominal value of these shares of HK\$629,000 was transferred from retained profits to the capital redemption reserve. The premium of HK\$3,380,000 paid on the repurchase shares and share repurchase expenses of HK\$33,000 were charged against the share premium account.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in the section headed "Share Option Scheme".

15. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements, with leases negotiated for terms ranging from one to fifteen years.

At 30 September 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Within one year	974	973
In the second to fifth years, inclusive	1,817	1,973
After five years	1,544	1,694
	<u>4,335</u>	<u>4,640</u>

16. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

	2013 Notes HK\$'000	2012 HK\$'000
Management fees received from associates	(i) 396	378
Management fees received from a related company	(i) 28	28
Rental income from related companies	(ii) 153	1,251

Notes:

- (i) The management fees were charged by reference to actual costs incurred for the services provided by the Group.
- (ii) During the period, the rental income was charged to Fitness Concept Limited ("FCL") at HK\$26,000 (2012: HK\$26,000) per month. In last period, a rental income was also charged to one of FCL's subsidiaries at HK\$183,000 per month. Mr. Tjia Boen Sien is a director of and has beneficial interests in the Company and FCL while Mr. Keung Kwok Cheung is the director of the Company and FCL.

16. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties:

Details of the Group's balances with its jointly-controlled entity, associates, non-controlling shareholders and related companies as at the end of the reporting period are included in the financial statements;

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

The key management personnel of the Group are the directors and chief executive of the Company. Details of the remuneration of the directors are disclosed in note 4 to the financial statements.

The related party transactions in respect of item (a)(ii) above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

17. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying amounts		Fair values	
	30 September 2013 HK\$'000	31 March 2013 HK\$'000	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Financial assets				
Amounts due from associates	4,773	4,707	4,773	4,707
Amount due from an investee	100	100	100	100
Amount due from a related company	961	–	961	–
Accounts receivable	61,568	102,682	61,568	102,682
Financial assets included in prepayments, deposits and other receivables	107,310	27,289	107,310	27,289
Cash and cash equivalents	46,710	97,931	46,710	97,931
Pledged deposits	56,324	64,207	56,324	64,207
	<u>277,746</u>	<u>296,916</u>	<u>277,746</u>	<u>296,916</u>

17. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

	Carrying amounts		Fair values	
	30 September 2013 HK\$'000	31 March 2013 HK\$'000	30 September 2013 HK\$'000	31 March 2013 HK\$'000
Financial liabilities				
Account payables	39,599	44,021	39,599	44,021
Financial liabilities included in other payables and accruals	86,254	80,155	86,254	80,155
Amounts due to associates	48	48	48	48
Amount due to a related company	6,350	761	6,350	761
Amounts due to non-controlling shareholders	1,497	1,500	1,497	1,500
Interest-bearing bank borrowings	386,372	381,683	386,372	381,683
	<u>520,120</u>	<u>508,168</u>	<u>520,120</u>	<u>508,168</u>

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

The fair value of cash and cash equivalents, pledged deposits, accounts receivable, accounts payable, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to associates, amounts due from/to non-controlling shareholders, amounts due from/to related companies, an amount due from an investee and current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

The fair value of the unlisted available-for-sale investments was not disclosed because the range of reasonable fair value estimates was so significant that the directors are of the opinion that their fair values could not be measured reliably.

17. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

The Group did not have any financial assets and liabilities measured at fair value as at 30 September 2013 (31 March 2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's turnover for the six months ended 30 September 2013 surged to the highest in history and recorded at HK\$408 million, which represented an increase of 34% as compared with the same period last year. The net profit attributable to equity holders of the Company amounted to approximately HK\$27 million representing an increase of 114% as compared with the same period last year. Earning per share is approximately HK4.93 cents.

The Group's major business segment during the period comprises (i) construction as a main contractor and decoration, as well as the provision of electrical and mechanical ("E&M") engineering services; (ii) property development and investment; and (iii) trading of medical equipment and home security and automation products, and provision of related installation and maintenance services.

During the six months ended 30 September 2013, the Group completed or substantially completed projects such as fitting out works for Miu Miu shops at Chengdu and Nanjing, PRC, fitting out works for Prada shop at Nanjing, PRC. In current period, turnover generated from the construction business segment surged to the highest in history, this is mainly because more E&M engineering contracts and decoration contracts are granted to the Group, and also certain E&M engineering contracts granted in last period were at the beginning stage, and had not yet bring a lot of turnover to the Group in last period.

BUSINESS REVIEW (CONTINUED)

On 1 February 2013, Yew Siang Limited (“Yew Siang”), an indirect wholly owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to dispose of its entire interest in 美格菲(成都)康體發展有限公司 (“Disposal Group”), a wholly-owned subsidiary of Yew Siang, together with the shareholder’s loan for a total consideration of RMB56,453,000. The disposal was completed on 29 May 2013 and contributed a gain on disposal of a subsidiary of HK\$15.4 million during the six months ended 30 September 2013.

In September 2007, Asian Villas City Square was awarded one of the “Top 100 Best Property in China for year 2007 (third anniversary)”. In May 2008, the Company was awarded one of the “Top 500 Most Influential Property Development Enterprise in China” for year 2008, by 2008 亞洲(博鰲)房地產領袖峰會. In December 2009, the Company was awarded one of the “Chinese businessman top 500 in 2009” by 華商中國市場500強評選活動組委會.

FINANCIAL REVIEW

Turnover

For the six months ended 30 September 2013, the Group’s turnover amounted to HK\$408 million, increased by 34% as compared to the same period last year. The increase was mainly contributed by the construction business segment, which more E&M engineering contracts and decoration contracts are granted to the Group during the current period, and also certain contracts granted in last period were at the beginning stage, and had not yet bring a lot of turnover to the Group in last period. The above increase is partly offset by the 24% decrease in turnover in property development and investment segment, which the decrease is mainly due to no new properties under development is completed during this six months period, and we are only selling the remaining completed properties of section B, D to F of Phase II of Century Place, Kaifeng, PRC. Turnover generated from construction contracting business, property development and investment business and other business amounted to approximately HK\$336 million, HK\$62 million, HK\$10 million respectively, which represent an increase by 59%, decreases by 24% and 8% respectively as compared to the same period last year.

FINANCIAL REVIEW (CONTINUED)

Gross profit margin

During the six months ended 30 September 2013, the Group's gross profit margin was approximately 10%, down by 4% as compared to last period's 14%, this is mainly driven from the decrease in the percentage of turnover generated from the property development and investment segment over the total turnover, from last period's 27% to this period's 15%, where the gross profit margin of this segment generally have a much higher gross profit margin than the other main segment-construction contracting segment, as a result, the overall gross profit margin is slightly lower than last period.

Liquidity and financial resources

As at 30 September 2013, the Group had total assets of HK\$1,676,553,000, which is financed by total liabilities, shareholders' equity and non-controlling interests of HK\$806,282,000, HK\$864,569,000 and HK\$5,702,000, respectively. The Group's current ratio at 30 September 2013 was 2.11 compared to 2.06 at 31 March 2013.

The gearing ratio for the Group is 17% (31 March 2013: 18%). It was calculated based on the non-current liabilities of HK\$177,246,000 (31 March 2013: HK\$189,321,000) and long term capital (equity and non-current liabilities) of HK\$1,047,517,000 (31 March 2013: HK\$1,037,828,000).

Capital expenditure

Total capital expenditure for the six months ended 30 September 2013 was approximately HK\$477,000, which are mainly used in the purchase of office equipments.

Contingent liabilities

At the end of the reporting date, there were no significant contingent liabilities for the Group.

Commitments

At the end of the reporting date, there were no significant capital commitments for the Group.

FINANCIAL REVIEW (CONTINUED)

Charges on group assets

The Group's banking facilities are secured by:

- (i) the pledge of certain of the Group's leasehold land and buildings situated in Hong Kong of HK\$132,628,000 (31 March 2013: HK\$134,800,000);
- (ii) the pledge of certain of the Group's investment properties situated in Mainland China of HK\$161,671,000 (31 March 2013: HK\$159,125,000);
- (iii) the pledge of certain of the Group's properties held for sale situated in Mainland China of HK\$512,827,000 (31 March 2013: HK\$268,014,000); and
- (iv) the pledge of the Group's deposits of HK\$52,133,000 (31 March 2013: HK\$64,207,000).

Treasury policies

The Director will continue to follow a prudent policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business. In view of the expected development for the property development project in Kaifeng, PRC, the Group will take consideration on the Renminbi fund planning to adequately finance this project. Interest for the current bank borrowings were mainly on floating rate basis and the bank borrowings were principally denominated in Hong Kong dollars and Renminbi, hence, there is no significant exposure to foreign exchange rate fluctuations.

Exchange risk exposure

The Group's receivables and payables were denominated mainly in Hong Kong dollar and Renminbi. Since some of the Group's business are based in the PRC, the continuing appreciation of RMB inevitably increase the development cost and operating cost, however, the fluctuation in RMB is still mild for the time being and the PRC operation is naturally hedged by the future RMB receivables, therefore the management does not foresee any significant foreign currency exposure.

PROSPECT

Construction business (including E&M works)

The Group will uphold an on-going parallel development of its construction business (including building construction and E&M works) in both the PRC and Hong Kong. With its proven track records and adequate expertise in the main contracting business, the Group obtained “List of Approved Contractors for Public Works under Group C of the Building Category under Environment, Transport and Works Bureau of the HKSAR”. Together with the license in Group II under the “Turn-key Interior Design and Fitting-out Works” under the “List of Approved Suppliers of Materials and Specialist Contractors for Public Works” and the 11 licenses held under the “List of Approved Suppliers of Materials and Specialist Contractors for Public Works under Environment, Transport and Works Bureau of the Government of the HKSAR”, enables the Group to take an active part in the construction business development.

During the period, new projects such as superstructure work for residential development at Stubbs Road, Hong Kong, electrical installation for residential building at Kwai Fong Street, Happy Valley, Hong Kong, refurbishment of addressable fire alarm system and visual fire alarm installation at a divisional police station, Hong Kong, fitting out works for Prada shop at Tianjin, PRC, fitting out works for a police hostel at Beijing, PRC were granted. As at the date of this report, the Group has contracts on hand with a total contract sum of over HK\$1,466 million.

Property development and investment

On 9 June 2005, the Group has been granted the land use rights of a development site in Long Ting district of the city of Kaifeng. The Directors intend to develop a residential and commercial complex on the site with an estimated gross floor area of approximately 221,000 sq. metres. Up to now, gross floor area of 190,000 sq. metres had completed construction and the total sales contract sum achieved amounted to approximately RMB653 million. The remaining of the land is under construction, processing smoothly, and it is expected the construction will be completed by 2015.

On 16 February 2012, the Group has successfully won a bid for the acquisition of land use right of a residential and commercial site in the city of Kaifeng. The Directors intend to develop a residential and commercial complex on the site with an estimated gross floor area of approximately 104,000 sq. metres.

PROSPECT (CONTINUED)

Although customer demand is affected by austerity measures posed by the Central Government and macro-economic uncertainties, property prices are not expected to decrease substantively. In anticipation of appreciation of Renminbi as well as enormous domestic demand, the Board remains optimistic to the property market in Mainland China and the Group will continue to place emphasis on strengthening the property development and investment business, and may acquire additional land bank to enrich its land reserve, specifically in the second and third tier cities in PRC which the market trend and growth potential is consistently increasing, however, the Group has no specific investment plan in relation to any particular project currently.

Trading of medical equipment and home security and automation products

With rising affluence especially in Hong Kong and the major cities in PRC, the consumers' increasing health awareness, especially among higher-income urban consumers, continued to create higher demand for medical equipments, and our effort in trading of medical equipment should continue to pay off in terms of sales growth and market penetration in PRC. In the coming year, we will expand our distribution channels and introducing a broader range of products to spur sales growth.

Also, with the increasing safety awareness in Hong Kong and the major cities in PRC, we expect there will be high demand for wired and wireless security devices and systems, which are applicable to residential estates, commercial offices, shops, hotels, hospitals, museums and prisons.

Going forward, the uncertainty in the world economy and the slow down in economic growth in the mainland will continue to pose challenges to the business. The tightening policies such as restrictions on home purchase as a part of its efforts to control inflation and maintain a stable and healthy economic growth, also caused certain negative impact on the mainland property market. However, it is expected the economy of the PRC will sustain a healthy growth, also, Hong Kong remains well positioned to benefit from the PRC's continuing growth and development, as such, the Group remains optimistic in the long run and has confidence in the growth momentum in the PRC and Hong Kong.

PROSPECT (CONTINUED)

The Group will continue to adopt efficacious cost management strategies and maintain tight credit control to cope with challenges and enhance competitiveness under the fluctuated operating environment. The Directors will continue to dedicate their best effort to maximize the best interests for the shareholders of the Group.

HUMAN RESOURCES

As at 30 September 2013, the Group has 134 employees, 12 of whom were based in the PRC. The total employee benefits expenses including directors' emoluments for the period under review increased to HK\$23 million from HK\$19 million in the same period last year, the increase is mainly due to the provision of bonus during the period under review.

The remuneration policy and package of the Group's employees are reviewed and approved by the directors. Apart from pension funds, in order to attract and retain a high caliber of capable and motivated workforce, the Company offers discretionary bonus and share options to staff based on the individual performance and the achievements of the Company's targets.

CONTINUING CONNECTED TRANSACTIONS

On 23 March 2011, the Group has entered into two tenancy agreements with 上海美格菲健身中心有限公司 and Fitness Concept Limited, companies wholly-owned by Mr. Tjia Boen Sien, the Managing Director and Deputy Chairman and a substantial shareholder of the Company, for the leasing of two properties of the Group at Sichuan, PRC and Hong Kong. The two tenancy agreements are contracted for three years commencing 1 April 2011, and the monthly rent payable are RMB150,000 and HK\$25,500 respectively. As discussed above, the Group had disposed of its entire shareholding interest in the Disposal Group which hold the above mentioned properties at Sichuan, PRC, due to the disposal, the Group had early terminated the leasing arrangement with 上海美格菲健身中心有限公司 commencing November 2012, and the rental income earned during the six months' ended 30 September 2013 from the remaining tenancy agreement was HK\$153,000 only.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

Given that Mr. Tjia is the Managing Director and Deputy Chairman of the Company and has an approximately 48.44% equity interest in the Company at the time entering into the tenancy agreements, Mr. Tjia is a connected person of the Company within the meaning of the Listing Rules. The transactions therefore constitute connected transactions of the Company. As each of the applicable percentage ratios of the transactions was more than 2.5% but less than 25% and the total considerations involved were less than HK\$10,000,000, pursuant to Rule 14A.32 of the Listing Rules, the transactions were exempted from the independent shareholders' approval requirement and were only subject to the reporting and disclosure requirements of the Listing Rules. The transactions also constituted discloseable transactions for the Company under the Listing Rules.

The independent non-executive directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that this continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

SHARE OPTION SCHEME

On 13 August 2012, the share option scheme of the Company adopted on 14 August 2002 ceased to operate and a new share option scheme (the "Scheme") was adopted on 15 August 2012 to comply with the requirements of Chapter 17 of the Listing Rules regarding share option schemes of a company. There is no outstanding share option under the old scheme upon its cessation.

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, the Company's shareholders and other employees of the Group. The Scheme became effective on 15 August 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

SHARE OPTION SCHEME (CONTINUED)

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Group at the adoption date of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. An option may be exercised under the Scheme at any time during a period not exceeding 10 years after the date when the option is granted and will expire on the last date of such period.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of an ordinary share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share option was granted during the six months ended 30 September 2013.

At the date of approval of these financial statements, no share option was outstanding under the Scheme.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2013, the interests and short positions of the Directors in the share capital and share option of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which he would be deemed or taken to have under Section 344 and 345 of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions in ordinary shares of the Company:

Name of Director	Number of shares held, capacity and nature of interest			Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Total	
Mr. Tjia Boen Sien*	45,774,400	233,290,000	279,064,400	50.33
Mr. Wang Jing Ning	14,839,600	–	14,839,600	2.68
Mr. Lu Quanzhang	100,000	–	100,000	0.02
Mr. Keung Kwok Cheung	200,000	–	200,000	0.04
Dr. Ho Chung Tai, Raymond	500,000	–	500,000	0.09
Mr. Siu Man Po	530,000	–	530,000	0.10

* Sparta Assets Limited ("Sparta Assets"), a company incorporated in the British Virgin Islands and wholly owned by Mr. Tjia Boen Sien, is beneficially interested in 233,290,000 ordinary shares of the Company.

The interests of the Directors in the share options of the Company are separately disclosed in the section headed "Share Option Scheme".

Save as disclosed above and in the section headed "Share Option Scheme", none of the Directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors interests and short positions in shares and underlying shares" above and in the share option scheme disclosures in the section headed "Share Option Scheme", at no time during the six months ended 30 September 2013 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2013, the following interests of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Sparta Assets (Note 1)	Beneficial Owner	233,290,000	42.07
Mr. Tjia Boen Sien	Interests of controlled corporation	233,290,000	42.07
	Directly beneficially own	45,774,400	8.26
Granda Overseas Holding Co. Ltd. ("Granda") (Note 2)	Beneficial Owner	115,799,160	20.88
Mr. Chen Huofa	Interests of controlled corporation	115,799,160	20.88

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Notes:

1. Sparta Assets, a company incorporated in the British Virgin Islands and wholly owned by Mr. Tjia Boen Sien, is beneficially interested in 233,290,000 ordinary shares of the Company.
2. Granda, a company incorporated in the British Virgin Islands and wholly owned by Mr. Chen Huofa, is beneficially interested in 115,799,160 ordinary shares of the Company.

Save as disclosed above, no person, other than the Directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, at 30 September 2013, had registered an interest or short position in the shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

INTERIM DIVIDEND

The Board is pleased to recommend the payment of an interim dividend of HK1 cent (2012: HK1 cent) per ordinary share in issue for the six months ended 30 September 2013 to be payable on or around Tuesday, 31 December 2013 to the shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 18 December 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 16 December 2013 to Wednesday, 18 December 2013 both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares in the Company accompanied by the relevant share certificates must lodged with the Company's branch shares registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 13 December 2013.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 September 2013, the Company purchased certain of its shares on the Stock Exchange and these shares were subsequently cancelled by the Company. The Company considered that it is the best way of enhancing shareholder value and that it is in the best interest of the shareholders to return a substantial part of the surplus funds to them. The summary details of those transactions are as follows:

	Number of Shares repurchased	Price per share		Total price paid HK\$'000
		Highest HK\$	Lowest HK\$	
April 2013	2,875,000	0.650	0.610	1,864
June 2013	980,000	0.630	0.610	609
July 2013	1,440,000	0.640	0.610	906
August 2013	315,000	0.630	0.620	198
September 2013	680,000	0.640	0.620	432
	<u>6,290,000</u>			<u>4,009</u>

The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of HK\$629,000 was transferred from retained profits to the capital redemption reserve. The premium of HK\$3,380,000 paid on the repurchases shares and share repurchase expenses of HK\$33,000 were charged against the share premium account.

The purchase of the Company's shares during the six months ended 30 September 2013 was effected by the Directors, pursuant to the mandate from shareholders received at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2013.

CORPORATE GOVERNANCE

In the Corporate Governance Report which was published in our annual report for the year ended 31 March 2013, the Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). The Directors consider that the Company has complied with most of the Code Provisions throughout the six months ended 30 September 2013, save for the deviation from the Code Provision A.4.1, details of which are explained below. The Company regularly reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

Summary of deviation of the CG Code:

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

The independent non-executive directors are not appointed for a specific term. However, all non-executive directors are subject to the retirement and rotation once every three years in accordance with the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable with those in the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the six months ended 30 September 2013.

The Company has adopted the same Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the Group's internal controls, risk management and financial reporting matters including the review of the interim results for the six months ended 30 September 2013, and adequacy of resources and qualifications of the Company's accounting staff. The audit committee comprise of three independent non-executive directors of the Company, namely Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Wong Shing Kay, Oliver. Mr. Wong Shing Kay, Oliver is the Chairman of the committee.

NOMINATION COMMITTEE

The Company has a nomination committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the relevant blend of skills, knowledge and experience. The nomination committee currently comprises two executive Directors, namely Mr. Tjia Boen Sien, Mr. Wang Jing Ning, and three independent non-executive Directors, namely Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Wong Shing Kay, Oliver. Mr. Wong Shing Kay, Oliver is the Chairman of the committee.

REMUNERATION COMMITTEE

The Company has a remuneration committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing the remuneration policy and fixing the remuneration packages for all Directors and chief executives. The remuneration committee currently comprises two executive Directors, namely Mr. Tjia Boen Sien, Mr. Wang Jing Ning, and three independent non-executive Directors, namely Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Wong Shing Kay, Oliver. Mr. Wong Shing Kay, Oliver is the Chairman of the committee.

BOARD OF DIRECTORS

As at the date of this report, the executive Directors of the Company are Mr. Lu Quanzhang, Mr. Tjia Boen Sien, Mr. Wang Jing Ning and Mr. Keung Kwok Cheung, and the independent non-executive Directors are Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Wong Shing Kay, Oliver.

By Order of the Board

Tjia Boen Sien

Managing Director and Deputy Chairman

Hong Kong, 26 November 2013