



迪臣建設國際集團有限公司

Deson Construction International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8268



INTERIM REPORT 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the “**Directors**”) of Deson Construction International Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2016 (the “**Reporting Period**”), together with the unaudited comparative figures for the corresponding period in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2016

	Notes	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
REVENUE	3	223,959	224,737	484,206	370,025
Cost of sales		(207,152)	(213,327)	(424,445)	(349,352)
Gross profit		16,807	11,410	59,761	20,673
Other income		224	430	697	802
Administrative expenses		(6,596)	(7,080)	(14,009)	(15,566)
Other operating income/ (expenses), net		—	(21)	2,919	(9)
Finance costs	5	(788)	(184)	(1,436)	(251)
PROFIT BEFORE TAX	4	9,647	4,555	47,932	5,649
Income tax expense	6	(43)	(436)	(1)	(525)
PROFIT FOR THE PERIOD		9,604	4,119	47,931	5,124
Attributable to:					
Owners of the Company		8,791	4,469	46,224	5,634
Non-controlling interests		813	(350)	1,707	(510)
		9,604	4,119	47,931	5,124
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY					
Basic	7	HK0.88 cent	HK0.45 cent	HK4.62 cents	HK0.56 cent
Diluted		HK0.87 cent	HK0.45 cent	HK4.35 cents	HK0.56 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2016

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
PROFIT FOR THE PERIOD	9,604	4,119	47,931	5,124
OTHER COMPREHENSIVE LOSS				
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	(1,419)	(915)	(1,419)	(603)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(1,419)	(915)	(1,419)	(603)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	8,185	3,204	46,512	4,521
Attributable to:				
Owners of the Company	7,639	3,694	45,072	5,120
Non-controlling interests	546	(490)	1,440	(599)
	8,185	3,204	46,512	4,521

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2016

	Notes	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		17,323	17,634
Investment properties	9	10,498	10,860
Total non-current assets		27,821	28,494
CURRENT ASSETS			
Gross amount due from contract customers		29,920	30,011
Amounts due from related companies		5,894	5,894
Amounts due from fellow subsidiaries		2	27
Accounts receivable	10	79,698	100,878
Prepayments, deposits and other receivables		52,377	23,195
Equity investments at fair value through profit or loss	11	32,709	8,124
Tax recoverable		2,490	2,490
Pledged deposits		29,752	29,727
Cash and cash equivalents		65,093	39,068
Total current assets		297,935	239,414
CURRENT LIABILITIES			
Gross amount due to contract customers		116,364	114,914
Accounts payable	12	15,583	32,905
Other payables and accruals		52,636	47,857
Amount due to a non-controlling shareholder		1,500	1,500
Amounts due to fellow subsidiaries		14	14
Tax payable		315	535
Financial liabilities at fair value through profit or loss	13	4,526	—
Interest-bearing bank borrowings		25,594	31,510
Total current liabilities		216,532	229,235
NET CURRENT ASSETS		81,403	10,179
TOTAL ASSETS LESS CURRENT LIABILITIES		109,224	38,673

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

30 September 2016

		30 September 2016	31 March 2016
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		2,707	2,767
Convertible bonds	13	24,099	—
		<hr/>	<hr/>
Total non-current liabilities		26,806	2,767
		<hr/>	<hr/>
Net assets		82,418	35,906
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	14	25,000	25,000
Reserves		49,726	4,654
		<hr/>	<hr/>
		74,726	29,654
		<hr/>	<hr/>
Non-controlling interests		7,692	6,252
		<hr/>	<hr/>
Total equity		82,418	35,906
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Attributable to owners of the Company										
	Issued Capital HK\$'000	Share premium HK\$'000	Contribution surplus HK\$'000	Property revaluation reserve HK\$'000	Share option reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Reserve funds HK\$'000	Retain profits/(accumulated loss) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2015 (audited)	20,000	14,381	(5,372)	15,645	—	4,984	5,581	(31,927)	23,292	4,966	28,258
Profit/(loss) for the period	—	—	—	—	—	—	—	5,634	5,634	(510)	5,124
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	(514)	—	—	(514)	(89)	(603)
Total comprehensive income for the period	—	—	—	—	—	(514)	—	5,634	5,120	(599)	4,521
Bonus shares issued	5,000	(5,000)	—	—	—	—	—	—	—	—	—
Release of revaluation reserve	—	—	—	(359)	—	—	—	359	—	—	—
Final 2015 dividend declared	—	—	—	—	—	—	—	(4,000)	(4,000)	—	(4,000)
At 30 September 2015	25,000	9,381	(5,372)	15,286	—	4,470	5,581	(29,934)	24,412	4,367	28,779
At 1 April 2016 (audited)	25,000	9,381	(5,372)	14,294	1,183	3,939	5,581	(24,352)	29,654	6,252	35,906
Profit for the period	—	—	—	—	—	—	—	46,224	46,224	1,707	47,931
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	(1,152)	—	—	(1,152)	(267)	(1,419)
Total comprehensive income for the period	—	—	—	—	—	(1,152)	—	46,224	45,072	1,440	46,512
Release of revaluation reserve	—	—	—	(340)	—	—	—	340	—	—	—
At 30 September 2016	25,000	9,381*	(5,372)*	13,954*	1,183*	2,787*	5,581*	22,212*	74,726	7,692	82,418

* These reserve accounts comprise the consolidated reserves of HK\$49,726,000 (31 March 2016: HK\$4,654,000) in the condensed consolidated statement of financial position as at 30 September 2016.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	Notes	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		47,932	5,649
Adjustments for:			
Finance costs	5	1,436	251
Interest income	3	(99)	(132)
Loss on disposal of items of property, plant and equipment	4	—	21
Fair value gain on financial liabilities at fair value through profit or loss	4	(2,919)	—
Fair value gain on equity investments at fair value through profit or loss		(5,038)	—
Depreciation	4	403	417
		41,715	6,206
Decrease in gross amount due from contract customers		371	1,637
Increase in equity investments at fair value through profit or loss		(19,547)	—
Decrease/(increase) in accounts receivable		21,136	(15,873)
Increase in prepayments, deposits and other receivables		(29,966)	(2,322)
Increase in gross amount due to contract customers		1,450	5,270
Increase/(decrease) in accounts payable		(17,255)	1,729
Increase in other payables and accruals		4,885	16,478
Cash generated from operations		2,789	13,125
Interest paid		(354)	(634)
Overseas tax paid		(204)	(605)
Net cash flow from operating activities		2,231	11,886

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the six months ended 30 September 2016

	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	99	132
Purchases of items of property, plant and equipment	(94)	(74)
Proceeds from disposal of items of property, plant and equipment	—	10
Increase in pledged deposits	(25)	(26)
Movement in balances with related companies, net	—	300
Net cash flows from/(used in) investing activities	(20)	342
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	9,177	25,018
Proceed of convertible bonds	30,900	—
Transaction cost of convertible bonds	(725)	—
Repayment of bank and other borrowings	(13,475)	(17,109)
Movement in balances with fellow subsidiaries	25	(2)
Dividend paid	—	(4,000)
Net cash flows from financing activities	25,902	3,907
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	28,113	16,135
Effect of foreign exchange rate changes, net	21,033	27,160
	(470)	(642)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	48,676	42,653
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents stated in the statement of financial position	65,093	59,006
Bank overdrafts, secured	(16,417)	(16,353)
Cash and cash equivalents as stated in the statement of cash flows	48,676	42,653

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Deson Construction International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands as an exempted company with limited liability on 18 July 2014. The registered address of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business of the Company is located at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally involved in (i) the construction business, as a main contractor, fitting-out works, and as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong, Mainland China and Macau and other construction related business; and (ii) investment in securities.

In the opinion of the directors of the Company, Deson Development Holdings Limited, a company incorporated in the British Virgin Islands is the immediate holding company of the Company, and Deson Development International Holdings Limited (“**DDIHL**”), a company incorporated in Bermuda and listed on the Main Board of The Stock Exchange, is the ultimate holding company of the Company.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “**GEM Listing Rules**”) of 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 consolidated financial statements should be read in conjunction with the annual accounts for the year ended 31 March 2016.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the six months ended 30 September 2016 are consistent with those followed in the preparation of the Group’s annual audited financial statements for the year ended 31 March 2016 except for the adoption of certain new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) which also include HKASs and Interpretation for the first time in the current period.

2. BASIS OF PREPARATION (Continued)

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

The adoption of these new and revised HKFRSs in the current period has had no material financial effect on these financial statements.

3. REVENUE, OTHER INCOME AND GAINS AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents (i) an appropriate proportion of contract revenue from construction contracting and related business; and (ii) profit from the sales of marketable securities.

An analysis of the Group's revenue, other income and gains is as follows:

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue				
Income from construction contracting and related business	219,092	224,737	446,455	370,025
Income from investment in securities	4,867	—	37,751	—
	223,959	224,737	484,206	370,025
Other income and gains				
Bank interest income	84	91	99	132
Gross rental income	—	168	—	336
Others	140	171	598	334
	224	430	697	802

3. REVENUE, OTHER INCOME AND GAINS AND SEGMENT INFORMATION (Continued)

Segment information

For management purposes, the Group is organised into the following operating segments based on their products and services:

- (i) construction contracting and related business
- (ii) investment in securities

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, 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, fair value gain on financial liabilities at fair value through profit or loss, finance costs as well as head office and corporate expenses are excluded from such measurement.

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.

3. REVENUE, OTHER INCOME AND GAINS AND SEGMENT INFORMATION (Continued)

For the six months ended 30 September

	Construction contracting and related business		Investment in securities		Total	
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	446,455	370,025	37,751	—	484,206	370,025
Other income and gains	598	670	—	—	598	670
	447,053	370,695	37,751	—	484,804	370,695
Segment results						
Operating profit	9,711	7,486	37,751	—	47,462	7,486
Reconciliation:						
Interest income					99	132
Fair value gain on financial liabilities at fair value through profit or loss					2,919	—
Unallocated expenses					(1,112)	(1,718)
Finance costs					(1,436)	(251)
Profit before tax					47,932	5,649
Other segment information:						
Loss on disposal of items of property, plant and equipment	—	21	—	—	—	21
Depreciation	403	417	—	—	403	417

Geographical information

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	174,107	127,749	366,983	224,284
Mainland China	38,774	92,475	101,437	137,432
Macau	11,078	4,513	15,786	8,309
	223,959	224,737	484,206	370,025

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

4. PROFIT BEFORE TAX

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

	(Unaudited)		(Unaudited)	
	Three months ended 30 September		Six months ended 30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of construction contracting	207,152	213,327	424,445	349,352
Depreciation	154	214	403	417
Minimum lease payments under operating leases on land and buildings	618	641	1,268	1,297
Loss on disposal of items of property, plant and equipment^	—	21	—	21
Rental income on investment properties	—	(168)	—	(336)
Less: outgoings	—	—	—	35
Rental income	—	(168)	—	(301)
Employee benefit expense (including directors' remuneration):				
Wages and salaries	6,854	6,801	13,990	13,745
Pension scheme contributions*	259	113	483	331
Less: Amount capitalised	(2,823)	(2,670)	(6,044)	(5,152)
	4,290	4,244	8,429	8,924
Directors' remuneration				
Fee	150	120	300	240
Salaries and allowances	905	828	1,805	1,641
Pension scheme contribution	32	28	61	53
	1,087	976	2,166	1,934
Foreign exchange differences, net^	—	—	—	(12)
Fair value gain on financial liabilities at fair value through profit or loss^	(2,919)	—	(2,919)	—

* At 30 September 2016, there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (2015: Nil).

^ These amounts included in "Other operating income/(expenses), net" on the face of the condensed consolidated statement of profit or loss.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank and other borrowings (including convertible bonds)	958	430	1,723	633
Less: Interest capitalised	(170)	(246)	(287)	(382)
	788	184	1,436	251

6. INCOME TAX

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 September 2016 and 30 September 2015, unless the Group's subsidiaries did not generate any assessable profits arising in Hong Kong during that period or the Group's subsidiaries had available tax losses brought forward from prior years to offset the assessable profits generated during that period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current — Hong Kong Charge for the period	—	400	—	400
Current — Elsewhere Charge for the period	—	73	2	86
Deferred	43	(37)	(1)	39
Total tax charge for the period	43	436	1	525

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,000,000,000 (30 September 2015 (restated): 1,000,000,000) in issue during the Reporting Period, after taking into account (i) the subdivision of shares which was effective from 4 June 2015 and as if the subdivision of shares had been effective since 1 April 2015; and (ii) the issue of bonus shares by the Company on 29 September 2015 on the basis of one bonus share for every four ordinary shares at a par value of HK\$0.025 each to shareholders whose name appeared on the register of members on 25 September 2015. The number of shares before the issue of bonus shares was restated as if they had been effective since 1 April 2015.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible bonds, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Earnings				
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	8,791	4,469	46,224	5,634
Interest on convertible bonds	759	—	1,369	—
	9,550	4,469	47,593	5,634

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Continued)

	(Unaudited) Three months ended 30 September		(Unaudited) Six months ended 30 September	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Shares				
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Effect of dilution — weighted average number of ordinary shares:				
Share options*	—	—	—	—
Convertible bonds	103,000,000	—	93,431,694	—
	1,103,000,000	1,000,000,000	1,093,431,694	1,000,000,000

* The share options granted on 3 February 2016 had an anti-dilutive effect on the basis earnings per share and have not been included in the diluted earnings per share calculation for the six months ended 30 September 2016.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 September 2015 in respect of a dilution as the Group had no potential dilutive ordinary share in issue during that period.

8. DIVIDEND

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

9. INVESTMENT PROPERTIES

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Carrying amount at 1 April	10,860	11,656
Net gain from fair value adjustment	—	(420)
Exchange realignment	(362)	(376)
	<hr/>	<hr/>
Carrying amount at 30 September/31 March	10,498	10,860

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

As at 31 March 2016, investment properties of the Group with a carrying amount of HK\$10,860,000 (30 September 2016: Nil) were leased to independent third parties.

10. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit. The credit period granted to the customers ranges from 14 days to 90 days. For retention monies receivable in respect of construction work 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 2016 HK\$'000	31 March 2016 HK\$'000
Current to 90 days	24,341	51,631
91 to 180 days	4,710	4,548
181 to 360 days	4,267	403
Over 360 days	1,414	1,646
	<hr/>	<hr/>
	34,732	58,228
Retention monies receivable	44,966	42,650
	<hr/>	<hr/>
Total	79,698	100,878

11. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Listed equity investments, at market value	32,709	8,124

The above equity investments were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

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 2016 HK\$'000	31 March 2016 HK\$'000
Current to 90 days	10,972	30,144
91 to 180 days	2,894	1,082
181 to 360 days	209	—
Over 360 days	1,508	1,679
	15,583	32,905

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

13. CONVERTIBLE BONDS

On 29 March 2016, the Group entered into a placing agreement (the “**Placing Agreement**”) with Koala Securities Limited (the “**Placing Agent**”) pursuant to which the Company has placed, through the Placing Agent, convertible bonds (“**Convertible Bonds**”) with principal amount of HK\$30,900,000 at the conversion price of HK\$0.30 per share and the annual coupon rate is 2%. The Convertible Bonds will mature on 17 April 2019.

13. CONVERTIBLE BONDS (Continued)

The Convertible Bonds contained two components, liability and derivative component. The initial fair value of the both components combined was determined based on gross proceeds at issuance. The initial fair value of the derivative component was estimated to be approximately HK\$7,445,000 as at the issuance date of using the Crank–Nicolson finite difference method, taking into accounts the terms and conditions of the Convertible Bonds. In subsequent periods, derivative component is measured at fair value with changes in fair value recognised in profit or loss. The residual amount, representing the value of the liability component at approximately HK\$23,455,000, was subsequently measured at amortised cost using effective interest rate method. The effective interest rate of the liability component of the convertible bonds is 9.13% per annum.

	Liabilities component HK\$'000	Derivative component HK\$'000
At issue date	23,455	7,445
Transaction cost	(725)	—
Interest charge	1,369	—
Changes in fair value	—	(2,919)
	<hr/>	<hr/>
At 30 September 2016	24,099	4,526

14. SHARE CAPITAL

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Authorised:		
4,000,000,000 (31 March 2016: 4,000,000,000) ordinary shares of HK\$0.025 (31 March 2016: HK\$0.025) each	<hr/>	100,000
Issued and fully paid:		
1,000,000,000 (31 March 2016: 1,000,000,000) ordinary shares of HK\$0.025 (31 March 2016: HK\$0.025) each	<hr/>	25,000
	<hr/>	<hr/>
	Number of shares in issue	Share premium account Total HK\$'000
At 1 April 2016 and 30 September 2016	1,000,000,000	25,000 9,381 34,381

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 two years.

As at 30 September 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Within one year	1,518	2,542
In the second to fifth years, inclusive	1,197	1,517
	2,715	4,059

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:

	Notes	(Unaudited)		(Unaudited)	
		Three months ended 30 September 2016		Six months ended 30 September 2016	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Management fees received from fellow subsidiaries	(i)	11	11	23	23
Rental expenses paid to fellow subsidiaries	(ii)	443	452	887	904

Notes:

- (i) The management fees received were charged by reference to actual costs incurred for the services provided by the Group.
- (ii) Rental expenses were charged by the Group's fellow subsidiaries, Grand On Enterprise Limited and Hua Sheng International Real Estate Development (Shanghai) Co., Ltd., at HK\$143,000 and RMB4,300 per month, respectively.

16. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties:

- (i) Details of the Group's balance with its non-controlling shareholder as at the end of the Reporting Period are included in the financial statements; and
- (ii) Details of the Group's balances with its related companies and fellow subsidiaries 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 of the Company. Details of their remuneration are disclosed in note 4 to the financial statements.

The related party transactions in respect of items (a)(i) and (ii) above also constitute continuing connected transactions and connected transactions as defined in Chapter 20 of the GEM Listing Rules.

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 September 2016 HK\$'000	31 March 2016 HK\$'000	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Financial assets				
Equity investments at fair value through profit or loss	32,709	8,124	32,709	8,124
Financial liabilities				
Financial liabilities at fair value through profit or loss	4,526	—	4,526	—

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, accounts receivables, accounts payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, bank overdrafts, trust receipt loans and balances with a non-controlling shareholder, related companies and fellow subsidiaries approximate to their carrying amounts largely due to the short term maturities of these instruments.

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair value of listed equity investments is based on quoted market price and the fair values of certain 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.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 September 2016

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Equity investments at fair value through profit or loss	32,709	—	—	32,709

As at 31 March 2016

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Equity investments at fair value through profit or loss	8,124	—	—	8,124

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value:

As at 30 September 2016

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial liabilities at fair value through profit or loss	—	—	4,526	4,526

The Group did not have any financial liabilities measured at fair value as at 31 March 2016.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 March 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged as a contractor in the building industry operating in Hong Kong, the People's Republic of China (the "PRC") and Macau. During the last quarter of the year ended 31 March 2016, the Group has developed a new business segment, being the investment in marketable securities. Accordingly, the Group's principal business are : (i) acting as a contractor, where we provide one-stop comprehensive services with the following three major types of services: (a) building construction works; (b) electrical and mechanical engineering ("E&M") works; and (c) alterations, addition, renovation, refurbishment and fitting-out works; and (ii) investment in securities, the Group invests in long term and short term investment in marketable securities.

The Group's turnover for the six months ended 30 September 2016 recorded at approximately HK\$484,206,000 which represented an increase of 31% from approximately HK\$370,025,000 for the six months ended 30 September 2015.

(i) Construction Segment

(a) Building construction works:

For the six months ended 30 September 2016, revenue recorded at this section amounted to approximately HK\$108,555,000 (six months ended 30 September 2015: HK\$118,860,000). The decrease by 9% was because superstructure works for residential houses at Stubbs Road, Hong Kong were completed during the last reporting period, thus no revenue was recognized during this period. Besides, most revenue of the main contractor works at Pik Sha Road, Hong Kong has already been recognised during the year ended 31 March 2016. The portion of revenue recognised in this Reporting Period was comparatively lower than last reporting period.

(b) Electrical and mechanical engineering works:

For the six months ended 30 September 2016, revenue recorded at this section amounted to approximately HK\$128,219,000 (six months ended 30 September 2015: HK\$80,074,000). The increase by 60% was mainly due to turnover was started to be recognised for several new projects that were granted after last period end. These projects include fire services and MVAC installation of Multimedia Production and Distribution Centre at Tseung Kwan O Industrial Estate, New Territories, Hong Kong and the term contract for Building Services Works at the Sogo Department Store, Causeway Bay, Hong Kong.

(c) Fitting-out works:

For the six months ended 30 September 2016, revenue recorded at this section amounted to approximately HK\$209,681,000 (six months ended 30 September 2015: HK\$171,091,000). The increase by 23% was mainly attributable to the new fitting-out works at Prada shop, Harbour City, Tsim Sha Tsui (contract sum: approximately HK\$41,000,000) and residential flats and club house at Stubbs Road, Hong Kong which contributed a significant increase of turnover for this section during the Reporting Period.

During the six months ended 30 September 2016, the Group completed or substantially completed projects such as main contractor for the development of one residential house and associated external works including construction of substructure and superstructure works, building services and interior fitting-out works at Hoi Fung Path, Stanley, Hong Kong, fitting-out works including E&M works for three Prada/Miu Miu shops at Wynn Palace, Macau, fitting-out works at Harbour City, Canton Road, Tsim Sha Tsui, fitting-out works, air-conditioning and ventilation works, plumbing and drainage works, floor heating works and electrical works for a staff social center in Suning, Hebei, the PRC.

(ii) **Investment in Marketable Securities Segment**

For the six months ended 30 September 2016, revenue recorded from this segment amounted to approximately HK\$37,751,000 (six months ended 30 September 2015: Nil). During the last quarter of the year ended 31 March 2016, the Group has developed a new business segment, which includes long-term and short-term investments in marketable securities and other related financial and/or investment products and opportunities (including without limitation fixed income products, foreign exchange products, commodities and related products, investment funds, pre-IPO investment opportunities, etc.) (the “**New Business**”). The Directors consider the development of the New Business will enable the Group to diversify its business and broaden its revenue base and is in the interest of the Group and the Company’s shareholders as a whole.

During the Reporting Period, the New Business turned out to be a significant profit driver of the Group. As at 30 September 2016, the Group held approximately HK\$33 million of equity investments at fair value through profit or loss. As the overall market condition of the Hong Kong stock market improves, the Group records a realised gain and a net unrealised gain of approximately HK\$33 million and HK\$5 million respectively. The Board will adopt cautious measures to manage this business activity aiming at generating additional investment returns on available funds of the Company from time to time. Details of the marketable securities are disclosed under the section “**SIGNIFICANT INVESTMENTS**”.

Due to the increase in realised gain and an unrealised gain generated from the trading of marketable securities for the six months ended 30 September 2016 as compared with that for the six months ended 30 September 2015, the net profit attributable to owners of the Company amounted to approximately HK\$46,224,000 as compared with the net profit attributable to owners of the Company amounted to approximately HK\$5,634,000 for the six months ended 30 September 2015. Basic earnings per share is HK4.62 cents for the period ended 30 September 2016.

Financial Review

Turnover

For the six months ended 30 September 2016, the Group's turnover amounted to approximately HK\$484 million, increased by 31% as compared to the last period. The increase in turnover was mainly due to more revenue recognized for projects that were granted after the period ended 30 September 2015. On the other hand, the development of the New Business also caused a significant increase of turnover.

Gross profit margin

Our gross profit increased by approximately HK\$39 million or 189%, from approximately HK\$21 million for the six months ended 30 September 2015 to approximately HK\$60 million for the six months ended 30 September 2016. During the six months ended 30 September 2016, the gross profit margin was approximately 12.3%, up by 6.7% as compared to last period's 5.6%. The increase was mainly due to the increase of realised gain and unrealised gain for the investments in marketable securities which started from last quarter for the year ended 31 March 2016.

Other income

Other income decreased by approximately HK\$105,000 from approximately HK\$802,000 for the six months ended 30 September 2015 to approximately HK\$697,000 for the six months ended 30 September 2016. The decrease was mainly due to the decrease of rental income earned from the property located in Beijing.

Administrative Expenses

Administrative expenses decreased by approximately HK\$2 million or 10% from approximately HK\$16 million for the six months ended 30 September 2015 to approximately HK\$14 million for the six months ended 30 September 2016. The decrease was mainly due to (i) the drop in staff costs as more costs were capitalised to projects; and (ii) the reduction of monthly compliance adviser fee since April 2016.

Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

Liquidity and financial resources

As at 30 September 2016, the Group had total assets of HK\$325,756,000, which has been financed by total liabilities, shareholders' equity and non-controlling interests of HK\$243,338,000, HK\$74,726,000 and HK\$7,692,000, respectively. The Group's current ratio at 30 September 2016 was also 1.38 compared to 1.04 at 31 March 2016.

The gearing ratio for the Group as at 30 September 2016 is 25% (31 March 2016: 7%). It was calculated based on the non-current liabilities of HK\$26,806,000 (31 March 2016: HK\$2,767,000) and long term capital (equity and non-current liabilities) of HK\$109,224,000 (31 March 2016: HK\$38,673,000).

Capital expenditure

Total capital expenditure for the six months ended 30 September 2016 was approximately HK\$94,000, which was mainly used in the purchase of property, plant and equipment.

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.

Charges on group assets

The Group's banking facilities are secured by:

- (i) the pledge of the Group's leasehold land and buildings situated in Hong Kong of HK\$15,771,000 (31 March 2016: HK\$16,000,000);
- (ii) the pledge of the Group's deposits of HK\$29,752,000 (31 March 2016: HK\$29,727,000).

Treasury policies

The Directors will continue to follow a prudent policy in managing its cash balances and maintain a strong and healthy level of liquidity to ensure that the Group is well-placed to take advantage of growth opportunities. Interest for the current bank borrowings were mainly on floating rate basis and the bank borrowings are principally denominated in Hong Kong dollars, hence, the Group has no significant exposure to foreign exchange rate fluctuations.

Exchange risk exposure

In term of foreign currencies, the Group mainly deals with Renminbi, which arises from relevant group entities' foreign currency denominated monetary assets and liabilities in relation to the Group's operating activities that are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management monitors the related foreign currency exposure closely and will consider hedging against significant foreign currency exposures should the need arise.

Capital structure of the Group

Details of the movements in the Company's share capital are set out in note 14 to the condensed financial statements.

On 29 March 2016, the Company entered into a placing agreement with Koala Securities Limited (the "**Placing Agent**") pursuant to which the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, certain convertible bonds (the "**Convertible Bonds**") with principal amount aggregating up to HK\$30,900,000 to not less than six placees at an initial conversion price of HK\$0.30 per conversion share (the "**Placing**").

On 18 April 2016, the Convertible Bonds in the aggregate principal amount of HK\$30,900,000 were successfully placed to six placees. The net proceeds from the Placing were approximately HK\$29,720,000, which were applied for general working capital of the Group and future and potential investment opportunities of the New Business.

SIGNIFICANT INVESTMENTS

As at 30 September 2016, the Group held approximately HK\$33 million equity investments at fair value through profit or loss. Details of the significant investments are as follows:

	Notes	Stock code	Place of incorporation	Fair value gain/(loss) HK\$'000	Market values HK\$'000	Approximate percentage of equity investments at fair value through profit and loss %	Approximate percentage to the net assets %
Master Glory Group Limited	1	275	Bermuda	820	1,820	6	2
China Information Technology Development Limited	2	8178	Cayman Islands	4,666	17,697	54	21
First Credit Finance Group Limited	3	8215	Cayman Islands	372	1,825	6	2
Leap Holdings Group Limited	4	1499	Cayman Islands	(880)	9,601	29	12
Shun Wo Group Holdings Limited	5	1591	Cayman Islands	60	1,766	5	2

Notes:

1. Master Glory Group Limited is principally engaged in (i) trading of securities — trading of investments held for trading; (ii) property development trading — development and sale of properties; and (iii) water supply — provision of water. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$3,736,066,000 as at 31 March 2016.
2. China Information Technology Development Limited is principally engaged in (A) the software development and system integration segment in (i) the sale of computer hardware; (ii) the provision of software development services; (iii) the provision of system integration services; and (iv) the provision of technical support and maintenance services; and (B) the in-house developed products segment in the lease of in-house developed computer hardware. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$584,193,000 as at 30 June 2016.
3. First Credit Finance Group Limited is principally engaged in provision and arrangement of credit facilities in Hong Kong. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$906,408,000 as at 30 June 2016.

4. Leap Holdings Group Limited is principally engaged in (i) foundation works and ancillary services: Provision of site formation works, excavation and lateral support works, piling construction, pile caps or footing construction and reinforced concrete structure works and ancillary services mainly included hoarding and demolition works and lease of machinery; and (ii) construction wastes handling: Provision of management and operation of public fill reception facilities, including public fill banks and temporary construction waste sorting facilities, for construction and demolition materials. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$166,461,000 as at 31 March 2016.
5. Shun Wo Group Holdings Limited is principally engaged in acting as contractor engaged in undertaking foundation works in Hong Kong. No dividend was received during the period. According to its latest published financial statements, it had net asset value of approximately HK\$62,029,000 as at 31 March 2016.

During the six months ended 30 September 2016, the Group disposed of some of the investments on the market and the sales proceeds generated from the investments in marketable securities amounted to approximately HK\$73 million and income recognised in revenue amounted to approximately HK\$33million. Details of the transactions are as follows:

	Stock code	Place of incorporation	Sales proceeds HK\$'000	Realised gain/(loss) HK\$'000
Wealth Glory Holdings Limited	8269	Cayman Islands	7,299	(412)
AP Rentals Holdings Limited	1496	Cayman Islands	5,796	2,009
Hypebeast Limited	8359	Cayman Islands	25,320*	21,380
Expert Systems Holdings Limited	8319	Cayman Islands	5,728	3,455
Ever Harvest Group Limited	1549	Cayman Islands	5,241	468
Sandmartin International Holdings Limited	482	Bermuda	1,118	(165)
Royal Catering Group Holdings Company Limited	8300	Cayman Islands	9,338	4,793
CROSSTEC Group Holdings Limited	3893	Cayman Islands	2,552	280
Shun Wo Group Holdings Limited	1591	Cayman Islands	8,088	995
Huisheng International Holdings Limited	1340	Cayman Islands	2,831	(90)

* As one of the applicable percentage ratios as calculated pursuant to Rule 19.07 of the GEM Listing Rules exceeds 5% but is less than 25%, this sale transaction constituted a discloseable transaction.

In view of the recent volatile and weakness in the stock market, the Board will adopt cautious measures to manage the Group's investment portfolio with an aim to provide positive return to the Group in the near future.

Prospect

The Group will uphold an on-going parallel development of its construction business (including building construction and E&M works) in the PRC, Hong Kong and Macau. To cope with the difficulties encountered in the construction and engineering industry, the Company has adopted a prudent strategy in project tendering.

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 licence 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 licences 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", the Group is well-equipped to take an active part in the construction business development.

During the Reporting Period, new projects such as site formation and foundation works for residential re-development at Peak Road, Hong Kong, addition and alteration works at East- Point Centre, Causeway Bay, Hong Kong, fitting-out works including electrical and mechanical works for three Prada/Miu Miu shops at City of Dreams, Macau, construction works of Beijing subway Line 1, Beijing, China, subcontracting fitting-out works for the redevelopment of residential buildings and carparks at ChangPing District, Beijing and fitting-out works of offices at Jintian Film and Television Industrial Park, Beijing. As at the date of this report, the Group had contracts on hand with a total contract sum of over HK\$1,523 million.

With the Group's proven track record, comprehensive services and numerous licences, permits and qualifications, the Directors believe that the Group could strengthen its position in the Hong Kong market and diversify its customer base particularly by attracting larger corporate customers and tenders for more capital intensive projects for such customers.

While the outlook for the construction industry in Hong Kong looks promising in the long run, there remain challenges that are unlikely to dissipate in the near future. They include continuous rising labour wages and cost of construction materials and shortage of skilled labour. In addition, the sluggish progress of deliberation in the Legislative Council, which has resulted in the mounting backlog of funding proposals, also delays the rolling out of public infrastructure works in Hong Kong. The business and profitability of the Group may be affected if such delay continues.

The Group is currently operating in the developed cities in the PRC. Urbanisation of the PRC is expected to continue at a rapid pace, in particular, in the third- and fourth-tier cities of the country. With the Group's expertise and experience in the PRC market, the Directors believe that the Group can seize such opportunities and focus on expanding its business in the third- and fourth-tier cities in the PRC.

Looking forward, the Directors consider that the future opportunities and challenges which the Group faces will be affected by the development of the property market in Hong Kong as well as factors affecting labour and material costs. The Directors are of the view that the number of properties to be built and maintained in Hong Kong is the key driver for the growth of the Hong Kong building services industry.

With the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors under such future challenges that are commonly faced by all competitors, and the Group will continue to pursue the following key business strategies: (i) further expand the Group's service scope by application for additional licences, permits or qualifications which may be required; (ii) exercise more caution when tendering for new construction contracts and continue to selectively undertake new contracts; and (iii) further strengthen the Group's construction department through recruiting additional qualified and experienced staff.

Regarding the New Business in investments in securities, the Group has set up a Treasury Management Committee ("**Treasury Management Committee**") to implement on the Group's behalf the investment policy and guidelines. The Treasury Management Committee comprises one chairman and two committee members (comprising of two directors and the financial controller of the Company, including at least one executive director who acts as the investment manager). The Board will adopt cautious measures to manage this business activity aiming at generating additional investment return on the available funds of the Group from time to time.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

As set out in the prospectus of the Company dated 24 December 2014 (the “**Prospectus**”), the overall business objectives of our Group are to (i) strengthen our position in the Hong Kong market and our capital base to support more capital intensive projects; (ii) further expand our business into the PRC; and (iii) continue to expand our scope of services in building construction works.

An analysis comparing the business objectives as set out in the Prospectus with the Group’s actual business progress up to the date of this interim report is set out below:

Business objective as stated in the Prospectus	Actual business progress up to 30 September 2016
(i) Strengthen our position in the Hong Kong market and our capital base to support more capital intensive projects	The Group continued its effort in identifying suitable business opportunities with potential customers from time to time. A contract with a contract sum of HK\$210 million was granted to the Group to act as a main contractor for site formation & foundation works of residential houses at Peak Road, Hong Kong.
(ii) Further expand our business into the PRC	<p>The Group maintained good relationship with its existing customers. More tenders for contracts were made to broaden our customers’ base. More projects were granted in the PRC during the period including construction works for Beijing subway Line 1, Beijing, China, subcontracting fitting-out works for the redevelopment of residential buildings and car parks at ChangPing District, Beijing and fitting-out works of offices at Jintian Film and Television Industrial Park, Beijing.</p> <p>The Group also submitted tenders in more locations in the PRC, including Beijing, Shanghai, Shandong, Hebei, Shenzhen, etc.</p>
(iii) Continue to expand our scope of services in building construction works	On 9 December 2014, the Group was approved by the Buildings Department on Specialist Construction (site formation). The Group submitted more tenders for site formation and foundation works during the period.

USE OF PROCEEDS FROM THE LISTING OF THE COMPANY'S SHARES BY WAY OF PLACING

On 7 January 2015, 50,000,000 ordinary shares of the Company were allotted at HK\$0.385 per placing share pursuant to the Placing (as defined in the Prospectus). The net proceeds from the Placing received by the Company were approximately HK\$16.6 million (after deduction of all related expenses). As at 30 September 2016, the unused proceeds of approximately HK\$0.1 million were deposited into licensed banks in Hong Kong.

As at 30 September 2016, the net proceeds had been utilised as follows:

	Actual net proceeds HK\$ million	Amount utilised up to 30 September 2016 HK\$ million	Balance as at 30 September 2016 HK\$ million
Operation of two existing projects	14.9	14.9	—
General working capital	1.7	1.6	0.1
Total	16.6	16.5	0.1

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on actual development of the Group's business and the industry.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in this report, our Group did not have other plans for material investment or capital assets as at 30 September 2016.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

During the six months ended 30 September 2016, there were no significant investment held, no material acquisition and disposal of subsidiaries and affiliated companies by our Group.

HUMAN RESOURCES

As at 30 September 2016, the Group had 135 employees, 58 of whom were based in the PRC. The total employee benefit expenses including directors' emoluments for the six months ended 30 September 2016 amounted to approximately HK\$8 million as compared to approximately HK\$9 million for the same period in 2015, the decrease was mainly because more staff cost was capitalised to projects.

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 higher caliber of capable and motivated workforce, the Group offers discretionary bonus and share option to staff based on individual performance and the achievements of the Group's targets.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 10 August 2015 and the Stock Exchange granting approval of the listing of and permission to deal in the shares to be issued under the share option scheme (the "**Scheme**") on 11 August 2015, the Company adopted the Share Option Scheme. Under the terms of the Scheme, the Board of the Company may, at its discretion, grant options to eligible participants to subscribe for shares in the Company. The Scheme became effective on 10 August 2015 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Company had 80,000,000 share options available for issue under the Scheme, which represented approximately 8% of the issued shares of the Company as at 30 September 2016.

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 Company in issue at any time. 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 share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

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

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting date are as follows:

Name or category of participant	Number of share options					Price of the Company's shares**		
	At	Granted	Exercised	At	Date of grant	Exercise period of share options	Exercise price of share options*	At grant date of options
	1 April 2016	during the period	during the period	30 September 2016	of share options		HK\$ per share	HK\$ per share
Directors:								
Keung Kwok Cheung	2,400,000	—	—	2,400,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255
Kwok Koon Keung	2,200,000	—	—	2,200,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255
Lo Wing Ling	2,200,000	—	—	2,200,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255
Ong Chi King	1,000,000	—	—	1,000,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255
Lee Tho Siem	1,000,000	—	—	1,000,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255
Cheung Ting Kee	1,000,000	—	—	1,000,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255
Ong King Keung	1,000,000	—	—	1,000,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255
	10,800,000	—	—	10,800,000				
Other employees, in aggregate	7,200,000	—	—	7,200,000	3 February 2016	3 February 2016 to 2 February 2019	0.28	0.255
Total	18,000,000	—	—	18,000,000				

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options. The price of the Company's shares disclosed immediately before the exercise date of the share options is the weighted average of the Stock Exchange closing price immediately before the dates on which the options were exercised over all of the exercises of options within the disclosure line.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2016, the interests and short positions of the each of the Directors and the chief executive in shares, underlying shares or debentures of the Company or any associated corporation (within in 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 under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of GEM Listing Rules, were as follows:

A. Long positions in ordinary shares of the Company

Name of Director	Number of ordinary shares held, capacity and nature of interest		Number of underlying ordinary shares of HK\$0.025 each in the Company		Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Options*	Total	
Mr. Keung Kwok Cheung	—	—	2,400,000	2,400,000	0.24%
Mr. Kwok Koon Keung	500	—	2,200,000	2,200,500	0.22%
Mr. Lo Wing Ling	—	—	2,200,000	2,200,000	0.22%
Mr. Ong Chi King	8,802,000	—	1,000,000	9,802,000	0.98%
Mr. Tjia Boen Sien ("Mr. Tjia")	22,887,200	538,414,868 (Note 1)	—	561,302,068	56.13%
Mr. Ong King Keung	—	—	1,000,000	1,000,000	0.10%
Mr. Lee Tho Siem	—	—	1,000,000	1,000,000	0.10%
Mr. Cheung Ting Kee	—	—	1,000,000	1,000,000	0.10%

- * The options were granted on 3 February 2016 with consideration of HK\$1 under the Share Option Scheme adopted by the Company. The above options could be exercised from the date of grant to 2 February 2019 in accordance with the rules of the Share Option Scheme to subscribe for ordinary shares of HK\$0.025 each in the Company at an initial exercise price of HK\$0.28 per share. None of the options were exercised by any of the above Directors during the year. Further details of the Directors' interests in underlying shares in respect of the options are disclosed in Note 2 below.

Notes:

- (1) Mr. Tjia beneficially owns all the shares in Sparta Assets Limited ("**Sparta Assets**"), a company incorporated in the British Virgin Islands ("**BVI**"). Sparta Assets directly beneficially owned 26,645,000 shares in the Company and it beneficially owned 349,935,000 shares in Deson Development International Holdings Limited ("**DDIHL**"), representing 35.79% of the issued share capital in DDIHL. By virtue of the SFO, Mr. Tjia is deemed to be interested in 538,414,868 shares in the Company (being aggregate of 26,645,000 shares in the Company held by Sparta Assets and 511,769,868 shares in the Company indirectly owned by DDIHL (through Deson Development Holdings Limited ("**DDHL**") which Sparta Assets is deemed to be interested in).
- (2) Details of Directors' interests in underlying shares in respect of the options granted under the Share Option Scheme are summarised as follows:

Name of Director	Exercise price per share HK\$	Number of underlying ordinary shares of HK\$0.025 each in the Company in respect of which options have been granted
		Balance as at 30 September 2016
Mr. Keung Kwok Cheung	0.28	2,400,000
Mr. Kwok Koon Keung	0.28	2,200,000
Mr. Lo Wing Ling	0.28	2,200,000
Mr. Ong Chi King	0.28	1,000,000
Mr. Lee Tho Siem	0.28	1,000,000
Mr. Cheung Ting Kee	0.28	1,000,000
Mr. Ong King Keung	0.28	1,000,000

The above interests in the underlying shares of the Company in respect of options were held pursuant to unlisted physically settled equity derivatives.

B. Interest in shares and underlying shares of associated corporation — Deson Development International Holdings Limited (“DDIHL”)

Name of Director	Number of ordinary shares of HK\$0.10 each in DDIHL		Number of underlying ordinary shares of HK\$0.10 each in DDIHL		Percentage of the DDIHL’s issued share capital
	Directly beneficially owned	Through controlled corporation	Options*	Total	
	Mr. Tjia	68,661,600(L)	349,935,000(L) (Note 1)	320,000	
Mr. Keung Kwok Cheung	300,000(L)	—	3,100,000	3,400,000	0.35%
Mr. Kwok Koon Keung	1,500(L)	—	1,000,000	1,001,500	0.10%
Mr. Lo Wing Ling	—	—	1,000,000	1,000,000	0.10%
Mr. Lee Tho Siem	1,785,000(L) (Note 2)	—	—	1,785,000	0.18%

Notes:

(L) denotes long position.

* The options were granted on 17 April 2015 with consideration of HK\$1 under the share option scheme adopted by DDIHL (the “**DDIHL Share Option Scheme**”). The above options could be exercised from the date of grant to 16 April 2018 in accordance with the rules of the DDIHL Share Option Scheme to subscribe for ordinary shares of HK\$0.10 each in DDIHL at an initial exercise price of HK\$0.71 per share. None of the options were exercised by any of the above Directors during the period. Further details of the Directors’ interests in underlying shares in respect of the options are disclosed in Note 3 below.

1. Mr. Tjia beneficially owns all the shares in Sparta Assets, a company incorporated in the BVI. Sparta Assets directly beneficially owned 349,935,000 shares in DDIHL. By virtue of the SFO, Mr. Tjia is deemed to be interested in 349,935,000 shares in DDIHL held by Sparta Assets.
2. Mr. Lee Tho Siem directly beneficially owned 1,110,000 shares and is deemed interested in 675,000 shares held by his spouse, Ms. Wong Kam Ching. By virtue of the SFO, Ms. Wong Kam Ching’s interest is taken to be Mr. Lee Tho Siem’s interest.

3. Details of Directors' interests in underlying shares in respect of the options granted under the DDIHL Share Option Scheme are summarised as follows:

Name of Director	Exercise price per share HK\$	Number of underlying ordinary shares of HK\$0.10 each in DDIHL in respect of which options have been granted
		Balance as at 30 September 2016
Mr. Tjia	0.71	320,000
Mr. Keung Kwok Cheung	0.71	3,100,000
Mr. Kwok Koon Keung	0.71	1,000,000
Mr. Lo Wing Ling	0.71	1,000,000

The above interests in the underlying shares of the associated corporation of the Company in respect of options were held pursuant to unlisted physically settled equity derivatives.

As at 30 September 2016, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Save as disclosed above, as at 30 September 2016, none of the Directors or chief executive of the Company had any interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2016, so far as is known to the Directors of the Company, the following persons (other than Directors or chief executive of the Company) had interests and short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
DDHL	Beneficial owner	511,769,868	51.18%
DDIHL	Interest in controlled corporation (Note 1)	511,769,868	51.18%
Sparta Assets	Beneficial owner	26,645,000	2.66%
	Interest in controlled corporations (Note 2)	511,769,868	51.18%

Notes:

1. DDHL is a company incorporated in the BVI and is wholly owned by DDIHL. DDIHL is deemed interested in the shares beneficially owned by DDHL.
2. Sparta Assets directly beneficially owned 349,935,000 shares in DDIHL, representing 35.79% of the issued share capital in DDIHL. By virtue of the SFO, Sparta Assets is deemed to be interested in 511,769,868 shares indirectly owned by DDIHL (through DDHL).

Save as disclosed above, as at the 30 September 2016, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section "**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**" above, had any interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS

During the Reporting Period, according to the GEM Listing Rules, the following Director has interests in the following businesses which are considered to compete or likely to compete, either directly or indirectly, with the business of the Group other than those businesses where the Directors of the Company were appointed as directors to represent the interests of the Company and/or the Group:

Name of Director	Name of entity which are considered to compete or likely to compete with the business of the Group		Description of business	Nature of interests
Mr. Ong Chi King	Wan Kei Group Holdings Limited		Principally engaged in (i) foundation works; and (ii) ground investigation field works	Independent non-executive director
	WLS Holdings Limited		Provision of management contracting services, other services for construction and building work	Independent non-executive director

As the Board of Directors of the Company is independent of the boards of the above-mentioned entities and the above Director cannot control the Board of the Company, the Group is therefore capable of carrying its business independently of and at arm's length from the businesses of these entities.

Save as disclosed above, the Directors are not aware of any business and interest of the Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the Reporting Period.

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 17.50A(1) OF THE GEM LISTING RULES

The following is the change in the information of the Directors since the first quarterly report of the Company dated 5 August 2016, which is required to be disclosed pursuant to the Rule 17.50A(1) of the GEM Listing Rules:

Mr. Ong Chi King

Resigned as an independent non-executive Director of King Force Group Holdings Limited (stock code: 8315), a company with its shares listed on the GEM of the Stock Exchange, on 19 September 2016.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Kingsway Capital Limited, as at 30 September 2016, save for the compliance adviser agreement dated 25 December 2014 entered into between the Company and Kingsway Capital Limited, neither Kingsway Capital Limited, its directors, employees and associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules. No director has dealt in the shares of the Company during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

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

NON-COMPETITION UNDERTAKING BY DDIHL

DDIHL entered into a non-competition agreement (the "**Agreement**") with the Company on 16 December 2014. Pursuant to the Agreement, DDIHL undertakes that DDIHL and its subsidiaries (other than the Group) will not, inter alia, engage in construction and engineering contracting business, as a contractor, interior design, fitting-out, renovation works, as well as the provision of electrical and mechanical engineering services. For details about the above-mentioned Agreement, please refer to section headed "Relationship with the Remaining Group" in the Prospectus dated 24 December 2014 for details.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Board has and will continue to review and improve the Company's corporate governance practices from time to time in order to increase its transparency and accountability to shareholders.

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules as its own corporate governance code since the Listing Date. The Company has, so far as applicable, principally complied with the CG Code during the Reporting Period.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial reporting matters to the Board. As at the date of this report, the audit committee comprises of three independent non-executive directors, namely Mr. Lee Tho Siem, Mr. Cheung Ting Kee and Mr. Chan Ka Yin.

The unaudited interim results of the Company for the six month ended 30 September 2016 have not been audited by the Company's independent auditors, but have been reviewed by the audit committee members who have provided advice and comments thereon.

By order of the Board
Deson Construction International Holdings Limited
Keung Kwok Cheung
Chief Executive Officer and Executive Director

Hong Kong, 9 November 2016

As at the date of this report, the Board of Directors of the Company comprises Mr. Keung Kwok Cheung, Mr. Kwok Koon Keung, Mr. Lo Wing Ling and Mr. Ong Chi King as executive Directors; Mr. Tjia Boen Sien and Mr. Ong King Keung as non-executive Directors; and Mr. Lee Tho Siem, Mr. Cheung Ting Kee and Mr. Chan Ka Yin as independent non-executive Directors.