

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 2011, together with the comparative figures for the six months ended 30 September 2010 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2011

	Notes	2011 HK\$'000	2010 HK\$'000
REVENUE	3	328,399	154,845
Cost of sales		(264,485)	(126,201)
Gross profit		63,914	28,644
Other income and gains	3	10,413	314,672
Administrative expenses		(31,844)	(44,791)
Other operating income, net		9,375	3,037
Finance costs	5	(1,328)	(4,809)
Share of profits and losses of:			
A jointly-controlled entity		(7)	38
Associates		166	77
PROFIT BEFORE TAX	4	50,689	296,868
Income tax expense	6	(14,543)	(34,586)
PROFIT FOR THE PERIOD		<u>36,146</u>	<u>262,282</u>
Attributable to:			
Owners of the Company		36,006	156,096
Non-controlling interests		140	106,186
		<u>36,146</u>	<u>262,282</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic			
– For profit for the period		<u>6.39 cents</u>	<u>27.72 cents</u>
Diluted			
– For profit for the period		<u>6.39 cents</u>	<u>27.72 cents</u>

Details of the interim dividend proposed for the six months ended 30 September 2011 are disclosed in note 7 to the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
PROFIT FOR THE PERIOD	<u>36,146</u>	<u>262,282</u>
OTHER COMPREHENSIVE INCOME		
Share of other comprehensive income of associates	(246)	79
Release of exchange fluctuation reserve upon disposal of subsidiaries	–	4,000
Exchange differences on translating foreign operations	<u>7,625</u>	<u>(594)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>7,379</u>	<u>3,485</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>43,525</u>	<u>265,767</u>
Attributable to:		
Owners of the Company	<u>43,250</u>	158,270
Non-controlling interests	<u>275</u>	<u>107,497</u>
	<u>43,525</u>	<u>265,767</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2011

	Notes	30 September 2011 HK\$'000	31 March 2011 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		112,437	114,407
Investment properties	9	219,722	214,319
Investment in a jointly-controlled entity		17	–
Investments in associates		(1,203)	17,318
Available-for-sale investment		21,790	11,584
Total non-current assets		352,763	357,628
CURRENT ASSETS			
Amounts due from associates		21,993	27,763
Amounts due from non-controlling shareholders		–	6,524
Amount due from a related company		4,073	2,223
Properties held for sale	10	875,064	722,056
Financial assets at fair value through profit or loss		2,440	2,380
Gross amount due from contract customers		66,730	4,282
Inventories		4,765	1,611
Accounts receivable	11	57,351	42,661
Prepayments, deposits and other receivables		42,823	40,497
Cash and cash equivalents		86,597	224,551
Pledged deposits		92,388	31,364
Total current assets		1,254,224	1,105,912
CURRENT LIABILITIES			
Gross amount due to contract customers		122,572	56,311
Accounts payable	12	22,481	29,128
Other payables and accruals		403,564	332,567
Amounts due to associates		48	59
Amounts due to non-controlling shareholders		3,540	3,573
Amounts due to a related company		–	5,000
Tax payable		66,026	61,055
Interest-bearing bank and other borrowings		43,324	47,969
Total current liabilities		661,555	535,662
NET CURRENT ASSETS		592,669	570,250

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 September 2011

	Notes	30 September 2011 HK\$'000	31 March 2011 HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		945,432	927,878
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		200,080	207,060
Deferred tax liabilities		30,970	29,625
Total non-current liabilities		231,050	236,685
Net assets		714,382	691,193
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	56,206	56,011
Reserves		649,111	610,888
Proposed dividends	7	5,747	18,076
		711,064	684,975
Non-controlling interests		3,318	6,218
Total equity		714,382	691,193

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2010

	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	Share option 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	HK\$'000	HK\$'000	HK\$'000
At 1 April 2010	56,697	121,790	15,262	65,233	(9,240)	10,013	29,872	1,270	-	3,260	226,841	11,315	532,313	4,933	537,246	
Profit for the period	-	-	-	-	-	-	-	-	-	-	156,096	-	156,096	106,186	262,282	
Other comprehensive income for the period:																
Share of other comprehensive income of associates	-	-	-	-	-	-	-	79	-	-	-	-	79	-	79	
Release of exchange fluctuation reserve upon disposal of subsidiaries	-	-	-	-	-	-	2,400	-	-	-	-	-	2,400	1,600	4,000	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(305)	-	-	-	-	-	(305)	(289)	(594)	
Total comprehensive income for the period	-	-	-	-	-	-	2,095	79	-	-	156,096	-	158,270	107,497	265,767	
Release of revaluation reserve	-	-	-	(921)	-	-	-	-	-	-	921	-	-	-	-	
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,707)	(2,707)	
Repurchase of shares	(1,126)	(5,124)	-	-	-	1,126	-	-	-	-	(1,126)	-	(6,250)	-	(6,250)	
Share repurchase expenses	-	(33)	-	-	-	-	-	-	-	-	-	-	(33)	-	(33)	
Equity-settled share option arrangements	-	-	-	-	-	-	-	-	2,756	-	-	-	2,756	-	2,756	
Final 2010 dividend declared	-	-	-	-	-	-	-	-	-	-	(11,315)	(11,315)	(11,315)	-	(11,315)	
Proposed Interim 2011 dividend (note 7)	-	-	-	-	-	-	-	-	-	-	(16,602)	16,602	-	-	-	
At 30 September 2010	55,571	116,633*	15,262*	64,312*	(9,240)*	11,139*	31,967*	1,349*	2,756*	3,260*	366,130*	16,602	675,741	109,723	785,464	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Period ended 30 September 2011

	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	Share option 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	HK\$'000	HK\$'000
At 1 April 2011	56,011	119,138	15,262	73,228	(9,240)	11,535	38,921	2,121	2,005	3,260	354,658	18,076	684,975	6,218	691,193
Profit for the period	-	-	-	-	-	-	-	-	-	-	36,006	-	36,006	140	36,146
Other comprehensive income for the period:															
Share of other comprehensive income of associates	-	-	-	-	-	-	-	(246)	-	-	-	-	(246)	-	(246)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	7,490	-	-	-	-	-	7,490	135	7,625
Total comprehensive income for the period	-	-	-	-	-	-	7,490	(246)	-	-	36,006	-	43,250	275	43,525
Release of revaluation reserve	-	-	-	(1,089)	-	-	-	-	-	-	1,089	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(40)	(40)
Repurchase of shares	(281)	(1,482)	-	-	-	281	-	-	-	-	(281)	-	(1,763)	-	(1,763)
Exercise of share options	476	2,665	-	-	-	-	-	(427)	-	-	-	-	2,714	-	2,714
Share repurchase expenses	-	(16)	-	-	-	-	-	-	-	-	-	-	(16)	-	(16)
Share issue expenses	-	(110)	-	-	-	-	-	-	-	-	-	-	(110)	-	(110)
Equity-settled share option arrangements	-	-	-	-	-	-	-	(1,578)	-	1,578	-	-	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,135)	(3,135)
Final 2011 dividend declared	-	-	-	-	-	-	-	-	-	-	(17,986)	(17,986)	-	(17,986)	
Adjustment	-	-	-	-	-	-	-	-	-	90	(90)	-	-	-	-
Proposed Interim 2012 dividend (note 7)	-	-	-	-	-	-	-	-	-	-	(5,747)	5,747	-	-	-
At 30 September 2011	56,206	120,195*	15,262*	72,139*	(9,240)*	11,816*	46,411*	1,875*	-*	3,260*	387,393*	5,747	711,064	3,318	714,382

* These reserve accounts comprise the consolidated reserves of HK\$649,111,000 (31 March 2011: HK\$610,888,000) 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 2011

	2011	2010
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES	(66,144)	(163,815)
CASH FLOWS FROM INVESTING ACTIVITIES	(37,615)	319,803
CASH FLOWS FROM FINANCING ACTIVITIES	(39,416)	(15,212)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(143,175)	140,776
Cash and cash equivalents at beginning of period	224,551	34,839
Effect of foreign exchange rate changes, net	4,370	1,496
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>85,746</u>	<u>177,111</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	86,597	177,111
Bank overdrafts, secured	(851)	–
Cash and cash equivalents as stated in the statement of cash flows	<u>85,746</u>	<u>177,111</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, investment properties and financial assets at fair value through profit or loss, 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 2011.

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 2011, 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.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards-Limited Exemptions from Comparative HKFRS 7 Disclosure for First-time Adopters</i>
HKFRS 24 (Revised)	<i>Related Party Disclosures</i>
HK(IFRIC)-Int 14 (Amendment)	<i>Prepayment of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>

The adoption of the new and revised HKFRSs has had no significant financial effect on these condensed consolidated 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 as well as the provision of contracting building construction engineering and 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 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 partial interests in an associate, gain on disposal of subsidiaries, 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.

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		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	247,034	119,827	74,883	31,976	6,482	3,042	328,399	154,845
Other income and gains	1,963	1,441	7,007	6,839	4	-	8,974	8,280
Revenue	248,997	121,268	81,890	38,815	6,486	3,042	337,373	163,125
Segment results								
Operating profit/(loss)	4,402	(9,358)	40,844	7,459	1,361	(798)	46,607	(2,697)
<i>Reconciliation:</i>								
Interest income							1,405	283
Gain on disposal of partial interests in an associate							34	-
Gain/(loss) on disposal of subsidiaries							(60)	306,109
Unallocated expenses							(2,558)	(2,133)
Finance costs							(1,328)	(4,809)
Reversal of impairment of an amount due from an associate							6,430	-
Share of profit and loss of a jointly-controlled entity							(7)	38
Share of profits of associates							166	77
Profit before tax							50,689	296,868
Other segment information:								
Loss on disposal of items of property, plant and equipment	96	-	-	-	1	9	97	9
Reversal of impairment of accounts receivable	(1,625)	-	-	(3,108)	(999)	-	(2,624)	(3,108)
Reversal of provision for inventories	-	-	-	-	(79)	(71)	(79)	(71)
Depreciation	1,818	1,430	977	868	43	40	2,838	2,338

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, trading of medical equipment, and provision of related installation and maintenance services.

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

	2011 HK\$'000	2010 HK\$'000
Revenue		
Income from construction contracting and related business	247,034	119,827
Income from property development and investment business	74,883	31,976
Income from trading of medical equipment, and provision of related installation and maintenance services	6,482	3,042
	328,399	154,845
Other income and gains		
Bank interest income	1,375	151
Other interest income	30	132
Gross rental income	6,461	6,005
Gain on disposal of partial interests in an associate	34	–
Gain on disposal of subsidiaries	–	306,109
Others	2,513	2,275
	10,413	314,672

4. PROFIT BEFORE TAX

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

	2011	2010
	HK\$'000	HK\$'000
Cost of properties sold	30,814	13,085
Cost of construction contracting	229,896	111,033
Cost of inventories sold and services provided	3,775	2,083
Depreciation	2,838	2,338
Minimum lease payments under operating leases on land and buildings	710	997
Loss on disposal of items of property, plant and equipment [^]	97	9
Employee benefits expense (including directors' remuneration):		
Wages and salaries	17,231	20,952
Equity-settled share option expense	–	2,756
Pension schemes contributions *	459	421
Less: Amount capitalised	(2,612)	(1,356)
	15,078	22,773
Directors' remuneration:		
Fee	156	156
Salaries and allowances	1,719	1,656
Equity-settled share option expense	–	539
Pension schemes contributions	30	29
	1,905	2,380
Foreign exchange differences, net [^]	(418)	62
Reversal of provision for inventories, included in cost of inventories sold	(79)	(71)
Reversal of impairment of an amount due from an associate [^]	(6,430)	–
Reversal of impairment of accounts receivable [^]	(2,624)	(3,108)

* At 30 September 2011, there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (2010: Nil).

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

5. FINANCE COSTS

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years and total interest expense on financial liabilities not at fair value through profit or loss	8,157	10,868
Less: Interest capitalised	(6,829)	(6,059)
	<u>1,328</u>	<u>4,809</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 (2010: 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.

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Current-Elsewhere		
Charge for the period	3,139	32,678
Underprovision/(overprovision) in prior periods	(98)	7
Deferred	1,171	(218)
LAT in Mainland China	10,331	2,119
Total tax charge for the period	<u>14,543</u>	<u>34,586</u>

7. **INTERIM DIVIDEND**

	2011	2010
	HK\$'000	HK\$'000
Proposed interim-HK1 cent (2010: HK3 cents) per ordinary share	<u>5,747</u>	<u>16,602</u>

The Board of Directors has resolved to declare an interim dividend of HK1 cent (2010: HK3 cents) in respect of the six months ended 30 September 2011 per ordinary share in issue payable on or around Friday, 30 December 2011 to shareholders whose names appear on the register of members of the Company on Thursday, 22 December 2011.

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 563,428,345 (2010: 563,034,356) in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company. 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 exercise of all dilutive potential ordinary shares into ordinary shares.

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

No adjustment had been made to the basic earnings per share amounts presented for the period ended 30 September 2011 in respect of a dilution as the Group had no dilutive ordinary shares in issue during 30 September 2011.

The calculations of basic and diluted earnings per share are based on:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u>36,006</u>	<u>156,096</u>
Shares		
	2011	2010
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	563,428,345	563,034,356
Effect of dilution-weighted average number of ordinary shares:		
Share options	<u>—</u>	<u>—</u>
	<u>563,428,345</u>	<u>563,034,356*</u>

* For the period ended 30 September 2010, because the diluted earnings per share amount was increased when taking the share options into account, the share options had an anti-dilutive effect on the basic earnings per share for the period and were ignored in the calculation of diluted earnings per share. Therefore, diluted earnings per share amounts were based on the profit for the period of HK\$156,096,000 and the weighted average number of ordinary shares of 563,034,356 in issue during the period.

9. INVESTMENT PROPERTIES

	30 September 2011 HK\$'000	31 March 2011 HK\$'000
Carrying amount at 1 April	214,319	210,330
Net loss from fair value adjustment	–	(5,314)
Exchange realignment	5,403	9,303
	<hr/>	<hr/>
Carrying amount at 30 September/31 March	<u>219,722</u>	<u>214,319</u>

The Group's investment properties are situated in Mainland China and are held under the following lease terms:

	30 September 2011 HK\$'000	31 March 2011 HK\$'000
Long term lease	156,160	152,320
Medium term lease	63,562	61,999
	<hr/>	<hr/>
	<u>219,722</u>	<u>214,319</u>

The Group's investment properties were revalued on 31 March 2011 by B.I. Appraisals Limited, independent professionally qualified valuers, at HK\$214,319,000 on an open market, existing use basis.

As at 30 September 2011, the investment properties of the Group with aggregate carrying amounts of HK\$156,160,000 (31 March 2011: HK\$214,319,000) were pledged to secure certain banking facilities granted to the Group.

10. PROPERTIES HELD FOR SALE

	30 September 2011 HK\$'000	31 March 2011 HK\$'000
Completed properties	219,239	251,711
Properties under development	655,825	470,345
	<u>875,064</u>	<u>722,056</u>

As at 30 September 2011, certain completed properties held for sale of the Group with aggregate carrying amounts of HK\$50,016,000 (31 March 2011: HK\$82,491,000) 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. 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 2011 HK\$'000	31 March 2011 HK\$'000
Current to 90 days	38,986	24,257
91 to 180 days	5,931	5,606
181 to 360 days	595	3,605
Over 360 days	5,247	3,353
	50,759	36,821
Retention monies receivable	6,592	5,840
Total	<u>57,351</u>	<u>42,661</u>

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 2011 HK\$'000	31 March 2011 HK\$'000
Current to 90 days	13,920	21,076
91 to 180 days	98	988
181 to 360 days	1,374	–
Over 360 days	7,089	7,064
	<u>22,481</u>	<u>29,128</u>

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

13. SHARE CAPITAL

Shares

	30 September 2011 HK\$'000	31 March 2011 HK\$'000
Authorised:		
1,500,000,000 (31 March 2011: 1,500,000,000) ordinary shares of HK\$0.10 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:		
562,063,017 (31 March 2011: 560,113,017) ordinary shares of HK\$0.10 each	<u>56,206</u>	<u>56,011</u>

13. SHARE CAPITAL (CONTINUED)

Shares (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:

	Notes	Number of shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 April 2011		560,113,017	56,011	119,138	175,149
Repurchase of shares	(i)	(2,810,000)	(281)	(1,482)	(1,763)
Exercise of share options	(ii)	4,760,000	476	2,665	3,141
		<u>562,063,017</u>	<u>56,206</u>	<u>120,321</u>	<u>176,527</u>
Share repurchase expenses	(i)	-	-	(16)	(16)
Share issue expenses	(ii)	-	-	(110)	(110)
		<u>562,063,017</u>	<u>56,206</u>	<u>120,195</u>	<u>176,401</u>
At 30 September 2011		<u>562,063,017</u>	<u>56,206</u>	<u>120,195</u>	<u>176,401</u>

Notes:

- (i) During the period, the Company repurchased a total of 2,810,000 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\$1,763,000. The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of HK\$281,000 was transferred from retained profits to the capital redemption reserve. The premium of HK\$1,482,000 paid for the repurchased shares and the share repurchase expenses of HK\$16,000 were charged against the share premium account.
- (ii) The subscription rights attaching to 4,760,000 share options were exercised at the subscription price of HK\$0.57 per share, resulting in the issue of 4,760,000 shares of HK\$0.1 each for a total cash consideration, before expenses, of HK\$2,714,000. An amount of HK\$427,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options and share issue expenses of HK\$110,000 was charged against the share premium account.

13. SHARE CAPITAL (CONTINUED)

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".

14. 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 2011, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2011 HK\$'000	31 March 2011 HK\$'000
Within one year	1,287	1,054
In the second to fifth years, inclusive	3,170	3,029
After five years	1,825	2,280
	<u>6,282</u>	<u>6,363</u>

15. 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:

	<i>Notes</i>	2011 HK\$'000	2010 HK\$'000
Management fees received from associates	<i>(i)</i>	497	539
Management fees received from a related company	<i>(i)</i>	28	120
Interest income from a jointly-controlled entity	<i>(ii)</i>	–	132
Rental income from related companies	<i>(iii)</i>	<u>1,242</u>	<u>1,308</u>

15. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) *(Continued)*

Notes:

- (i) The management fees were charged by reference to actual costs incurred for the services provided by the Group.
- (ii) In the prior period, the interest income from a jointly-controlled entity was charged at the Hong Kong dollar prime rate plus 1% per annum on an amount due from it of HK\$7,178,000.
- (iii) The rental income was charged to Fitness Concept Limited (“FCL”) and one of FCL’s subsidiaries at HK\$25,500 (2010: HK\$45,000) and HK\$181,500 (2010: HK\$172,500) per month, respectively. 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.

(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 of the Company. Details of their remuneration are disclosed in note 4 to the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are pleased to announce another remarkable result for the Group during the period under review despite a volatile market. The Group's turnover for the six months ended 30 September 2011 was HK\$328,000,000 which represented an increase of 112% as compared with the same period last year. The net profit attributable to equity holders of the Company amounted to approximately HK\$36,000,000 representing a decrease of 77% as compared with the same period last year, the significant drop is mainly due to the Group had disposed of two subsidiaries in last period, and the related non-recurrent gain on disposal of subsidiaries generated amounted to HK\$306 million. Earning per share is approximately HK6.39 cents.

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

During the six months ended 30 September 2011, the Group completed or substantially completed projects such as alteration and addition works for Belleview Place, Repulse Bay, Hong Kong, alteration and addition works for Anfield International School, Shatin, Hong Kong, subcontract works for E&M installation for student hostel development phase 4, City University of Hong Kong at Cornwall Street, Kowloon Tong, Hong Kong, E&M installation for the construction of district open space in area 37, Tsueng Kwan O and local open space in area 25, Fanling and Sheung Shui, Hong Kong, E&M installation, plumbing and drainage for proposed warehouse development at Ping Tong Street South, Yuen Long, Hong Kong. In current period, segment operating profit generated from the property development and investment business increased by 448% as compared to the same period last year, this is mainly due to the Group had sold certain commercial units in section D of Phase II of Century Place, Kaifeng, PRC, and the related average selling price per square metre achieved is RMB18,500, which generated tremendous turnover and therefore satisfactory gross profit to the Group, whereas in same period last year, Phase II of Century Place, Kaifeng, PRC have not yet completed, and we were only selling remaining units of Phase I of Century Place, Kaifeng, PRC and Asian Villas City Square, Haikou, PRC.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS REVIEW (CONTINUED)

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 2011, the Group’s turnover amounted to HK\$328 million, increased by 112% as compared to the same period last year. All three segments recorded at least 100% increment as compared to same period last year. The increase was mainly due to certain new construction contracting contracts were granted to the Group in last year, and those contracts contributed a lot of contract income to the Group in current period. Also, for the property development project, Phase II of Century Place, Kaifeng, PRC, the Group had sold certain commercial units in section D of Phase II of Century Place, which contributed tremendous turnover to the Group, whereas in same period last year, Phase II of Century Place have not yet completed, and we were only selling remaining units of Phase I of Century Place and Asian Villas City Square, Haikou, PRC. Turnover generated from construction contracting business, property development and investment business and other business amounted to approximately HK\$247 million, HK\$75 million, HK\$6 million respectively, which represent increase by 106%, 134% and 113% respectively as compared to the same period last year.

Gross profit margin

During the six months ended 30 September 2011, the Group’s gross profit margin was approximately 19%, up by 1% as compared to last period’s 18%, this is mainly driven from the increase in the percentage of turnover from the property development and investment segment over the total turnover, from last period’s 21% to this period’s 23%, 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 higher than last period.

FINANCIAL REVIEW (CONTINUED)

Liquidity and financial resources

As at 30 September 2011, the Group had total assets of HK\$1,606,987,000, which is financed by total liabilities, shareholders' equity and minority interests of HK\$892,605,000, HK\$711,064,000 and HK\$3,318,000, respectively. The Group's current ratio at 30 September 2011 was 1.90 compared to 2.06 at 31 March 2011.

The gearing ratio for the Group is 24% (31 March 2011: 26%). It was calculated based on the non-current liabilities of HK\$231,050,000 (31 March 2011: HK\$236,685,000) and long term capital (equity and non-current liabilities) of HK\$945,432,000 (31 March 2011: HK\$927,878,000).

Capital expenditure

Total capital expenditure for the six months ended 30 September 2011 was approximately HK\$537,000, which are mainly used in the purchase of office equipments and motor vehicles.

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\$82,252,000 (31 March 2011: HK\$83,600,000);
- (ii) the pledge of certain of the Group's investment properties situated in Mainland China of HK\$156,160,000 (31 March 2011: HK\$214,319,000);
- (iii) the pledge of one of the Group's financial assets at fair value through profit or loss of HK\$1,220,000 (31 March 2011: HK\$1,190,000);
- (iv) the pledge of certain of the Group's completed properties held for sale situated in Mainland China of HK\$50,016,000 (31 March 2011: HK\$82,491,000); and
- (v) the pledge of the Group's deposits of HK\$92,388,000 (31 March 2011: HK\$31,364,000).

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.

FINANCIAL REVIEW (CONTINUED)

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 alteration and addition works for Anfield International School, Shatin, Hong Kong, improvement works on the air-conditioning system at various beaches and swimming pools in Hong Kong, comprehensive maintenance and repair of fire services installations for sewage treatment facilities in Hong Kong, and fitting out works for several offices 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\$991 million.

PROSPECT (CONTINUED)

Property development and investment

Asian Villas City Square, Haikou, Hainan Province is developed into a residential and commercial complex with a total gross floor area of approximately 117,000 sq. metres. Construction was completed in prior year. Up to the date of this report, the total sales contract sum achieved amounted to approximately RMB348 million. The Group have also lease out certain completed commercial properties for sale before sales is made, so that the Group can generate temporary extra rental income before the sales.

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 202,000 sq. metres. Up to now, gross floor area of 42,000 sq. metres had completed construction and the total sales contract sum achieved amounted to approximately RMB229 million. The remaining of the land is under construction, processing smoothly, and it is expected the construction will be completed by 2013.

Barring introduction of further austerity measures by the Central Government, property prices are not expected to decrease substantively. In anticipation of progressive 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 richen 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

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.

PROSPECT (CONTINUED)

The Global economy remains full of uncertainties especially in some European countries and the United States due to the sovereign debt crisis, which generated concerns over the global economy and is likely to hit some Asian markets with a slowdown in economic growth. The tightening policies, such as interest rate hikes, restrictions on home purchase and raise of reserve requirement ratio for major banks, as a part of its efforts to adjust economic structure, control inflation, and maintain a stable and healthy economic growth, also caused certain negative impact on the mainland property market, the Group will adopt a more cautious attitude towards new investment. However, with the GDP growth recorded at 9.6% for the first half year for PRC, it is expected the economy of the PRC will sustain a healthy and impressive growth, also, Hong Kong remains well positioned to benefit from the PRC's continuing growth and development, particularly given its positioning and advantages, during the National 12th Five Year Plan period, as such, the Group remains optimistic about the global recovery in the long run and has confidence in the growth momentum in the PRC and Hong Kong.

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.

HUMAN RESOURCES

As at 30 September 2011, the Group has 127 employees, 15 of whom were based in the PRC. The total employee benefits expenses including directors' emoluments for the period under review amounted to HK\$15 million as compared to HK\$23 million in the same period last year, the significant drop is mainly due to the Group provided a discretionary bonus and granted share options to employees in last period.

HUMAN RESOURCES (CONTINUED)

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 ("Mr. Tjia"), 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. The rental income earned during the six months ended 30 September 2011 from the above tenancy agreements were HK\$1,242,000.

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 14 August 2002, the share option scheme of the Company adopted on 21 May 1997 ceased to operate and a new share option scheme (the “Scheme”) was adopted on the same day to comply with the requirements of Chapter 17 of the Listing Rules regarding share option schemes of a company. The options granted under the old scheme will remain in force and effect.

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 14 August 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

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 expiring on the last date of such period.

SHARE OPTION SCHEME (CONTINUED)

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 the 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.

The following share options were outstanding under the Scheme during the period:

Name or category of participant	Number of share options				Date of grant of share options	Exercise period of share options	Price of the Company's shares**			
	At 1 April 2011	Exercised during the period	Lapsed during the period	At 30 September 2011			Exercise price of share options*	At grant date of options	Immediately before the exercise date	At exercise date of options
							HK\$ per share	HK\$ per share	HK\$ per share	HK\$ per share
Directors										
Tjia Boen Sien	500,000	(500,000)	-	-	14 April 2010	14 April 2010 to 13 April 2011	0.57	0.57	0.66	0.66
Wang Jing Ning	2,000,000	(2,000,000)	-	-	14 April 2010	14 April 2010 to 13 April 2011	0.57	0.57	0.66	0.65
Keung Kwok Cheung	500,000	(500,000)	-	-	14 April 2010	14 April 2010 to 13 April 2011	0.57	0.57	0.66	0.66
	<u>3,000,000</u>	<u>(3,000,000)</u>	<u>-</u>	<u>-</u>						
Other employees, in aggregate										
	19,340,000	(1,760,000)	(17,580,000)	-	14 April 2010	14 April 2010 to 13 April 2011	0.57	0.57	0.66	0.65
Total	<u>22,340,000</u>	<u>(4,760,000)</u>	<u>(17,580,000)</u>	<u>-</u>						

SHARE OPTION SCHEME (CONTINUED)

- * 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 prices immediately before the dates on which the options were exercised over all of the exercises of options within the disclosure line.

The 4,760,000 share options exercised during the period resulted in the issue of 4,760,000 ordinary shares of the Company and new share capital of HK\$476,000 and share premium of HK\$2,665,000 (before share issue expenses), as further detailed in note 13 to the financial statements.

17,580,000 share options were expired on 13 April 2011 and no options were outstanding at the end of the reporting period.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2011, 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*	45,544,400	226,250,000	271,794,400	48.36
Mr. Wang Jing Ning	14,839,600	–	14,839,600	2.64
Mr. Wang Ke Duan	268,960	–	268,960	0.05
Mr. Keung Kwok Cheung	520,000	–	520,000	0.09
Dr. Ho Chung Tai, Raymond	500,000	–	500,000	0.09
Mr. Siu Man Po	500,000	–	500,000	0.09

* 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 226,250,000 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 2011 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 2011, 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	226,250,000	40.26
Mr. Tjia Boen Sien	Interests of controlled corporation	226,250,000	40.26
	Directly beneficially own	45,544,400	8.10
Granda Overseas Holding Co. Ltd. ("Granda") (Note 2)	Beneficial Owner	105,065,000	18.69
Mr. Chen Huofa	Interests of controlled corporation	105,065,000	18.69
Ms. Yang Yi	Interests of controlled corporation	105,065,000	18.69

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 226,250,000 ordinary shares of the Company.
2. Granda, a company incorporated in the British Virgin Islands and owned as to 50% by Mr. Chen Huofa and 50% by Ms. Yang Yi, is beneficially interested in 105,065,000 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 2011, 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 (2010: HK3 cents) per ordinary share in issue for the six months ended 30 September 2011 to be payable on or around Friday, 30 December 2011 to the shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 22 December 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 16 December 2011 to Thursday, 22 December 2011 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 Thursday, 15 December 2011.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 September 2011, 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 <i>HK\$'000</i>
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>	
July 2011	<u>2,810,000</u>	0.65	0.61	<u>1,763</u>

The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of HK\$281,000 was transferred from retained profits to the capital redemption reserve. The premium of HK\$1,482,000 paid on the repurchases shares and share repurchase expenses of HK\$16,000 were charged against the share premium account.

The purchase of the Company's shares during the six months ended 30 September 2011 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 2011.

CORPORATE GOVERNANCE

In the Corporate Governance Report which was published in our annual report for the year ended 31 March 2011, 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 2011, save for the deviation from the Code Provision A4.1, 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 A4.1

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 2011.

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 2011, 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.

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. Tjia Boen Sien 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, the independent non-executive Directors of the Company 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, 30 November 2011