



Deson Development International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 262)



INTERIM REPORT 2012

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 2012, together with the comparative figures for the six months ended 30 September 2011 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2012

	Notes	2012 HK\$'000	2011 HK\$'000
REVENUE	3	303,723	328,399
Cost of sales		(261,262)	(264,485)
Gross profit		42,461	63,914
Other income and gains	3	20,532	10,413
Administrative expenses		(39,585)	(31,844)
Other operating income, net		402	9,375
Finance costs	5	(1,743)	(1,328)
Share of profits and losses of:			
A jointly-controlled entity		(4)	(7)
Associates		270	166
PROFIT BEFORE TAX	4	22,333	50,689
Income tax expense	6	(9,522)	(14,543)
PROFIT FOR THE PERIOD		<u>12,811</u>	<u>36,146</u>
Attributable to:			
Owners of the Company		12,834	36,006
Non-controlling interests		(23)	140
		<u>12,811</u>	<u>36,146</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic			
– For profit for the period		<u>2.25 cents</u>	<u>6.39 cents</u>
Diluted			
– For profit for the period		<u>2.25 cents</u>	<u>6.39 cents</u>

Details of the interim dividend proposed for the six months ended 30 September 2012 are disclosed in note 7 to the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
PROFIT FOR THE PERIOD	<u>12,811</u>	<u>36,146</u>
OTHER COMPREHENSIVE INCOME		
Share of other comprehensive income of associates	177	(246)
Exchange differences on translating foreign operations	<u>327</u>	<u>7,625</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>504</u>	<u>7,379</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>13,315</u>	<u>43,525</u>
Attributable to:		
Owners of the Company	13,339	43,250
Non-controlling interests	<u>(24)</u>	<u>275</u>
	<u>13,315</u>	<u>43,525</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2012

	Notes	30 September 2012 HK\$'000	31 March 2012 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		124,333	126,757
Investment properties	9	225,060	225,060
Investment in a jointly-controlled entity		(4)	–
Investments in associates		5,375	5,328
Available-for-sale investments		21,675	21,675
Total non-current assets		376,439	378,820
CURRENT ASSETS			
Amounts due from associates		4,684	4,636
Amounts due from an investee		115	115
Amounts due from a related company		568	70
Properties held for sale under development and properties held for sale	10	949,444	871,158
Gross amount due from contract customers		13,686	5,638
Inventories		7,530	4,239
Accounts receivable	11	47,613	37,596
Prepayments, deposits and other receivables		32,587	41,834
Cash and cash equivalents		62,562	33,549
Pledged deposits		89,733	93,418
Total current assets		1,208,522	1,092,253
CURRENT LIABILITIES			
Gross amount due to contract customers		52,862	29,577
Accounts payable	12	23,654	21,104
Other payables and accruals		186,812	186,663
Amounts due to associates		5,924	5,924
Amounts due to non-controlling shareholders		3,540	3,540
Tax payable		84,877	79,570
Interest-bearing bank borrowings		282,856	323,840
Total current liabilities		640,525	650,218
NET CURRENT ASSETS		567,997	442,035
TOTAL ASSETS LESS CURRENT LIABILITIES		944,436	820,855

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 September 2012

	Notes	30 September 2012 HK\$'000	31 March 2012 HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		944,436	820,855
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		131,150	14,880
Deferred tax liabilities		36,680	35,877
Total non-current liabilities		167,830	50,757
Net assets		776,606	770,098
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	57,089	57,272
Reserves		709,367	702,455
Proposed dividends	7	5,697	5,719
		772,153	765,446
Non-controlling interests		4,453	4,652
Total equity		776,606	770,098

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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		
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)
Share option expired during the period	-	-	-	-	-	-	-	-	(1,578)	-	1,578	-	-	-	-
Dividends 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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Period ended 30 September 2012

	Attributable to owners of the Company													Non-controlling interests	Total equity
	Issued capital	Share premium account	Contributed surplus	Property revaluation reserve	Capital reserve	Capital redemption reserve	Exchange fluctuation reserve	Investment revaluation reserve	Reserve funds	Retained profits	Proposed dividend	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012	57,272	124,293	15,262	82,524	(9,240)	12,319	53,347	2,232	3,260	418,458	5,719	765,446	4,652	770,098	
Profit for the period	-	-	-	-	-	-	-	-	-	12,834	-	12,834	(23)	12,811	
Other comprehensive income for the period:															
Share of other comprehensive income of associates	-	-	-	-	-	-	-	177	-	-	-	177	-	177	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	328	-	-	-	-	328	(1)	327	
Total comprehensive income for the period	-	-	-	-	-	-	328	177	-	12,834	-	13,339	(24)	13,315	
Release of revaluation reserve	-	-	-	(1,254)	-	-	-	-	-	1,254	-	-	-	-	
Repurchase of shares	(183)	(723)	-	-	-	183	-	-	-	(183)	-	(906)	-	(906)	
Share repurchase expenses	-	(15)	-	-	-	-	-	-	-	-	-	(15)	-	(15)	
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(175)	(175)	
Final 2012 dividend declared	-	-	-	-	-	-	-	-	-	8	(5,711)	(5,711)	-	(5,711)	
Adjustment	-	-	-	-	-	-	-	-	-	(8)	(8)	-	-	-	
Proposed Interim 2013 dividend (note 7)	-	-	-	-	-	-	-	-	-	(5,697)	5,697	-	-	-	
At 30 September 2012	57,089	123,553*	15,262*	81,270*	(9,240)*	12,302*	53,675*	2,409*	3,260*	426,674*	5,697	772,153	4,453	776,606	

* These reserve accounts comprise the consolidated reserves of HK\$709,367,000 (31 March 2012: HK\$702,455,000) 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 2012

	2012	2011
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES	(44,965)	(66,144)
CASH FLOWS FROM INVESTING ACTIVITIES	5,496	(37,615)
CASH FLOWS FROM FINANCING ACTIVITIES	79,811	(39,416)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	40,342	(143,175)
Cash and cash equivalents at beginning of period	(6,449)	224,551
Effect of foreign exchange rate changes, net	501	4,370
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>34,394</u>	<u>85,746</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents stated in the statement of financial position	62,562	86,597
Bank overdrafts, secured	(28,168)	(851)
Cash and cash equivalents as stated in the statement of cash flows	<u>34,394</u>	<u>85,746</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 2012.

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 2012, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards (“HKFRS”) (which also include HKASs and Interpretations) for the first time in the current period.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

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

Under the HKAS 12 Amendments *Deferred tax: Recovery of Underlying Assets*, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. The HKAS 12 Amendments have to be applied retrospectively.

1 BASIS OF PREPARATION (CONTINUED)

The Group measures its investment properties using fair value model. As a result of the application of the amendments to HKAS12, the directors of the Company reviewed the Group's investment property portfolios and concluded that the Group has a business model for its investment properties whose objective is to hold all its investment properties so as to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly, deferred taxation in relation to the Group's investment properties has been measured based on the tax consequences of recovering the carrying amounts entirely through use.

As the Group has previously recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use, the directors of the Company considered that the application of the above amendments has had no material impact 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 and decoration, as well as the provision of electrical and mechanical engineering services;
- (b) the property development and investment business segment is engaged in property development of residential and commercial properties and holding of investment properties; and
- (c) the "others" segment comprises, principally, trading of medical equipment and home security and automation products, and provision of related installation and maintenance services.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, loss on disposal of subsidiaries, gain on disposal of partial interests in an associate, finance costs, reversal of impairment of an amount due from an associate, 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.

2. OPERATING SEGMENT INFORMATION (CONTINUED)

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.

For the six months ended 30 September

	Construction business		Property development and investment business		Others		Total	
	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000	2012 HK\$'000	2011 HK\$'000
Segment revenue:								
Sales to external customers	211,553	247,034	80,699	74,883	11,471	6,482	303,723	328,399
Other income and gains	2,394	1,963	16,471	7,007	5	4	18,870	8,974
Revenue	213,947	248,997	97,170	81,890	11,476	6,486	322,593	337,373
Segment results								
Operating profit/(loss)	411	4,402	24,547	40,844	(266)	1,361	24,692	46,607
<i>Reconciliation:</i>								
Interest income							1,662	1,405
Gain on disposal of partial interests in an associate							-	34
Loss on disposal of a subsidiary							-	(60)
Unallocated expenses							(2,544)	(2,558)
Finance costs							(1,743)	(1,328)
Reversal of impairment of an amount due from an associate							-	6,430
Share of losses of a jointly-controlled entity							(4)	(7)
Share of profits and losses of associates							270	166
Profit before tax							22,333	50,689
Other segment information:								
Loss on disposal of items of property, plant and equipment	34	96	-	-	19	1	53	97
Reversal of impairment of accounts receivable	-	(1,625)	-	-	(18)	(999)	(18)	(2,624)
Provision/(reversal of provision) for inventories	-	-	-	-	103	(79)	103	(79)
Depreciation	1,938	1,818	580	977	46	43	2,564	2,838

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 home security and automation products, and provision of related installation and maintenance services.

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Revenue		
Income from construction contracting and related business	211,553	247,034
Income from property development and investment business	80,699	74,883
Income from trading of medical equipment and home security and automation products, and provision of related installation and maintenance services	11,471	6,482
	<u>303,723</u>	<u>328,399</u>
Other income and gains		
Bank interest income	1,662	1,375
Other interest income	–	30
Gross rental income	16,287	6,461
Gain on disposal of partial interests in an associate	–	34
Others	2,583	2,513
	<u>20,532</u>	<u>10,413</u>

4. PROFIT BEFORE TAX

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

	2012	2011
	HK\$'000	HK\$'000
Cost of properties sold	55,279	30,814
Cost of construction contracting	197,473	229,896
Cost of inventories sold and services provided	8,510	3,775
Depreciation	2,564	2,838
Minimum lease payments under operating leases on land and buildings	891	710
Loss on disposal of items of property, plant and equipment [^]	53	97
Employee benefit expense (including directors' remuneration):		
Wages and salaries	18,535	17,231
Pension schemes contributions*	503	459
Less: Amount capitalised	(2,677)	(2,612)
	16,361	15,078
Directors' remuneration:		
Fee	156	156
Salaries and allowances	1,599	1,719
Pension schemes contributions	30	30
	1,785	1,905
Foreign exchange differences, net [^]	(437)	(418)
Provision/(reversal of provision) for inventories, included in cost of inventories sold	103	(79)
Reversal of impairment of an amount due from an associate [^]	–	(6,430)
Reversal of impairment of accounts receivable [^]	(18)	(2,624)

* At 30 September 2012, there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (2011: Nil).

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable within five years and total interest expense on financial liabilities not at fair value through profit or loss	12,439	8,157
Less: Interest capitalised	(10,696)	(6,829)
	<u>1,743</u>	<u>1,328</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 (2011: 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.

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Current – Elsewhere		
Charge for the period	2,023	3,139
Underprovision/(overprovision) in prior periods	5,239	(98)
Deferred	802	1,171
LAT in Mainland China	1,458	10,331
	<u>9,522</u>	<u>14,543</u>
Total tax charge for the period		

7. INTERIM DIVIDEND

	2012	2011
	HK\$'000	HK\$'000
Proposed interim – HK1 cent (2011: HK1 cent) per ordinary share	<u>5,697</u>	<u>5,747</u>

The Board of Directors has resolved to declare an interim dividend of HK1 cent (2011: HK1 cent) in respect of the six months ended 30 September 2012 per ordinary share in issue payable on or around 31 December 2012 to shareholders whose names appear on the register of members of the Company on 20 December 2012.

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 571,607,070 (2011: 563,428,345) 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 weighted average 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.

No adjustment had been made to the basic earnings per share amounts presented for the period ended 30 September 2012 in respect of a dilution as the Group had no dilutive ordinary shares in issue during the six months' ended 30 September 2012.

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 the six months' ended 30 September 2011.

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

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u>12,834</u>	<u>36,006</u>
	2012	2011
		Number of shares

Shares

Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation

<u>571,607,070</u>	<u>563,428,345</u>
--------------------	--------------------

9. **INVESTMENT PROPERTIES**

	30 September 2012 <i>HK\$'000</i>	31 March 2012 <i>HK\$'000</i>
Carrying amount at 1 April	225,060	214,319
Net gain from fair value adjustment	–	1,722
Exchange realignment	–	9,019
Carrying amount at 30 September/31 March	<u>225,060</u>	<u>225,060</u>

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

	30 September 2012 <i>HK\$'000</i>	31 March 2012 <i>HK\$'000</i>
Long term lease	159,588	159,588
Medium term lease	<u>65,472</u>	<u>65,472</u>
	<u>225,060</u>	<u>225,060</u>

9. INVESTMENT PROPERTIES (CONTINUED)

The Group's investment properties were revalued on 31 March 2012 by Peak Vision Appraisals Limited, independent professionally qualified valuer, at HK\$225,060,000, on an open market, existing use basis.

As at 30 September 2012, certain investment properties of the Group with an aggregate carrying amount of HK\$159,588,000 (31 March 2012: HK\$159,588,000) were pledged to secure certain banking facilities granted to the Group.

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

	30 September 2012 HK\$'000	31 March 2012 HK\$'000
Completed properties held for sale	523,278	584,222
Properties held for sale under development	426,166	286,936
	<u>949,444</u>	<u>871,158</u>
	30 September 2012 HK\$'000	31 March 2012 HK\$'000
Properties held for sale under development		
– expected to be recovered:		
Within one year	124,529	114,669
After one year	87,268	87,829
– pending for construction expected to be recovered after one year	214,369	84,438
	<u>426,166</u>	<u>286,936</u>

As at 30 September 2012, certain completed properties held for sale of the Group with an aggregate carrying amount of HK\$348,021,000 (31 March 2012: HK\$250,566,000) were pledged to secure certain banking facilities granted to the Group.

11. ACCOUNTS RECEIVABLE

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

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

	30 September 2012 HK\$'000	31 March 2012 HK\$'000
Current to 90 days	28,358	12,668
91 to 180 days	2,668	1,053
181 to 360 days	896	10,154
Over 360 days	10,105	5,804
	<hr/>	<hr/>
Retention monies receivable	42,027	29,679
	5,586	7,917
	<hr/>	<hr/>
Total	47,613	37,596
	<hr/> <hr/>	<hr/> <hr/>

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 2012 HK\$'000	31 March 2012 HK\$'000
Current to 90 days	10,470	7,409
91 to 180 days	564	15
181 to 360 days	4,297	4,677
Over 360 days	8,323	9,003
	<hr/>	<hr/>
	23,654	21,104
	<hr/> <hr/>	<hr/> <hr/>

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

13. SHARE CAPITAL

Shares

	30 September 2012	31 March 2012
	HK\$'000	HK\$'000
Authorised:		
1,500,000,000 (31 March 2012: 1,500,000,000) ordinary shares of HK\$0.10 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:		
570,885,267 (31 March 2012: 572,715,267) ordinary shares of HK\$0.10 each	<u>57,089</u>	<u>57,272</u>

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

	Note	Number of shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 April 2012		572,715,267	57,272	124,293	181,565
Repurchase of shares	(i)	(1,830,000)	(183)	(723)	(906)
Share repurchase expenses	(i)	-	-	(15)	(15)
At 30 September 2012		<u>570,885,267</u>	<u>57,089</u>	<u>123,555</u>	<u>180,644</u>

Note:

- (i) During the period, the Company repurchased a total of 1,830,000 of its own shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") at prices ranging from HK\$0.45 to HK\$0.53 per share, for a total consideration, before expenses of HK\$906,000. The repurchase shares were cancelled and an amount equivalent to the nominal value of these shares of HK\$183,000 was transferred from retained profits to the capital redemption reserve. The premium of HK\$723,000 paid on the repurchase shares and share repurchase expenses of HK\$15,000 were credited to/charged against the share premium account.

13. SHARE CAPITAL (CONTINUED)

Share options

Details of the Company's share option 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 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2012 HK\$'000	31 March 2012 HK\$'000
Within one year	933	1,018
In the second to fifth years, inclusive	1,962	2,170
After five years	1,855	2,028
	<u>4,750</u>	<u>5,216</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:

	2012	2011
Notes	HK\$'000	HK\$'000
Management fees received from associates	378	497
Management fees received from a related company	28	28
Rental income from related companies	<u>1,251</u>	<u>1,242</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) The rental income was charged to Fitness Concept Limited (“FCL”) and one of FCL’s subsidiaries at HK\$25,500 (2011: HK\$25,500) and HK\$183,000 (2011: HK\$181,500) 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

The Group's turnover for the six months ended 30 September 2012 was HK\$304 million which represented a decrease of 8% as compared with the same period last year. The net profit attributable to equity holders of the Company amounted to approximately HK\$13 million representing a decrease of 64% as compared with the same period last year. Earning per share is approximately HK2.25 cents.

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

During the six months ended 30 September 2012, the Group completed or substantially completed projects such as main contractor for construction of three residential houses at Gough Road, the Peak, Hong Kong, fitting out works for Asia Society Hong Kong Center at Former Explosive Magazine at Justice Drive, Admiralty, Hong Kong, fitting out works for Prada shop at Hangzhou, PRC. In current period, despite the turnover generated from the property development and investment segment increased by 8% as compared to the same period last year, segment operating profit generated from this segment decreased by 40% as compared to the same period last year, this is mainly due to the properties available for sales in this period are mainly from Section B of Phase II of Century Place, Kaifeng, PRC, which was completed in last year and mainly consisted of residential units, as such, a large percentage of sales in current period are generated from residential units, whereas in same period last year, 95% of the total area sold were contributed by commercial units in Section D of Phase II of Century Place, Kaifeng. Since commercial units usually have a much higher gross profit margin than residential units, so gross profit margin generated in current period is not as good as same period last year.

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 2012, the Group's turnover amounted to HK\$304 million, decreased by 8% as compared to the same period last year. The decrease was mainly due to certain new construction contracting and E&M engineering contracts granted to the Group are at the beginning stage, and have not yet bring a lot of turnover to the Group in current period. The above decrease is partly offset by the 8% increase in turnover in property development and investment segment, mainly contributed by the satisfactory sales achieved for Section B of Phase II of Century Place, Kaifeng, PRC. Turnover generated from construction contracting business, property development and investment business and other business amounted to approximately HK\$212 million, HK\$81 million, HK\$11 million respectively, which represent a decrease by 14%, increases by 8% and 77% respectively as compared to the same period last year.

Gross profit margin

During the six months ended 30 September 2012, the Group's gross profit margin was approximately 14%, down by 5% as compared to last period's 19%, this is mainly due to in same period last year, the construction of section B of Phase II of Century Place, Kaifeng have not yet completed, and 95% of the total area sold in Century Place, Kaifeng were contributed by commercial units in Section D of Phase II of Century Place, Kaifeng, since commercial units usually have a much higher gross profit margin than residential units, so the sales contributed tremendous gross profit margin to the Group in same period last year, whereas in current period, section B of Phase II of Century Place, Kaifeng was completed at end of last year and a lot of residential units are available for sales, so a large portion of the sales in current period are generated from residential units, and only 8% of the total area sold in Century Place, Kaifeng were related to commercial units, as a result, the gross profit margin dropped in current period.

FINANCIAL REVIEW (CONTINUED)

Liquidity and financial resources

As at 30 September 2012, the Group had total assets of HK\$1,584,961,000, which is financed by total liabilities, shareholders' equity and non-controlling interests of HK\$808,355,000, HK\$772,153,000 and HK\$4,453,000, respectively. The Group's current ratio at 30 September 2012 was 1.89 compared to 1.68 at 31 March 2012.

The gearing ratio for the Group is 18% (31 March 2012: 6%). It was calculated based on the non-current liabilities of HK\$167,830,000 (31 March 2012: HK\$50,757,000) and long term capital (equity and non-current liabilities) of HK\$944,436,000 (31 March 2012: HK\$820,855,000).

Capital expenditure

Total capital expenditure for the six months ended 30 September 2012 was approximately HK\$202,000, which are mainly used in the purchase of office equipments.

Contingent liabilities

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

Commitments

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

FINANCIAL REVIEW (CONTINUED)

Charges on group assets

The Group's banking facilities are secured by:

- (i) the pledge of certain of the Group's leasehold land and buildings situated in Hong Kong of HK\$89,004,000 (31 March 2012: HK\$90,500,000);
- (ii) the pledge of certain of the Group's investment properties situated in Mainland China of HK\$159,588,000 (31 March 2012: HK\$159,588,000);
- (iii) the pledge of certain of the Group's completed properties held for sale situated in Mainland China of HK\$348,021,000 (31 March 2012: HK\$250,566,000); and
- (iv) the pledge of the Group's deposits of HK\$89,733,000 (31 March 2012: HK\$93,418,000).

Treasury policies

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

Exchange risk exposure

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

PROSPECT

Construction business (including E&M works)

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

During the period, new projects such as electrical and mechanical ventilation air conditioning for Hong Kong Academy New School Campus at Sai Kung, Hong Kong, building services installation for a construction of runway park at Kowloon City, Hong Kong, building services installation for a construction of open space in area 117, Tin Shui Wai, Hong Kong, and fitting out works for Prada shop at Taiyuan, PRC were granted. As at the date of this report, the Group has contracts on hand with a total contract sum of over HK\$1,191 million.

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 RMB352 million. The Group has 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 170,000 sq. metres

PROSPECT (CONTINUED)

had completed construction and the total sales contract sum achieved amounted to approximately RMB504 million. The remaining of the land is under construction, processing smoothly, and it is expected the construction will be completed by 2014.

On 16 February 2012, the Group has successfully won a bid for the acquisition of land use right of a residential and commercial site in the city of Kaifeng. The Directors intend to develop a residential and commercial complex on the site with an estimated gross floor area of approximately 101,504 sq. metres.

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

Trading of medical equipment and home security and automation products

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

The Global economy remains full of uncertainties especially in some European countries due to the sovereign debt crisis, also the US economy continue sluggish, which generated concerns over the global economy and is likely to slowdown the economic growth in PRC as well as cause a drag on consumer confidence in the short to medium term. The tightening policies such as restrictions on home purchase as a part of its efforts to control inflation and maintain a stable and healthy economic growth, also caused certain negative impact on the mainland property market. However, with

PROSPECT (CONTINUED)

the recent decrease of interest rate and deposit reserve requirement ratio for major banks for PRC, it is expected the PRC economy will sustain a healthy growth in the medium to long term, also, Hong Kong remains well positioned to benefit from the PRC's continuing growth and development, as such, the Group remains optimistic in the long run and has confidence in the growth momentum in the PRC and Hong Kong.

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 2012, the Group has 130 employees, 13 of whom were based in the PRC. The total employee benefits expenses including directors' emoluments for the period under review amounted to HK\$19 million as compared to HK\$18 million in the same period last year.

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

CONTINUING CONNECTED TRANSACTIONS

On 23 March 2011, the Group has entered into two tenancy agreements with 上海美格菲健身中心有限公司 and Fitness Concept Limited, companies wholly-owned by Mr. Tjia Boen Sien, the Managing Director and Deputy Chairman and a substantial shareholder of the Company, for the leasing of two properties of the Group at Sichuan, PRC and Hong Kong. The two tenancy agreements are contracted for three years commencing 1 April 2011, and the monthly rent payable are RMB150,000 and HK\$25,500 respectively. The rental income earned during the six months ended 30 September 2012 from the above tenancy agreements were HK\$1,251,000.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

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

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

SHARE OPTION SCHEME

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

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

SHARE OPTION SCHEME (CONTINUED)

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

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

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

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

No share option was granted during the six months ended 30 September 2012.

At the reporting date, no share option was outstanding under the Scheme.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2012, the interests and short positions of the Directors in the share capital and share option of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which he would be deemed or taken to have under Section 344 and 345 of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions in ordinary shares of the Company:

Name of Director	Number of shares held, capacity and nature of interest			Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Total	
Mr. Tjia Boen Sien*	45,774,400	233,290,000	279,064,400	48.88
Mr. Wang Jing Ning	14,839,600	–	14,839,600	2.60
Mr. Lu Quanzhang	100,000	–	100,000	0.02
Mr. Keung Kwok Cheung	450,000	–	450,000	0.08
Dr. Raymond Ho, Chung Tai	500,000	–	500,000	0.09
Mr. Siu Man Po	530,000	–	530,000	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 233,290,000 ordinary shares of the Company.

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(CONTINUED)*

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 2012 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 2012, the following interests of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Sparta Assets (Note 1)	Beneficial Owner	233,290,000	40.86
Mr. Tjia Boen Sien	Interests of controlled corporation Directly beneficially own	233,290,000 45,774,400	40.86 8.02
Granda Overseas Holding Co. Ltd. ("Granda") (Note 2)	Beneficial Owner	115,799,160	20.28
Mr. Chen Huofa	Interests of controlled corporation	115,799,160	20.28
Ms. Yang Yi	Interests of controlled corporation	115,799,160	20.28

Note:

1. Sparta Assets, a company incorporated in the British Virgin Islands and wholly owned by Mr. Tjia Boen Sien, is beneficially interested in 233,290,000 ordinary shares of the Company.
2. Granda, a company incorporated in the British Virgin Islands and owned as to 50% by Mr. Chen Huofa and 50% by Ms. Yang Yi, is beneficially interested in 115,799,160 ordinary shares of the Company.

Save as disclosed above, no person, other than the Directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, at 30 September 2012, 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 (2011: HK1 cent) per ordinary share in issue for the six months ended 30 September 2012 to be payable on or around Monday, 31 December 2012 to the shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 20 December 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 18 December 2012 to Thursday, 20 December 2012 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 Monday, 17 December 2012.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 September 2012, the Company purchased certain of its shares on the Stock Exchange and these shares were subsequently cancelled by the Company. The Company considered that it is the best way of enhancing shareholder value and that it is in the best interest of the shareholders to return a substantial part of the surplus funds to them. The summary details of those transactions are as follows:

	Number of Shares repurchased	Price per share		Total price paid HK\$'000
		Highest HK\$	Lowest HK\$	
April 2012	520,000	0.530	0.500	268
May 2012	305,000	0.530	0.510	158
July 2012	575,000	0.495	0.475	280
August 2012	210,000	0.480	0.460	99
September 2012	220,000	0.465	0.450	101
	<u>1,830,000</u>			<u>906</u>

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES (CONTINUED)

The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of HK\$183,000 was transferred from retained profits to the capital redemption reserve. The premium of HK\$723,000 paid on the repurchases shares and share repurchase expenses of HK\$15,000 were credited to/charged against the share premium account.

The purchase of the Company's shares during the six months ended 30 September 2012 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 2012.

CORPORATE GOVERNANCE

In the Corporate Governance Report which was published in our annual report for the year ended 31 March 2012, 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 2012, 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 2012.

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 2012, 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 and making appropriate recommendations to the Board on remuneration policy and remuneration packages for all Directors and chief executives. The remuneration committee currently comprises two executive Directors, namely Mr. Tjia Boen Sien, Mr. Wang Jing Ning, and three independent non-executive Directors, namely Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Wong Shing Kay, Oliver. Mr. Wong Shing Kay, Oliver is the Chairman of the committee.

NOMINATION COMMITTEE

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

BOARD OF DIRECTORS

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

By Order of the Board

Tjia Boen Sien

Managing Director and Deputy Chairman

Hong Kong, 30 November 2012