



積華

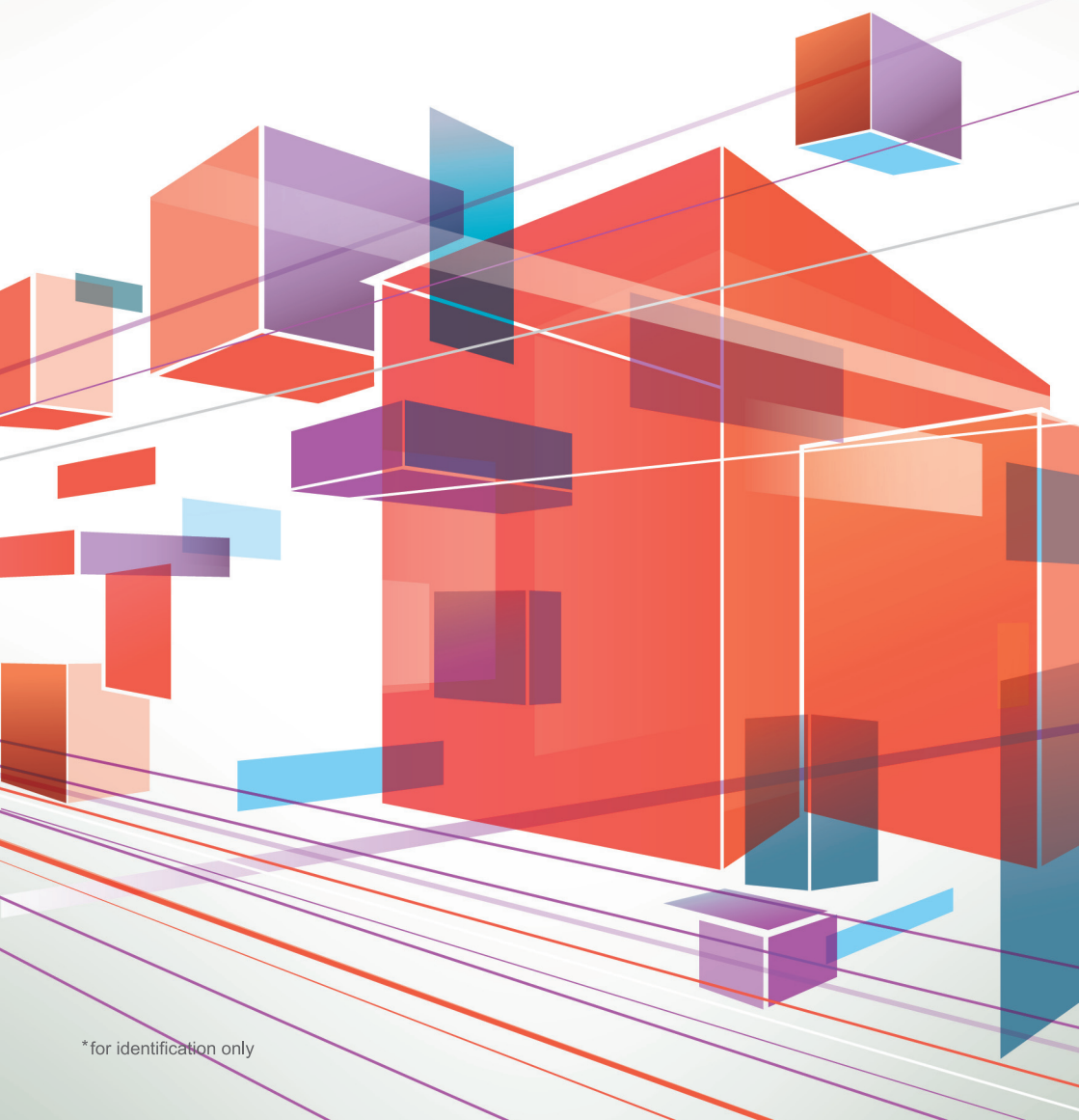
JIWA BIO-PHARM HOLDINGS LIMITED

積華生物醫藥控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2327)

2013 INTERIM REPORT



*for identification only



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Zhou Xuzhou (*Chairman*)

Zhou Wen Chuan

(*Chief Executive Officer*)

Liu Lailin

Non-Executive Director

Chen Xuejun

Independent Non-Executive Directors

Gao Guanjiang

Chau Chi Wai, Wilton

Lee Cheuk Yin, Dannis

Authorised Representatives

Zhou Xuzhou

Zhou Wen Chuan

Company Secretary

Shek Man Fai

Audit Committee

Lee Cheuk Yin, Dannis (*Chairman*)

Gao Guanjiang

Chen Xuejun

Remuneration Committee

Gao Guanjiang (*Chairman*)

Chau Chi Wai, Wilton

Liu Lailin

Nomination Committee

Zhou Xuzhou (*Chairman*)

Chau Chi Wai, Wilton

Lee Cheuk Yin, Dannis

Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal Place of Business In Hong Kong Registered Under Part XI of The Company Ordinance

Unit 01, 12/F.,

International Commerce Centre,

1 Austin Road West,

Kowloon,

Hong Kong

Auditors

BDO Limited

Certified Public Accountants

Principal Bankers

Nanyang Commercial Bank Ltd.

Standard Chartered Bank (Hong

Kong) Limited

Principal Share Registrar and Transfer Office

HSBC Securities Services

(Bermuda) Limited

Bank of Bermuda Building

6 Front Street

Hamilton HM 11

Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricolor Standard Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Hong Kong

Company Website

www.jiwa.com.hk

Stock Code

2327

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The directors (the “Directors”) of Jiwa Bio-Pharm Holdings Limited (the “Company”) are pleased to present the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2013 (the “Period”).

During the period, profit attributable to owners of the Company amounted to HK\$93,251,000. Excluding the net gain on disposal of subsidiary of HK\$60,611,000, derived from the gain on disposal of HK\$100,069,000 less the hold-back amount for PRC capital gain tax of HK\$32,000,000 and the related legal and professional fee of HK\$7,458,000, profit attributable to owners of the Company amounted to HK\$32,640,000, representing a decrease of 34.7% from the same period last year of HK\$49,953,000.


Dividend

Apart from the special dividend declared in note 9, the Board does not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil).

Significant Event

Disposal of 49% equity interest in the Kunming Jida Group

Reference is made to the joint announcement issued by the Company and U-Home Group International Limited dated 22 April 2013. Unless otherwise defined, all terms and reference used herein shall be the meaning ascribed to them in the joint announcement.



On 12 March 2013, the Company, through Jiwa Development as vendor, and the JW Purchaser as purchaser entered into the Disposal Agreement, pursuant to which the JW Purchaser conditionally agreed to acquire and Jiwa Development conditionally agreed to dispose of the Disposal Shares, comprising the entire issued share capital of Jiwa Pharm (including the indirect 49% equity interest in the Kunming Jida Group), at the Disposal Consideration of HK\$512,000,000.

Business Review


Trading Business

During the period, turnover from trading business was HK\$16,601,000, representing a decrease of 18.0% from the previous year; the losses of this segment amounted to a loss HK\$1,453,000, which was mainly due to the lower profit margins. Trading product sales of the Company mainly include import prescription drugs sold indirectly to Kunming Jida via an authorized independent import and export company, and a small portion of health care products manufactured in the PRC.

During the Period, the Group is ardently looking at trading opportunities in different regions and industries, building on its market network in Europe, ASEAN and China, as well as the extensive experience of its management in trading business.

R&D and Project Management

The Group has commenced joint effort chemical and biological researches with R&D institution in Hong Kong since 2007. During the Period, turnover from this segment was HK\$1,000,000. The segment results of HK\$316,000 were recorded. The management is optimistic towards this business and continuously propelling the existing projects as well as putting continuous efforts in identifying R&D projects with potentials.



One of the Group's R&D projects of pharmaceutical products has attained phasal achievement. On 23 July 2012, the Group entered into a technology transfer agreement with YJB, pursuant to which an aggregate consideration of RMB111,000,000 was payable by YJB upon satisfaction of the pre-condition stipulated for each of the following three phases of construction, production and registration:

At phase 1, the Group would transfer the technical documents of the product technology to YJB within six months upon signing the Technology Transfer Agreement; at phase 2, the Group had to assist YJB to construct a production plant with its ancillary facilities for the production of the pharmaceutical bulk materials products to be qualified by the Group and YJB within a prescribed construction budget, and to obtain the production licence from the State Food and Drug Administration of the PRC by 31 December 2013; and at phase 3, the Group had to assist YJB to commence (i) full scale of production of such pharmaceutical bulk materials products at a prescribed production capacity and ensuring the production cost of such bulk materials relating thereto not exceeding the prescribed unit cost, and (ii) obtaining the registration certificates of such products as well as the certification of "Good Manufacturing Practice" by the State Food and Drug Administration of the PRC by no later than 31 March 2015.

According to the Technology Transfer Agreement, RMB40,000,000, RMB20,000,000 and RMB51,000,000 would be settled upon satisfaction of the pre-conditions set for phase 1, phase 2 and phase 3 respectively as mentioned above. The above payment schedule may be extended by mutual agreement between the contracting parties to the Technology Transfer Agreement, while the maximum consideration will be subject to adjustment(s) if certain of the above terms and conditions cannot be fulfilled in full.



Investment and Financial Business

During the Period, profit of this segment amounted to HK\$2,888,000, representing a decrease of 35.8% compared to the previous year, which was mainly derived from gain from treasury products and rental income. The Group would dispose part of the treasury products and would continue to look at the opportunity of relatively higher yield return treasury products under limited risk exposure to maximize excess cash flow operations.

Strategic Investments

During the period, profit from results attributable to an associate amounted to HK\$27,135,000, representing an increase of 28.9% from the previous year, which was mainly derived from Kunming Jida.

Prospects

U-Home Group International Limited and U-Home Group Investment Limited became the controlling shareholders and has obtained control of the Board of the Company during the period. After review of the operation of the Company by the executive Directors, the Group intends to make the best use of its resource and experience to expand the business of the Company into property development and related management service when appropriate timing comes alongside its existing business of Pharmaceuticals trading and R&D project management. The Company believes the expansion and diversification of the business will bring a milestone to the development and return of the Company.

FINANCIAL REVIEW

Liquidity

As at 30 September 2013, cash and cash equivalents of the Group totaled approximately HK\$53,208,000 (31 March 2013: approximately HK\$94,058,000), of which approximately 99.73% are in Hong Kong dollars, 0.21% in RMB, 0.01% in US dollars, 0.02% in Euro and 0.03% in Macau Pataca.

As at 30 September 2013, the Group had aggregate banking facilities of approximately HK\$89,000,000 (31 March 2013: approximately HK\$548,069,000) of which approximately HK\$89,000,000 (31 March 2013: approximately HK\$181,153,000) was utilized, as to approximately HK\$89,000,000 in short term bank loans. The decrease in total bank borrowings are mainly due to the decrease in the banks borrowings against pledged bank deposits.

The decrease in cash and cash equivalents is mainly due to the payment of the special dividend and repayment of bank loans.

As at 30 September 2013, the Group had current assets of approximately HK\$156,167,000 (31 March 2013: approximately HK\$373,260,000) whilst current liabilities were approximately HK\$89,663,000 (31 March 2013: approximately HK\$254,910,000).

Interest Rate Risk

As at 30 September 2013, the gearing ratio was approximately 47% (31 March 2013: approximately 21%), calculated based on the Group's total bank borrowings of approximately HK\$89,000,000 (31 March 2013: approximately HK\$178,545,000) over the Group's total assets of approximately HK\$189,167,000 (31 March 2013: approximately HK\$872,449,000). The higher in gearing ratio is mainly due to the decrease in cash and cash equivalents.



Capital Commitments

The Group had no capital commitments outstanding as at 30 September 2013 (31 March 2013: Nil).

Charge on Group Assets

As at 30 September 2013, no bank loan (31 March 2013: HK\$9,585,000) was secured by the investment property of the Group. In additions, no bank loan (31 March 2013: HK\$79,960,000) was secured by the Group's pledged bank deposits. The bank loans amounted to approximately HK\$89,000,000 (31 March 2013: HK\$89,000,000) were secured by the Group's treasury products amounting HK\$98,581,000 (31 March 2013: HK\$100,888,000).

Contingent Liabilities

As at 30 September 2013, the group has issued corporate guarantees HK\$89,000,000 (31 March 2013: HK\$217,000,000) of which the whole amount (31 March 2013: HK\$157,000,000) was utilized.

The group was not liable to any material legal proceedings of which provision for contingent liabilities was required.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2013

		Six months ended	
		30 September	
	Notes	2013	2012
		HK\$'000	HK\$'000
		(Unaudited)	(Restated) (Unaudited)
Revenue	5	17,601	20,255
Cost of sales		(13,657)	(15,663)
Gross profit		3,944	4,592
Other income		7,299	7,613
Investment income		2,888	4,501
Selling expenses		(24)	(16)
Administrative expenses		(6,208)	(5,246)
Other operating expenses		(8,930)	(1,369)
Other gain, net		—	4,692
Write back of impairment		—	4,692
Gain on disposal of subsidiary	6	100,069	23,529
Operating Profit		99,038	38,296
Finance costs		(987)	(1,447)
Share of results of associates		27,135	21,052
Profit before income tax	7	125,186	57,901
Income tax expense	8	(31,937)	(7,948)
Profit for the Period		93,249	49,953
Profit attributable to:			
Owners of the company		93,251	49,953
Non-controlling interests		(2)	—
		93,249	49,953
Earnings per share			
— Basic (cents)	10	5.69	3.07
— Diluted (cents)	10	5.69	3.07

The notes on page 15 to 30 form part of this interim financial statement.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	Six months ended	
	30 September	
	2013	2012
	HK\$'000	HK\$'000
		(Restated)
	(Unaudited)	(Unaudited)
Profit for the Period	93,249	49,953
Other comprehensive income, including reclassification adjustment		
Release of translation reserve upon disposal of subsidiary	—	(1,002)
Other comprehensive income for the Period, including reclassification adjustment and net of tax	—	(1,002)
Total comprehensive income for the Period	93,249	48,951
Total comprehensive income attributable to:		
Owners of the Company	93,251	48,951
Non-Controlling interests	(2)	—
	93,249	48,951

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

		At 30 September 2013	At 31 March 2013
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	—	373
Investment property	12	33,000	55,000
Interests in associates	13	—	443,816
		33,000	499,189
Current assets			
Inventories		162	—
Accounts receivable	14	104	8,282
Deposit, prepayments and other receivables		3,208	10,634
Amount due from associates		—	81,873
Treasury products at fair value through profit or loss	15	98,581	100,888
Tax recoverable		904	873
Pledged bank deposits	16	—	76,652
Cash and cash equivalents	16	53,208	94,058
Total current assets		156,167	373,260

		At 30 September 2013 HK\$'000 (Unaudited)	At 31 March 2013 HK\$'000 (Audited)
Current liabilities			
Bank borrowings		89,000	178,545
Accounts and bills payable	17	141	7,727
Accrued expenses and other payables		444	2,283
Tax payable		78	1,832
Derivative financial liabilities	18	—	64,523
		89,663	254,910
Net current assets		66,504	118,350
Total assets less current liabilities		99,504	617,539
Non current liabilities			
Deferred tax liabilities		217	1,602
Net Assets		99,287	615,937
EQUITY			
Share capital	19	16,400	16,250
Reserves		82,895	599,693
Equity attributable to owners of the Company		99,295	615,943
Non-controlling interests		(8)	(6)
Total equity		99,287	615,937

The notes on page 15 to 30 form part of this interim financial statement.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Equity attributable to equity holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Contributed Surplus HK\$'000	Translation reserve HK\$'000	Assets revaluation reserve HK\$'000	Share option reserve HK\$'000	Proposed final dividend HK\$'000	Retained Profits HK\$'000	Total HK\$'000	Non-controlling Interests HK\$'000	Total Equity HK\$'000
At 1 April 2012 (audited)	16,100	56,097	2,000	1,002	22,353	5,836	33,810	467,391	604,589	(6)	604,583
Profit for the period	-	-	-	-	-	-	-	45,211	45,211	-	45,211
Release of translation reserve upon disposal of subsidiary	-	-	-	(1,002)	-	-	-	-	(1,002)	-	(1,002)
Total comprehensive income for the period	-	-	-	(1,002)	-	-	-	45,211	44,209	-	44,209
Issue of ordinary shares upon exercise of share options	150	3,835	-	-	-	(1,285)	-	-	2,700	-	2,700
Final dividend paid in respect of the previous years	-	-	-	-	-	-	(33,810)	-	(33,810)	-	(33,810)
At 30 September 2012 (unaudited)	16,250	59,932	2,000	-	22,353	4,551	-	512,602	617,688	(6)	617,682
At 11 April 2013 (audited)	16,250	59,932	2,000	-	22,353	2,027	-	513,381	615,943	(6)	615,937
Issue of ordinary shares upon exercise of share options (Note 20)	150	4,950	-	-	-	-	-	-	5,100	-	5,100
Exercise of share option	-	2,027	-	-	-	(2,027)	-	-	-	-	-
Special dividend (Note 9)	-	-	-	-	-	-	-	(615,000)	(615,000)	-	(615,000)
Transaction with owners	150	6,977	-	-	-	(2,027)	-	(615,000)	(609,900)	-	(609,900)
Profit/(Loss) for the period	-	-	-	-	-	-	-	93,250	93,250	(2)	93,248
Total comprehensive income for the period	-	-	-	-	-	-	-	93,250	93,250	(2)	93,248
Realisation of contribution surplus upon disposal of a subsidiary	-	-	(909)	-	-	-	-	909	-	-	-
At 30 September 2013 (unaudited)	16,400	66,909	1,091	-	22,353	-	-	(7,460)	99,293	(8)	99,285

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	Six months ended	
	30 September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	17,079	46,252
Net cash generated from/(used in) investing activities	31,616	(26,531)
Net cash used in financing activities	<u>(89,545)</u>	<u>(49,308)</u>
Net decrease in cash and cash equivalents	(40,850)	(29,587)
Translation difference	—	(1,002)
Cash and cash equivalents at 1 April	<u>94,058</u>	<u>58,532</u>
Cash and cash equivalents at 30 September	<u>53,208</u>	<u>27,943</u>

The notes on page 15 to 30 form part of this interim financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2013

(Expressed in Hong Kong dollars)

1. General Information

Jiwa Bio-Pharm Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is Unit 01, 12th Floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries are collectively referred to as the "Group".

The Company is principally engaged in investment holding. The principal activities of its subsidiaries include trading of pharmaceutical and health care products, research and development of chemical and biological products and investment and treasury function.

On 12 March 2013, the Company through Jiwa Development Company Limited, a wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement (the "Disposal Agreement") with Goldvault Limited ("Goldvault"), a company which is wholly owned by Mr. Lau Yau Bor, Madam Chan Hing Ming and Mr. Lau Kin Tung (collectively referred to as "Lau's Family"), ex-directors and ex-shareholders of the Company, to dispose its entire 100% equity interests in a subsidiary of the Group, namely Jiwa Pharmaceutical Limited ("JPL") which held 49% direct equity interest in Kunming Jida Pharmaceutical Company Limited ("KJP"), for a cash consideration of Hong Kong Dollars ("HK\$")512,000,000. KJP has four wholly owned subsidiaries in the People's Republic of China (the "PRC") or Hong Kong, namely Wuxi Jida Pharmaceutical Company Limited ("JJRP"), Kunming Jida Pharmaceutical Distribution Company Ltd. ("YJPL"), Yunnan Jida Biotech Limited ("YJB") and Jida Pharm (HK) Trading Co., Limited ("Jida Pharm (HK)") (collectively referred to as the "KJP Group"). The disposal has been completed on 23 August 2013.

The directors consider the immediate shareholder is U-Home Group International Limited and the ultimate parent is Shunda Investment Limited, both companies incorporated in British Virgin Islands ("BVI") with limited liability.

The financial statements for the period from 1 April 2013 to 30 September 2013 were approved for issue by the board of directors on 25 November 2013.

2. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard 34, “Interim Financial Reporting”.

3. Principal Accounting Policies

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2013.

In the current period, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2013:

Amendments to HKAS 1 (Revised)	Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
HKFRSs (Amendments)	Annual Improvement 2009-2011 Cycle

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 March 2013 were authorised for issuance and are not yet effective:

Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities ¹
HKFRS 9	Financial Instruments ²

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 January 2015

The directors of the Company anticipate that the application of other new or revised standards will also have no material impact on the results and the financial position of the Group.

4. Operating segment information

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

- (a) the trading pharmaceutical and health products segment comprises the trading of pharmaceutical products and healthcare products;
- (b) the investment and treasury function segment comprises investment holding and treasury function;
- (c) the research and development segment comprises research and development of chemical and biological products.

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/(loss) before tax.

5. Segment Reporting

For the six months ended 30 September 2013

	Trading Pharmaceutical Products and Health Care Products		Investment and Treasury Function		Research and Development (Restated)		Consolidated (Restated)	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Segment revenue	16,601	20,255	–	–	1,000	–	17,601	20,255
Segment results	(1,453)	2,766	2,888	4,501	316	–	1,751	7,267
Write back of impairment							–	4,692
Gain on disposal of subsidiary							100,069	23,529
Unallocated income/ (expense)							(2,782)	2,808
Profit from operations							99,038	38,296
Finance costs							(987)	(1,447)
Share of results of Associates							27,135	21,052
Profit before income tax							125,186	57,901

6. Disposal of a subsidiary

- (a) As detailed in note 1, on 23 August 2013, the Group disposed of its subsidiary, JPL which held 49% direct equity interest in KJP Group.

The carrying amount of the net assets of JPL at the disposal dates of 23 August 2013 were as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Cash and cash equivalents		3,135
Tax recoverable		863
Amounts due from associates		1,971
Amount due from related companies		12,775
Other payables		(7)
Dividend payables		(12,312)
Deferred tax liabilities		(1,385)
Fair value of put option		(64,060)
Carrying value of interests in associates	13	<u>470,951</u>
Net assets disposed of		411,931
Gain on disposal of JPL		<u>100,069</u>
Total		<u>512,000</u>
Satisfied by:		
Cash consideration		40,090
Consideration settled by offsetting with special dividend	<i>(i)</i>	439,910
Hold-back amount for PRC capital gain tax	<i>(ii)</i>	<u>32,000</u>
		<u>512,000</u>
Net cash inflow arising on disposal		
Cash consideration		40,090
Cash and cash equivalents disposed of		<u>(3,135)</u>
Net inflow of cash and cash equivalents		<u>36,955</u>
Aggregate amount of the gains on disposal of JPL		<u>100,069</u>

Notes:

- (i) Part of the consideration in connection with the disposal of JPL was settled by the special dividend (note 9) payable to Lau's Family, which is the shareholder of Goldvault, the acquirer of JPL.
- (ii) The hold-back amount represented an estimated tax payable in connection with the disposal of JPL and statutory filings provided for the PRC withholding tax.

- (b) On 24 September 2012, the Group disposed of its subsidiary, YJB. In addition, the Key Product Technology was disposed to YJB on 28 September 2012. The transactions were considered as linked transactions as they were entered into in close proximity in time to one another and these transactions have the same business purpose of producing the key product, the gains on the disposal of YJB and the intangible assets therefore were accounted for together.

The carrying amount of the net assets of YJB and the carrying amount of the intangible assets at the disposal dates of 24 September 2012 were as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Property, plant and equipment		1,919
Land use rights		16,060
Construction in progress		2,152
Other receivables		2,990
Cash and cash equivalents		1,233
Amount due to related companies		<u>(1,852)</u>
Net assets disposed of		22,502
Release of translation reserve upon disposal		(1,002)
Gain on disposal of YJB		1,670
Intangible assets disposed of		29,994
Gain on disposal of intangible assets	<i>(iii)</i>	<u>21,859</u>
Total		<u>75,023</u>
Satisfied by:		
Cash consideration		48,108
Deferred consideration	<i>(iv)</i>	<u>26,915</u>
		<u>75,023</u>
Net cash inflow arising on disposal		
Cash consideration		48,108
Cash and cash equivalents disposed of		<u>(1,233)</u>
Net inflow of cash and cash equivalents		<u>46,875</u>
Aggregate amount of the gains on disposal of YJB and intangible assets		<u>23,529</u>

Notes:

- (iii) At the date of disposal of the intangible assets, the fair value and the carrying amount of the intangible assets was amounted to HK\$51,853,000 and HK\$29,994,000 respectively which resulted in a gain on disposal of HK\$21,859,000.
- (iv) The deferred consideration will be settled in cash, of which, HK\$23,843,000 was received by the Group on 6 June 2013.

7. Profit from ordinary activities before taxation

Profit from ordinary activities before taxation is arrived at after charging/
(crediting):

	Six months ended	
	30 September	
	2013	2012
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Cost of inventories	13,657	15,771
Staff costs	2,098	1,909
Retirement costs	9	21
Depreciation	204	158
Operating lease charges in respect of premises	1,430	1,540
Interest on bank advances wholly repayable within five years	735	1,449

8. Income tax expense


	Six months ended	
	30 September	
	2013	2012
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Current tax		
— Hong Kong		
Tax for the period	61	144
Over-provision in respect of prior years	(209)	—
	(148)	144
— PRC — Tax for the period	32,085	7,804
	31,937	7,948

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the Period.

9. Dividends

	Six months ended	
	30 September	
	2013	2012
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Dividend approved and paid during the Period	615,000	34,125

No final dividend was proposed in respect of the year ended 31 March 2013 (2012: \$34,125,000).



On 23 May 2013, a special dividend amounted to HK\$615,000,000 (HK\$0.375 per share) was conditionally proposed, subject to (i) the completion of the disposal of JPL, (ii) the completion of disposal of an investment property of the Group and (iii) approval by the shareholders of the Company. These conditions were subsequently fulfilled and as at 23 August 2013, the special interim dividend became unconditional and was recorded as liabilities of the Group. Such dividend was paid on 30 August 2013.

Included in the dividend payable of HK\$615,000,000, HK\$439,910,000 would be settled against the consideration receivable in connection with the disposal of JPL (note 6(a)).

10. Earnings per share

The calculation of basic earnings per share is based on the Group's profits attributable to owners of \$93,251,000 (2012: \$49,953,000) and on the weighted average of 1,640,000,000 (2012: 1,625,000,000) ordinary shares in issue during the Period.

The diluted earnings per share is based on the profit attributable to owners of \$93,251,000 (2012: \$49,953,000) and the weighted average of 1,638,641,365 (2012: 1,625,000,000) ordinary shares in issue during the Period, after adjusting the effect of all dilutive potential share under the Company's share option scheme.

11. Property, plant and equipment

	At 30 September 2013 \$'000 (Unaudited)	At 31 March 2013 \$'000 (Audited)
Opening net book amount		
At 1 April 2013/1 April 2012	373	2,652
Additions	—	112
Depreciation	(204)	(472)
Disposal	(169)	—
Disposal of subsidiary (note 6(b))	—	(1,919)
Net book amount		
At 30 September 2013/ 31 March 2013	—	373

12. Investment properties

	At 30 September 2013 \$'000 (Unaudited)	At 31 March 2013 \$'000 (Audited)
At 1 April	55,000	29,000
Additions	—	21,028
Change in fair value	—	4,972
Disposal	(22,000)	—
At 30 September 2013/31 March 2013	33,000	55,000

Notes:

These properties are held under leases of over 50 years. As at 31 March 2013, one of these properties with a fair value of HK\$22,000,000 was pledged to secure the Group's bank borrowings. The property was disposed during the current period to a company, which is incorporated in Hong Kong and wholly owned by Lau's Family, at a consideration of HK\$22,000,000, which was equal to its fair value as at the date of disposal.

13. Interests in associates – Group

	At 30 September 2013 \$'000 (Unaudited)	At 31 March 2013 \$'000 (Audited)
Non-current portion		
Opening net book amount		
At 1 April 2013/1 April 2012	443,816	408,464
Share of results of associates	27,135	35,352
Disposal of a subsidiary	(470,951)	—
	<hr/>	<hr/>
Net book amount		
At 30 September 2013/31 March 2013	—	443,816
	<hr/>	<hr/>

14. Accounts receivable

An ageing analysis of the accounts and bills receivable is as follows:

	At 30 September 2013 \$'000 (Unaudited)	At 31 March 2013 \$'000 (Audited)
Within 3 months	104	8,282
	<hr/>	<hr/>

All of the above balances are expected to be recovered within one year.

15. Treasury products at fair value through profit or loss

	At 30 September 2013 \$'000 (Unaudited)	At 31 March 2013 \$'000 (Audited)
Unlisted debt securities with principal protected at maturity by Bankers		
– Designated at fair value through profit or loss	98,581	100,888

The Group's treasury products as at 30 September 2013 include the followings:

- debt securities (including embedded derivatives) of HK\$40,046,000 (31 March 2013: HK\$41,195,000) with redemption amount that is indexed to the value of equity instruments and principal protected at maturity by Standard Chartered Bank London;
- debt securities (including embedded derivatives) of HK\$58,535,000 (31 March 2013: HK\$59,693,000) with redemption amount that is indexed to exchange rates of a basket of currencies and principal protected at maturity by Standard Chartered Bank London.

During the period, fair value loss of HK\$2,307,000 (31 March 2013: fair value gain of HK\$2,893,000) was recognised.

16. Pledged bank deposits and cash and cash equivalents – GROUP

	At 30 September 2013 \$'000 (Unaudited)	At 31 March 2013 \$'000 (Audited)
Cash and bank balance	53,208	94,058
Time deposits	–	76,652
Less: Pledged bank deposits	–	(76,652)
	<hr/>	<hr/>
Cash and cash equivalents	53,208	94,058
	<hr/>	<hr/>

As at 30 September 2013, the Group had no pledged bank deposits (31 March 2013: HK\$76,652,000) to bank to secure bank loans as at 30 September 2013.

17. Accounts and bills payable

An ageing analysis of the accounts and bills payable is as follows:

	At 30 September 2013 \$'000 (Unaudited)	At 31 March 2013 \$'000 (Audited)
Accounts payable		
– Within 3 months	141	5,119
Bills payable	–	2,608
	<hr/>	<hr/>
	141	7,727
	<hr/>	<hr/>

All of the above balances are expected to be settled within one year.

18. Derivative financial liabilities

	At 30 September 2013 \$'000 (Unaudited)	At 31 March 2013 \$'000 (Audited)
Fair value of put options	—	64,060
Fair value of interest rate swap and foreign currency forward contracts	—	463
	<u>—</u>	<u>64,523</u>

19. Share capital

	At 30 September 2013		At 31 March 2013	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	<u>10,000,000,000</u>	<u>100,000</u>	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each				
At 1 April	<u>1,625,000,000</u>	<u>16,250</u>	1,610,000,000	16,100
Employee share option exercised	<u>15,000,000</u>	<u>150</u>	<u>15,000,000</u>	<u>150</u>
At 30 September 2013/31 March 2013	<u>1,640,000,000</u>	<u>16,400</u>	<u>1,625,000,000</u>	<u>16,250</u>

Note:

On 25 April 2013, a consultant and certain employees of the Group exercise their rights to convert a total of 15,000,000 share options into 15,000,000 ordinary shares of HK\$0.01 each of the Company at exercise price of HK\$0.34.

On 29 May 2012, a director of the Company exercised his rights to convert a total of 15,000,000 share options into 15,000,000 ordinary shares of HK\$0.01 each of the Company at exercise price of HK\$0.18.

20. Share-based employee compensation

Movements in share options granted during the Period were as follows:

	As at 1 April 2013	Granted during the Period	Exercised during the Period	As at 30 September 2013	Date of grant	Exercise Period	Exercise price per share
Employee/ Consultant:							
In aggregate	15,000,000	—	(15,000,000)	—	12/11/2012	12/11/2012 to 11/11/2017	HK\$0.34

These options were granted to several employees and consultant on 12 November 2012.

21. Commitments

(a) Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 September 2013 \$'000 (Unaudited)	At 31 March 2013 \$'000 (Audited)
Within one year	368	1,342
After one year but within five years	<u>—</u>	<u>615</u>
	368	1,957

(b) Capital commitments

At 30 September 2013, the Group does not have any significant capital commitment (31 March 2013: Nil).

22. Material related party transactions

(a) *The following represents a summary of material recurring transactions during the relevant Period between the Group and the related parties:*

		Six months ended	
		30 September	
		2013	2012
		\$'000	\$'000
	Notes	(Unaudited)	(Unaudited)
Rentals paid:			
— Mr. Lau Yau Bor	(i)	351	374
— Jiwa Investment Limited	(ii)	1,015	1,064
Consideration for disposal of a subsidiary:			
— Goldvault	(iii)	512,000	—
Consideration for disposal of an investment property:			
— Sunny Enterprise Limited	(iv)	22,000	—

Notes:

- (i) A director of the Company, Mr. Lau Yau Bor, who resigned on 23 September 2013, leased certain properties to the Group.
- (ii) Jiwa Investment Limited, which is controlled by Mr. Lau Yau Bor and Madam Chan Hing Ming, directors of the Company, both resigned on 23 September 2013, leased certain staff quarters and office premises to the Group.
- (iii) Goldvault Limited is a company wholly owned and controlled by Lau's Family.
- (iv) Sunny Enterprise Limited is a company wholly owned by Goldvault Limited, which is then controlled by Lau's Family.

23. Approval of the interim financial statements

The interim financial statements were approved by the Board on 25 November 2013.



OTHER INFORMATION

EMPLOYMENT AND REMUNERATION POLICY

As at 30 September 2013, the Group had a total of approximately 5 employees (31 March 2013: approximately 14 employees). The Group's remuneration policies are in line with prevailing market practice and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds and medical schemes. The Company may also grant share options to eligible employees under its share option scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 September 2013.

SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 24 September 2003 whereby the Directors are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, and consultants and advisers to the Group (subject to the eligibility requirements) to take up options to subscribe for shares of the Company representing up to a maximum of 10% of the shares in issue from time to time. The exercise price of options is the highest of the nominal value of the shares, the closing price of the shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant and the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant. The options vested are exercisable within a period of five years from date of grant. Each option gives the holder the right to subscribe for one share.

Details of the movement of the share options during the Period under the share option scheme are set out in Note 20 to the interim financial statements.

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interest in Shares

The directors and chief executive of the Company who held office as at 30 September 2013 had the following interests in the shares of the Company, its subsidiaries and other associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) at that date as recorded in the register of directors' and chief executives' interests and short positions required to be kept under 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 Issuers ("Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

Long position

Name of Director	Capacity	Corporate interest	Total number of Shares held	% of total issued Shares
Zhou Xuzhou	Interest in controlled corporation	1,173,252,000 (Note 1)	1,173,252,000	71.54%

Notes:

1. These Shares are held by U-Home Group International Limited and U-Home Group Investment Limited.

Interests in Underlying Shares

The directors and chief executive of the Company have been granted options under the Company's share option scheme (the "Share Option Scheme"), details of which are set out in the section "Share Option Scheme".

Apart from the foregoing, none of the directors and chief executive of the Company or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the Company, any of its holding company, subsidiaries or fellow subsidiaries, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code.

Substantial Shareholders' Interests in Shares

As at 30 September 2013, the Company had been notified by the following person (other than the directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company as at 30 September 2013 which were required to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Interests in Issued Shares


Name of substantial Shareholders	Capacity	Total interests <i>(Note 1)</i>	Percentage of total issued Shares
U-Home Group International Limited <i>(Note 2)</i>	Beneficial owner	840,150,000(L) 865,515,000(S)	51.23 52.78
U-Home Group Investment Limited <i>(Note 3)</i>	Beneficial owner	333,102,000(L) 333,102,000(S)	20.31 20.31
Yuhua Enterprises Company Limited	Interest in controlled corporation	333,102,000(L) 333,102,000(S)	20.31 20.31

Name of substantial Shareholders	Capacity	Total interests <i>(Note 1)</i>	Percentage of total issued Shares
安徽宇華房地產開發有限公司 (Anhui Yuhua Real Estate Development Company Limited*) <i>(Note 3)</i>	Interest in controlled corporation	333,102,000(L) 333,102,000(S)	20.31 20.31
Yee Sheng Enterprises Company Limited <i>(Note 3)</i>	Interest in controlled corporation	333,102,000(L) 333,102,000(S)	20.31 20.31
Kambert Enterprises Limited <i>(Note 3)</i>	Interest in controlled corporation	333,102,000(L) 333,102,000(S)	20.31 20.31
U-Home Property (Group) Limited <i>(Note 3)</i>	Interest in controlled corporation	333,102,000(L) 333,102,000(S)	20.31 20.31
Shunda Investment Limited <i>(Notes 2 and 3)</i>	Interest in controlled corporation	1,173,252,000(L) 1,198,252,000(S)	71.54 73.06
Mr. Zhou Xuzhou <i>(Note 2 and 3)</i>	Interest in controlled corporation	1,173,252,000(L) 1,198,252,000(S)	71.54 73.06

* for identification purpose only

Notes:

1. The letter "L" denotes the person's long position in the Shares whereas the letter "S" denotes the person's short position in the Shares.
2. U-Home Group International Limited is wholly and beneficially owned by Shunda Investment Limited which in turn is wholly and beneficially owned by Mr. Zhou Xuzhou.

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- U-Home Group Investment Limited is wholly and beneficially owned by Yuhua Enterprises Company Limited. Yuhua Enterprises Company Limited is wholly and beneficially owned by Anhui Yuhua Real Estate Development Company Limited*. Anhui Yuhua Real Estate Development Company Limited* is wholly and beneficially owned by Yee Sheng Enterprises Company Limited. Yee Sheng Enterprises Company Limited is wholly and beneficially owned by Kambert Enterprises Limited. Kambert Enterprises Limited is wholly and beneficially owned by U-Home Property (Group) Limited. U-Home Property (Group) Limited is wholly and beneficially owned by Shunda Investment Limited, which in turn is wholly and beneficially owned by Mr. Zhou Xuzhou.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the heading, "Directors' and Chief Executive's interests in shares" and "Share option scheme" above, at no time during the Period or up to the date of this report were there any 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, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Corporate Governance

The Company has complied with the requirements of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the Period.

Director's Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code for securities transactions by directors. The Company, having made specific enquiry, confirms that all directors have complied with the required standards set out in Model Code throughout the six months ended 30 September 2013.



Review of Interim Results

The audit committee, comprising of the two independent non-executive directors and one non-executive director of the Company, has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements of the Group for the six months ended 30 September 2013.

Publication of Interim Results Announcement and Interim Report

The interim report will be dispatched to shareholders as well as made available on our Company's website at www.jiwa.com.hk and the Stock Exchange's website at www.hkexnews.hk.

Appreciation

The sustained growth of the Group's results is hinged on the continuous support, commitment and contributions of the management and staff during the Period and the support shown to us by our investors. On behalf of the Board, I would like to express our deepest gratitude to the investors of the Company and the staff of the Group.

By order of the Board

Zhou Wen Chuan

Executive Director and Chief Executive Officer

Hong Kong, 25 November 2013